

**FINANCIAL STATEMENTS**  
**For**  
**THE OTTAWA MISSION**  
**For year ended**  
**APRIL 30, 2023**

**INDEPENDENT AUDITOR'S REPORT**

To the directors of

**THE OTTAWA MISSION***Qualified Opinion*

We have audited the financial statements of The Ottawa Mission (the Mission), which comprise the statement of financial position as at April 30, 2023, and the statements of changes in net assets, revenue and expense and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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 Mission as at April 30, 2023 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.

*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 year ended April 30, 2023, current assets as at April 30, 2023 and net assets as at the beginning and the end of the year ended April 30, 2023.

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 are independent of the Mission in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

*Other Matter*

The financial statements of the Mission for the year ended April 30, 2022 were audited by another auditor who expressed a qualified opinion on those financial statements on September 23, 2022.

*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.

*Welch LLP*

Chartered Professional Accountants  
Licensed Public Accountants

Ottawa, Ontario  
September 28, 2023.

**THE OTTAWA MISSION**  
**STATEMENT OF FINANCIAL POSITION**  
**APRIL 30, 2023**

	<u>2023</u>	<u>2022</u>
<b><u>ASSETS</u></b>		
<b>CURRENT ASSETS</b>		
Cash	\$ 1,962,691	\$ 4,630,007
Accounts receivable	956,930	620,719
Due from The Ottawa Mission Foundation (note 3)	559,344	-
Due from Holland Properties Association (note 8)	570,178	31,809
Prepaid expenses	<u>250,862</u>	<u>231,910</u>
	4,300,005	5,514,445
<b>CAPITAL ASSETS (note 4)</b>	<u>10,466,772</u>	<u>9,517,589</u>
	<u>\$ 14,766,777</u>	<u>\$ 15,032,034</u>
<b><u>LIABILITIES AND NET ASSETS</u></b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities (note 5)	\$ 1,147,616	\$ 1,298,981
Deferred revenue (note 6)	<u>1,154,692</u>	<u>1,192,620</u>
	<u>2,302,308</u>	<u>2,491,601</u>
<b>NET ASSETS</b>		
Unrestricted	368,019	1,651,286
Invested in capital assets	10,466,772	9,517,589
Externally restricted	<u>1,629,678</u>	<u>1,371,558</u>
	<u>12,464,469</u>	<u>12,540,433</u>
	<u>\$ 14,766,777</u>	<u>\$ 15,032,034</u>
Commitments (note 7)		

Approved by the Board:

*Adam E. Harvey*

..... Director

*Shawn Baron*

..... Director

(See accompanying notes)

**THE OTTAWA MISSION**  
**STATEMENT OF CHANGES IN NET ASSETS**  
**YEAR ENDED APRIL 30, 2023**

	<u>Balance, beginning of year</u>	<u>Net revenue (expense) for the year</u>	<u>Transfers from (to)</u>	<u>Balance end of year</u>
Unrestricted	\$ 1,651,286	\$ 544,875	\$ (1,828,142)	\$ 368,019
Invested in capital assets	9,517,589	(878,959)	1,828,142	10,466,772
Externally restricted	<u>1,371,558</u>	<u>258,120</u>	<u>-</u>	<u>1,629,678</u>
	<u>\$ 12,540,433</u>	<u>\$ (75,964)</u>	<u>\$ -</u>	<u>\$ 12,464,469</u>

(See accompanying notes)

**THE OTTAWA MISSION**  
**STATEMENT OF REVENUE AND EXPENSE**  
**YEAR ENDED APRIL 30, 2023**

	<u>Operating Fund</u>	<u>Invested in capital assets</u>	<u>Externally restricted</u>	<u>2023 Total</u>	<u>2022 Total</u>
<b>REVENUE</b>					
Donations - The Ottawa Mission					
Foundation (note 3)	\$ 2,059,344	\$ -	\$ -	\$ 2,059,344	\$ 5,347,604
City of Ottawa	4,810,782	-	-	4,810,782	4,563,398
Donations	9,943,362	-	1,073,057	11,016,419	11,388,125
Catering and other	<u>3,282,841</u>	<u>18,705</u>	<u>-</u>	<u>3,301,546</u>	<u>2,362,245</u>
	<u>20,096,329</u>	<u>18,705</u>	<u>1,073,057</u>	<u>21,188,091</u>	<u>23,661,372</u>
<b>EXPENSE</b>					
Payroll	13,114,455	-	374,359	13,488,814	12,586,872
Operations	2,375,712	-	316,654	2,692,366	1,967,821
Rent, insurance and utilities	686,071	-	-	686,071	579,324
Amortization of capital assets	-	897,664	-	897,664	810,309
Administration	955,351	-	1,500	956,851	981,982
Property maintenance	559,133	-	-	559,133	483,635
Client assistance	183,573	-	122,424	305,997	253,649
Public relations	161,021	-	-	161,021	81,042
Fundraising	1,393,118	-	-	1,393,118	1,009,102
Transportation	123,020	-	-	123,020	74,858
Donations (notes 3 and 8)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>338,350</u>
	<u>19,551,454</u>	<u>897,664</u>	<u>814,937</u>	<u>21,264,055</u>	<u>19,166,944</u>
<b>Net revenue (expense) for the year</b>	<u>\$ 544,875</u>	<u>\$ (878,959)</u>	<u>\$ 258,120</u>	<u>\$ (75,964)</u>	<u>\$ 4,494,428</u>

(See accompanying notes)

**THE OTTAWA MISSION**  
**STATEMENT OF CASH FLOWS**  
**YEAR ENDED APRIL 30, 2023**

	<u>2023</u>	<u>2022</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net revenue (expenses) for the year	\$ (75,964)	\$ 4,494,428
Items not involving cash:		
Amortization of capital assets	897,664	810,309
Gain on disposal of equipment	<u>(18,705)</u>	<u>-</u>
	802,995	5,304,737
Changes in non-cash working capital items:		
Accounts receivable	(336,211)	(32,419)
Due from The Ottawa Mission Foundation	(559,344)	394,986
Due from Holland Properties Association	(538,369)	(31,809)
Prepaid expenses	(18,952)	(101,588)
Accounts payable and accrued liabilities	(151,365)	198,720
Deferred revenue	<u>(37,928)</u>	<u>917,186</u>
	<u>(839,174)</u>	<u>6,649,813</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of capital assets	(1,878,702)	(2,318,659)
Proceeds on disposal of equipment	<u>50,560</u>	<u>-</u>
	<u>(1,828,142)</u>	<u>(2,318,659)</u>
<b>(DECREASE) INCREASE IN CASH</b>	(2,667,316)	4,331,154
<b>CASH - BEGINNING OF YEAR</b>	<u>4,630,007</u>	<u>298,853</u>
<b>CASH - END OF YEAR</b>	<u>\$ 1,962,691</u>	<u>\$ 4,630,007</u>

(See accompanying notes)

**THE OTTAWA MISSION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED APRIL 30, 2023**

**1. NATURE OF OPERATIONS**

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.

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. SIGNIFICANT ACCOUNTING POLICIES**

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations.

*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.

- Invested in Capital Assets

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. Management makes estimates when determining the estimated useful lives of the Mission's capital assets, its allowance for doubtful accounts, and its accrued liabilities. These estimates are reviewed annually and as adjustments become necessary, they are recognized in the financial statements in the period they become known.

*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.



**THE OTTAWA MISSION**  
**NOTES TO THE FINANCIAL STATEMENTS - Cont'd.**  
**YEAR ENDED APRIL 30, 2023**

**2. SIGNIFICANT ACCOUNTING POLICIES - Cont'd.**

*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**

During fiscal 2022, the Mission and the Foundation restructured their operations. The Mission has now integrated fundraising activities from the Foundation. The Foundation remains a separate legal entity responsible for stewarding its assets. 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.

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

Transactions with the Foundation were as follows:

	<u>2023</u>	<u>2022</u>
Operating fund donations		
Foundation's operating and internally restricted funds	\$ 2,059,344	\$ 3,971,565
Foundation's externally restricted fund	<u>-</u>	<u>677,240</u>
	2,059,344	4,648,805
Externally restricted donations		
Foundation's endowment fund with donor consent	<u>-</u>	<u>698,797</u>
	<u>\$ 2,059,344</u>	<u>\$ 5,347,602</u>

In 2022, the Mission donated \$57,500 to the Foundation.

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 OTTAWA MISSION**  
**NOTES TO THE FINANCIAL STATEMENTS - Cont'd.**  
**YEAR ENDED APRIL 30, 2023**

3. **THE OTTAWA MISSION FOUNDATION - Cont'd.**

The results of the Foundation have not been consolidated in these financial statements. Summaries of the Foundation's financial position as at April 30, 2023 and 2022 and the results of its operations and its cash flows for the years then ended are as follows:

	<u>2023</u>	<u>2022</u>
<b>Financial position</b>		
Total assets	\$ <u>15,372,544</u>	\$ <u>16,300,702</u>
Total liabilities	\$ 571,844	\$ -
Total fund balances	<u>14,800,700</u>	<u>16,300,702</u>
	<u>\$ 15,372,544</u>	<u>\$ 16,300,702</u>
<b>Results from operations</b>		
Total revenue	\$ 644,215	\$ 11,401
Total expense	<u>2,144,217</u>	<u>5,425,209</u>
Net revenue (expense) for the year	<u>\$ (1,500,002)</u>	<u>\$ (5,413,808)</u>
<b>Cash provided by (used in)</b>		
Operating activities	\$ (1,069,512)	\$ (5,549,753)
Investing activities	<u>1,129,698</u>	<u>675,229</u>
Change in cash during the year	<u>\$ 60,186</u>	<u>\$ (4,874,524)</u>

Cumulative amounts recognized as externally restricted fund balances by the Foundation as at April 30, 2023 amounted to \$314,740 (2022- \$301,767).

4. **CAPITAL ASSETS**

	<u>2023</u>		<u>2022</u>	
	<u>Cost</u>	<u>Accumulated amortization</u>	<u>Net book value</u>	<u>Net book value</u>
Land	\$ 1,365,002	\$ -	\$ 1,365,002	\$ 965,002
Buildings	10,479,699	3,760,472	6,719,227	6,148,309
Exterior renovations	737,658	443,824	293,834	327,367
Interior renovations	575,075	346,944	228,131	300,015
Vehicles	968,574	434,754	533,820	303,814
Equipment, furniture and fixtures	844,237	499,713	344,524	351,507
Computer and communications equipment	153,690	101,028	52,662	63,531
Leasehold improvements	1,269,653	423,218	846,435	1,058,044
Assets under construction	<u>83,137</u>	<u>-</u>	<u>83,137</u>	<u>-</u>
	<u>\$ 16,476,725</u>	<u>\$ 6,009,953</u>	<u>\$ 10,466,772</u>	<u>\$ 9,517,589</u>

Cost and accumulated amortization as at April 30, 2022 amounted to \$14,870,967 and \$5,353,378, respectively.

**THE OTTAWA MISSION**  
**NOTES TO THE FINANCIAL STATEMENTS - Cont'd.**  
**YEAR ENDED APRIL 30, 2023**

**5. GOVERNMENT REMITTANCES**

Government remittances of \$nil (2022 - \$nil) are included in accounts payable and accrued liabilities.

**6. DEFERRED REVENUE**

	<u>2023</u>	<u>2022</u>
Ottawa Inner City Health	\$ 399,000	\$ 364,000
City of Ottawa - contract funding	78,424	196,620
- block funding	677,268	632,000
	\$ 1,154,692	\$ 1,192,620

**7. COMMITMENTS**

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

2024	\$ 694,492
2025	254,496
2026	248,530
2027	207,474
2028	105,777

**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 THE FINANCIAL STATEMENTS - Cont'd.**  
**YEAR ENDED APRIL 30, 2023**

**8. HOLLAND PROPERTIES ASSOCIATION - Cont'd.**

The results of the Association have not been consolidated in these financial statements. Summaries of the Association's financial position as at April 30, 2023 and 2022 and the results of its operations and its cash flows for the years then ended are as follows:

	<u>2023</u>	<u>2022</u>
<b>Financial position</b>		
Total assets	\$ 15,819,991	\$ 15,524,700
Total liabilities	\$ 15,577,395	\$ 15,345,941
Unrestricted net assets	<u>242,596</u>	<u>178,759</u>
	<u>\$ 15,819,991</u>	<u>\$ 15,524,700</u>
<b>Results from operations</b>		
Total revenue	\$ 1,485,022	\$ 1,435,185
Total expense	<u>1,596,185</u>	<u>1,462,718</u>
<b>Net revenue (expense) for the year</b>	<u>\$ (111,163)</u>	<u>\$ (27,533)</u>
<b>Cash provided by (used in)</b>		
Operating activities	\$ 824,614	\$ 388,914
Investing activities	(807,800)	(926,860)
Financing activities	<u>(94,422)</u>	<u>387,500</u>
Change in cash during the year	<u>\$ (77,608)</u>	<u>\$ (150,446)</u>

During the year, the Mission donated \$nil (2022 - \$280,850) to the Association to support transitional housing.

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, accrued liabilities and line of credit. Subsequent to year end, the Mission secured \$5,000,000 in credit facilities secured by a general security agreement and certain properties to assist with cash flow and financing real estate acquisitions and improvements.

*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 and Holland Properties Association. Cash is held with major financial institutions. 15% (2022 - 28%) of accounts receivable are owing from the City of Ottawa.

*Changes in risk*

There have been no significant changes to the Mission's risk exposure from the prior year.

**THE OTTAWA MISSION**  
**NOTES TO THE FINANCIAL STATEMENTS - Cont'd.**  
**YEAR ENDED APRIL 30, 2023**

10. **COVID-19**

The Mission incurred significant costs due to COVID-19 including salaries that were funded by the City of Ottawa. The City of Ottawa provided funding to assist the Mission through the pandemic. Contributions recognized amount to \$300,000 (2022 - \$598,807).

11. **COMPARATIVE FIGURES**

Comparative figures have been reclassified where necessary to conform to the presentation adopted in the current year.