

The Ottawa Mission Foundation

Financial Statements
April 30, 2016



July 28, 2016

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, 2016 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.

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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 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 and cash flows from operations for the years ended April 30, 2016 and 2015, current assets as at April 30, 2016 and 2015 and fund balances as at the beginning and end of the years ended April 30, 2016 and 2015. Our audit opinion on the financial statements for the year ended April 30, 2015 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, 2016 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

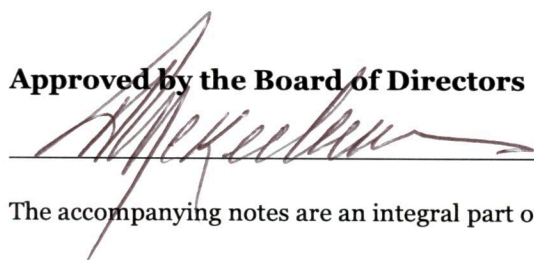
The Ottawa Mission Foundation

Statement of Financial Position

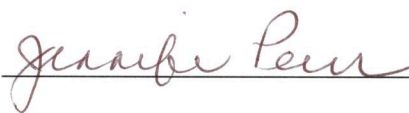
As at April 30, 2016

	2016				2015
	Operating Fund \$	Future Projects Reserve Fund \$	Reserve Fund \$	Externally restricted Fund \$	Total \$
Assets					
Current assets					
Cash	673,845	-	-	65,318	739,163
Accounts receivable	52,506	1,086	1,551	-	55,143
Prepaid expenses	82,624	-	-	-	82,624
	808,975	1,086	1,551	65,318	876,930
Investments (note 3)	-	4,873,920	8,240,115	-	13,114,035
Mortgage receivable (note 7)	-	3,125,000	-	-	3,125,000
Capital assets (note 4)	11,636	-	-	-	11,636
	820,611	8,000,006	8,241,666	65,318	17,127,601
					16,904,460
Liabilities and Fund Balances					
Current liabilities					
Accounts payable (note 9)	134,530	-	-	-	134,530
Due to The Union Mission for Men (note 8)	250,527	38,654	-	-	289,181
	385,057	38,654	-	-	423,711
Fund balances (note 6)	435,554	7,961,352	8,241,666	65,318	16,703,890
	820,611	8,000,006	8,241,666	65,318	17,127,601
					16,904,460
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, 2016

	2016				2015
	Operating Fund	Future Projects Reserve Fund	Reserve Fund	Externally restricted Fund	Total
	\$	\$	\$	\$	\$
Income					
Donations	5,124,689	-	-	235,352	5,360,041
Donations - Investments	27,153	-	99,330	5,000	131,483
Bequests	-	-	912,149	-	912,149
Investment income (note 3 and 7)	2,293	142,716	93,233	-	238,242
Other revenue	2,414	-	-	-	2,414
	<u>5,156,549</u>	<u>142,716</u>	<u>1,104,712</u>	<u>240,352</u>	<u>6,644,329</u>
Expense					
Donation to The Union Mission for Men (note 8)	3,789,807	765,858	-	297,779	4,853,444
Payroll	576,074	-	-	-	576,074
Administration	312,626	25,794	35,704	-	374,124
Rent, insurance and utilities	89,651	-	-	-	89,651
Fundraising	448,741	-	-	-	448,741
Public relations	168,978	-	-	-	168,978
Amortization of capital assets	26,978	-	-	-	26,978
	<u>5,412,855</u>	<u>791,652</u>	<u>35,704</u>	<u>297,779</u>	<u>6,537,990</u>
Net revenue (expense) for the year	(256,306)	(648,936)	1,069,008	(57,427)	106,339
Fund balances - Beginning of year	691,860	8,610,288	7,172,658	122,745	16,597,551
Fund balances - End of year	<u>435,554</u>	<u>7,961,352</u>	<u>8,241,666</u>	<u>65,318</u>	<u>16,597,551</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, 2016

	9	2016 \$	2015 \$
Cash provided by (used in)			
Operating activities			
Net revenue for the year		106,339	1,472,117
Items not involving cash -			
Donations - Investments		(131,483)	(38,978)
Change in fair value of investments		170,145	(322,772)
Amortization of capital assets		26,978	27,251
Net change in non-cash working capital items		147,489	(59,514)
		<u>319,468</u>	<u>1,078,104</u>
Investing activities			
Purchases of investments		(1,545,537)	(2,048,974)
Proceeds on redemptions of investments		948,311	99,145
Purchases of capital assets		(2,815)	(29,278)
		<u>(600,041)</u>	<u>(1,979,107)</u>
Financing activity			
Repayment of mortgage receivable		100,000	100,000
Net change in cash for the year		<u>(180,573)</u>	<u>(801,003)</u>
Cash - Beginning of year		<u>919,736</u>	<u>1,720,739</u>
Cash - End of year		<u>739,163</u>	<u>919,736</u>

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

The Ottawa Mission Foundation

Notes to Financial Statements

April 30, 2016

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 income 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
Leasehold improvements	term of the lease

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, 2016

3 Investments

	2016 \$	2015 \$
Cash	477,163	234,955
Fixed-rate bonds	6,701,167	6,208,427
Money market mutual funds	1,788,670	2,314,122
Equities	4,147,035	3,797,967
	<u>13,114,035</u>	<u>12,555,471</u>

Fixed-rate bonds have an average yield of 3.42% and mature from 2016 to 2025 (2015 - 3.51% and mature from 2015 to 2024).

Equities consist of 56.2% Canadian, 22.8% U.S. and 21.0% international companies (2015 - 54.5% Canadian, 23.2% U.S. and 22.3% international companies).

Investment income consists of:

	2016 \$	2015 \$
Realized gains (losses)	(134,968)	80,642
Unrealized gains (losses)	(35,177)	242,129
Interest, dividends and fund distribution income	408,387	382,389
	<u>238,242</u>	<u>705,160</u>

4 Capital assets

	2016		2015	
	Cost \$	Accumulated amortization \$	Net \$	Net \$
Computer and communications equipment	40,973	29,337	11,636	22,479
Leasehold improvements	76,290	76,290	-	13,320
	<u>117,263</u>	<u>105,627</u>	<u>11,636</u>	<u>35,799</u>

Cost and accumulated amortization at April 30, 2015 amounted to \$114,448 and \$78,649 respectively.

The Ottawa Mission Foundation

Notes to Financial Statements

April 30, 2016

5 Commitments

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

	\$
Year ending April 30, 2017	40,995
2018	37,674
2019	25,316

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.
Futures 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 the 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 Restricted Fund.

7 Holland Properties Association

Holland Properties 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*, 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.

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

The Ottawa Mission Foundation

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The mortgage receivable from HPA is due October 31, 2017, bears interest at 2%, is payable in monthly instalments of \$5,208 (interest only), and is secured by the land and building located at 199 Holland Avenue, Ottawa, Canada.

During the year, interest of \$64,500 (2015 - \$66,333) 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.

	2016 \$	2015 \$
Donation to the Mission	4,853,444	3,487,293
Expense - Administration and rent, insurance and utilities	70,000	70,000

These transactions were 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 \$29,018 (2015 - \$nil) are included in accounts payable and accrued liabilities.

10 Subsequent event

Subsequent to year end, the Mission entered into an agreement of purchase and sale for a property located in the City of Ottawa for the purpose of relocating its "Lifeshouse" addiction and trauma program. The purchase price of the property and required renovations is expected to be approximately \$2,250,000 and will be funded by donations to be transferred from the Foundation's Future Projects Reserve Fund.