

The Union Mission for Men

Financial Statements

April 30, 2016



September 15, 2016

Independent Auditor's Report

To the Directors of The Union Mission for Men

We have audited the accompanying financial statements of The Union Mission for Men ("the Mission"), which comprise the statement of financial position as at April 30, 2016 and the statements of revenue and expense and changes in net assets 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.

PricewaterhouseCoopers LLP
99 Bank Street, Suite 800, Ottawa, Ontario, Canada K1P 1E4
T: +1 613 237 3702, F: +1 613 237 3963



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 Mission 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 Mission. Therefore, we were not able to determine whether any adjustments might be necessary to donations revenue, net expense and cash flows from operations for the years ended April 30, 2016 and 2015, current assets as at April 30, 2016 and 2015 and net assets 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 Mission as at April 30, 2016 and its results of operations and 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 Union Mission for Men

Statement of Financial Position

As at April 30, 2016

	2016	2015
	\$	\$
Assets		
Current assets		
Cash	280,765	383,736
Accounts receivable (note 3)	384,045	392,190
Due from The Ottawa Mission Foundation (note 6)	289,181	145,130
Prepaid expenses	134,339	125,801
	<hr/>	<hr/>
	1,088,330	1,046,857
Capital assets (note 4)	<hr/>	<hr/>
	5,933,059	5,313,956
	<hr/>	<hr/>
	7,021,389	6,360,813
Liabilities and Fund Balances		
Current liabilities		
Accounts payable and accrued liabilities (note 8)	671,022	569,230
Deferred revenue	38,765	64,110
	<hr/>	<hr/>
	709,787	633,340
Deferred capital contributions	<hr/>	<hr/>
	1,026,465	442,336
	<hr/>	<hr/>
	1,736,252	1,075,676
Net assets	<hr/>	<hr/>
	5,285,137	5,285,137
	<hr/>	<hr/>
	7,021,389	6,360,813
Commitments (note 5)	<hr/>	<hr/>

Approved by the Board of Directors

_____ Director _____ Director

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

The Union Mission for Men

Statement of Revenue and Expense and Changes in Net Assets

For the year ended April 30, 2016

	2016	2015
	\$	\$
Revenue		
Donations - The Ottawa Mission Foundation (note 6)	4,195,576	3,487,293
City of Ottawa	3,724,891	3,801,352
Other income (note 6)	392,863	425,762
Amortization of deferred capital contributions	73,740	56,160
Donations	26,515	40,264
	<u>8,413,585</u>	<u>7,810,831</u>
Expense		
Payroll	5,991,958	5,490,717
Operations	737,847	677,625
Rent, insurance and utilities	379,056	379,647
Amortization of capital assets	337,055	305,045
Administration	336,981	308,582
Property maintenance	334,778	336,168
Client assistance	211,548	231,579
Public relations	66,407	57,256
Transportation	17,955	24,212
	<u>8,413,585</u>	<u>7,810,831</u>
Net expense for the year	-	-
Net assets - Beginning of year	<u>5,285,137</u>	<u>5,285,137</u>
Net assets - End of year	<u>5,285,137</u>	<u>5,285,137</u>

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

The Union Mission for Men

Statement of Cash Flows

For the year ended April 30, 2016

	2016 \$	2015 \$
Cash provided by (used in)		
Operating activities		
Net expense for the year	-	-
Items not involving cash -		
Amortization of capital assets	337,055	305,045
Amortization of deferred capital contributions	(73,740)	(56,160)
Net change in non-cash working capital items	(67,997)	1,337
	<hr/> 195,318	<hr/> 250,222
Investing activity		
Purchases of capital assets	(956,158)	(95,859)
Financing activity		
Deferred capital contributions received	657,869	-
	<hr/> (102,971)	<hr/> 154,363
Net change in cash for the year		
Cash - Beginning of year	<hr/> 383,736	<hr/> 229,373
Cash - End of year	<hr/> <hr/> 280,765	<hr/> <hr/> 383,736

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

The Union Mission for Men

Notes to Financial Statements

April 30, 2016

1 Purpose of the organization

The Union Mission for Men (“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 without share capital under the laws of Ontario and, as a registered charity under subsection 149(1)(f) of the *Income Tax Act*, is exempt from income taxes.

2 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 dates of the financial statements and the reported amounts of revenue and expense during the reporting periods. Actual results could differ from these estimates.

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 acquired 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	15-25 years
Interior renovations	8 years
Vehicles	5 years
Computer and communications equipment	3 years

Revenue recognition

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

Externally restricted contributions related to general operations are deferred and recognized as revenue in the period in which the related expenses are incurred.

Externally restricted contributions for the purchase of capital assets are recorded as deferred capital contributions and recognized as revenue in the period in which the related amortization expense is incurred.

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

The Union Mission for Men

Notes to Financial Statements

April 30, 2016

3 Accounts receivable

76% (2015 - 73%) of accounts receivable are owing from the City of Ottawa.

4 Capital assets

	2016		2015	
	Cost \$	Accumulated amortization \$	Net \$	Net \$
Land	2	-	2	2
Buildings	7,205,454	2,170,990	5,034,464	4,459,103
Exterior renovations	674,696	304,351	370,345	395,861
Interior renovations	226,914	70,523	156,391	141,062
Vehicles	107,996	52,131	55,865	14,519
Computer and communications equipment	619,640	303,648	315,992	303,409
	<u>8,834,702</u>	<u>2,901,643</u>	<u>5,933,059</u>	<u>5,313,956</u>

Cost and accumulated amortization as at April 30, 2015, amounted to \$8,096,478 and \$2,782,522, respectively.

5 Commitments

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

	\$
Year ending April 30, 2017	28,644
2018	11,214
2019	9,664
2020	8,772
2021	6,852
2022	2,877

6 The Ottawa Mission Foundation

The Ottawa Mission Foundation (“the Foundation”) is incorporated under *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.

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

The Union Mission for Men

Notes to Financial Statements

April 30, 2016

Transactions with the Foundation were as follows.

	2016 \$	2015 \$
Donations revenue	4,195,576	3,487,293
Other income - Administrative, payroll and janitorial services	70,000	70,000

Donations transferred from the Foundation of \$4,853,444 (2015 - \$3,487,293) include amounts which have been recorded as deferred revenue on the Mission financial statements. This revenue will be recognized as revenue by the Mission in the period in which the related expenses are incurred.

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

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, 2016 and 2015 and the results of its operations and its cash flows for the years then ended are as follows.

	2016 \$	2015 \$
Financial position		
Total assets	17,127,601	16,904,460
Total liabilities	423,711	306,909
Total fund balances	16,703,890	16,597,551
	17,127,601	16,904,460
	2016 \$	2015 \$
Results from operations		
Total income	6,644,329	6,655,434
Total expense	6,537,990	5,183,317
Net revenue for the year	106,339	1,472,117
Cash provided by (used in)		
Operating activities	319,468	1,078,104
Investing activities	(600,041)	(1,979,107)
Financing activity	100,000	100,000
Net change in cash for the year	(180,573)	(801,003)

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Notes to Financial Statements

April 30, 2016

The accounting policies used by the Foundation differ from those used by the Mission as certain restricted donations relating to the Foundation are recognized as revenue of the appropriate restricted fund in the period received or receivable rather than in the period in which the related expenses are incurred. Cumulative amounts recognized as restricted fund balances by the Foundation as at April 30, 2016 amounted to \$65,318 (2015 - \$122,745).

7 Holland Properties Association

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 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.

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

The results of HPA have not been consolidated in these financial statements. Summaries of HPA's financial position as at April 30, 2016 and 2015 and the results of its operations and its cash flows for the years then ended are as follows.

	2016 \$	2015 \$
Financial position		
Total assets	3,688,522	3,748,080
Total liabilities	3,731,265	3,858,984
Net liabilities	(42,743)	(110,904)
	<u>3,688,522</u>	<u>3,748,080</u>

The Union Mission for Men

Notes to Financial Statements

April 30, 2016

	2016 \$	2015 \$
Results from operations		
Total revenue	481,312	471,183
Total expense	413,151	422,466
	<hr/>	<hr/>
Net revenue for the year	68,161	48,717
	<hr/>	<hr/>
Cash provided by (used in)		
Operating activities	153,907	140,202
Investing activity	(9,907)	(65,814)
Financing activity	(100,000)	(100,000)
	<hr/>	<hr/>
Net change in cash for the year	44,000	(25,612)
	<hr/>	<hr/>

8 Government remittances

Government remittances of \$49,594 (2015 - \$nil) are included in accounts payable and accrued liabilities.

9 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 "Life House" 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 Project Reserve Fund.