

THE UNITED CHURCH DOWNTOWN MISSION OF WINDSOR INC.

Financial Statements

December 31, 2023

DRAFT FOR DISCUSSION PURPOSES ONLY



Baker Tilly Trillium LLP

**Leamington • Essex • London
Dorchester • Aylmer**

203 Talbot Street West
Leamington, Ontario N8H 1N8
Canada

T: 519.326.2666

F: 519.326.7008

leamington@bakertilly.ca
www.bakertilly.ca

INDEPENDENT AUDITOR'S REPORT

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. (the Mission), that comprise the statement of financial position as at December 31, 2023 and the statements of operations, changes in fund balance and 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 effects of the matter 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, 2023, and the results of its 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

The Mission does not record gifts in kind. This is a departure from Canadian accounting standards for not-for-profit organizations. The Mission's records indicate that had the Mission recorded gifts in kind using the Mission's fair market value estimates, gift in kind revenue would increase by \$4,271,012 and gift in kind expense would increase by \$4,271,012, with a net effect on excess of revenue over expenditures and cash flows from operations for the year ended December 31, 2023 of \$NIL, and an effect on fund balances as at December 31, 2023 of \$NIL.

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 Mission in accordance with 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 qualified audit opinion.

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.

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Independent Auditor's Report to the Board of Directors of The United Church Downtown Mission of Windsor Inc. *(continued)*

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.

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.

THE UNITED CHURCH DOWNTOWN MISSION OF WINDSOR INC.
Statement of Financial Position
December 31, 2023

	General Fund 2023	Capital Fund 2023	Total 2023	Total 2022
ASSETS				
CURRENT ASSETS				
Cash	\$ 697,927		\$ 697,927	\$ 345,840
Restricted cash	21,978		21,978	31,123
Investments	2,496		2,496	2,513
Accounts receivable (Note 4)	355,370		355,370	693,575
HST receivable	175,685		175,685	55,588
Current portion of mortgage receivable (Note 5)	-	256,224	256,224	285,935
Inventory	1,737		1,737	4,032
Prepaid expenses	11,800		11,800	16,371
	1,266,993	256,224	1,523,217	1,434,977
TANGIBLE CAPITAL ASSETS (Note 6)	-	3,649,305	3,649,305	3,754,853
	\$ 1,266,993	\$ 3,905,529	\$ 5,172,522	\$ 5,189,830

THE UNITED CHURCH DOWNTOWN MISSION OF WINDSOR INC.
Statement of Financial Position
December 31, 2023

	General Fund 2023	Capital Fund 2023	Total 2023	Total 2022
LIABILITIES				
CURRENT				
Accounts payable and accrued liabilities	\$ 328,111	\$ 1	\$ 328,112	\$ 391,723
Government remittances payable	7,198		7,198	2,506
Deferred contributions (Note 7)	20,633	20,000	40,633	11,000
Due to (from) capital (general) fund (Note 8)	228,327	(228,327)	-	-
Current portion of mortgages (Note 9)	-	14,581	14,581	13,977
Current portion of obligations under capital lease	-		-	2,504
	584,269	(193,745)	390,524	421,710
MORTGAGES PAYABLE (Note 9)	-	258,414	258,414	271,062
	584,269	64,669	648,938	692,772
FUND BALANCES				
Unrestricted	682,724		682,724	576,721
Externally restricted		20,000	20,000	136,627
Internally restricted		3,820,860	3,820,860	3,783,710
	682,724	3,840,860	4,523,584	4,497,058
	\$ 1,266,993	\$ 3,905,529	\$ 5,172,522	\$ 5,189,830

APPROVED ON BEHALF OF THE BOARD

_____ Director _____ Director

THE UNITED CHURCH DOWNTOWN MISSION OF WINDSOR INC.
Statement of Changes in Fund Balance
For the Year Ended December 31, 2023

	General Fund 2023	Capital Fund 2023	Total 2023	Total 2022
FUND BALANCES, BEGINNING OF YEAR	\$ 576,721	\$ 3,920,337	\$ 4,497,058	\$ 4,047,433
Excess of revenues over expenses	106,003	(79,477)	26,526	449,625
FUND BALANCES, END OF YEAR	\$ 682,724	\$ 3,840,860	\$ 4,523,584	\$ 4,497,058

DRAFT FOR DISCUSSION PURPOSES ONLY

THE UNITED CHURCH DOWNTOWN MISSION OF WINDSOR INC.

Statement of Operations

For the Year Ended December 31, 2023

	General Fund 2023	Capital Fund 2023	Total 2023	Total 2022
REVENUES				
Donations and fundraisers	\$ 2,503,740	\$ 52,150	\$ 2,555,890	\$ 2,933,180
Government homelessness prevention grants (Note 10)	1,069,861	-	1,069,861	1,092,690
Grants and program support	389,470	-	389,470	401,190
Sales - enterprise and social program	240,273	-	240,273	229,220
Cost recoveries, security and miscellaneous revenue - enterprise and social program	30,667	6,618	37,285	54,817
Rental	-	-	-	7,115
Restricted donations	-	76,989	76,989	40,941
	<u>4,234,011</u>	<u>135,757</u>	<u>4,369,768</u>	<u>4,759,153</u>
EXPENSES (Notes 10, 11)				
Amortization	-	211,526	211,526	198,591
Client assistance	21,419	-	21,419	10,935
Cost of supplies and miscellaneous - enterprise and social programs	164,505	-	164,505	98,679
Food purchases	144,351	-	144,351	92,202
Fundraising	282,070	-	282,070	314,044
Insurance	23,846	-	23,846	36,446
Interest and bank charges	10,359	-	10,359	10,324
Interest on long-term debt	-	14,521	14,521	14,521
Interest on capital leases	-	-	-	15,910
Office	72,369	-	72,369	77,024
Operating costs	717,573	-	717,573	776,093
Professional fees	61,262	-	61,262	64,720
Transportation	28,451	-	28,451	40,280
Wages and benefits	2,601,902	-	2,601,902	2,559,359
	<u>4,128,107</u>	<u>226,047</u>	<u>4,354,154</u>	<u>4,309,128</u>
EXCESS OF REVENUES OVER EXPENSES BEFORE OTHER ITEMS	<u>105,904</u>	<u>(90,290)</u>	<u>15,614</u>	<u>450,025</u>

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THE UNITED CHURCH DOWNTOWN MISSION OF WINDSOR INC.
Statement of Operations (continued)
For the Year Ended December 31, 2023

	General Fund 2023	Capital Fund 2023	Total 2023	Total 2022
OTHER ITEMS				
Gain on disposal of investments	\$ 99	\$ -	\$ 99	\$ -
Gain on disposal of tangible capital assets	-	10,813	10,813	(400)
	99	10,813	10,912	(400)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	\$ 106,003	\$ (79,477)	\$ 26,526	\$ 449,625

DRAFT FOR DISCUSSION PURPOSES ONLY

THE UNITED CHURCH DOWNTOWN MISSION OF WINDSOR INC.

Statement of Cash Flows

For the Year Ended December 31, 2023

	General Fund 2023	Capital Fund 2023	Total 2023	Total 2022
OPERATING ACTIVITIES				
Excess (deficiency) of revenues over expenses	\$ 106,003	\$ (79,477)	\$ 26,526	\$ 449,625
Items not affecting cash:				
Amortization	-	211,526	211,526	198,591
Gain on disposal of investments	(99)	-	(99)	-
Gain on disposal of tangible capital assets	-	(10,813)	(10,813)	400
	<u>105,904</u>	<u>121,236</u>	<u>227,140</u>	<u>648,616</u>
Changes in non-cash working capital:				
Accounts receivable	338,205	-	338,205	(497,349)
HST receivable	(120,097)	-	(120,097)	(18,117)
Inventory	2,295	-	2,295	(96)
Prepaid expenses	4,685	-	4,685	(9,723)
Accounts payable and accrued liabilities	73,016	(136,629)	(63,613)	(202,673)
Government remittances payable	4,692	-	4,692	(42,629)
Deferred contributions	9,633	20,000	29,633	(87,066)
Due to (from) capital (general) fund	(75,392)	75,392	-	-
	<u>237,037</u>	<u>(41,237)</u>	<u>195,800</u>	<u>(857,653)</u>
	<u>342,941</u>	<u>79,999</u>	<u>422,940</u>	<u>(209,037)</u>
INVESTING ACTIVITIES				
Purchase of tangible capital assets	-	(119,148)	(119,148)	(146,012)
Proceeds on disposal of tangible capital assets	-	23,984	23,984	131,835
Purchase of investments	-	-	-	(2,087)
Collections on mortgage receivable	-	29,712	29,712	9,608
	<u>-</u>	<u>(65,452)</u>	<u>(65,452)</u>	<u>(6,656)</u>

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THE UNITED CHURCH DOWNTOWN MISSION OF WINDSOR INC.

Statement of Cash Flows *(continued)*

For the Year Ended December 31, 2023

	General Fund 2023	Capital Fund 2023	Total 2023	Total 2022
FINANCING ACTIVITIES				
Repayment of long-term debt	\$ -	\$ (12,043)	\$ (12,043)	\$ (12,043)
Repayment of obligations under capital lease	-	(2,504)	(2,504)	(112,965)
	-	(14,547)	(14,547)	(125,008)
NET CHANGE IN CASH AND CASH EQUIVALENTS	342,941	-	342,941	(340,701)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	376,963	-	376,963	717,664
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 719,904	\$ -	\$ 719,904	\$ 376,963
CASH CONSISTS OF:				
Cash	\$ 697,927	\$ -	\$ 697,927	\$ 345,840
Restricted cash	21,978	-	21,978	31,123
	\$ 719,905	\$ -	\$ 719,905	\$ 376,963

See accompanying notes to the financial statements

THE UNITED CHURCH DOWNTOWN MISSION OF WINDSOR INC.

Notes to Financial Statements

Year Ended December 31, 2023

1. NATURE OF OPERATIONS

The United Church Downtown Mission of Windsor Inc. ("the Mission") 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

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and are in accordance with Canadian generally accepted accounting principles.

(a) Fund accounting

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.

DRAFT FOR DISCUSSION PURPOSES ONLY

THE UNITED CHURCH DOWNTOWN MISSION OF WINDSOR INC.

Notes to Financial Statements

Year Ended December 31, 2023

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Revenue recognition

Donations 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. Bequests are recognized as revenue in the year received or receivable when the Mission has received formal notification of the amount bequested on settlement of the related estate.

Program support and grant revenues are recorded in the year when earned.

Cost recoveries, security and miscellaneous revenue and 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.

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 is 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 is recorded on the accrual basis.

(c) Tangible capital assets

Purchased tangible capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Amortization is reported in the capital fund and is calculated on a straight-line basis over the estimated useful lives of the assets at the following rates:

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

(d) Financial instruments

The Mission's financial assets consist of cash, restricted cash, investments, accounts receivable and mortgage receivable and the Mission's financial liabilities consist of accounts payable and accrued liabilities, deferred contributions, due from (to) capital fund, and mortgages payable. These financial instruments are measured at amortized cost, evaluated for impairment at each balance sheet date with any write down recorded in statement of operations. Impairment reversals may occur and the asset can be written up to its original cost.

THE UNITED CHURCH DOWNTOWN MISSION OF WINDSOR INC.

Notes to Financial Statements

Year Ended December 31, 2023

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(e) Measurement uncertainty

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. Significant estimates and assumptions involved in the preparation of these financial statements include the estimated useful lives of tangible capital assets and the valuation of accounts receivable and mortgage receivable. The mortgage receivable is recorded at the exchange amount although it expired December 31, 2023 and was neither renegotiated nor repaid. Should this mortgage become uncollectible or the mortgagee be unable to secure take-out financing the carrying value of the mortgage receivable would need to be reduced significantly. Actual results could differ from those estimates.

3. FINANCIAL INSTRUMENTS

The Mission is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the Mission's risk exposure and concentration as of December 31, 2023.

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.

Concentration of risk

At December 31, 2023, 48% (2022 - 50%) of the accounts receivable is from one customer, a government entity. The Mission believes that this credit risk is minimized due to the financial worthiness of this debtor.

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, the Mission's investments in guaranteed investment certificates, as well as the Mission's fixed rate mortgage receivable.

Liquidity risk

Liquidity risk is the risk that the Mission will encounter difficulty in meeting obligations associated with financial liabilities. Management closely monitors cash flow requirements to ensure that it has sufficient cash available to meet operational and financial obligations.

4. ACCOUNTS RECEIVABLE

Account receivable includes a bequest receivable of \$150,000 (2022 - \$357,047). This amount has been recognized as revenue of the general fund.

THE UNITED CHURCH DOWNTOWN MISSION OF WINDSOR INC.

Notes to Financial Statements

Year Ended December 31, 2023

5. MORTGAGE RECEIVABLE

Mortgage receivable - registered second charge on property at 664 Victoria Ave. Windsor, bearing interest at 2% per annum, repayable in blended monthly payments of \$1,270, matured June 2023 and extended to December 31, 2023 and not paid except as follows: subsequent to year end a \$25,000 payment of principal and interest, at a rate to be determined, was received. The Mission is waiting for the mortgagee to arrange financing to repay this debt.

Amounts receivable within one year

	2023	2022
	\$ 256,224	\$ 285,935
	(256,224)	(285,935)
	<u>\$ -</u>	<u>\$ -</u>

6. TANGIBLE CAPITAL ASSETS

	Cost	Accumulated amortization	2023 Net book value	2022 Net book value
Land	\$ 1,895,873	\$ -	\$ 1,895,873	\$ 1,895,873
Buildings	2,176,307	759,223	1,417,084	1,433,851
Equipment	1,017,509	884,917	132,592	183,493
Vehicles	288,554	84,799	203,755	241,635
Parking Lot	25,283	25,282	1	1
	<u>\$ 5,403,526</u>	<u>\$ 1,754,221</u>	<u>\$ 3,649,305</u>	<u>\$ 3,754,853</u>

7. DEFERRED CONTRIBUTIONS

	2023	2022
General fund specific program & project donations	\$ 20,633	\$ 11,000
Private capital project donation	20,000	-
	<u>\$ 40,633</u>	<u>\$ 11,000</u>

8. INTERFUND BALANCES

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

THE UNITED CHURCH DOWNTOWN MISSION OF WINDSOR INC.

Notes to Financial Statements

Year Ended December 31, 2023

9. MORTGAGES PAYABLE

	2023	2022
Mortgage with TD Commercial Banking on 842 Dufferin, 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 \$507,112.	\$ 191,648	\$ 198,752
Mortgage with TD Commercial Banking on 1247 Wyandotte East, 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 \$170,816.	81,347	86,287
	272,995	285,039
Amounts payable within one year	(14,581)	(13,977)
	\$ 258,414	\$ 271,062

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.

The Mission is required to maintain specific financial covenants in respect of its financing with TD. At December 31, 2023, the Mission is in compliance with those covenants.

Scheduled principal payments required until maturity are as follows:

2024	\$ 14,581
2025	15,282
2026	15,981
2027	16,711
2028	17,449
Thereafter	178,410
	\$ 258,414

THE UNITED CHURCH DOWNTOWN MISSION OF WINDSOR INC.

Notes to Financial Statements

Year Ended December 31, 2023

10. GOVERNMENT HOMELESSNESS PREVENTION PROGRAMS

During the year, the Mission received federal funding administered by the City of Windsor - Housing and Children's Services with the following revenue and expenses:

Revenues	
Homelessness Prevention Program funding	\$ 291,498
Reaching Homes: Canada's Homelessness Strategy funding	<u>778,363</u>
	<u>1,069,861</u>
Expenses	
Wages and benefits	682,061
Cost of supplies and miscellaneous	344,517
Overhead and administration	<u>43,283</u>
	<u>1,069,861</u>
Revenues over expenses	<u>\$ -</u>

11. OPERATING FUND EXPENSES

	<u>2023</u>	<u>2022</u>
Programs and services	\$ 2,589,447	\$ 2,498,485
Fundraising	412,949	392,241
Administration	409,035	392,750
Building occupancy	<u>716,677</u>	<u>812,540</u>
	<u>\$ 4,128,108</u>	<u>\$ 4,096,017</u>

12. VOLUNTEER SERVICES

The efforts of volunteer workers are not reflected in the accompanying financial statements as no objective basis is available to measure the value of such services; however, a substantial number of volunteers have donated significant amounts of their time to the Mission.

13. CREDIT FACILITIES

The Mission has an operating line of credit with TD bank authorized to an amount of up to \$250,000 at an annual interest rate of prime plus 0.65%, secured by a general security agreement. As of December 31, 2023, the credit facility was not in use. The prime interest rate at December 31, 2023 was 7.2%.

14. COMPARATIVE FIGURES

Certain of the comparative figures were reclassified to conform to presentation adopted in the current year.