

# **The Ottawa Mission Foundation**

Financial Statements  
**April 30, 2019**



## *Independent auditor's report*

To the Directors of The Ottawa Mission Foundation

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### *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 Ottawa Mission Foundation (the Foundation) 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 Foundation's financial statements comprise:

- the statement of financial position as at April 30, 2019;
- the statement of operations and changes in fund balances 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.

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### *Basis for qualified opinion*

In common with many not-for-profit organizations, the Foundation 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 Foundation. Therefore, we were not able to determine whether any adjustments might be necessary to donations revenue, net revenue 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 fund balances 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.

#### **Independence**

We are independent of the Foundation 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.

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### *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 Foundation'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 Foundation or to cease operations, or has no realistic alternative but to do so.

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

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### *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 Foundation'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 Foundation'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 Foundation 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  
August 27, 2019

# The Ottawa Mission Foundation

## Statement of Financial Position

As at April 30, 2019

						2019	2018
	Operating fund \$	Future projects reserve fund \$	Reserve fund \$	Externally restricted fund \$	Endowment fund \$	Total \$	Total \$
<b>Assets</b>							
<b>Current assets</b>							
Cash	1,238,412	-	-	-	-	1,238,412	781,662
Accounts receivable	108,732	310	2191	-	114	111,347	193,797
Prepaid expenses	66,983	-	-	-	-	66,983	78,249
Interfund receivables (payables)	(186,753)	175,987	(3,864)	14,630	-	-	-
	1,227,374	176,297	(1,673)	14,630	114	1,416,742	1,053,708
<b>Investments</b> (note 3)	-	1,289,449	10,661,146	102,862	570,224	12,623,681	11,618,587
<b>Due from Holland Properties Association</b> (note 7)	100,000	2,675,000	-	-	-	2,775,000	2,825,000
<b>Capital assets</b> (note 4)	-	-	-	-	-	-	648
	<u>1,327,374</u>	<u>4,140,746</u>	<u>10,659,473</u>	<u>117,492</u>	<u>570,338</u>	<u>16,815,423</u>	<u>15,497,943</u>
<b>Liabilities and Fund Balances</b>							
<b>Current liabilities</b>							
Accounts payable and accrued liabilities (note 9)	186,618	-	-	-	-	186,618	151,464
Due to The Union Mission for Men (note 8)	28,063	42,960	-	-	-	71,023	14,860
	214,681	42,960	-	-	-	257,641	166,324
<b>Fund balances</b> (note 6)	<u>1,112,693</u>	<u>4,097,786</u>	<u>10,659,473</u>	<u>117,492</u>	<u>570,338</u>	<u>16,557,782</u>	<u>15,331,619</u>
	<u>1,327,374</u>	<u>4,140,746</u>	<u>10,659,473</u>	<u>117,492</u>	<u>570,338</u>	<u>16,815,423</u>	<u>15,497,943</u>
<b>Commitments</b> (note 5)							

### Approved by the Board of Directors

\_\_\_\_\_ Director \_\_\_\_\_ Director

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

**The Ottawa Mission Foundation**  
**Statement of Operations and Changes in Fund Balances**  
**For the year ended April 30, 2019**

						2019	2018
	Operating Fund \$	Future Projects Reserve Fund \$	Reserve Fund \$	Externally Restricted Fund \$	Endowment Fund \$	Total \$	Total \$
<b>Revenue</b>							
Donations	6,166,245	-	-	312,667	235,000	6,713,912	6,252,485
Donations – investments	127,830	-	-	115,115	-	242,945	387,035
Bequests	721,293	-	-	-	-	721,293	263,240
Investment income (notes 3 and 7)	7,087	93,191	757,600	1,354	33,458	892,690	175,763
Other	907	-	-	-	-	907	7,870
	<u>7,023,362</u>	<u>93,191</u>	<u>757,600</u>	<u>429,136</u>	<u>268,458</u>	<u>8,571,747</u>	<u>7,086,393</u>
<b>Expense</b>							
Donation to The Union Mission for Men (note 8)	3,896,383	73,184	-	581,395	-	4,550,962	4,435,602
Payroll	1,046,250	-	-	-	-	1,046,250	880,782
Administration	401,127	7,267	50,663	-	2,120	461,177	433,810
Rent, insurance and utilities	83,741	-	-	-	-	83,741	103,799
Fundraising	1,196,663	-	-	-	-	1,196,663	904,852
Public relations	6,143	-	-	-	-	6,143	6,055
Amortization of capital assets	648	-	-	-	-	648	1,586
	<u>6,630,955</u>	<u>80,451</u>	<u>50,663</u>	<u>581,395</u>	<u>2,120</u>	<u>7,345,584</u>	<u>6,766,486</u>
<b>Net revenue (expense) for the year</b>	392,407	12,740	706,937	(152,259)	266,338	1,226,163	319,907
<b>Fund balances – Beginning of year</b>	720,286	4,284,872	9,756,574	265,887	304,000	15,331,619	15,011,712
Transfers	-	(199,826)	195,962	3,864	-	-	-
<b>Fund balances – End of year</b>	<u>1,112,693</u>	<u>4,097,786</u>	<u>10,659,473</u>	<u>117,492</u>	<u>570,338</u>	<u>16,557,782</u>	<u>15,331,619</u>

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

# The Ottawa Mission Foundation

## Statement of Cash Flows

For the year ended April 30, 2019

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	2019 \$	2018 \$
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
Net revenue for the year	1,226,163	319,907
Items not involving cash		
Donations – investments	(242,945)	(387,035)
Change in fair value of investments	(417,404)	210,747
Amortization of capital assets	648	1,586
Net change in non-cash working capital items	185,033	(428,508)
	<hr/> 751,495	<hr/> (283,303)
<b>Investing activities</b>		
Purchases of investments	(652,913)	(1,153,082)
Proceeds on redemptions of investments	308,168	1,547,823
Repayment of mortgage receivable	150,000	200,000
Advance to Holland Properties Association	(100,000)	-
	<hr/> (294,745)	<hr/> 594,741
<b>Net change in cash during the year</b>	456,750	311,438
<b>Cash – Beginning of year</b>	<hr/> 781,662	<hr/> 470,224
<b>Cash – End of year</b>	<hr/> <hr/> 1,238,412	<hr/> <hr/> 781,662

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

# The Ottawa Mission Foundation

Notes to Financial Statements

April 30, 2019

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## 1 Purpose of the organization

The Ottawa Mission Foundation (“the Foundation”) was established to develop and administer the fundraising activities of The Union Mission for Men (“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.

## 2 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.

### Investments

Investments are recorded at fair value. Interest, dividends, distributions and changes in the fair value of investments are included in investment income.

### Capital assets

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:

Computer and communications equipment	3 years
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### Revenue recognition

Unrestricted and externally restricted donations are recognized as revenue of the appropriate fund in the period received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.



# The Ottawa Mission Foundation

## Notes to Financial Statements

April 30, 2019

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### 3 Investments

	2019 \$	2018 \$
Cash	57,099	468,760
Fixed-rate bonds	5,279,480	4,818,390
Money market mutual funds	666,942	878,873
Equities	6,620,160	5,452,564
	<u>12,623,681</u>	<u>11,618,587</u>

Fixed-rate bonds have an average yield of 3.01% (2018 – 2.97%) and mature from 2019 to 2029.

Equities consist of 53.8% Canadian, 23.3% U.S. and 22.9% international companies (2018 – 55.0% Canadian, 22.2% U.S. and 22.8% international companies).

Investment income consists of:

	2019 \$	2018 \$
Change in fair value of investments	417,404	(210,747)
Interest, dividends and distributions (note 7)	475,286	386,510
	<u>892,690</u>	<u>175,763</u>

### 4 Capital assets

	2019		2018	
	Cost \$	Accumulated amortization \$	Net \$	Net \$
Computer and communications equipment	1,943	1,943	-	648

Cost and accumulated amortization as at April 30, 2019 amounted to \$4,759 and \$4,111, respectively.

# The Ottawa Mission Foundation

## Notes to Financial Statements

April 30, 2019

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### 5 Commitments

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

	\$
Year ending April 30, 2020	578,380
2021	127,467
2022	69,741
2023	1,732

### 6 Fund balances

Operating Fund:	The Operating Fund represents the capital of the Foundation that is available for use in its daily operations without restriction.
Future Projects Reserve Fund:	One of the objectives of the Foundation is to assist the Mission's activities and goals while not necessarily directly funding the Mission. This has included financing a mortgage with Holland Properties Association (note 7).
Reserve Fund:	The Reserve Fund is internally restricted and intended to fund the operations of the Mission in the event of a significant shortfall of external donations or government funding. Income generated from the investments within this fund is retained within the fund.
Externally Restricted Fund:	Donations that have externally imposed restrictions, along with the related expenses, are recorded in the Externally Restricted Fund.
Endowment Fund:	Donations that have externally imposed restrictions requiring them to be held in perpetuity are recorded in the Endowment Fund.

### 7 Due from Holland Properties Association ("the Association")

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 Association is controlled by the directors of the Mission.

The purpose of the Association is to operate and maintain a non-profit housing project 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.

# The Ottawa Mission Foundation

## Notes to Financial Statements

April 30, 2019

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

A mortgage payable, to the Foundation, amounting to \$2,675,000 (2017 – \$2,825,000) is due on October 31, 2020, bears interest at 2%, is payable in monthly instalments of \$4,458 (interest only) and is secured by the land and building located at 199 Holland Avenue, Ottawa, Canada.

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 expects to complete the purchase by August 30, 2019.

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

The remaining \$100,000 (2017 – \$nil) due to the Foundation is due on demand and bears interest at 3.5%.

During the year, interest of \$55,613 (2018 – \$59,199) was charged to the Association.

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

### 8 The Union Mission for Men

The Mission controls the Foundation as the members of the Board of the Mission are the members of the Foundation. It is intended that the Foundation cover any deficits or cash flow deficiencies incurred by the Mission.

Transactions with the Mission were as follows:

	2019	2018
	\$	\$
Donation to the Mission	4,550,962	4,435,602
Expense – administration and housekeeping	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.

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

### 9 Government remittances

Government remittances of \$23,578 (2018 – \$18,608) are included in accounts payable and accrued liabilities.