



Grant Thornton

Financial Statements

The United Church Downtown Mission
of Windsor Inc.

December 31, 2017

THE UNITED CHURCH DOWNTOWN MISSION OF WINDSOR INC.
INDEX TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

	<u>Page</u>
Index to financial statements	1
Independent Auditors' report	2 - 3
Statement of financial position	4
Statement of operating fund revenues, expenses and change in fund balance	5
Statement of capital fund revenues, expenses and change in fund balance	6
Statement of cash flows	7
Notes to financial statements	8 - 12

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.

We have audited the accompanying financial statements of The United Church Downtown Mission of Windsor Inc., which comprise the statement of financial position as at December 31, 2017 and the statements of operating fund revenues, expenses, and change in fund balance, the statement of capital fund revenues, expense and change in fund balance, the statement of cash flows for the year then ended, and 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 audits 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 consolidated financial statements. The procedures selected depend on the auditor's judgement 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 consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Basis for Qualified Opinion

In common with many charitable organizations, the organization derives revenue from monetary donations as well as other fundraising events, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of these donations and other fundraising events revenue was limited to the amounts recorded in the records of the organization and we were not able to determine whether any adjustments might be necessary to revenue, excess of revenues over expenses, assets and fund balances.

Furthermore, the organization accepts gift in kind donations of food, the accuracy of which cannot be verified. This revenue is offset entirely by a corresponding unverifiable gift in kind donation expense. While these balances cannot be verified, there is no effect on the excess of revenue over expenditures, assets or fund balances as a result of these transactions.

Qualified Opinion

In our opinion, except for the matters described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of The United Church Downtown Mission of Windsor Inc. as at December 31, 2017 and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Other Matters

The financial statements of The United Church Downtown Mission of Windsor Inc. for the year ended December 31, 2016 were audited by another practitioner who expressed a qualified opinion on those financial statements on April 8, 2017.



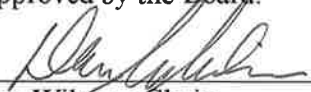
Windsor, Canada
April 19, 2018

Chartered Professional Accountants
Licensed Public Accountants

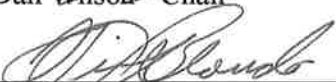
THE UNITED CHURCH DOWNTOWN MISSION OF WINDSOR INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2017

	2017	2016
	\$	\$
ASSETS		
OPERATING FUND:		
Petty cash and cash on hand	900	500
Cash in bank	1,502,299	1,033,986
Inventory	4,213	
Investments (note 5)	417,214	688,746
Prepaid expenses	53,897	4,645
Other receivables (note 6)	14,767	34,642
Harmonized sales tax rebate receivable	105,071	93,502
	<hr/>	<hr/>
	2,098,361	1,856,021
<hr/>		
CAPITAL FUND:		
Mortgage receivable (note 7)	600,000	
Due from operating fund	430,115	90,875
Capital assets (note 4)	3,463,700	2,681,823
	<hr/>	<hr/>
	4,493,815	2,772,698
<hr/>		
LIABILITIES AND FUND BALANCES		
OPERATING FUND:		
Deferred contributions (note 11)	15,949	48,694
Accounts payable and accruals	198,555	263,561
Government remittances payable	30,472	29,621
Due to capital fund	430,115	90,875
Fund balance	1,423,270	1,423,272
	<hr/>	<hr/>
	2,098,361	1,856,023
<hr/>		
CAPITAL FUND:		
Current portion of mortgage payable	7,735	
Mortgage payable (note 8)	227,265	
Fund balance	4,258,815	2,772,698
	<hr/>	<hr/>
	4,493,815	2,772,698
<hr/>		

Approved by the Board:



 Dan Wilson - Chair



 Wilf Blonde - Treasurer

THE UNITED CHURCH DOWNTOWN MISSION OF WINDSOR INC.
STATEMENT OF OPERATING FUND REVENUES, EXPENSES AND CHANGE IN FUND BALANCE
FOR THE YEAR ENDED DECEMBER 31, 2017

	2017	2016
	\$	\$
REVENUES		
Donations	3,475,163	2,195,153
Donations - gifts in kind (note 2)	5,617,565	3,001,155
Donations - volunteered time (note 2)	253,812	303,422
United Church missions support, other grants and recoveries	154,877	8,018
Enterprise program	126,143	22,583
Green Shield Canada grant	14,263	35,737
Ontario trillium grant	108,881	68,270
Phoenix Recovery Program	79,504	
Coldest night of the year	23,378	31,242
Rent	150,064	100,043
	10,003,650	5,765,623
EXPENSES		
Wages and benefits	1,898,005	1,423,443
Travel, automotive, and telephone allowance	59,081	47,372
Food purchases	168,999	98,743
Food bank	5,355	1,138
Client assistance	17,549	7,434
Repairs, maintenance, and security	208,278	137,858
Kitchen and janitorial supplies	55,962	46,494
Professional fees	85,232	60,729
Insurance	31,260	21,530
Office supplies and annual meeting	76,176	52,341
Telephone	16,110	15,288
Miscellaneous	7,884	4,210
Utilities	141,722	105,689
Fundraising	288,284	389,164
Gifts in kind (note 2)	5,518,679	2,925,231
Volunteered time (note 2)	253,812	303,422
Program	13,170	16,289
Bank charges and interest	18,611	30,187
Staff development	17,332	20,795
Enterprise program	60,090	49,110
Property taxes	5,268	23,318
Distress centre	7,682	
	8,954,541	5,779,785
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES		
BEFORE OTHER INCOME	1,049,109	(14,162)
Interest and investment income	20,276	24,335
EXCESS OF REVENUE OVER EXPENDITURES	1,069,385	10,173
FUND BALANCE BEGINNING OF YEAR	1,423,270	1,423,270
	2,492,655	1,433,443
TRANSFER TO CAPITAL FUND (note 2)	(1,069,385)	(10,171)
FUND BALANCE, END OF YEAR	1,423,270	1,423,272

THE UNITED CHURCH DOWNTOWN MISSION OF WINDSOR INC.
STATEMENT OF CAPITAL FUND REVENUE, EXPENSES AND CHANGE IN FUND BALANCE
FOR THE YEAR ENDED DECEMBER 31, 2017

	2017	2016
	\$	\$
REVENUES		
Restricted donations	26,960	638,693
Gifts in kind (note 2)	683,475	27,653
	<hr/>	<hr/>
	710,435	666,346
EXPENSES		
Amortization	293,703	210,659
	<hr/>	<hr/>
EXCESS OF REVENUE OVER EXPENSES	416,732	455,687
FUND BALANCE, BEGINNING OF YEAR	2,772,698	2,306,840
	<hr/>	<hr/>
	3,189,430	2,762,527
TRANSFER FROM GENERAL FUND (note 2)	1,069,385	10,171
	<hr/>	<hr/>
FUND BALANCE, END OF YEAR	4,258,815	2,772,698
	<hr/>	<hr/>

THE UNITED CHURCH DOWNTOWN MISSION OF WINDSOR INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Operating Fund</u>		<u>Capital Fund</u>	
	2017	2016	2017	2016
	\$	\$	\$	\$
OPERATING ACTIVITIES:				
Excess of revenues over expenses	1,069,385	10,173	416,732	455,687
Amortization			293,703	210,659
Donations - gifts in kind	(5,617,565)	(3,001,155)	(683,475)	(27,653)
Expenses - gifts in kind	5,518,679	2,925,231		
Donations - volunteer time	(253,812)	(303,422)		
Expenses - volunteer time	253,812	303,422		
(Gain) Loss on disposal of investment	(10,054)	1,187		
	960,445	(64,564)	26,960	638,693
Changes in non-cash working capital				
Decrease (increase) in inventory	(4,213)			
Decrease (increase) in prepaid expenses	(49,252)	(1)		
Decrease (increase) in other receivables	19,875	(30,990)		
Decrease (increase) in HST receivable	(11,569)	(50,270)		
Increase (decrease) in due to (from) funds	339,241	(925,026)	(339,241)	925,022
Increase (decrease) in accounts payable and accruals	(65,006)	69,256		
Increase (decrease) in government remittances payable	851	11,507		
Increase (decrease) in deferred revenue	(32,745)	10,993		
Net changes in non-cash working capital	197,182	(914,531)	(339,241)	925,022
	1,157,627	(979,095)	(312,281)	1,563,715
FINANCING ACTIVITIES:				
Mortgage received			235,000	
INVESTING ACTIVITIES:				
Capital assets (purchased) received			(992,104)	(1,573,886)
Interfund transfers (note 2)	(1,069,385)	(10,171)	1,069,385	10,171
Investments redeemed (invested)	191,897	(15,452)		
Proceeds on disposal of long-term investments	188,574	15,551		
	(688,914)	(10,072)	77,281	(1,563,715)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS				
	468,713	(989,167)		
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR				
	1,034,486	2,023,653		
CASH AND CASH EQUIVALENTS, END OF YEAR				
	1,503,199	1,034,486		
Cash and cash equivalents is comprised of:				
Petty cash and cash on hand	900	500		
Cash in bank	1,502,299	1,033,986		
	1,503,199	1,034,486		

THE UNITED CHURCH DOWNTOWN MISSION OF WINDSOR INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017

1. ORGANIZATION

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. SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

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

Revenue recognition

The Mission 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 designated donations and allocations from the general fund.

Donations and other income

Restricted contributions related to general operations are recognized as revenue of the General Fund in the year in which the related expenses are incurred. Restricted contributions for capital purposes are recognized as revenue in the Capital Fund.

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

Investment income is recognized as earned in the General Fund.

Rental income, operating grants, bequests, and other revenues are recorded in the General Fund when earned. Any amounts received in advance of being earned are recorded as deferred revenue until the revenue recognition criteria has been met.

Non-cash donations

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 \$253,812 (2016 - \$303,422). The Mission also records at estimated fair market value gift in kind donations received.

THE UNITED CHURCH DOWNTOWN MISSION OF WINDSOR INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Tangible capital assets

Tangible capital assets are recorded at cost. Amortization is calculated using the straight-line method over the estimated useful lives of the assets as follows:

Buildings	20 years
Equipment	5 years
Parking lot	10 years
Storage facility	20 years
Vehicles	10 years

Inventory

Inventory consists of finished goods produced in the enterprise program and is valued at the lower of cost and net realizable value using a first in - first out method of inventory valuation. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to transact a sale.

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.

Use of 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 amortization of capital assets and the value of gift in kind donations.

THE UNITED CHURCH DOWNTOWN MISSION OF WINDSOR INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Interfund transfers

A transfer from the general fund to the capital fund is made each year equal to the amount of the operating fund's excess of revenue over expenditures for the current year and additional amounts as approved by the Board of Directors to meet future requirements of the capital fund.

3. FINANCIAL INSTRUMENTS

Financial risks

The Mission's main financial risk exposure is detailed as follows:

Market risk

The Mission's financial instruments expose it to market risk, in particular, interest rate risk, resulting from its investing activities.

Interest rate risk

The Mission is exposed to interest rate risk with respect to financial assets bearing fixed interest rates. The short-term investments in Guaranteed Income Certificates and term deposits, as well as the mortgage receivable and the mortgage payable all bear interest at a fixed rate and the Mission is therefore, exposed to the risk of changes in fair value resulting from interest rate fluctuations.

4. TANGIBLE CAPITAL ASSETS

Tangible capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. The following is a summary of the capital assets and accumulated amortization:

	Cost \$	Accumulated Amortization \$	Net 2017 \$	Net 2016 \$
Land	601,449		601,449	314,074
Buildings	3,237,966	856,110	2,381,856	2,045,611
Equipment	666,498	248,629	417,869	213,564
Parking lot	25,283	13,945	11,338	13,866
Storage facility	37,384	10,702	26,682	28,552
Vehicles	27,230	2,723	24,507	
Deposit on capital projects				66,158
	<u>4,595,810</u>	<u>1,132,109</u>	<u>3,463,701</u>	<u>2,681,825</u>

5. INVESTMENTS

Investments are composed of term deposits and guaranteed investment certificates maturing in May 2018 and September 2020, bearing interest at a rate of 1.40% to 2.25%. Investments also include marketable securities which were received as gift-in-kind donations, with a fair value at year end of \$4,282.

THE UNITED CHURCH DOWNTOWN MISSION OF WINDSOR INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

6. OTHER RECEIVABLES

Other receivables consist of the following:

	2017	2016
	\$	\$
Learn & Work Program receivable	6,234	2,842
YMCA	3,013	
Sponsorship receivable		5,000
Pledge receivable		25,000
Miscellaneous	1,820	1,800
Enterprise program	3,700	
	<hr/>	
	14,767	34,642
	<hr/>	

7. MORTGAGE RECEIVABLE

The mortgage receivable was a gift-in-kind donation consisting of a charge against land known as 365 Sandwich Street S. in Amherstburg, Ontario. The mortgage is due in December 2018 and the Mission is entitled to receive interest only payments of \$1,625 per month up to the maturity of the mortgage. In the event of default by the charger, the Mission will receive the land described above as collateral.

8. MORTGAGE PAYABLE

Mortgage payable represents a mortgage to finance the purchase of property located at 842 Dufferin Avenue, repayable in blended monthly payments of \$1,438.33, bearing interest at a fixed rate of 4.15%, maturing December 2022. The mortgage is secured by a general security agreement, a first collateral mortgage charge over property located at 842 Dufferin Avenue, Windsor, Ontario and a general assignment of rents, leases, and all risk property insurance.

Anticipated principal repayments over the next 5 years are as follows:

	\$
2018	7,735
2019	8,059
2020	8,372
2021	8,748
2022	9,115
Thereafter	192,971

9. CREDIT FACILITY

The Mission has available a credit facility for general operating purposes authorized to a maximum of \$100,000 bearing interest at the rate of prime plus 0.5%. The amount outstanding at year end is \$nil.

THE UNITED CHURCH DOWNTOWN MISSION OF WINDSOR INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

10.COMMITMENTS

In 2017, the Mission entered into a contract expiring on March 31, 2020 for janitorial, maintenance, and landscaping services. Service rates will be \$151,500 plus HST per year.

In 2015, the Mission entered into a lease for office equipment totaling \$6,120 per year including HST, and expiring in 2019.

During the year, the Mission committed to working with a new fundraising service agency for 2018 with expected costs for these services of \$218,361.

In 2016, the Mission acquired land and building at 875 Ouellette Ave. and commenced renting surplus space for rents based on a fixed minimum rent and estimated operating cost recoveries totaling \$3,725 per month and \$8,780 per month under agreements expiring in September 2018 and March 2017 respectively. The rent agreement expiring in March 2017 has not been formerly renewed yet and both the Mission and the tenant are continuing under the terms of the previous contract.

11.DEFERRED CONTRIBUTIONS

Deferred contributions represent the unspent portions of grants at year end as follows:

	2017	2016
	\$	\$
Green Shield Canada grant		14,263
Ontario Trillium grant	15,949	34,431
	<hr/>	<hr/>
	15,949	48,694
	<hr/>	<hr/>

12.SUBSEQUENT EVENTS

Subsequent to year end, the Mission acquired the property at 850 Ouellette Avenue for consideration of \$3,600,000 with plans to eventually re-locate its main operations and add transitional apartments at costs to be determined. The transaction will close in June 2019.

Also, effective April 1, 2018, the Mission will merge with the Windsor Youth Centre assuming its assets and liabilities, and continuing to offer various programs to help local youth.

