

Financial Statements

The United Church Downtown Mission of Windsor
Inc.

December 31, 2019

Contents

	Page
Independent Auditor's Report	1 - 3
Statement of Operations and Change in Fund Balance	4
Statement of Financial Position	5
Statement of Cash Flows	6
Notes to the Financial Statements	7 - 16

Independent Auditor's Report

Grant Thornton LLP
Suite 203
2510 Ouellette Avenue
Windsor, ON
N8X 1L4

T +1 519 966 4626
F +1 519 966 9206
www.GrantThornton.ca

To the Board of Directors of
The United Church Downtown Mission of Windsor Inc.

Qualified Opinion

We have audited the financial statements of The United Church Downtown Mission of Windsor Inc., which comprise the financial position as at December 31, 2019, and the statement of operations and changes in net assets and statement of 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 matters 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 December 31, 2019, and its results of 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 United Church Downtown Mission of Windsor Inc. derives revenue from donations and fundraising activities, 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 and fundraising revenue, deficiencies of revenues over expenditures, and cash flows from operations for the year ended December 31, 2019, current assets at December 31 2019 and fund balances as at January 1, 2019 and December 31, 2019. The predecessor auditor's opinion on the financial statements for the year ended December 31, 2018 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 are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other 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 opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 2 to the financial statements, which indicates that the Mission incurred a deficiency of revenue over expenses of \$1,246,909 during the year ended December 31, 2019 and, as of that date, the Mission has a working capital deficiency of \$3,761. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, indicate a material uncertainty exists that may cast significant doubt on the Mission's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Independent Auditor's Report (continued)

Other matters

The financial statements of the United Church Downtown Mission of Windsor Inc. for the year ended December 31, 2018 were audited by another practitioner who expressed a qualified opinion on those financial statements on March 27, 2019 for reasons described in the Basis for Qualified Opinion section.

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.

Independent Auditor's Report (continued)

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.

Grant Thornton LLP

Chartered Professional Accountants
Licensed Public Accountants

Windsor, Canada
October 22, 2020

The United Church Downtown Mission of Windsor Inc.

Statement of Operations and Changes in Fund Balance

For the year ended December 31, 2019

	Operating Fund 2019	Capital Fund 2019	Total 2019	Total 2018
Revenues				
Donations and fundraisers	\$ 2,113,297	\$ -	\$ 2,113,297	\$ 2,554,124
Donations - gifts in kind	2,039,300	-	2,039,300	2,525,824
Grants and program support	852,248	-	852,248	391,215
Donations - volunteered time	364,253	-	364,253	264,911
Cost recoveries, security and miscellaneous revenue - enterprise & social program	182,088	-	182,088	172,177
Sales - enterprise and social program	358,169	-	358,169	163,010
Rental	92,122	-	92,122	150,064
Restricted donations	-	-	-	15,949
	<u>6,001,477</u>	<u>-</u>	<u>6,001,477</u>	<u>6,237,274</u>
Expenditures				
Wages and benefits	2,814,180	-	2,814,180	2,497,166
Gifts in kind	2,039,300	-	2,039,300	2,525,824
Operating costs	490,370	-	490,370	565,085
Volunteered time	364,253	-	364,253	264,911
Fundraising	319,992	-	319,992	353,290
Cost of supplies and miscellaneous - enterprise & social programs	227,058	-	227,058	162,774
Food purchases	146,712	-	146,712	191,607
Office	102,357	-	102,357	115,313
Transportation	47,901	-	47,901	62,958
Professional fees	36,467	214,423	250,890	28,397
Insurance	29,814	-	29,814	25,168
Client assistance	15,520	-	15,520	23,300
Interest and bank charges	14,743	-	14,743	5,337
Interest on long-term debt	-	13,409	13,409	12,180
Amortization	-	356,463	356,463	373,956
Interest on capital lease obligations	-	15,424	15,424	4,626
	<u>6,648,667</u>	<u>599,719</u>	<u>7,248,386</u>	<u>7,211,892</u>
Deficiency of revenues over expenditures	(647,190)	(599,719)	(1,246,909)	(974,618)
Fund balance, beginning of year	<u>448,652</u>	<u>4,258,817</u>	<u>4,707,469</u>	<u>5,682,087</u>
Fund balance (deficit), end of year	<u>\$ (198,538)</u>	<u>\$ 3,659,098</u>	<u>\$ 3,460,560</u>	<u>\$ 4,707,469</u>

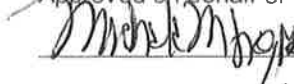
See accompanying notes to the financial statements.

The United Church Downtown Mission of Windsor Inc.
Statement of Financial Position

December 31, 2019

	General Fund 2019	Capital Fund 2019	Total 2019	Total 2018
Assets				
Current assets				
Cash in bank	\$ 413,655	\$ -	\$ 413,655	\$ 1,210,793
Accounts receivable	261,935	-	261,935	147,720
Prepaid expenses	13,921	193,881	207,802	230,037
Investments (Note 5)	150,677	-	150,677	130,954
	<u>840,188</u>	<u>193,881</u>	<u>1,034,069</u>	<u>1,719,504</u>
Long-term				
Tangible capital assets (Note 6)	-	3,636,242	3,636,242	3,960,668
	<u>\$ 840,188</u>	<u>\$ 3,830,123</u>	<u>\$ 4,670,311</u>	<u>\$ 5,680,172</u>
Liabilities				
Current				
Accounts payable & accrued liabilities	\$ 298,291	\$ 275,635	\$ 573,926	\$ 351,057
Deferred contributions (Note 7)	86,500	-	86,500	8,049
Due to (from) capital (general) fund (Note 8)	653,935	(653,935)	-	-
Current portion of mortgages (Note 10)	-	321,167	321,167	113,150
Current portion of obligations under capital leases (Note 11)	-	56,237	56,237	53,074
	<u>1,038,726</u>	<u>(896)</u>	<u>1,037,830</u>	<u>525,330</u>
Long-term				
Mortgages payable (Note 10)	-	-	-	219,212
Obligations under capital leases (Note 11)	-	171,921	171,921	228,161
	<u>1,038,726</u>	<u>171,025</u>	<u>1,209,751</u>	<u>972,703</u>
Fund balances				
Unrestricted	(198,538)	-	(198,538)	448,652
Externally restricted	-	275,635	275,635	-
Internally restricted	-	3,383,463	3,383,463	4,258,817
	<u>(198,538)</u>	<u>3,659,098</u>	<u>3,460,560</u>	<u>4,707,469</u>
	<u>(198,538)</u>	<u>3,659,098</u>	<u>3,460,560</u>	<u>4,707,469</u>
	<u>\$ 840,188</u>	<u>\$ 3,830,123</u>	<u>\$ 4,670,311</u>	<u>\$ 5,680,172</u>

Approved on behalf of the board

 Director

 Director

See accompanying notes to the financial statements.

The United Church Downtown Mission of Windsor Inc.

Statement of Cash Flows

For the year ended December 31, 2019

	2019	2018
Operating		
Deficiency of revenue over expenditures	\$ (1,246,909)	\$ (974,618)
Amortization	356,463	373,956
Donations - gift in kind	(2,039,300)	(2,525,824)
Gifts in kind	2,039,300	2,525,824
Donations - volunteered time	364,253	264,911
Expenditures - volunteered time	(364,253)	(264,911)
	<u>(890,446)</u>	<u>(600,662)</u>
Change in non-cash working capital items		
Accounts receivable	(114,215)	(27,882)
Prepaid expenses	22,235	(176,140)
Inventory	-	4,213
Accounts payable and accrued liabilities	222,868	106,080
Deferred contributions	78,451	8,049
	<u>209,339</u>	<u>(85,680)</u>
	<u>(681,107)</u>	<u>(686,342)</u>
Financing		
Net advance (repayment) of long-term debt	(11,195)	97,362
Repayment of obligation under capital lease	(53,077)	281,235
	<u>-</u>	<u>-</u>
	<u>(64,272)</u>	<u>378,597</u>
Investing		
Receipt of mortgage receivable	-	600,000
Investments purchased	(19,723)	-
Investmnts sold	-	286,260
Purchase of tangible capital assets	(32,036)	(870,921)
	<u>(51,759)</u>	<u>15,339</u>
Increase (decrease) in cash and cash equivalents	(797,138)	(292,406)
Cash		
Cash and cash equivalents, beginning of year	<u>1,210,793</u>	<u>1,503,199</u>
Cash and cash equivalents, end of year	<u>\$ 413,655</u>	<u>\$ 1,210,793</u>

The United Church Downtown Mission of Windsor Inc.

Notes to the Financial Statements

Year ended December 31, 2019

1. Nature of operations

The United Church Downtown Mission of Windsor Inc. is a registered charity, incorporated under the laws of Ontario without share capital. The Mission is exempt from income tax due to its registered charity status. The primary purpose of the Mission is to enhance the lives of Windsor's needy by providing free meals, clothing, shelter and other necessary services.

2. Going concern

These financial statements have been prepared on a going concern basis, meaning the Mission is viewed as being able to realize its assets and discharge its liabilities in the normal course of operations. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but not limited to, twelve months from the end of the reporting period. Management is aware, in making its assessment, of material uncertainties related to events or conditions that may cast significant doubt upon the Mission's ability to continue as a going concern. The carrying amounts of the assets, liabilities and expenses presented in these financial statements and the balance sheet classifications have not been adjusted as would be required if the going concern assumption was not appropriate.

At December 31, 2019, the Mission had a working capital deficiency of \$3,761 (2018 – surplus of \$1,194,174), as well as operating losses of \$1,246,909 (2018 - \$974,618) and negative cash flows of \$797,138 (2018 - \$292,406) for the year then ended

As a result of its financial position, COVID-19 and an increasing demand for its services, the Mission has instituted a series of cost cutting measures and discontinued all non-essential programs during the pandemic. During this period of uncertainty, the Mission has assessed its risks and developed mitigation strategies to offset their potential financial impact on operations. The Mission anticipates having sufficient funds to fund its operations for at least the next twelve months.

The organization has identified the following risks and uncertainties:

1. Several services are dependent on discretionary dollars raised through fund development and new granting opportunities. These programs and their related funding may be terminated if budget targets are not achieved.
2. The organization is vulnerable to environmental changes which affect the economy or donor priorities and contribution revenue received.
3. It has been identified that the Windsor business community may be less likely to financially support the Mission due to the prime business location properties the Mission currently occupies.

The United Church Downtown Mission of Windsor Inc.

Notes to the Financial Statements

Year ended December 31, 2019

2. Going concern, continued

4. Subsequent to year end and in common with most not-for-profit organizations that rely heavily on community financial support, the COVID 19 pandemic has had a significant impact on the Mission's ability to fundraise and meet budgeted financial targets for 2020 due to a weakened economy.

5. At year end, the Mission was in violation of covenants on its mortgages which allows the creditor to demand immediate repayment. While the Mission does not expect them to demand repayment, the creditor has not waived their right to repayment within the next year.

In addition to cost cutting, the organization plans to implement the following mitigation strategies during 2020:

- To mitigate a further decline in revenues the Mission will initiate a Communication Strategy in partnership with a long-established Windsor based public relations firm. The purpose is to communicate the organization's story to its stakeholders and donors to increase donations. The key message being conveyed is how the Mission has and will continue to deliver on its primary services.
- To address any further its erosion of liquidity, the Mission is considering an opportunity to sell its prime business location properties. This strategy would generate cash flows to enable the organization to fund operations, if necessary, otherwise the funds would be used to replenish its reserve fund and provide capital for the purchase or renovation of a more diplomatically acceptable location for its operations.

3. Significant accounting policies

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

Revenue recognition

The Mission uses fund accounting and follows the restricted fund method of accounting for contributions. The following funds are used by the Mission:

- (i) The General Fund is used for current operations. It reports unrestricted resources, donations and grants for operations, including the Mission's program activities and administration.
- (ii) The Capital Fund is used for capital asset additions and payments on long-term debt if any. Funds are accumulated from externally restricted donations and any interfund transfers from the general fund.

The United Church Downtown Mission of Windsor Inc.

Notes to the Financial Statements

Year ended December 31, 2019

3. Significant accounting policies, continued

Revenue recognition, continued

Donations and other income

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

Restricted contributions required to be used for capital purposes are recognized as revenue in the Capital Fund. Other restricted contributions are deferred and recognized as revenue in the General Fund as the related expenses are incurred.

Unrestricted contributions are recognized immediately as revenue in the General Fund when received or receivable.

Net investment income that is not externally restricted is recognized as it is earned in the statement of operations in the General Fund. Net investment income that is externally restricted and must be used for capital purposes are recognized in the Capital Fund. Other externally restricted net investment income is recorded in the General Fund and is recognized in the statement of operations or in deferred contributions, depending on the nature of restrictions imposed.

Rental income under operating leases is recognized on a straight-line method over the term of the lease.

Other revenues are recorded in the General Fund when earned. Sales of the enterprise program are recorded when the risks and rewards of ownership of the goods or services have been transferred to the buyer, the amount of consideration is measurable, and collection is reasonably assured. Contributions received by the enterprise program in advance of being earned are recorded as deferred revenue until the related expenses are incurred.

Contributed goods and services

The Mission recognizes contributions of materials and services when a fair value can be reasonably estimated and when the materials and services are used in the normal course of the Mission's operations and would otherwise have been purchased. The Mission is the recipient of significant donations of volunteer services on a regular basis. The Mission records at minimum wage both donations of volunteer time received and volunteered time expensed of \$364,253 (2018 - \$264,911). The Mission also records gift in kind donations received at fair market value of \$2,039,300 (2018- \$2,525,824).

The United Church Downtown Mission of Windsor Inc.

Notes to the Financial Statements

Year ended December 31, 2019

3. Significant accounting policies, continued

Tangible capital assets

Tangible capital assets are recorded at cost. Contributed tangible capital assets are measured at fair value at the date of the contribution. The Mission provides for amortization using the straight-line method at rates designed to amortize the cost of the tangible capital assets over their estimated useful lives. When conditions indicate that a tangible capital asset is impaired, the net carrying amount of the tangible capital asset shall be written down to the asset's fair value or replacement cost. Writedowns will not be reversed. The annual amortization rates are as follows:

Buildings	20 years
Equipment	5 years
Parking lot	10 years
Equipment under capital lease	15 years
Vehicles	10 years

Financial assets and liabilities

Initial measurement

Upon initial measurement, the Mission's financial assets and liabilities are measured at fair value, which, in the case of financial assets or financial liabilities that will be measured subsequently at amortized cost, is increased or decreased by the amount of the related financing fees and transaction costs. Transaction costs relating to financial assets and liabilities that will be measured subsequently at fair value are recognized in operations in the year they are incurred.

Subsequent measurement

At each reporting date, the Mission measures its financial assets and liabilities at amortized cost (including any impairment in the case of financial assets), except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in net income.

With respect to financial assets measured at amortized cost, the Mission assesses whether there are any indications of impairment. When there is an indication of impairment, and if the Mission determines that during the year there was a significant adverse change in the expected timing or amount of future cash flows from the financial asset, it will then recognize a reduction as an impairment loss in operations. The reversal of a previously recognized impairment loss on a financial asset measured at amortized cost is recognized in operations in the year the reversal occurs.

The Mission considers any contract creating a financial asset, liability or equity instrument as a financial instrument, except in limited circumstances. The Mission accounts for the following as financial instruments:

- cash
- account receivable
- investments
- accounts payable
- mortgage payable

The United Church Downtown Mission of Windsor Inc.

Notes to the Financial Statements

Year ended December 31, 2019

3. Significant accounting policies, continued

Accounting estimates

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reported period. Actual results could differ from those estimates. Management estimates include the useful lives of tangible capital assets, the valuation of accounts receivable, and the value of gift in kind donations.

Leases

Capital leases are leases whereby substantially all of the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are transferred to the Mission. A capital lease is accounted for as a tangible capital asset as well as an obligation. Accordingly, capital leases are recognized by recording an asset and a liability at the present value of the minimum lease payments, excluding the portion thereof relating to executor costs. However, the maximum value recorded for the asset and obligation will not exceed the leased asset's fair value. The capitalized value of a depreciable asset is amortized over the period of expected use, on a basis that is consistent with the Mission's amortization policy for other similar tangible capital assets. An obligation under a capital lease is similar to a loan. Lease payments are allocated to a reduction of the obligation, interest expense and any related executor costs. The interest expense is calculated using the discount rate used in computing the present value of the minimum lease payments applied to the remaining balance of the obligation.

4. Financial instruments

The Mission is exposed to the following risks related to their financial instruments:

(a) Market risk

Market risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether the factors are specific to the instrument or all instruments traded in the market. The Mission is exposed to this risk through its equity portfolio investments.

(b) Interest rate risk

The Mission is exposed to interest rate risk. Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fixed rate instruments subject the organization to a fair value risk while variable rate instruments subject it to a cash flow risk. The Mission is exposed to this risk in its fixed rate mortgages payable and capital lease obligations, as well as the Mission's investments in guaranteed investment certificates.

The United Church Downtown Mission of Windsor Inc.

Notes to the Financial Statements

Year ended December 31, 2019

4. Financial instruments, continued

(c) Liquidity risk

Liquidity risk is the risk that the Mission cannot repay its obligations when they become due to its creditors. This is a new risk for the Mission, as a result of violation of covenants on its long term debt causing the debt to be reclassified to current liabilities as indicated in Note 8. The Mission reduces its exposure to liquidity risk by ensuring that it documents when authorized payments become due; maintains an adequate line of credit to repay trade creditors and repays long term debt interest and principal as they become due. The Mission is exposed to liquidity risk in respect to its accounts payable and accrued liabilities, mortgages payable, and obligations under capital leases.

(d) Credit risk

Credit risk is the risk that one party to a transaction will fail to discharge an obligation and cause the other party to incur a financial loss. The Mission is exposed to credit risk through its accounts receivable. As of December 31, 2019, 42% of the accounts receivable is from one customer (2018 - 36%).

5. Investments

	<u>2019</u>	<u>2018</u>
Equity portfolio investments, measured at fair value	\$ 79,337	\$ 60,195
TD GIC - 1.55%; maturing January 2020, measured at amortized cost	55,226	55,000
Scotiabank GIC - 2.25%; maturing September 2020, measured at amortized cost	<u>16,114</u>	<u>15,759</u>
	<u>\$ 150,677</u>	<u>\$ 130,954</u>

The United Church Downtown Mission of Windsor Inc.

Notes to the Financial Statements

Year ended December 31, 2019

6. Tangible capital assets

The following is a summary of the capital assets and accumulated amortization:

	Cost	Accumulated Amortization	2019 Net Book Value	2018 Net Book Value
Land	\$ 642,584	\$ -	\$ 642,584	\$ 642,584
Buildings	3,684,837	1,235,840	2,448,997	2,639,181
Equipment	823,982	518,242	305,740	412,428
Vehicles	27,230	8,169	19,061	21,784
Parking lot	25,283	19,001	6,282	8,810
Equipment under capital lease	294,852	81,274	213,578	235,881
	\$ 5,498,768	\$ 1,862,526	\$ 3,636,242	\$ 3,960,668

7. Deferred contributions

Deferred contributions represent externally restricted contributions of unspent portions of grants at year end to fund the enterprise program.

	2019	2018
Catherine Donelly Foundation	\$ -	\$ 8,049
Windsor-Essex Community Health Centre	82,500	-
Zekelman Foundation	4,000	-
	\$ 86,500	\$ 8,049

8. Interfund balances

Amounts owing from the general fund to the capital fund are non-interest bearing and have no set terms for repayment.

9. Accounts payable and accrued liabilities - capital fund

During the year, the Mission received \$265,635 of donations which are restricted for the capital fund's Building Hope campaign specifically for the purchase of a certain land and building. Subsequent to year end, this specific land and building will not be purchased and the funds will be used to fund a different property. The Mission intends to seek permission to have the original donor restrictions revised and until then these amounts are recorded as a liability.

The United Church Downtown Mission of Windsor Inc.

Notes to the Financial Statements

Year ended December 31, 2019

10. Mortgages payable

	<u>2019</u>	<u>2018</u>
Mortgage with TD Commercial Banking, payable in monthly payments of \$1,419 including interest at 4.478%. Maturing September 2039. The mortgage is secured by a charge on the land and building with a net book value of \$162,063.	\$ 220,063	\$ 227,184
Mortgage with TD Commercial Banking, payable in monthly payments of \$794 including interest at 4.478%. Maturing September 2034. The mortgage is secured by a charge on the land and building with a net book value of \$596,894.	<u>101,104</u>	<u>105,178</u>
	321,167	332,362
Less current portion	<u>321,167</u>	<u>113,150</u>
Due beyond one year	<u>\$ -</u>	<u>\$ 219,212</u>

The mortgages are secured by a general security agreement, a first collateral mortgage charge over property located at 875 Ouellette Avenue, 842 Dufferin Avenue and 1241 - 1247 Wyandotte Street East and a general assignment of rents, leases, and insurance.

As of December 31, 2019, the Mission is not in compliance with its financial covenants. Accordingly, the mortgages payable have been presented as a current liability.

The United Church Downtown Mission of Windsor Inc.

Notes to the Financial Statements

Year ended December 31, 2019

11. Obligations under capital leases

	<u>2019</u>	<u>2018</u>
Obligation under a capital lease for dental equipment, payable in monthly payments of \$5,318 including interest at 6.02%, maturing on September 2023, secured by the equipment with the net book value of \$201,667.	\$ 213,781	\$ 263,121
Obligation under a capital lease for a fork lift, payable in monthly payments of \$381 including interest at 5.75%, maturing on June 2023; secured by the equipment with a net book value of \$11,911.	<u>14,377</u>	<u>18,114</u>
	228,158	281,235
Less current portion	<u>56,237</u>	<u>53,074</u>
Due beyond one year	<u>\$ 171,921</u>	<u>\$ 228,161</u>

Future minimum lease payments under the capital leases for subsequent years are as follows:

2019	\$ 56,237
2020	60,053
2021	63,032
2022	<u>48,836</u>
	<u>\$ 228,158</u>

12. Pension plan

For certain employees, the Mission contributes to a multi-employer defined benefit pension plan of the United Church of Canada. Due to the nature of the plan, the Mission does not have sufficient information to account for the plan as a defined benefit plan; therefore, the multi-employer defined benefit pension plan is accounted for in the same manner as a defined contribution plan. An expense is included in wages and benefits for this year's pension contribution of \$80,863 (2018-\$90,884).

The United Church Downtown Mission of Windsor Inc.

Notes to the Financial Statements

Year ended December 31, 2019

13. Commitments

The Mission has entered into a service agreement for janitorial, maintenance, and landscaping services expiring May 2020. Expected costs in 2020 are \$19,230.

The Mission is subleasing surplus space of one unit based on a fixed minimum rent and estimated operating cost recoveries for \$3,724 per month on a month to month basis.

During the year, the Mission signed an agreement to sell its property at 664 Victoria Avenue for \$900,000. In February, 2020, they agreed to move the closing date on the sale from June 2019 to September 2020.

14. Credit facilities

The Mission has an operating line of credit with TD bank up to an amount of \$250,000 at an annual interest rate of prime plus 0.650%, secured by a general security agreement. As of December 31, 2019, the credit facility was not in use.

15. Comparative figures

Certain comparative figures have been reclassified from those previously presented to conform to the presentation of the 2019 financial statements.

16. Subsequent events

Subsequent to the year end, the Mission realized a gain on sale of an asset of \$525,000 which it used toward a purchase of a parcel of property for \$1,200,000.

As of the date of these financial statements, management has made an assessment of the potential impacts of the COVID-19 pandemic on its current business operation. The potential areas of risk include the possible impairment of accounts receivable, the potential impact on donation revenue, as well as the Mission's ability to pay its accounts payable and accrued liabilities, mortgages, and capital lease obligations. Although the pandemic is still ongoing, its effects at September 30, 2020 include the cancellation of certain fundraisers, the addition of a new fundraiser and of new COVID-19 grants and expenditures.
