

The Ottawa Mission Foundation

Financial Statements
April 30, 2018



August 4, 2018

Independent Auditor's Report

To the Directors of The Ottawa Mission Foundation

We have audited the accompanying financial statements of The Ottawa Mission Foundation ("the Foundation"), which comprise the statement of financial position as at April 30, 2018 and the statements of operations and changes in fund balances 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.

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

PricewaterhouseCoopers LLP
99 Bank Street, Suite 710, Ottawa, Ontario, Canada K1P 1E4
T: +1 613 237 3702, F: +1 613 237 3963



Basis for qualified opinion

In common with many charitable organizations, the Foundation 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 Foundation. Therefore, we were not able to determine whether any adjustments might be necessary to donations revenue, net revenue (expense) and cash flows from operations for the years ended April 30, 2018 and 2017, current assets as at April 30, 2018 and 2017 and fund balances as at the beginning and end of the years ended April 30, 2018 and 2017. Our audit opinion on the financial statements for the year ended April 30, 2017 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 Foundation as at April 30, 2018 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.

PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants

The Ottawa Mission Foundation

Statement of Financial Position

As at April 30, 2018

						2018	2017
	Operating Fund \$	Future Projects Reserve Fund \$	Reserve Fund \$	Externally Restricted Fund \$	Endowment Fund \$	Total \$	Total \$
Assets							
Current assets							
Cash	781,662	-	-	-	-	781,662	470,224
Accounts receivable	191,272	274	2,240	-	11	193,797	75,265
Prepaid expenses	78,249	-	-	-	-	78,249	90,693
Interfund receivables (payables)	(165,221)	2,690	(2,005)	163,694	842	-	-
	885,962	2,964	235	163,694	853	1,053,708	636,182
Investments (note 3)	-	1,456,908	9,756,339	102,193	303,147	11,618,587	11,837,040
Mortgage receivable (note 7)	-	2,825,000	-	-	-	2,825,000	3,025,000
Capital assets (note 4)	648	-	-	-	-	648	2,234
	886,610	4,284,872	9,756,574	265,887	304,000	15,497,943	15,500,456
Liabilities and Fund Balances							
Current liabilities							
Accounts payable (note 9)	151,464	-	-	-	-	151,464	214,939
Due to The Union Mission for Men (note 8)	14,860	-	-	-	-	14,860	273,805
	166,324	-	-	-	-	166,324	488,744
Fund balances (note 6)	720,286	4,284,872	9,756,574	265,887	304,000	15,331,619	15,011,712
	886,610	4,284,872	9,756,574	265,887	304,000	15,497,943	15,500,456
Commitments (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, 2018

						2018	2017
	Operating Fund \$	Future Projects Reserve Fund \$	Reserve Fund \$	Externally Restricted Fund \$	Endowment Fund \$	Total \$	Total \$
Revenue							
Donations	5,600,060	-	-	348,425	304,000	6,252,485	5,402,224
Donations - investments	263,858	-	-	123,177	-	387,035	398,694
Bequests	263,240	-	-	-	-	263,240	554,249
Investment income (loss) (notes 3 and 7)	3,661	59,325	112,782	685	(690)	175,763	1,098,786
Other	7,870	-	-	-	-	7,870	7,347
	<u>6,138,689</u>	<u>59,325</u>	<u>112,782</u>	<u>472,287</u>	<u>303,310</u>	<u>7,086,393</u>	<u>7,461,300</u>
Expense							
Donation to The Union Mission for Men (note 8)	4,183,196	-	-	252,406	-	4,435,602	6,857,742
Payroll	880,782	-	-	-	-	880,782	910,798
Administration	376,467	7,861	49,330	-	152	433,810	453,060
Rent, insurance and utilities	103,799	-	-	-	-	103,799	130,476
Fundraising	904,852	-	-	-	-	904,852	590,088
Public relations	6,055	-	-	-	-	6,055	199,969
Amortization of capital assets	1,586	-	-	-	-	1,586	11,345
	<u>6,456,737</u>	<u>7,861</u>	<u>49,330</u>	<u>252,406</u>	<u>152</u>	<u>6,766,486</u>	<u>9,153,478</u>
Net revenue (expense) for the year	(318,048)	51,464	63,452	219,881	303,158	319,907	(1,692,178)
Fund balances - Beginning of year	(160,824)	5,558,785	9,567,060	46,691	-	15,011,712	16,703,890
Transfers between funds	1,199,158	(1,325,377)	126,062	(685)	842	-	-
Fund balances - End of year	<u>720,286</u>	<u>4,284,872</u>	<u>9,756,574</u>	<u>265,887</u>	<u>304,000</u>	<u>15,331,619</u>	<u>15,011,712</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, 2018

	2018 \$	2017 \$
Cash provided by (used in)		
Operating activities		
Net revenue (expense) for the year	319,907	(1,692,178)
Items not involving cash		
Donations - investments	(387,035)	(398,694)
Change in fair value of investments	210,747	(712,190)
Amortization of capital assets	1,586	11,345
Net change in non-cash working capital items	(428,508)	36,842
	<u>(283,303)</u>	<u>(2,754,875)</u>
Investing activities		
Purchases of investments	(1,153,082)	(325,009)
Proceeds on redemptions of investments	1,547,823	2,712,888
Repayment of mortgage receivable	200,000	100,000
Purchases of capital assets	-	(1,943)
	<u>594,741</u>	<u>2,485,936</u>
Net change in cash during the year	311,438	(268,939)
Cash - Beginning of year	<u>470,224</u>	<u>739,163</u>
Cash - End of year	<u>781,662</u>	<u>470,224</u>

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

The Ottawa Mission Foundation

Notes to Financial Statements

April 30, 2018

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*, 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, 2018

3 Investments

	2018 \$	2017 \$
Cash	468,760	27,241
Fixed-rate bonds	4,818,390	5,552,518
Money market mutual funds	878,873	1,063,449
Equities	5,452,564	5,193,832
	<u>11,618,587</u>	<u>11,837,040</u>

Fixed-rate bonds have an average yield of 2.97% and mature from 2019 to 2029 (2017 - 3.35% and mature from 2017 to 2025).

Equities consist of 55% Canadian, 22.2% U.S. and 22.8% international companies (2017 - 53.0% Canadian, 23.8% U.S. and 23.2% international companies).

Investment income consists of:

	2018 \$	2017 \$
Realized gains	97,784	26,472
Unrealized gains (losses)	(308,531)	685,718
Interest, dividends and fund distribution income (note 7)	386,510	386,596
	<u>175,763</u>	<u>1,098,786</u>

4 Capital assets

	<u>2018</u>		<u>2017</u>	
	Cost \$	Accumulated amortization \$	Net \$	Net \$
Computer and communications equipment	4,759	4,111	648	2,234
	<u>4,759</u>		<u>2,234</u>	

Cost and accumulated amortization as at April 30, 2017 amounted to \$34,036 and \$31,802, respectively.

The Ottawa Mission Foundation

Notes to Financial Statements

April 30, 2018

5 Commitments

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

	\$
Year ending April 30, 2019	107,767
2020	145,256
2021	125,987
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 (HPA).
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 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 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 and advantageous.

The Ottawa Mission Foundation

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

The mortgage payable to the Foundation (note 6) is due on October 31, 2020, bears interest at 2%, is payable in monthly instalments of \$5,042 (interest only) and is secured by the land and building located at 199 Holland Avenue, Ottawa, Canada.

During the year, interest of \$59,199 (2017 - \$61,456) was charged by the Foundation.

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:

	2018	2017
	\$	\$
Donation to the Mission	4,435,602	6,857,742
Expense - Administration and rent, insurance and utilities	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 \$18,608 (2017 - \$25,245) are included in accounts payable and accrued liabilities.