

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

FINANCIAL STATEMENTS

DECEMBER 31, 2015

UNITED CHURCH DOWNTOWN MISSION OF WINDSOR INC.
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DECEMBER 31, 2015

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Independent Auditors' Report

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

Report on the Financial Statements

We have audited the financial statements of United Church Downtown Mission of Windsor Inc. as at December 31, 2015 which comprise the statement of financial position as at December 31, 2015, and the statement of operating fund revenue, expenses and changes in fund balance, statement of capital fund revenue, expenses and changes in fund balance and 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 audit opinion.

Basis for Qualified Opinion

In common with many charitable organizations, the organization derives revenue from donations and 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 fund 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 United Church Downtown Mission of Windsor Inc. as at December 31, 2015 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

March 31, 2016

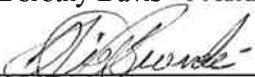
UNITED CHURCH DOWNTOWN MISSION OF WINDSOR INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2015

ASSETS	2015	2014
	\$	\$
OPERATING FUND:		
Petty cash and cash on hand	800	500
Cash in bank	2,022,853	1,556,209
Investments (note 5)	614,105	923,716
Prepaid expenses	4,644	1,250
Other receivables (note 6)	3,652	1,734
Harmonized sales tax rebate receivable	43,232	80,253
	<hr/>	<hr/>
	2,689,286	2,563,662
CAPITAL FUND:		
Due from operating fund	1,015,898	815,265
Capital assets (note 4)	1,290,943	970,998
	<hr/>	<hr/>
	2,306,841	1,786,263
LIABILITIES AND FUND BALANCES		
OPERATING FUND:		
Deferred contributions (note 8)	37,701	
Accounts payable and accruals	194,303	296,578
Government remittances payable	18,114	28,549
Due to capital fund	1,015,898	815,265
Fund balance	1,423,270	1,423,270
	<hr/>	<hr/>
	2,689,286	2,563,662
CAPITAL FUND:		
Fund balance	2,306,841	1,786,263
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Approved by the Board:



 Dorothy Davis - President



 Wilf Blonde - Treasurer

UNITED CHURCH DOWNTOWN MISSION OF WINDSOR INC.**STATEMENT OF OPERATING FUND REVENUE, EXPENSES AND CHANGE IN FUND BALANCE
FOR THE YEAR ENDED DECEMBER 31, 2015**

	2015	2014
	Actual	Actual
	\$	\$
REVENUE		
Donations - monetary	2,482,307	1,861,578
Donations - food (note 2)	238,800	195,800
Donations - volunteered time (note 2)	373,500	433,631
United Church missions support and other grants	10,400	
CAP program	29,435	25,164
Auto lottery		6,325
Ontario trillium grant	50,299	
Poverty reduction project	11,720	
Coldest night of the year	19,315	
	<u>3,215,776</u>	<u>2,522,498</u>
EXPENSES		
Wages and benefits	1,074,302	823,074
Travel, automotive, and telephone allowance	16,917	13,752
Food donations (note 2)	238,800	195,800
Food purchases	63,983	63,444
Food bank	64,651	50,106
Client assistance	6,172	4,973
Repairs, maintenance, and security	141,583	105,910
Kitchen and janitorial supplies	31,891	24,995
Professional fees	20,193	28,052
Insurance	9,196	10,572
Office supplies and annual meeting	53,464	58,295
Telephone	6,196	10,133
Miscellaneous	1,779	1,598
Utilities	53,568	48,198
Fundraising	348,402	288,628
Volunteered time (note 2)	373,500	433,631
Program	14,197	10,795
Bank charges and interest	19,847	16,009
Non-refundable portion of HST		17,027
Staff development	27,504	10,089
CAP program	31,404	16,038
Auto lottery		4,483
Poverty reduction project	17,427	
	<u>2,614,976</u>	<u>2,235,602</u>
EXCESS OF REVENUE OVER EXPENSES BEFORE OTHER INCOME	600,800	286,896
OTHER INCOME		
Interest and investment income	30,981	25,912
	<u>631,781</u>	<u>312,808</u>
FUND BALANCE BEGINNING OF YEAR	<u>1,423,270</u>	<u>1,502,514</u>
	2,055,051	1,815,322
TRANSFER TO CAPITAL FUND (note 2)	<u>(631,781)</u>	<u>(392,052)</u>
FUND BALANCE, END OF YEAR	<u>1,423,270</u>	<u>1,423,270</u>

UNITED CHURCH DOWNTOWN MISSION OF WINDSOR INC.
STATEMENT OF CAPITAL FUND REVENUE, EXPENSES AND CHANGE IN FUND BALANCE
FOR THE YEAR ENDED DECEMBER 31, 2015

	2015	2014
	\$	\$
REVENUE		
Restricted donations	5,000	
EXPENSES		
Amortization	116,203	79,245
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	(111,203)	(79,245)
FUND BALANCE, BEGINNING OF YEAR	1,786,263	1,473,456
	1,675,060	1,394,211
TRANSFER FROM GENERAL FUND (note 2)	631,781	392,052
FUND BALANCE, END OF YEAR	2,306,841	1,786,263

UNITED CHURCH DOWNTOWN MISSION OF WINDSOR INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>Operating Fund</u>		<u>Capital Fund</u>	
	2015	2014	2015	2014
	\$	\$	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:				
Excess (deficiency) of revenue over expenses	631,781	312,808	(111,203)	(79,245)
Amortization			116,203	79,245
	<u>631,781</u>	<u>312,808</u>	<u>5,000</u>	
Changes in non-cash working capital				
Decrease (increase) in deposit on raffle license		26,593		
Decrease (increase) in prepaid expenses	(3,394)	3,591		
Decrease (increase) in other receivables	(1,918)	1,928		
Decrease (increase) in harmonized sales tax rebate receivable	37,021	58,015		
Increase (decrease) in due to (from) capital (operating) fund	200,633	(102,007)	(200,633)	102,007
Increase (decrease) in accounts payable and accruals	(102,275)	175,006		
Increase (decrease) in government remittances payable	(10,435)	18,880		
Increase (decrease) in deferred revenue	37,701			
	<u>157,333</u>	<u>182,006</u>	<u>(200,633)</u>	<u>102,007</u>
	<u>789,114</u>	<u>494,814</u>	<u>(195,633)</u>	<u>102,007</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Purchase of capital assets			(436,148)	(644,059)
Interfund transfers (note 2)	(631,781)	(392,052)	631,781	392,052
Short-term investments redeemed (invested)	309,611	(570,871)		
Long-term investments redeemed (invested)		804,571		
	<u>(322,170)</u>	<u>(158,352)</u>	<u>195,633</u>	<u>(252,007)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	466,944	336,462		(150,000)
CASH AND CASH EQUIVALENTS BEGINNING OF YEAR	1,556,709	1,220,247		150,000
CASH AND CASH EQUIVALENTS, END OF YEAR	2,023,653	1,556,709		
Cash and cash equivalents represented by:				
Petty cash	800	500		
Cash in bank	2,022,853	1,556,209		
	<u>2,023,653</u>	<u>1,556,709</u>		

UNITED CHURCH DOWNTOWN MISSION OF WINDSOR INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

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:

Revenue recognition

The Mission follows the restricted fund method of accounting for contributions which includes donations, grants, program funding lottery, and bequests. The following funds are used by the Mission:

General fund

The general fund is used for all current operations.

Capital fund

The capital fund is used for capital asset additions, rental of facilities to outside parties and payments on long-term debt if any. Funds are accumulated from rental income, designated donations and grants 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:

Building	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 \$373,500 (2014 - \$433,631). The Mission also records at estimated retail value both food donations received and food donations expensed of \$238,800 (2014 - \$195,800).

Financial instruments

The Mission's financial instruments consist of cash and invested cash, 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.

UNITED CHURCH DOWNTOWN MISSION OF WINDSOR INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Financial instruments (cont'd)

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.

Interfund transfers

A transfer from the general fund to the capital fund is made each year to cover the amount of the amortization on capital assets and additional amounts as approved by the Board of Directors to meet future requirements of the capital fund.

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.

UNITED CHURCH DOWNTOWN MISSION OF WINDSOR INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

4. CAPITAL ASSETS

Capital assets are comprised of the following:

	Cost	Accumulated	Net	Net
	\$	Amortization	2015	2014
	\$	\$	\$	\$
Land	31,349		31,349	31,349
Building	1,689,059	557,055	1,132,004	869,699
Equipment	135,615	54,841	80,774	28,120
Parking Lot	25,283	8,888	16,395	9,540
Storage facility	37,384	6,963	30,421	32,290
	1,918,690	627,747	1,290,943	970,998

5. INVESTMENTS

Investments are composed of guaranteed investment certificates with maturity dates ranging from May 2016 to September 2020, bearing interest at rates from 2.10% to 2.25%. Investments also include Investor's Global Fund iTrade shares which were received as a gift-in-kind donation, with a fair value at year end of \$9,925.

6. OTHER RECEIVABLES

Included in other receivables is funding owed from Ontario Works totalling \$2,405, OPS Learn and Work Program totalling \$347, and the Law Society of Upper Canada totalling \$900. In the prior year, the balance consisted of amounts owing from the OPS Learn and Work Program, totalling \$1,734.

7. COMMITMENTS

During the year, The Mission entered into a 5 year contract expiring on December 31, 2020 for janitorial, maintenance, and landscaping services. Service rates will be \$70,000 plus HST per year for 2016 and 2017, \$74,250 per year for 2018 and 2019, and \$75,000 plus HST in 2020.

During the year, The Mission entered into a lease for office equipment totalling \$6,120 per year, and expiring in 2019.

The Mission has a contract expiring December 2016, to purchase certain fundraising services throughout the period. Expenses paid to this agency during the year totaled \$206,126 (2014 - \$146,455).

The Mission has an agreement expiring October 31, 2016, for rental of the building that houses the food bank, charging \$1,750 per month.

8. DEFERRED CONTRIBUTIONS

Deferred contributions represent the portion of the Ontario Trillium grant received during the year that was unspent as of the year-end. The Mission has until the end of June 2016 to use the funds before they become repayable to the Trillium Foundation.