

The Union Mission for Men

Financial Statements

April 30, 2019



Independent auditor's report

To the Directors of The Union Mission for Men

Our qualified opinion

In our opinion, except for the possible effects of the matter described in the *Basis for qualified opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of The Union Mission for Men (the Mission) as at April 30, 2019 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

What we have audited

The Mission's financial statements comprise:

- the statement of financial position as at April 30, 2019;
- the statement of changes in net assets for the year then ended;
- the statement of revenue and expense for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for qualified opinion

In common with many not-for-profit organizations, the Mission derives revenue from donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of this revenue was limited to the amounts recorded in the records of the Mission. Therefore, we were not able to determine whether any adjustments might be necessary to donations revenue, net expense and cash flows from operating activities for the years ended April 30, 2019 and 2018, current assets as at April 30, 2019 and 2018 and net assets as at the beginning and the end of the years ended April 30, 2019 and 2018. Our audit opinion on the financial statements for the year ended April 30, 2018 was modified accordingly because of the possible effects of this limitation in scope.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

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"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.



Independence

We are independent of the Mission in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Mission's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Mission or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Mission's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Mission's internal control.



- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Mission's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Mission to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants

Ottawa, Ontario
September 26, 2019

The Union Mission for Men

Statement of Financial Position

As at April 30, 2019

			<u>2019</u>	<u>2018</u>
	<u>Operating</u>	<u>Invested in</u>	<u>Total</u>	<u>Total</u>
	\$	capital	\$	\$
		assets		(restated –
		\$		note 2)
Assets				
Current assets				
Cash	170,372	-	170,372	567,353
Accounts receivable (note 4)	528,904	-	528,904	460,739
Due from The Ottawa Mission Foundation (note 7)	71,023	-	71,023	14,860
Prepaid expenses	114,787	-	114,787	132,378
	885,086	-	885,086	1,175,330
Capital assets (note 5)	-	7,711,064	7,711,064	7,662,368
	885,086	7,711,064	8,596,150	8,837,698
Liabilities and Net Assets				
Current liabilities				
Accounts payable and accrued liabilities (note 9)	750,883	-	750,883	712,420
Deferred revenue	97,437	-	97,437	62,948
	848,320	-	848,320	775,368
Net assets	36,766	7,711,064	7,747,830	8,062,330
	885,086	7,711,064	8,596,150	8,837,698
Commitments (note 6)				

Approved by the Board of Directors

_____ Director _____ Director

The accompanying notes are an integral part of these financial statements.

The Union Mission for Men

Statement of Changes in Net Assets

For the year ended April 30, 2019

	Unrestricted			Total	Total
	Operating	Invested in	Externally	2019	2018
	\$	capital asset	restricted	\$	\$
		\$	\$		
Balance – Beginning of year					
(As previously reported)	399,962	5,269,355	-	5,669,317	5,850,137
Change in accounting policy (note 2)	-	2,393,013	-	2,393,013	2,531,305
As restated	399,962	7,662,368	-	8,062,330	8,381,442
Net revenue (expense) for the year	(58,491)	(483,207)	227,198	(314,500)	(319,112)
Transfers	(304,705)	531,903	(227,198)	-	-
Balances – End of year	36,766	7,711,064	-	7,747,830	8,062,330

The accompanying notes are an integral part of these financial statements.

The Union Mission for Men

Statement of Revenue and Expense

For the year ended April 30, 2019

	Unrestricted			Total 2019 \$	Total 2018 \$ (restated – note 2)
	Operating \$	Invested in capital assets \$	Externally restricted \$		
Revenue					
Donations – The Ottawa Mission Foundation (note 7)	4,323,764	-	227,198	4,550,962	4,435,602
City of Ottawa	4,086,755	-	-	4,086,755	3,957,384
Other income (note 7)	969,593	-	-	969,593	711,731
Donations	24,811	-	-	24,811	21,087
	<u>9,404,923</u>	<u>-</u>	<u>227,198</u>	<u>9,632,121</u>	<u>9,125,804</u>
Expense					
Payroll	7,166,001	-	-	7,166,001	6,790,597
Operations	914,044	-	-	914,044	808,621
Rent, insurance and utilities	335,603	-	-	335,603	414,326
Amortization of capital assets	-	483,207	-	483,207	456,537
Administration	369,668	-	-	369,668	325,040
Property maintenance	359,292	-	-	359,292	350,066
Client assistance	242,215	-	-	242,215	218,105
Public relations	42,835	-	-	42,835	51,575
Transportation	33,756	-	-	33,756	30,049
	<u>9,463,414</u>	<u>483,207</u>	<u>-</u>	<u>9,946,621</u>	<u>9,444,916</u>
Net revenue (expense) for the year	<u>(58,491)</u>	<u>(483,207)</u>	<u>227,198</u>	<u>(314,500)</u>	<u>(319,112)</u>

The accompanying notes are an integral part of these financial statements.

The Union Mission for Men

Statement of Cash Flows

For the year ended April 30, 2019

	2019 \$	2018 \$ (restated – note 2)
Cash provided by (used in)		
Operating activities		
Net expense for the year	(314,500)	(319,112)
Items not involving cash		
Amortization of capital assets	483,207	456,537
Net change in non-cash working capital items	<u>(33,785)</u>	<u>142,510</u>
	134,922	279,935
Investing activity		
Purchases of capital assets	<u>(531,903)</u>	<u>(172,898)</u>
Change in cash during the year	(396,981)	107,037
Cash – Beginning of year	<u>567,353</u>	<u>460,316</u>
Cash – End of year	<u>170,372</u>	<u>567,353</u>

The accompanying notes are an integral part of these financial statements.

The Union Mission for Men

Notes to Financial Statements

April 30, 2019

1 Purpose of the organization

The Union Mission for Men (“the Mission”) reflects Jesus’ love in serving the homeless, the hungry and the lost by providing food, shelter, clothing and skills and offers faith and hope for building a wholesome life. On September 23, 2019, the Mission changed its name to The Ottawa Mission.

The Mission is incorporated without share capital under the laws of Ontario. As a registered charity under subsection 149(1)(f) of the Income Tax Act (Canada), the Mission is exempt from income taxes.

2 Change in accounting policy

During the year, the Mission adopted the restricted fund method of accounting for contributions. Previously, the Mission followed the deferral method of accounting for contributions. This new accounting policy provides reliable and more relevant information regarding externally restricted contributions for capital assets and is consistent with the accounting policy followed by The Ottawa Mission Foundation (note 7). This change in accounting policy has been applied retrospectively and prior periods have been restated. Accordingly, opening net assets as at May 1, 2017 have been increased by \$2,531,305, net revenue for the year ended April 30, 2018 has been decreased by \$138,292 and closing net assets as at April 30, 2018 have been increased by \$2,393,013.

3 Summary of significant accounting policies

Use of estimates

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expense during the reporting period. Actual results could differ from these estimates.

Capital assets

Certain of the land and buildings are recorded on the statement of financial position at a nominal value of \$2 as the cost amounts are not reasonably determinable.

Other capital assets are initially recorded at cost and are then amortized on a straight-line basis over the estimated useful lives of the assets as follows:

Buildings	40 years
Exterior renovations	15 – 25 years
Interior renovations	8 years
Vehicles	5 years
Equipment, furniture and fixtures	8 years
Computer and communications equipment	3 years

The Union Mission for Men

Notes to Financial Statements

April 30, 2019

Fund accounting

The Operating Fund reports the Mission's unrestricted resources available for general operations; amortization of capital assets is reported in a separate fund.

The Externally Restricted Fund reports the Mission's resources that are restricted for capital asset purchases and replacements.

Revenue recognition

The Mission follows the restricted fund method of accounting for contributions.

Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Externally restricted contributions for which there is no corresponding restricted fund are deferred and recognized as revenue during the year in which the related expenses are incurred. All other externally restricted contributions are recognized as revenue of the appropriate restricted fund.

Contributed materials and services, including food donated by Ottawa Food Bank, are not recorded in the financial statements.

4 Accounts receivable

60% (2018 – 75%) of accounts receivable are owing from the City of Ottawa.

5 Capital assets

			2019	2018
	Cost \$	Accumulated amortization \$	Net \$	Net \$
Land	565,002	-	565,002	565,002
Buildings	8,720,552	2,821,282	5,899,270	6,117,283
Exterior renovations	814,038	417,834	396,204	349,129
Interior renovations	349,293	193,175	156,118	185,925
Vehicles	212,266	159,012	53,254	85,653
Equipment, furniture and fixtures	839,455	433,065	406,390	335,961
Computer and communications equipment	123,313	80,864	42,449	23,415
Assets under construction	192,377	-	192,377	-
	11,816,296	4,105,232	7,711,064	7,662,368

Cost and accumulated amortization as at April 30, 2018 amounted to \$11,436,157 and \$3,773,789, respectively.

The Union Mission for Men

Notes to Financial Statements

April 30, 2019

6 Commitments

Future minimum payments for office equipment operating leases and maintenance are as follows:

	\$
Year ending April 30, 2020	82,108
2021	80,194
2022	59,784

7 The Ottawa Mission Foundation

The Ottawa Mission Foundation (“the Foundation”) was established to develop and administer the fundraising activities of the Mission. It is intended that the Foundation cover any deficits or cash flow deficiencies incurred by the Mission.

The Foundation is incorporated under the Canada Not-for-Profit Corporations Act. As a registered charity under subsection 149(1)(f) of the Income Tax Act (Canada), the Foundation is exempt from income taxes.

The Mission controls the Foundation as the members of the Board of the Mission are the members of the Foundation.

Transactions with the Foundation were as follows:

	2019 \$	2018 \$
Donations revenue	4,550,962	4,435,602
Other income – administrative, payroll and janitorial services	70,000	70,000

These transactions are recorded at the exchange amounts, which are the amounts established and agreed to by the related parties involved.

The amounts due from the Foundation are non-interest bearing and have no specified terms of repayment.

The Union Mission for Men

Notes to Financial Statements

April 30, 2019

The results of the Foundation have not been consolidated in these financial statements. Summaries of the Foundation's financial position as at April 30, 2019 and 2018 and the results of its operations and its cash flows for the years then ended are as follows.

	2019 \$	2018 \$
Financial position		
Total assets	16,815,423	15,497,943
Total liabilities	257,641	166,324
Total fund balances	16,557,782	15,331,619
	<u>16,815,423</u>	<u>15,497,943</u>
Results from operations		
Total revenue	8,571,747	7,086,393
Total expense	7,345,584	6,766,486
Net revenue for the year	<u>1,226,163</u>	<u>319,907</u>
Cash provided by (used in)		
Operating activities	651,495	(283,303)
Investing activities	(194,745)	594,741
Net change in cash during the year	<u>456,750</u>	<u>311,438</u>

Cumulative amounts recognized as endowments or other externally restricted fund balances by the Foundation as at April 30, 2019 amounted to \$687,830 (2018 – \$569,887).

8 Holland Properties Association

The purpose of Holland Properties Association (“the Association”) is to operate and maintain non-profit housing that facilitates individuals requiring housing assistance by providing:

- accommodation to members of the public and to those requiring assistance; and
- needed support services to individuals in recovery, as may be determined to be necessary or advantageous.

The Association owns and operates a multi-unit residential complex located at 199 Holland Avenue, Ottawa, Canada.

The Association is incorporated under the Canada Not-for-Profit Corporations Act. As a not-for-profit organization under subsection 149 (1)(l) of the Income Tax Act (Canada), the Association is exempt from income taxes.

The Union Mission for Men

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The Association is controlled by the directors of the Mission.

The results of the Association have not been consolidated in these financial statements. Summaries of the Association's financial position as at April 30, 2019 and 2018 and the results of its operations and its cash flows for the years then ended are as follows.

	2019 \$	2018 \$
Financial position		
Total assets	3,535,454	3,525,233
Total liabilities	3,311,910	3,386,570
Unrestricted net assets	223,544	138,663
	<u>3,535,454</u>	<u>3,525,233</u>
Results from operations		
Total revenue	518,556	515,022
Total expense	433,675	394,115
Net revenue for the year	<u>84,881</u>	<u>120,907</u>
Cash provided by (used in)		
Operating activities	174,814	205,814
Investing activities	(46,008)	(44,654)
Financing activities	(150,000)	(200,000)
Net change in cash during the year	<u>(21,194)</u>	<u>(38,840)</u>

In March 2019, the Association entered into a conditional agreement of purchase and sale for the purchase of another multi-unit mixed market residential property for \$11,000,000. Subsequent to year end, the Association waived the Conditions of Sale and completed the purchase on September 12, 2019.

The purchase will be funded by various mortgages, including under an arrangement with the City of Ottawa.

9 Government remittances

Government remittances of \$62,236 (2018 – \$58,768) are included in accounts payable and accrued liabilities.