

The Ottawa Mission

Financial Statements

April 30, 2022



Independent auditor's report

To the Directors of The Ottawa Mission

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 (the Mission) as at April 30, 2022 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 Mission's financial statements comprise:

- the statement of financial position as at April 30, 2022;
- the statement of changes in net assets for the year then ended;
- the statement of revenue and expense for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

Basis for qualified opinion

In common with many not-for-profit organizations, the Mission derives revenues from cash 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 revenue, net revenue (expense) for the year and cash flows from operating activities for the years ended April 30, 2022 and 2021, current assets as at April 30, 2022 and 2021 and net assets as at the beginning and the end of the years ended April 30, 2022 and 2021. Our audit opinion on the financial statements for the year ended April 30, 2021 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.

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

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



Independence

We are independent of the Mission 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.

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 Mission'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 Mission or to cease operations, or has no realistic alternative but to do so.

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

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 Mission'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 Mission'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 Mission 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Mission to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

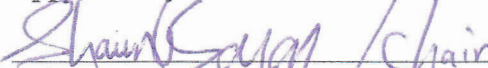
Chartered Professional Accountants, Licensed Public Accountants

Ottawa, Ontario
September 23, 2022

The Ottawa Mission
Statement of Financial Position
As at April 30, 2022

	2022 \$	2021 \$
Assets		
Current assets		
Cash	4,630,007	298,853
Accounts receivable (note 8)	652,528	588,300
Due from The Ottawa Mission Foundation (note 3)	-	394,986
Prepaid expenses	231,910	130,322
	<u>5,514,445</u>	<u>1,412,461</u>
Capital assets (note 4)	<u>9,517,589</u>	<u>8,009,239</u>
	<u>15,032,034</u>	<u>9,421,700</u>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (note 5)	1,298,981	1,100,261
Deferred revenue (note 6)	1,192,620	275,434
	<u>2,491,601</u>	<u>1,375,695</u>
Net Assets		
Unrestricted	1,651,286	36,766
Invested in capital assets	9,517,589	8,009,239
Externally restricted	1,371,558	-
	<u>12,540,433</u>	<u>8,046,005</u>
	<u>15,032,034</u>	<u>9,421,700</u>
Commitments (note 7)		

Approved by the Board of Directors

 Chair Director

 Director

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

The Ottawa Mission

Statement of Changes in Net Assets

For the year ended April 30, 2022

	Balance – Beginning of year \$	Net revenue (expense) for the year \$	Transfers from (to) \$	Balance – End of year \$
Unrestricted	36,766	3,933,179	(2,318,659)	1,651,286
Invested in capital assets	8,009,239	(810,309)	2,318,659	9,517,589
Externally restricted	-	1,371,558	-	1,371,558
	<u>8,046,005</u>	<u>4,494,428</u>	<u>-</u>	<u>12,540,433</u>

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

The Ottawa Mission

Statement of Revenue and Expense

For the year ended April 30, 2022

				2022	2021
	Operating Fund \$	Invested in capital assets \$	Externally restricted \$	Total \$	Total \$
Revenue					
Donations – The Ottawa Mission Foundation (note 3)	4,648,805	-	698,797	5,347,602	6,938,221
City of Ottawa	4,563,398	-	-	4,563,398	5,035,745
Donations	9,588,850	-	1,799,277	11,388,127	27,538
Catering and other (note 3)	2,362,245	-	-	2,362,245	1,321,117
	21,163,298	-	2,498,074	23,661,372	13,322,621
Expense					
Donations (note 8)	-	-	338,350	338,350	-
Payroll	12,274,203	-	312,669	12,586,872	9,521,080
Operations	1,576,243	-	391,578	1,967,821	1,348,889
Rent, insurance and utilities	579,324	-	-	579,324	356,063
Amortization of capital assets	-	810,309	-	810,309	550,227
Administration	961,552	-	20,430	981,982	490,532
Property maintenance	483,635	-	-	483,635	310,534
Client assistance	190,160	-	63,489	253,649	234,189
Public relations	81,042	-	-	81,042	98,557
Fundraising	1,009,102	-	-	1,009,102	-
Transportation	74,858	-	-	74,858	42,340
	17,230,119	810,309	1,126,516	19,166,944	12,952,411
Net revenue (expense) for the year	3,933,179	(810,309)	1,371,558	4,494,428	370,210

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

The Ottawa Mission
Statement of Cash Flows
For the year ended April 30, 2022

	2022 \$	2021 \$
Cash provided by (used in)		
Operating activities		
Net revenue for the year	4,494,428	370,210
Item not involving cash		
Amortization of capital assets	810,309	550,227
Changes in non-cash working capital items		
Accounts receivable	(64,228)	(39,576)
Due from The Ottawa Mission Foundation	394,986	(152,911)
Prepaid expenses	(101,588)	(22,863)
Accounts payable and accrued liabilities	198,720	161,144
Deferred revenue	917,186	171,437
	<hr/> 6,649,813	<hr/> 1,037,668
Investing activity		
Purchases of capital assets	<hr/> (2,318,659)	<hr/> (920,437)
Change in cash during the year	4,331,154	117,231
Cash – Beginning of year	<hr/> 298,853	<hr/> 181,622
Cash – End of year	<hr/> <hr/> 4,630,007	<hr/> <hr/> 298,853

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

The Ottawa Mission

Notes to Financial Statements

April 30, 2022

1 Purpose of the organization

The Ottawa Mission (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. During the year, the Mission and The Ottawa Mission Foundation (the Foundation) were restructured integrating fundraising activities and staff with the Mission and leaving the Foundation assets and stewardship of these assets with the Foundation. This allows the Foundation to focus solely on asset management activities (i.e. investment oversight, which is largely passive).

The Mission 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 Mission is exempt from income taxes.

2 Summary of significant accounting policies

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations. The Mission's significant accounting policies are as follows.

Fund accounting

The Mission follows the restricted fund method of accounting for contributions.

- Operating Fund

The Operating Fund reports the Mission's unrestricted resources available for general operations.

- Internally Restricted Fund

Invested in capital assets reports the Mission's internally restricted capital asset purchases and replacements and amortization.

- Externally Restricted Fund

The externally restricted fund reports donations that have externally imposed restrictions, along with the related expenses.

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.

The Ottawa Mission

Notes to Financial Statements

April 30, 2022

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 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	8–25 years
Interior renovations	8 years
Vehicles	5 years
Equipment, furniture and fixtures	8 years
Computer and communications equipment	3 years

Leasehold improvements are amortized on a straight-line basis over the remaining term of the lease.

Revenue recognition

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

Externally restricted contributions for which there is no corresponding restricted fund are deferred and recognized as revenue during the year in which the related expenses are incurred. All other externally restricted contributions are recognized as revenue of the appropriate restricted fund.

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

Catering revenue is recognized when the services have been provided.

3 The Ottawa Mission 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. During the year, the Mission and the Foundation restructured their operations.

The Mission has integrated fundraising activities from the Foundation to the Mission. The Foundation remains a separate legal entity responsible for stewarding assets and 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.

The Mission controls the Foundation as the members of the Board of the Mission are the members of the Foundation.

The Ottawa Mission

Notes to Financial Statements

April 30, 2022

Transactions with the Foundation were as follows:

	2022 \$	2021 \$
Operating fund donations		
Foundation's operating fund	3,971,565	5,527,681
Foundation's externally restricted fund	677,240	1,410,540
	<u>4,648,805</u>	<u>6,938,221</u>
Externally restricted donations		
Foundation's endowment fund with donor consent	698,797	-
	<u>5,347,602</u>	<u>6,938,221</u>
Other income – Administrative, payroll and janitorial services	-	70,000

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

The 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, 2022 and 2021 and the results of its operations and its cash flows for the years then ended are as follows:

	2022 \$	2021 \$
Financial position		
Total assets	16,300,702	22,212,300
Total liabilities	-	497,790
Total fund balances	16,300,702	21,714,510
	<u>16,300,702</u>	<u>22,212,300</u>
Results from operations		
Total revenue	11,401	13,814,125
Total expense	5,425,209	9,896,085
Net revenue (expense) for the year	<u>(5,413,808)</u>	<u>3,918,040</u>
Cash provided by (used in)		
Operating activities	(5,549,753)	1,605,136
Investing activities	675,229	154,296
Change in cash during the year	<u>(4,874,524)</u>	<u>1,759,432</u>

Cumulative amounts recognized as endowments or other externally restricted fund balances by the Foundation as at April 30, 2022 amounted to \$301,767 (2021 – \$1,593,560).

The Ottawa Mission

Notes to Financial Statements

April 30, 2022

4 Capital assets

			2022	2021
	Cost	Accumulated	Net	Net
	\$	amortization	\$	\$
		\$		
Land	965,002	-	965,002	565,002
Buildings	9,646,788	3,498,479	6,148,309	5,463,243
Exterior renovations	816,849	489,482	327,367	343,403
Interior renovations	604,249	304,234	300,015	375,544
Vehicles	604,919	301,105	303,814	102,447
Equipment, furniture and fixtures	797,138	445,631	351,507	366,481
Computer and communications equipment	166,369	102,838	63,531	43,237
Leasehold improvements	1,269,653	211,609	1,058,044	749,882
	<u>14,870,967</u>	<u>5,353,378</u>	<u>9,517,589</u>	<u>8,009,239</u>

Cost and accumulated amortization as at April 30, 2021 amounted to \$12,866,715 and \$4,857,476, respectively.

5 Government remittances

Government remittances of nil (2021 – nil) are included in accounts payable and accrued liabilities.

6 Deferred revenue

	2022	2021
	\$	\$
Ottawa Inner City Health	364,000	186,307
City of Ottawa – Contract funding	196,620	89,127
City of Ottawa – Block funding	632,000	-
	<u>1,192,620</u>	<u>275,434</u>

The Ottawa Mission

Notes to Financial Statements

April 30, 2022

7 Commitments

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

	\$
Years ending April 30, 2023	1,101,588
2024	209,969
2025	189,833
2026	155,754
2027	115,159
Thereafter	26,211

8 Holland Properties Association

The purpose of Holland Properties Association (the Association) is to operate and maintain non-profit housing that 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 Association owns and operates multi-unit residential complexes located at 199 Holland Avenue, and at 161 Presland Road, Ottawa, Canada.

On January 6, 2021, the Association purchased 92 Florence Street for \$675,000 for transitional housing. The Association has received \$525,000 for the purchase and \$700,000 for renovations from the City of Ottawa through contribution agreements.

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 Ottawa Mission

Notes to Financial Statements

April 30, 2022

The results of the Association have not been consolidated in these financial statements. Summaries of the Association's financial position as at April 30, 2022 and 2021 and the results of its operations and its cash flows for the years then ended are as follows:

	2022 \$	2021 \$
Financial position		
Total assets	15,524,700	15,168,169
Total liabilities	15,345,941	14,961,877
Unrestricted net assets	178,759	206,292
	<u>15,524,700</u>	<u>15,168,169</u>
Results from operations		
Total revenue	1,435,185	1,386,807
Total expense	1,462,718	1,370,637
	<u>(27,533)</u>	<u>16,170</u>
Net revenue (expense) for the year		
	<u>(27,533)</u>	<u>16,170</u>
Cash provided by (used in)		
Operating activities	388,914	397,078
Investing activities	(926,860)	(713,083)
Financing activities	387,500	707,618
	<u>(150,446)</u>	<u>391,613</u>
Change in cash during the year	<u>(150,446)</u>	<u>391,613</u>

During the year, the Mission donated \$280,850 (2021 – nil) to the Association to support transitional housing.

Included in accounts receivable is \$31,809 (2021 – nil) owing from the Association. Balances with the Association are non-interest bearing and have no specified terms of repayment.

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

9 Financial instruments

The Mission is exposed to various risks through its financial instruments. The following analysis provides a measure of the Mission's risk exposure and concentrations. The Mission does not use derivative financial instruments to manage its risk.

Liquidity risk

Liquidity risk is the risk an entity will encounter difficulty in meeting obligations associated with its financial liabilities. The Mission is exposed to liquidity risk mainly in respect of its accounts payable and accrued liabilities.

The Ottawa Mission

Notes to Financial Statements

April 30, 2022

Credit risk

Credit risk is the risk one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Financial instruments that potentially subject the Mission to credit risk consist principally of cash, accounts receivable and due from The Ottawa Mission Foundation. The Mission mitigates its exposure to credit risk by placing its cash with major financial institutions. 27% (2021 – 44%) of accounts receivable are owing from the City of Ottawa.

10 Implications of COVID-19 pandemic

On March 11, 2020, the World Health Organization declared the coronavirus (COVID-19) outbreak a pandemic. Governments and local public health authorities have implemented shutdowns and emergency measures to combat the global pandemic.

The long-term impact of the outbreak on the Mission remains uncertain. The Mission incurred significant costs due to COVID-19 including salaries that were funded by the City of Ottawa. Management is closely monitoring the economic situation and any potential impacts there may be on the Mission's operations. The ultimate duration and magnitude of COVID-19's impact on the Mission's operations and financial position are not known at this time. However, management believes the impact of COVID-19 will be temporary, and therefore, while it could have a negative impact on the Mission during the pandemic, the long-term prospects for the Mission have not changed.

The City of Ottawa provided funding to assist the Mission through the pandemic. Contributions recognized amount to \$598,807 (2021 – \$874,878).