

The Union Mission for Men

Financial Statements

April 30, 2015



September 17, 2015

Independent Auditor's Report

To the Directors of The Union Mission for Men

We have audited the accompanying financial statements of The Union Mission for Men ("the Mission"), which comprise the statement of financial position as at April 30, 2015 and the statements of revenue and expense and changes in net assets and cash flows for the year then ended, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these 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.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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



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

Basis for qualified opinion

In common with many charitable organizations, the Mission derives revenue from donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues 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 operations for the years ended April 30, 2015 and 2014, current assets as at April 30, 2015 and 2014 and net assets as at the beginning and end of the years ended April 30, 2015 and 2014. Our audit opinion on the financial statements for the year ended April 30, 2014 was modified accordingly because of the possible effects of this limitation in scope.

Qualified opinion

In our opinion, except for the possible effects of the matter described in the basis for qualified opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the Mission as at April 30, 2015 and its results of operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants

The Union Mission for Men

Statement of Financial Position

As at April 30, 2015

	2015 \$	2014 \$
Assets		
Current assets		
Cash	383,736	229,373
Accounts receivable (note 3)	392,190	385,692
Due from The Ottawa Mission Foundation (note 6)	145,130	172,094
Prepaid expenses	125,801	95,128
	1,046,857	882,287
Capital assets (note 4)	5,313,956	5,523,142
	6,360,813	6,405,429
Liabilities and Fund Balances		
Current liabilities		
Accounts payable and accrued liabilities (note 8)	569,230	571,167
Deferred revenue	64,110	50,629
Deferred capital contributions	43,738	49,949
	677,078	671,745
Deferred capital contributions	398,598	448,547
	1,075,676	1,120,292
Net assets	5,285,137	5,285,137
	6,360,813	6,405,429
Commitments (note 5)		

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 Revenue and Expense and Changes in Net Assets For the year ended April 30, 2015

	2015 \$	2014 \$
Revenue		
City of Ottawa	3,801,352	3,716,465
Donations – The Ottawa Mission Foundation (note 6)	3,487,293	3,020,205
Donations	40,264	51,170
Other income (note 6)	425,762	389,045
Amortization of deferred capital contributions	56,160	56,160
	<u>7,810,831</u>	<u>7,233,045</u>
Expense		
Payroll	5,490,717	4,979,688
Administration	308,582	292,789
Rent, insurance and utilities	379,647	357,695
Property maintenance	336,168	367,982
Operations	677,625	659,572
Client assistance	231,579	193,920
Public relations	57,256	48,542
Transportation	24,212	17,796
Amortization of capital assets	305,045	315,061
	<u>7,810,831</u>	<u>7,233,045</u>
Net expense for the year	–	–
Net assets – Beginning of year	<u>5,285,137</u>	<u>5,285,137</u>
Net assets – End of year	<u>5,285,137</u>	<u>5,285,137</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, 2015

	2015 \$	2014 \$
Cash flows provided by (used in)		
Operating activities		
Net expense for the year	—	—
Items not involving cash –		
Amortization of capital assets	305,045	315,061
Amortization of deferred capital contributions	(56,160)	(56,160)
Net change in non-cash working capital items	1,337	(236,669)
	250,222	22,232
Investing activity		
Purchases of capital assets	(95,859)	(263,348)
Financing activity		
Deferred capital contributions received	—	30,000
Net change in cash for the year	154,363	(211,116)
Cash – Beginning of year	229,373	440,489
Cash – End of year	383,736	229,373

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

The Union Mission for Men

Notes to Financial Statements

April 30, 2015

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.

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

2 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 dates of the financial statements and the reported amounts of revenue and expense during the reporting periods. Actual results could differ from these estimates.

Capital assets

Included in capital assets are land at 35 Waller Street (the Mission building) and 53 Daly Avenue. These capital assets 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 acquired 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
Computer and communications equipment	3 years

Revenue recognition

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

Externally restricted contributions related to general operations are deferred and recognized as revenue in the period in which the related expenses are incurred.

Externally restricted contributions for the purchase of capital assets are recorded as deferred capital contributions and recognized as revenue in the period in which the related amortization expense is incurred.

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

3 Accounts receivable

73% (2014 – 77%) of accounts receivable are owing from the City of Ottawa.

The Union Mission for Men

Notes to Financial Statements

April 30, 2015

4 Capital assets

			2015	2014
	Cost	Accumulated	Net	Net
	\$	amortization	\$	\$
		\$		
Land	2	—	2	2
Buildings	6,449,957	1,990,854	4,459,103	4,620,351
Exterior renovations	666,886	271,025	395,861	419,908
Interior renovations	326,596	185,534	141,062	147,260
Vehicles	90,265	75,746	14,519	19,359
Computer and communications equipment	562,772	259,363	303,409	316,262
	8,096,478	2,782,522	5,313,956	5,523,142

Cost and accumulated amortization as at April 30, 2014, amounted to \$8,057,925 and \$2,534,783, respectively.

5 Commitments

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

	\$
Year ending April 30, 2016	38,018
2017	24,098
2018	5,018
2019	4,560
2020	4,560
2021	4,560

6 The Ottawa Mission Foundation

The Ottawa Mission Foundation (“the Foundation”) is incorporated under *Canada Not-for-profit Corporations Act*. As a registered charity under subsection 149(1)(f) of the *Income Tax Act*, 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.

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.

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Transactions with the Foundation were as follows.

	2015 \$	2014 \$
Donations revenue	3,487,293	3,020,205
Other income – Administrative, payroll and janitorial services	70,000	70,000

Donations transferred from the Foundation of \$3,487,293 (2014 – \$3,050,205) include amounts which have been recorded as deferred revenue on the Mission financial statements. This revenue will be recognized as revenue by the Mission in the period in which the related expenses are incurred.

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

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

The results of the Foundation have not been consolidated in these financial statements. Summaries of the Foundation's financial position as at April 30, 2015 and 2014 and the results of its operations and its cash flows for the years then ended are as follows.

	2015 \$	2014 \$
Financial position		
Total assets	16,904,460	15,448,326
Total liabilities	306,909	322,892
Total fund balances	16,597,551	15,125,434
	16,904,460	15,448,326
	2015 \$	2014 \$
Results from operations		
Total income	6,655,434	6,756,045
Total expense	5,183,317	5,036,644
Net revenue for the year	1,472,117	1,719,401
Cash flows provided by (used in)		
Operating activities	1,078,104	1,182,265
Investing activities	(1,979,107)	(321,779)
Financing activity	100,000	—
Net change in cash for the year	(801,003)	860,486

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The accounting policies used by the Foundation differ from those used by the Mission as certain restricted donations relating to the Foundation are recognized as revenue of the appropriate fund in the period received or receivable rather than in the period in which the related expenses are incurred. Cumulative amounts recognized as restricted fund balances by the Foundation as at April 30, 2015 amounted to \$122,745 (2014 – \$211,717).

7 Holland Properties Association

Holland Properties Association (HPA) 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*, HPA is exempt from income taxes.

HPA is controlled by the directors of the Mission.

The purpose of HPA is to operate and maintain a not-for-profit integrated housing project which facilitates individuals requiring housing assistance by providing:

- leased accommodation to members of the public and to those requiring assistance by providing an integrated living experience;
- needed support services to individuals in recovery, as may be determined to be necessary or advantageous; and
- other complementary purposes that are consistent with the above objects.

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

The results of HPA have not been consolidated in these financial statements. Summaries of HPA's financial position as at April 30, 2015 and 2014 and the results of its operations and its cash flows for the years then ended are as follows.

	2015 \$	2014 \$
Financial position		
Total assets	3,748,080	3,819,820
Total liabilities	3,858,984	3,979,441
Net liabilities	(110,904)	(159,621)
	3,748,080	3,819,820

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	2015 \$	2014 \$
Results from operations		
Total revenue	471,183	435,465
Total expense	422,466	381,409
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Net revenue for the year	48,717	54,056
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Cash flows provided by (used in)		
Operating activities	140,202	147,987
Investing activity	(65,814)	(149,553)
Financing activity	(100,000)	—
	<hr/>	<hr/>
Net change in cash for the year	(25,612)	(1,566)
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8 Government remittances

Government remittances of \$nil (2014 – \$nil) are included in accounts payable and accrued liabilities.