

SILOAM MISSION INC.

WINNIPEG, MANITOBA

APRIL 30, 2009

Chambers, Fraser & Co.
Chartered Accountants

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Chartered Accountants

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AUDITORS' REPORT

To The Directors of
Siloam Mission Inc.
Winnipeg, Manitoba

We have audited the balance sheet of Siloam Mission Inc. as at April 30, 2009 and the statements of income, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the organization's management. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation.

In common with many non-profit organizations, the organization reports donations, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the organization and we are unable to determine whether any adjustments for unrecorded revenues might be necessary to revenues, excess (deficiency) of revenues over expenses or net assets.

In our opinion, except for the effect of adjustments, if any, which might have been required had we been able to satisfy ourselves with respect to the completeness of revenue referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the organization as at April 30, 2009 and the results of operations, changes in net assets and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Chambers, Fraser & Co.

Chartered Accountants

Winnipeg, Manitoba
July 23, 2009

SILOAM MISSION INC.

BALANCE SHEET

April 30

2009 2008

\$ \$

ASSETS

CURRENT ASSETS

Cash and term deposit	412,943	338,820
Accounts receivable	100,217	73,764
Prepaid expense	3,197	
	<u>516,357</u>	<u>412,584</u>

FIXED ASSETS - note 3

3,576,468 3,526,229

4,092,825 3,938,813

LIABILITIES AND SHAREHOLDERS' EQUITY

CURRENT LIABILITIES

Bank overdraft - note 4	34,565	103,432
Accounts payable and accrued liabilities	465,337	542,461
Unearned service fees	60,233	
Current portion of long-term debt	93,553	69,914
	<u>653,688</u>	<u>715,807</u>

LONG-TERM DEBT - note 5

988,786 1,103,755

DEFERRED CONTRIBUTIONS - Operating - note 6

37,024 198,045

DEFERRED CONTRIBUTIONS - Capital - note 7

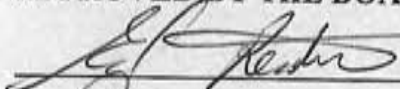
1,886,286 1,832,145

NET ASSETS

Invested in fixed assets - note 8	607,843	520,415
Unrestricted	(80,802)	(431,354)
	<u>527,041</u>	<u>89,061</u>

4,092,825 3,938,813

APPROVED BY THE BOARD

 Director

 Director

SILOAM MISSION INC.**INCOME STATEMENT**

Year Ended April 30

2009 2008

\$ \$

REVENUE

Private donations	3,946,039	3,072,975
Government funding	64,311	58,052
Foundation funding	180,408	377,258
Government fee for service	988,797	379,982
Private fee for service	42,537	15,419
	<u>5,222,092</u>	<u>3,903,686</u>
Transferred to deferred contributions - capital - note 7	(173,161)	(566,805)
Amortization of deferred contributions - capital - note 7	119,020	109,097
Amortization of deferred contributions - operating - note 6	161,021	190,529
Interest income and sundry	10,048	15,357
	<u>5,339,020</u>	<u>3,651,864</u>

EXPENSES

Activity supplies	244,048	135,809
Amortization of fixed assets	236,102	224,303
Awareness	457,790	370,671
Bank charges and interest	29,006	34,751
Fundraising	457,790	362,268
Insurance	26,970	21,560
Interest on long-term debt	52,198	64,639
Office expenses	87,266	75,666
Professional fees	120,450	50,621
Property taxes	10,820	10,820
Rent	14,350	
Repairs and maintenance	65,299	60,667
Staff and board development	71,798	41,041
Telephone	27,340	19,915
Travel	52,898	40,451
Utilities	99,982	73,473
Vehicle operating and maintenance	28,389	22,384
Volunteerism	457,790	363,073
Wages and benefits	2,360,754	1,863,537
	<u>4,901,040</u>	<u>3,835,649</u>

EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES437,980 (183,785)

SILOAM MISSION INC.**STATEMENT OF CHANGES IN NET ASSETS**

Net Assets			Year Ended April 30	
	Invested In Fixed Assets \$	Unrestricted \$	2009 Total \$	2008 Total \$
Balance - beginning of year	520,415	(431,354)	89,061	272,846
Excess (deficiency) of revenues over expenses - note 8	(117,082)	555,062	437,980	(183,785)
Investment in fixed assets - note 8	204,510	(204,510)		
Balance - end of year	<u>607,843</u>	<u>(80,802)</u>	527,041	89,061

SILOAM MISSION INC.**STATEMENT OF CASH FLOWS**

	Year Ended April 30	
	2009	2008
	\$	\$
CASH DERIVED FROM (APPLIED TO)		
OPERATIONS		
Excess (deficiency) of revenues over expenses	437,980	(183,785)
Items not affecting cash:		
Amortization of fixed assets	236,102	224,303
Amortization of deferred contributions	(280,041)	(299,626)
Receipt of deferred contributions	173,161	566,805
Net change in non-cash working capital balances:		
Accounts receivable	(26,453)	36,658
Prepaid expenses	(3,197)	
Accounts payable and accrued liabilities	(77,124)	93,162
Unearned service fees	60,233	
	<u>520,661</u>	<u>437,517</u>
FINANCING		
Loan proceeds		342,426
Loan principal repayments	(91,330)	(149,357)
	<u>(91,330)</u>	<u>193,069</u>
INVESTING		
Acquisition of fixed assets	<u>(286,341)</u>	<u>(904,592)</u>
NET INCREASE (DECREASE) IN CASH	142,990	(274,006)
CASH (DEFICIENCY) - beginning of year	<u>235,388</u>	<u>509,394</u>
CASH (DEFICIENCY) - end of year	<u>378,378</u>	<u>235,388</u>

SILOAM MISSION INC.

NOTES TO THE FINANCIAL STATEMENTS

APRIL 30, 2009

1. PURPOSE AND STRUCTURE

As a Christian humanitarian agency, Siloam Mission Inc. acts as a connecting point between the compassionate and Winnipeg's less fortunate. Siloam Mission alleviates the hardships of poverty and homelessness as Mission staff, volunteers and donors provide free meals, shelter, clothing and support services. The Mission assists in transitioning homeless and disadvantaged people to more self-sufficient and healthier lifestyles by providing referral services, life-skill development, education upgrading and employment training opportunities. The organization is a registered charity incorporated without share capital on August 24, 1987 under the laws of Manitoba.

2. SIGNIFICANT ACCOUNTING POLICIES

a) Revenue Recognition

The organization follows the deferral method of accounting for contributions. Restricted or deferred contributions relating to operations are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Deferred contributions arising from the contribution of fixed assets are amortized on the same basis as the underlying assets.

b) Fixed Assets

Purchased fixed assets are recorded at cost. Contributed fixed assets are recorded at fair market value at the date of contribution. Amortization of fixed assets is recorded applying the rates indicated in note 3 over the expected useful life of the assets. For leasehold improvements, amortization is calculated on a straight line basis. For all other assets, amortization is calculated on the diminishing balance basis.

c) Measurement Uncertainty

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of certain assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

d) Financial Instruments

The carrying value of cash and cash equivalents, accounts receivable, other receivables, bank advances, and accounts payable and accrued liabilities approximates fair value due to the short-term maturities of these instruments.

Unless otherwise noted, it is management's opinion the organization is not exposed to significant interest, current or credit risks arising from these financial instruments. The fair values of these financial instruments approximate their carrying values.

SILOAM MISSION INC.**NOTES TO THE FINANCIAL STATEMENTS****APRIL 30, 2009****3. FIXED ASSETS**

Capital assets are amortized at the rates shown below on the declining balance basis.

	<u>Rate</u>	<u>2009</u>		
		<u>Cost</u>	<u>Accumulated</u>	<u>Balance</u>
		\$	Amortization	\$
Land		100,000		100,000
Building	4%	3,476,481	421,386	3,055,095
Equipment and furniture	20%	631,617	246,578	385,039
Leasehold improvements	20%	21,172	4,234	16,938
Vehicles	30%	53,865	34,469	19,396
		<u>4,283,135</u>	<u>706,667</u>	<u>3,576,468</u>

	<u>Rate</u>	<u>2008</u>		
		<u>Cost</u>	<u>Accumulated</u>	<u>Balance</u>
		\$	Amortization	\$
Land		100,000		100,000
Building	4%	3,352,660	294,090	3,058,570
Equipment and furniture	20%	490,269	150,319	339,950
Vehicles	30%	53,865	26,156	27,709
		<u>3,996,794</u>	<u>470,565</u>	<u>3,526,229</u>

4. BANK OVERDRAFT

The line of credit from Steinbach Credit Union (SCU) is repayable on demand and bears interest at the credit union's standard lending rate plus 0.5%. It is secured by an assignment of credit union deposits. The line of credit balance was \$34,565 at year end (2008, nil).

The line of credit from the Assiniboine Credit Union (ACU) is repayable on demand and bears interest at the credit union's prime lending rate. It is secured by an assignment of credit union deposits and a general security agreement on all assets of the organization. The line of credit balance was nil at year end (2008 - \$103,432).

SILOAM MISSION INC.

NOTES TO THE FINANCIAL STATEMENTS

APRIL 30, 2009

5. LONG-TERM DEBT

	<u>2009</u>	<u>2008</u>
	\$	\$
Long-term debt is comprised of the following:		
Mortgage Payable Western Britches Manitoba Ltd.	10,000	20,000
The mortgage is repayable in annual installments of \$10,000 free of interest. It is secured by a mortgage on the property located at 300 Princess Street, Winnipeg, Manitoba.		
Mortgage Payable Steinbach Credit Union (SCU)	887,901	960,177
The mortgage is repayable in monthly installments of \$8,600 including interest calculated at the credit union's standard rate plus 0.5%. It is secured by an All-Obligations mortgage in the amount of \$995,000 creating a first charge on the property located at 300 Princess Street, Winnipeg, Manitoba.		
Mortgage Payable Church of the Nazarene Canada	184,438	193,492
The mortgage is repayable in monthly installments of \$1,680 including interest at 6.0%. It is secured by a mortgage on the property located at 300 Princess Street, Winnipeg, Manitoba and a promissory note provided by the Canada West District Church of the Nazarene		
Total long-term debt	<u>1,082,339</u>	1,173,669
Less: Current portion	<u>(93,553)</u>	(69,914)
	<u>988,786</u>	1,103,755

SILOAM MISSION INC.**NOTES TO THE FINANCIAL STATEMENTS****APRIL 30, 2009****6. DEFERRED CONTRIBUTIONS - OPERATING**

Deferred operating contributions represent funding related to expenses to be incurred in future periods. Changes in the deferred contributions for the year are as follows:

	<u>2009</u>	<u>2008</u>
	\$	\$
Balance - beginning of year	198,045	388,574
Clinic expenses (net) incurred during the year	<u>(161,021)</u>	<u>(190,529)</u>
	<u>37,024</u>	<u>198,045</u>

7. DEFERRED CONTRIBUTIONS - CAPITAL

Deferred contributions related to fixed assets represent the unamortized portions of contributed fixed assets as well as restricted contributions for the purpose of constructing or purchasing fixed assets. Changes in the deferred contributions for the year are as follows:

	<u>2009</u>	<u>2008</u>
	\$	\$
Balance - beginning of year	1,832,145	1,374,437
Capital funding received	173,161	566,805
Capital funding amortized	<u>(119,020)</u>	<u>(109,097)</u>
	<u>1,886,286</u>	<u>1,832,145</u>

8. NET ASSETS INVESTED IN FIXED ASSETS

Balance - beginning of year	520,415	490,903
Excess (deficiency) of revenues over expenses		
Amortization of fixed assets	(236,102)	(224,303)
Amortization of deferred contributions	<u>119,020</u>	<u>109,097</u>
	<u>(117,082)</u>	<u>(115,206)</u>
Investment in fixed assets		
Acquisition of fixed assets	286,341	904,592
Restricted contributions	(173,161)	(566,805)
Decrease (Increase) in mortgage - net	<u>91,330</u>	<u>(193,069)</u>
	<u>204,510</u>	<u>144,718</u>
	<u>607,843</u>	<u>520,415</u>

SILOAM MISSION INC.

NOTES TO THE FINANCIAL STATEMENTS

APRIL 30, 2009

9. RELATED PARTY TRANSACTIONS

The organization has agreed to a working relationship with the Canada West District Church of the Nazarene regarding the ministry of Siloam Mission Inc. Pursuant to that agreement, the parties hold joint title to Siloam Mission property. As a result, both parties are signatories to the mortgages registered upon the property located at 300 Princess Street, Winnipeg, Manitoba and, as indicated in note 5, Canada West has provided a promissory note as security for the mortgage payable to the Church of the Nazarene Canada.

10. CONTRIBUTED GOODS AND SERVICES

The organization records contributed goods as revenue in those situations where the fair value is independently determinable and a charitable receipt is requested. Such items have been recorded as revenue in the current year in the amount of \$101,370. In addition, unreceipted contributed goods in the current year that have not been recognized in these financial statements have been estimated at \$1,033,000 (unaudited).

Management has calculated volunteer time in the current year at 53,168 hours (unaudited). Because of the difficulty in determining the fair value of these services, they have not been recognized in these financial statements.