

# **The Ottawa Mission Foundation**

Financial Statements

**April 30, 2022**



## 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, 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 Foundation's financial statements comprise:

- the statement of financial position as at April 30, 2022;
- 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 significant accounting policies and other explanatory information.

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### Basis for qualified opinion

In 2021, the Foundation derived revenues from cash donations the completeness of which was 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 revenue, net revenue (expense) and cash flows provided by (used in) operating activities for the year ended April 30, 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.

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



### **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  
September 23, 2022



# The Ottawa Mission Foundation

## Statement of Financial Position

As at April 30, 2022

|   | 2022                 |                                    |                    |                                  |                      | 2021        |
|---|----------------------|------------------------------------|--------------------|----------------------------------|----------------------|-------------|
|   | Operating Fund<br>\$ | Future Projects Reserve Fund<br>\$ | Reserve Fund<br>\$ | Externally Restricted Fund<br>\$ | Endowment Fund<br>\$ | Total<br>\$ |
| <b>Assets</b>   |                      |                                    |                    |                                  |                      |             |
| <b>Current assets</b>                                   |                      |                                    |                    |                                  |                      |             |
| Cash  | 59,675               | -                                  | -                  | -                                | -                    | 59,675      |
| Accounts receivable                                     | -                    | 382                                | 3,185              | -                                | -                    | 3,567       |
| Prepaid expenses  | -                    | -                                  | -                  | -                                | -                    | -           |
| Interfund receivables (payables)                        | (59,820)             | 54,369                             | 5,451              | -                                | -                    | -           |
|   | (145)                | 54,751                             | 8,636              | -                                | -                    | 63,242      |
| <b>Investments</b> (note 3)                             | -                    | 1,537,892                          | 11,722,801         | 301,767                          | -                    | 13,562,460  |
| <b>Due from Holland Properties Association</b> (note 4) | -                    | 2,675,000                          | -                  | -                                | -                    | 2,675,000   |
|   | (145)                | 4,267,643                          | 11,731,437         | 301,767                          | -                    | 16,300,702  |
| <b>Liabilities</b>                                      |                      |                                    |                    |                                  |                      |             |
| <b>Current liabilities</b>                              |                      |                                    |                    |                                  |                      |             |
| Accounts payable and accrued liabilities (note 5)       | -                    | -                                  | -                  | -                                | -                    | -           |
| Due to The Ottawa Mission (note 6)                      | -                    | -                                  | -                  | -                                | -                    | -           |
|   | -                    | -                                  | -                  | -                                | -                    | -           |
| <b>Fund Balances</b>                                    | (145)                | 4,267,643                          | 11,731,437         | 301,767                          | -                    | 16,300,702  |
|   | (145)                | 4,267,643                          | 11,731,437         | 301,767                          | -                    | 16,300,702  |

### Approved by the Board of Directors

 Director
  Director

Tony Bennett (Oct 4, 2022 10:17 EDT)

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, 2022

|   | 2022                 |                                    |                    |                                  |                      | 2021        |
|---|----------------------|------------------------------------|--------------------|----------------------------------|----------------------|-------------|
|   | Operating Fund<br>\$ | Future Projects Reserve Fund<br>\$ | Reserve Fund<br>\$ | Externally Restricted Fund<br>\$ | Endowment Fund<br>\$ | Total<br>\$ |
| <b>Revenue</b>                              |                      |                                    |                    |                                  |                      |             |
| Donations – From Mission                    | -                    | -                                  | -                  | 57,500                           | -                    | 57,500      |
| Donations – Investments                     | -                    | -                                  | -                  | -                                | -                    | -           |
| Bequests                                    | -                    | -                                  | -                  | -                                | -                    | -           |
| Investment income (loss)<br>(notes 3 and 4) | -                    | 41,404                             | (114,546)          | (8,698)                          | 35,742               | (46,099)    |
| Other                                       | -                    | -                                  | -                  | -                                | -                    | -           |
|   | -                    | 41,404                             | (114,546)          | 48,802                           | 35,742               | 11,401      |
|   |                      |                                    |                    |                                  |                      | 13,814,125  |
| <b>Expense</b>                              |                      |                                    |                    |                                  |                      |             |
| Donation to The Ottawa Mission (note 6)     | 3,971,565            | -                                  | -                  | 677,240                          | 698,797              | 5,347,602   |
| Payroll                                     | -                    | -                                  | -                  | -                                | -                    | -           |
| Administration                              | 145                  | 8,104                              | 69,059             | -                                | 300                  | 77,607      |
| Rent, insurance and utilities               | -                    | -                                  | -                  | -                                | -                    | -           |
| Fundraising                                 | -                    | -                                  | -                  | -                                | -                    | -           |
|   | 3,971,710            | 8,104                              | 69,059             | 677,240                          | 699,097              | 5,425,209   |
|   |                      |                                    |                    |                                  |                      | 9,896,085   |
| <b>Net revenue (expense) for the year</b>   | (3,971,710)          | 33,300                             | (183,605)          | (628,438)                        | (663,355)            | (5,413,808) |
|   |                      |                                    |                    |                                  |                      | 3,918,040   |
| <b>Fund Balances – Beginning of year</b>    | 3,971,565            | 4,234,343                          | 11,915,042         | 930,205                          | 663,355              | 21,714,510  |
|   |                      |                                    |                    |                                  |                      | 17,796,470  |
| <b>Fund Balances – End of year</b>          | (145)                | 4,267,643                          | 11,731,437         | 301,767                          | -                    | 16,300,702  |
|   |                      |                                    |                    |                                  |                      | 21,714,510  |

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, 2022

|   | 2022<br>\$         | 2021<br>\$       |
|---|--------------------|------------------|
| <b>Cash provided by (used in)</b>         |                    |                  |
| <b>Operating activities</b>               |                    |                  |
| Net revenue (expense) for the year        | (5,413,808)        | 3,918,040        |
| Items not involving cash                  |                    |                  |
| Reinvested investment income              | (495,843)          | (320,058)        |
| Donations of investments                  | -                  | (434,594)        |
| Change in fair value of investments       | 651,507            | (1,616,875)      |
| Changes in non-cash working capital items |                    |                  |
| Accounts receivable                       | 162,917            | (66,377)         |
| Prepaid expenses                          | 43,264             | 35,122           |
| Accounts payable and accrued liabilities  | (102,804)          | (63,033)         |
| Due to The Ottawa Mission                 | (394,986)          | 152,911          |
|   | <u>(5,549,753)</u> | <u>1,605,136</u> |
| <b>Investing activities</b>               |                    |                  |
| Purchases of investments                  | (16,603,552)       | (274,499)        |
| Proceeds from sale of investments         | <u>17,278,781</u>  | <u>428,795</u>   |
|   | <u>675,229</u>     | <u>154,296</u>   |
| <b>Change in cash during the year</b>     | <u>(4,874,524)</u> | <u>1,759,432</u> |
| <b>Cash – Beginning of year</b>           | <u>4,934,199</u>   | <u>3,174,767</u> |
| <b>Cash – End of year</b>                 | <u>59,675</u>      | <u>4,934,199</u> |

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

# The Ottawa Mission Foundation

## Notes to Financial Statements

April 30, 2022

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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 Ottawa Mission (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 now integrated the fundraising activities from the Foundation. The Foundation remains a separate legal entity responsible for stewarding its assets.

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

These financial statements are prepared in accordance with Canadian Accounting Standards for Not-for-profit Organizations. The Foundation's significant accounting policies are as follows.

#### Fund accounting

The Foundation follows the restricted fund method of accounting for contributions:

- 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

The Future Projects Reserve Fund is internally restricted, intended to fund future capital projects and special projects approved by the Board of Directors. This has included financing a mortgage with Holland Properties Association (note 4).

- Reserve Fund

The Reserve Fund is internally restricted and intended to be kept in place over the longer term as a contingency for some unexpected event (i.e government elimination of program funding). Income generated from the investments within this fund is retained within the fund.



# The Ottawa Mission Foundation

## Notes to Financial Statements

April 30, 2022

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- 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.

### 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.

### 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.

## 3 Investments

|                           | 2022<br>\$        | 2021<br>\$        |
|---------------------------|-------------------|-------------------|
| Cash                      | -                 | 552,255           |
| Fixed-rate bonds          | -                 | 3,875,979         |
| Money market mutual funds | 13,562,460        | 2,622,707         |
| Equities                  | -                 | 7,342,412         |
|                           | <u>13,562,460</u> | <u>14,393,353</u> |

Fixed-rate bonds in 2021 bore interest at fixed rates ranging from 2.10% to 4.09% and matured from 2021 to 2028.

# The Ottawa Mission Foundation

## Notes to Financial Statements

April 30, 2022

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Equities in 2021 consisted of 56.9% Canadian, 23.2% US and 19.9% international companies.

Investment income consists of:

|  | 2022<br>\$      | 2021<br>\$       |
|--|-----------------|------------------|
| Change in fair value of investments            | (651,507)       | 1,616,875        |
| Interest, dividends and distributions (note 4) | 605,408         | 457,174          |
|  | <u>(46,099)</u> | <u>2,074,049</u> |

#### 4 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 Mission controls the Foundation as the members of the Board of the Mission are the members of the Foundation.

The purpose of the Association 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.

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, that will be used for transitional housing.

A mortgage payable to the Foundation, amounting to \$2,675,000 (2021 – \$2,675,000) is due on October 31, 2023, 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.

During the year, interest of \$53,500 (2021 – \$53,500) 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.

# The Ottawa Mission Foundation

## Notes to Financial Statements

April 30, 2022

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### 5 Government remittances

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

### 6 The Ottawa Mission

Transactions with the Mission were as follows:

|   | 2022<br>\$ | 2021<br>\$ |
|---|------------|------------|
| Donation to the Mission                   | 5,347,602  | 6,938,221  |
| Expense – Administration and housekeeping | -          | 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.

### 7 Financial instruments

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

#### Investment risk

Investments in financial instruments render the Foundation subject to investment risks. Interest rate risk is the risk arising from fluctuations in interest rates and their degree of volatility. There is also the risk arising from the failure of a party to a financial instrument to discharge an obligation when it is due. Market risk is the risk to the value of a financial instrument due to fluctuations in market prices, whether these fluctuations are caused by factors specific to the investment itself or to its issuer, or by factors pertinent to all investments on the market.

#### 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.

# **The Ottawa Mission Foundation**

## **Notes to Financial Statements**

**April 30, 2022**

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### **Concentration of risk**

Concentration of risk exists when a significant proportion of the portfolio is invested in securities with similar characteristics or subject to similar economic, political and other conditions.

### **Currency risk**

The Foundation is exposed to currency risk as the value of financial instruments denominated in US dollars will fluctuate due to changes in the exchange rate.

The Foundation's investments are detailed in note 3.









# OMF Financial Statements April 30, 2022

Final Audit Report

2022-10-04

|                 |  |
|-----------------|--|
| Created:        | 2022-10-04                                   |
| By:             | Leonard Teo (teo.leonard@gmail.com)          |
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