

The Union Mission for Men

Financial Statements

April 30, 2017



September 21, 2017

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, 2017 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, 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, 2017 and 2016, current assets as at April 30, 2017 and 2016 and net assets as at the beginning and end of the years ended April 30, 2017 and 2016. Our audit opinion on the financial statements for the year ended April 30, 2016 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, 2017 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, 2017

	2017 \$	2016 \$
Assets		
Current assets		
Cash	460,316	280,765
Accounts receivable (note 3)	400,075	384,045
Due from The Ottawa Mission Foundation (note 6)	273,805	289,181
Prepaid expenses	140,889	134,339
	1,275,085	1,088,330
Capital assets (note 4)	7,946,007	5,933,059
	9,221,092	7,021,389
Liabilities and Fund Balances		
Current liabilities		
Accounts payable and accrued liabilities (note 8)	759,064	671,022
Deferred revenue	80,586	38,765
	839,650	709,787
Deferred capital contributions	2,531,305	1,026,465
	3,370,955	1,736,252
Net assets	5,850,137	5,285,137
Commitments (note 5)	9,221,092	7,021,389

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, 2017

	2017 \$	2016 \$
Revenue		
Donations - The Ottawa Mission Foundation (note 6)	4,653,360	4,195,576
City of Ottawa	3,797,433	3,724,891
Other income (note 6)	424,501	392,863
Amortization of deferred capital contributions	134,542	73,740
Donations	25,432	26,515
	<u>9,035,268</u>	<u>8,413,585</u>
Expense		
Payroll	6,463,573	5,991,958
Operations	761,204	737,847
Rent, insurance and utilities	383,933	379,056
Amortization of capital assets	435,807	337,055
Administration	326,323	336,981
Property maintenance	346,281	334,778
Client assistance	230,823	211,548
Public relations	64,316	66,407
Transportation	23,008	17,955
	<u>9,035,268</u>	<u>8,413,585</u>
Net expense for the year	-	-
Net assets - Beginning of year	5,285,137	5,285,137
Capital contribution	<u>565,000</u>	-
Net assets - End of year	<u>5,850,137</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, 2017

	2017 \$	2016 \$
Cash provided by (used in)		
Operating activities		
Net expense for the year	-	-
Items not involving cash -		
Amortization of capital assets	435,807	337,055
Amortization of deferred capital contributions	(134,542)	(73,740)
Net change in non-cash working capital items	122,659	(67,997)
	423,924	195,318
Investing activity		
Purchases of capital assets	(2,448,755)	(956,158)
Financing activity		
Capital contributions received	2,204,382	657,869
Net change in cash for the year	179,551	(102,971)
Cash - Beginning of year	280,765	383,736
Cash - End of year	460,316	280,765

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

The Union Mission for Men

Notes to Financial Statements

April 30, 2017

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

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 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
Equipment, furniture and fixtures	8 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.

Externally restricted contributions for the purchase of capital assets that will not be amortized (land) are recorded as direct increases in net assets.

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Notes to Financial Statements

April 30, 2017

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

3 Accounts receivable

70% (2016 - 76%) of accounts receivable are owing from the City of Ottawa.

4 Capital assets

	2017		2016	
	Cost \$	Accumulated amortization \$	Net \$	Net \$
Land	565,002	-	565,002	2
Buildings	8,720,551	2,385,254	6,335,297	5,034,464
Exterior renovations	685,914	338,426	347,488	370,345
Interior renovations	296,487	107,583	188,904	156,391
Vehicles	212,265	89,372	122,893	55,865
Equipment, furniture and fixtures	733,213	385,706	347,507	313,177
Computer and communications equipment	64,549	25,633	38,916	2,815
	11,277,981	3,331,974	7,946,007	5,933,059

Cost and accumulated amortization as at April 30, 2016, amounted to \$8,834,702 and \$2,901,643, respectively.

5 Commitments

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

	\$
Year ending April 30, 2018	48,589
2019	51,953
2020	49,751
2021	46,947
2022	32,406

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.

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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.

Transactions with the Foundation were as follows.

	2017 \$	2016 \$
Donations revenue	4,653,360	4,195,576
Other income - Administrative, payroll and janitorial services	70,000	70,000

Donations transferred from the Foundation of \$6,857,742 (2016 - \$4,853,444) 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, 2017 and 2016 and the results of its operations and its cash flows for the years then ended are as follows.

	2017 \$	2016 \$
Financial position		
Total assets	15,500,456	17,127,601
Total liabilities	488,744	423,711
Total fund balances	15,011,712	16,703,890
	15,500,456	17,127,601
	2017 \$	2016 \$
Results from operations		
Total revenue	7,461,300	6,644,329
Total expense	9,153,478	6,537,990
Net revenue (expense) for the year	(1,692,178)	106,339
Cash provided by (used in)		
Operating activities	(2,754,875)	319,468
Investing activities	2,485,936	(500,041)
Net change in cash for the year	(268,939)	(180,573)

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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 restricted 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, 2017 amounted to \$46,691 (2016 - \$65,318).

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 non-profit housing which 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.

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, 2017 and 2016 and the results of its operations and its cash flows for the years then ended are as follows.

	2017 \$	2016 \$
Financial position		
Total assets	3,635,347	3,688,522
Total liabilities	3,617,591	3,731,265
Net liabilities	17,756	(42,743)
	3,635,347	3,688,522

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April 30, 2017

	2017 \$	2016 \$
Results from operations		
Total revenue	499,122	481,312
Total expense	438,623	413,151
Net revenue for the year	60,499	68,161
Cash provided by (used in)		
Operating activities	158,788	153,907
Investing activity	(46,189)	(9,907)
Financing activity	(100,000)	(100,000)
Net change in cash for the year	12,599	44,000

8 Government remittances

Government remittances of \$55,378 (2016 - \$49,594) are included in accounts payable and accrued liabilities.