

**THE UNITED CHURCH DOWNTOWN  
MISSION OF WINDSOR INC.**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2016**

**THE UNITED CHURCH DOWNTOWN MISSION OF WINDSOR INC.**  
INDEX TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016

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## **Independent Auditors' Report**

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

### **Report on the Financial Statements**

We have audited the financial statements of The United Church Downtown Mission of Windsor Inc. The United Church Downtown as at December 31, 2016 which comprise the statement of financial position as at December 31, 2016, and the statement of operating fund revenues, expenses and change in fund balance, the statement of capital fund revenues, expenses 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.

### **Auditors' 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 auditors' 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.

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 organization derives revenue from monetary and gift in kind 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 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 revenues, excess of revenues over expense, assets and net assets balances.

### **Qualified Opinion**

In our opinion, except for the matter 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, 2016 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.

*Hyatt Lassaline LLP*

Chartered Professional Accountants, Licensed Public Accountants

2510 Ouellette Avenue, Suite 203  
Windsor, Ontario

April 8, 2017

**THE UNITED CHURCH DOWNTOWN MISSION OF WINDSOR INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2016**

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
<b>ASSETS</b>		
<b>OPERATING FUND:</b>		
Petty cash and cash on hand	500	800
Cash in bank (note 5)	1,033,986	2,022,853
Investments (note 5)	688,746	614,105
Prepaid expenses	4,645	4,644
Other receivables (note 6)	34,642	3,652
Harmonized sales tax rebate receivable	93,502	43,232
	<b>1,856,021</b>	<b>2,689,286</b>
<b>CAPITAL FUND:</b>		
Due from operating fund	90,875	1,015,898
Capital assets (note 4)	2,681,825	1,290,942
	<b>2,772,700</b>	<b>2,306,840</b>
<b>LIABILITIES AND FUND BALANCES</b>		
<b>OPERATING FUND:</b>		
Deferred contributions (note 8)	48,694	37,701
Accounts payable and accruals	263,561	194,303
Government remittances payable	29,621	18,114
Due to capital fund	90,875	1,015,898
Fund balance	1,423,270	1,423,270
	<b>1,856,021</b>	<b>2,689,286</b>
<b>CAPITAL FUND:</b>		
Fund Balance	<b>2,772,700</b>	<b>2,306,840</b>

Approved by the Board:

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Dorothy Davis - Chair

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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, 2016**

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
<b>REVENUES</b>		
Donations	2,195,153	2,432,631
Donations - gifts in kind (note 2)	3,001,155	288,477
Donations - volunteered time (note 2)	303,422	373,500
United Church missions support and other grants	6,418	10,400
CAP program	22,583	29,435
Greenshield Canada grant	35,737	
Ontario trillium grant	68,270	50,299
Poverty reduction project		11,720
Coldest night of the year	31,242	19,315
Rent	100,043	
	<hr/> 5,764,023	<hr/> 3,215,777
<b>EXPENSES</b>		
Wages and benefits	1,423,443	1,074,302
Travel, automotive, and telephone allowance	47,372	16,917
Food purchases	98,743	63,983
Food bank	1,138	64,651
Client assistance	7,434	6,172
Repairs, maintenance, and security	137,858	141,583
Kitchen and janitorial supplies	46,494	31,891
Professional fees	60,729	20,193
Insurance	21,530	9,196
Office supplies and annual meeting	52,341	53,464
Telephone	15,288	6,196
Miscellaneous	4,210	1,779
Utilities	105,689	53,568
Fundraising	389,164	305,239
Gifts in kind (note 2)	2,925,231	281,964
Volunteered time (note 2)	303,422	373,500
Program	16,289	14,197
Bank charges and interest	30,187	19,847
Staff development	20,795	27,504
CAP program	49,110	31,404
Property taxes	23,318	
Poverty reduction project		17,427
	<hr/> 5,779,785	<hr/> 2,614,977
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES BEFORE OTHER INCOME</b>	(15,762)	600,800
Interest and investment income	25,935	30,981
<b>EXCESS OF REVENUE OVER EXPENDITURES</b>	10,173	631,781
<b>FUND BALANCE BEGINNING OF YEAR</b>	1,423,270	1,423,270
	<hr/> 1,433,443	<hr/> 2,055,051
<b>TRANSFER TO CAPITAL FUND (note 2)</b>	(10,173)	(631,781)
<b>FUND BALANCE, END OF YEAR</b>	<hr/> 1,423,270	<hr/> 1,423,270

**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, 2016**

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
<b>REVENUES</b>		
Restricted donations	638,693	5,000
Gifts in kind (note 2)	27,653	
	<hr/>	<hr/>
	666,346	5,000
<b>EXPENSES</b>		
Amortization	210,659	116,203
	<hr/>	<hr/>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES</b>	455,687	(111,203)
<b>FUND BALANCE, BEGINNING OF YEAR</b>	2,306,840	1,786,262
	<hr/>	<hr/>
	2,762,527	1,675,059
<b>TRANSFER FROM GENERAL FUND (note 2)</b>	10,173	631,781
	<hr/>	<hr/>
<b>FUND BALANCE, END OF YEAR</b>	2,772,700	2,306,840
	<hr/>	<hr/>

**THE UNITED CHURCH DOWNTOWN MISSION OF WINDSOR INC.**

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>Operating Fund</u>		<u>Capital Fund</u>	
	2016	2015	2016	2015
	\$	\$	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Net earnings (loss)	10,173	631,781	455,687	(111,203)
Non-cash items included in the determination of net earnings:				
Amortization			210,659	116,203
Donations - gifts in kind	(3,001,155)	(288,477)	(27,653)	
Expenses - gifts in kind	2,925,231	281,964		
Donations - volunteer time	(303,422)	(373,500)		
Expenses - volunteer time	303,422	373,500		
Loss on disposal of investment	1,187			
	<u>(64,564)</u>	<u>625,268</u>	<u>638,693</u>	<u>5,000</u>
Changes in non-cash working capital				
Decrease (increase) in prepaid expenses	(1)	(3,394)		
Decrease (increase) in other receivables	(30,990)	(1,918)		
Decrease (increase) in HST receivable	(50,270)	37,021		
Increase (decrease) in due to (from) funds	(925,024)	200,632	925,022	(200,633)
Increase (decrease) in accounts payable and accruals	69,256	(102,274)		
Increase (decrease) in government remittances payable	11,507	(10,435)		
Increase (decrease) in deferred revenue	10,993	37,701		
Net changes in non-cash working capital	<u>(914,529)</u>	<u>157,333</u>	<u>925,022</u>	<u>(200,633)</u>
	<u>(979,093)</u>	<u>782,601</u>	<u>1,563,715</u>	<u>(195,633)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Capital assets (purchased) received		6,513	(1,573,888)	(436,148)
Interfund transfers (note 2)	(10,173)	(631,781)	10,173	631,781
Investments redeemed (invested)	(15,452)	309,611		
Proceeds on disposal of long-term investments	15,551			
	<u>(10,074)</u>	<u>(315,657)</u>	<u>(1,563,715)</u>	<u>195,633</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<u>(989,167)</u>	<u>466,944</u>		
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>2,023,653</u>	<u>1,556,709</u>		
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>1,034,486</u>	<u>2,023,653</u>		
<b>Cash and cash equivalents is comprised of:</b>				
Petty cash and cash on hand	500	800		
Cash in bank	1,033,986	2,022,853		
	<u>1,034,486</u>	<u>2,023,653</u>		



# THE UNITED CHURCH DOWNTOWN MISSION OF WINDSOR INC.

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016

### 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

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNFPO) using the following significant accounting policies:

#### **Fund accounting**

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

#### **General fund**

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.

#### **Capital fund**

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.

#### **Capital disclosures**

The Mission follows Canadian ASNFPO for disclosing information about an entity's capital and how it is managed. These principles seek to determine if the entity has complied with capital requirements and if not, the consequences of such non-compliance. The Mission's capital is restricted according to the objects for which it is registered as a charity.

#### **Capital assets**

Capital assets are recorded at cost. Amortization is calculated on a straight-line basis at the following rates:

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

#### **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 \$303,422 (2015 - \$373,500). The Mission also records at estimated fair market value gift in kind donations received and food donations expensed of \$3,001,155 (2015 - \$288,477).

**THE UNITED CHURCH DOWNTOWN MISSION OF WINDSOR INC.**  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016

**2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

**Revenue recognition**

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.

**Financial instruments**

The Mission's financial instruments consist of cash and invested cash, investments in publicly traded equity instruments, other receivables, harmonized sales tax rebate receivable, accounts payable and accruals, and government remittances payable. The Mission initially measures its financial assets and liabilities at fair value, except for certain non-arm's length transactions.

The Mission subsequently measures all its financial assets and liabilities at amortized cost, 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.

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of any resulting write-down is recognized in net income. A previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in net income.

The Mission recognizes its transaction costs in net income in the period incurred. However, financial instruments that will not be subsequently measured at fair value are adjusted by the transaction costs that are directly attributable to their origination, issuance or assumption.

**Use of 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.

**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.

**THE UNITED CHURCH DOWNTOWN MISSION OF WINDSOR INC.**  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016

**3. RISKS AND CONCENTRATIONS**

The following analysis provides a measure of the Mission's exposure of risks and concentrations as of its year end:

**Interest rate risk**

Interest rate risk refers to the risk that the fair value of a financial instrument might be adversely affected by a change in interest rates. The Mission is exposed to interest rate risk primarily through its guaranteed investment certificates and term deposits which are included in cash and invested cash, and long-term investments.

**4. CAPITAL ASSETS**

Capital assets are comprised of the following:

	<b>Cost</b>	<b>Accumulated</b>	<b>Net</b>	<b>Net</b>
	\$	Amortization	2016	2015
		\$	\$	\$
Land	314,074		314,074	31,349
Buildings	2,743,130	697,519	2,045,611	1,132,001
Equipment	334,201	120,637	213,564	80,776
Parking lot	25,283	11,417	13,866	16,395
Storage facility	37,384	8,832	28,552	30,421
Deposit on capital projects	66,158		66,158	
	<b>3,520,230</b>	<b>838,405</b>	<b>2,681,825</b>	<b>1,290,942</b>

**5. INVESTMENTS**

Investments are composed of guaranteed investment certificates maturing in May 2017 to September 2020, bearing interest at rates from 1.40% 2.25%. Investments also include iTrade shares which were received as a gift-in-kind donation, with a fair value at year end of \$82,548.

**6. OTHER RECEIVABLES**

Other receivables consist of the following:

	<b>2016</b>	<b>2015</b>
	\$	\$
Learn & Work Program receivable	2,842	347
Sponsorship receivable	5,000	
Pledge receivable	25,000	
Miscellaneous	1,800	900
	<b>34,642</b>	<b>1,247</b>

# THE UNITED CHURCH DOWNTOWN MISSION OF WINDSOR INC.

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016

### 7. COMMITMENTS

Subsequent to year end, 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.

The Mission's contract to purchase certain fundraising services expired December 2016. Expenses paid to this agency during the year totaled \$235,622 (2015 - \$206,126). At year end, a new contract has not been finalized with the provider. The Mission has budgeted an amount of \$225,000 for these services in 2017.

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.

### 8. DEFERRED CONTRIBUTIONS

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

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Green Shield Canada grant	14,263	
Ontario Trillium grant	34,431	37,701
	<hr/>	
	48,694	37,701
	<hr/>	

### 9. ACQUISITIONS

On March 24, 2016, The Mission began operating the food rescue program previously operated by Forgotten Harvest Canada and accepted a donation of its truck. This resulted in an increase in the Mission's capital assets and donations - gift in kind in the amount of \$27,653, which is the estimated fair market value of the truck. These financial statements report the results of the food rescue program from March 24, 2016 onward.

Also, on January 1, 2016, The Mission began operating the crisis intervention program previously operated by the Distress Centre of Windsor and Essex County. This was an expansion of services of The Mission and resulted in no additional assets, liabilities, or fund balances being transferred to The Mission. These financial statements report the results of the crisis intervention program activity from January 1, 2016 onward.

### 10. COMPARATIVE AMOUNTS

Certain prior year figures have been reclassified to conform to the presentation adopted in the current year.