

**SILOAM MISSION INC.**

**WINNIPEG, MANITOBA**

**APRIL 30, 2018**

**SILOAM MISSION INC.**  
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**APRIL 30, 2018**

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## INDEPENDENT AUDITOR'S REPORT

The Directors of  
Siloam Mission Inc.  
Winnipeg, Manitoba

We have audited the accompanying financial statements of the Siloam Mission Inc., which comprise the statement of financial position as at April 30, 2018, and the statements of operations, changes in net assets 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 Information*

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 the 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 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 auditor's 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.

continued . . . . .

*Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of Siloam Mission Inc. as at April 30, 2018, 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.

A handwritten signature in cursive script that reads "Chambers Fraser".

Chambers Fraser

Winnipeg, Manitoba  
September 13, 2018

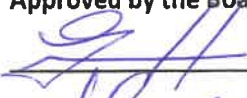
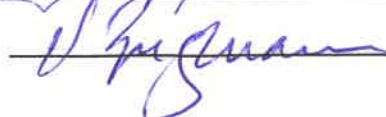
**Siloam Mission Inc.**

Statement of Financial Position

As at April 30

	Operating Fund	Capital Fund	2018 Total	2017 Total
	\$	\$	\$	\$
<b>Assets</b>				
<b>Current assets:</b>				
Cash and cash equivalent – note 2	2,057,918	1,484,525	<b>3,542,443</b>	3,936,644
Government service fees receivable	148,511	-	<b>148,511</b>	170,391
Government funding receivable	-	485,000	<b>485,000</b>	485,000
Accounts receivable	28,192	10,000	<b>38,192</b>	25,272
GST rebate receivable	147,319	-	<b>147,319</b>	69,773
Prepaid expense	48,280	10,234	<b>58,514</b>	53,477
	<b>2,430,220</b>	<b>1,989,759</b>	<b>4,419,979</b>	<b>4,740,557</b>
Capital assets – note 3	-	11,880,574	<b>11,880,574</b>	8,512,497
	<b>2,430,220</b>	<b>13,870,333</b>	<b>16,300,553</b>	<b>13,253,054</b>
<b>Liabilities</b>				
<b>Current liabilities:</b>				
Accounts payable and accrued liabilities	770,868	778,797	<b>1,549,665</b>	1,122,567
Government remittance payable	32,941	-	<b>32,941</b>	70,559
Unearned program revenue – note 4	91,230	-	<b>91,230</b>	106,061
Current portion of long-term debt	-	147,562	<b>147,562</b>	147,598
	<b>895,039</b>	<b>926,359</b>	<b>1,821,398</b>	<b>1,446,785</b>
Long-term liabilities – note 6	-	475,972	<b>475,972</b>	621,816
Forgivable loans payable – note 7	-	989,181	<b>989,181</b>	1,110,205
	<b>895,039</b>	<b>2,391,512</b>	<b>3,286,551</b>	<b>3,178,806</b>
Note 13 – Commitment				
<b>Net Assets:</b>				
Invested in capital assets	-	10,268,302	<b>10,268,302</b>	6,633,321
Internally restricted – note 8	-	1,210,519	<b>1,210,519</b>	1,459,364
Externally restricted	-	-	-	771,894
Unrestricted	1,535,181	-	<b>1,535,181</b>	1,209,669
	<b>1,535,181</b>	<b>11,478,821</b>	<b>13,014,002</b>	<b>10,074,248</b>
	<b>2,430,220</b>	<b>13,870,333</b>	<b>16,300,553</b>	<b>13,253,054</b>

Approved by the Board

  
 \_\_\_\_\_ Director  
  
 \_\_\_\_\_ Director

**Siloam Mission Inc.**

Statement of Operations

Year Ended April 30

	Operating Fund	Capital Fund	2018 Total	2017 Total
	\$	\$	\$	\$
<b>Revenue</b>				
Private donations	6,209,222	2,109,917	<b>8,319,139</b>	7,148,564
Private donations – contributed goods and capital assets – note 9	1,287,010	-	<b>1,287,010</b>	320,818
Government funding	-	485,000	<b>485,000</b>	535,000
Foundation funding	735,871	523,721	<b>1,259,592</b>	574,455
Government fee for service	1,005,577	-	<b>1,005,577</b>	974,048
Rental revenue, sales and services	583,236	-	<b>583,236</b>	611,205
Government loan forgiveness	-	121,024	<b>121,024</b>	121,024
Interest and sundry income	67,814	-	<b>67,814</b>	72,338
Gain on disposal of capital assets	-	-	-	440
	<b>9,888,730</b>	<b>3,239,662</b>	<b>13,128,392</b>	<b>10,357,892</b>
<b>Expenses – note 12</b>				
Community funded programs	5,062,371	-	<b>5,062,371</b>	3,778,284
Government funded programs	1,005,577	-	<b>1,005,577</b>	974,048
Community education and awareness	379,323	-	<b>379,323</b>	429,119
Fundraising	1,086,624	252,853	<b>1,339,477</b>	1,292,205
Administration	934,264	82,756	<b>1,017,020</b>	1,009,521
Facilities and technology	1,010,072	-	<b>1,010,072</b>	902,741
Amortization	-	374,798	<b>374,798</b>	275,804
	<b>9,478,231</b>	<b>710,407</b>	<b>10,188,638</b>	<b>8,661,722</b>
	<b>410,499</b>	<b>2,529,255</b>	<b>2,939,754</b>	<b>1,696,170</b>

## Statement of Changes in Net Assets

Year Ended April 30

	Operating Fund Un- Restricted	Capital Fund Internally Restricted	Externally Restricted	Invested in Capital Assets	2018 Total	2017 Total
	\$	\$			\$	\$
Balance, beginning of the year	1,209,669	1,459,364	771,894	6,633,321	<b>10,074,248</b>	8,378,078
Net revenue (expenditures)	410,499	(82,756)	2,865,785	(253,774)	<b>2,939,754</b>	1,696,170
Transfers:						
Capital asset purchase	(84,987)	(20,209)	(3,637,679)	3,742,875	-	-
Debt service	-	(145,880)	-	145,880	-	-
	<b>325,512</b>	<b>(248,845)</b>	<b>(771,894)</b>	<b>3,634,981</b>	<b>2,939,754</b>	<b>1,696,170</b>
Balance, end of the year	<b>1,535,181</b>	<b>1,210,519</b>	-	<b>10,268,302</b>	<b>13,014,002</b>	<b>10,074,248</b>

**Siloam Mission Inc.**

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## Statement of Cash Flows

Year Ended April 30

	<b>2018</b>	<b>2017</b>
	<b>Total</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>
Cash derived from (applied to):		
Operations:		
Net revenue (expenditures)	<b>2,939,754</b>	1,696,170
Items not affecting cash:		
Amortization of capital assets	<b>374,798</b>	275,804
Gain on disposal of capital assets	-	(440)
Net change in non-cash working capital balances:		
Amounts receivable	<b>(68,586)</b>	(97,480)
Prepaid expenses	<b>(5,037)</b>	(51,630)
Amounts payable and accrued liabilities	<b>389,480</b>	78,390
Unearned program revenue	<b>(14,831)</b>	35,689
	<b>3,615,578</b>	1,936,503
Financing:		
Loan forgiveness	<b>(121,024)</b>	(121,024)
Loan principal repayments	<b>(145,880)</b>	(143,807)
	<b>(266,904)</b>	(264,831)
Investing:		
Acquisition of capital assets	<b>(3,742,875)</b>	(1,038,708)
Proceeds of disposal of capital assets	-	440
	<b>(3,742,875)</b>	(1,038,268)
(Decrease)/Increase in cash	<b>(394,201)</b>	633,404
Cash position - beginning of year	<b>3,936,644</b>	3,303,240
Cash position - end of year	<b>3,542,443</b>	3,936,644
Cash flows from interest:		
Interest paid – long-term debt	<b>(24,913)</b>	(27,407)
Bank charges and processing fees	<b>(90,863)</b>	(60,238)
Interest received	<b>50,876</b>	53,044
	<b>(64,900)</b>	(34,601)



**1. Purpose and structure**

As a Christian humanitarian agency, Siloam Mission Inc. (“the Mission” or “the organization”) acts as a connecting point between the compassionate and Winnipeg’s less fortunate. The 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 Mission is a registered charity incorporated without share capital on August 24, 1987 under the laws of Manitoba and is exempt from tax under the Income Tax Act.

**2. Significant accounting policies**

These financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO) contained in Part III of the CPA Canada Handbook and include the following significant accounting policies.

**(a) Cash and Cash Equivalents**

Cash and cash equivalents include cash and short term investments, which are readily convertible into a known amount of cash, and are subject to an insignificant risk to changes in their fair value.

**(b) Fund Accounting**

The resources and operations of the Mission have been segregated for accounting purposes into the following funds:

*Operating Fund* – This fund accounts for the revenue and expenses related to the daily operations of the Mission including its program delivery and other operating expenses.

*Capital Fund* – This fund accounts for the Mission’s assets, liabilities, revenue and expenses related to the Mission’s capital assets. Inter-fund transfers represent the investment in capital assets funded by the Operating Fund.

**(c) Revenue Recognition**

The Mission follows the restricted fund method of reporting revenues. Restricted contributions related to general operations are recognized as revenue in the Operating Fund in the year in which the related expenses are incurred. Restricted contributions related to capital assets are recorded in the Capital Fund when received.

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

Revenue from rent or sale of service is recognized in the same period the service is rendered and related expenses incurred.

Pledges receivable from donors, whether for operating or capital purposes, are not recognized until the pledge is honoured and funds received.

Contributed goods used in operations are recorded as both revenue and expense in the Operating Fund upon receipt, when the fair value of those goods is objectively determinable.

Contributed capital assets are recorded as revenue in the Capital Fund at fair market value at the date of contribution.

Contributed services, including those provided by volunteers, are not recorded as revenue or expense.

**(d) Expenses**

Expenses are classified on the statement of operations according to the activity they benefit. The activities reported include Community Funded Programs, Government Funded Programs, Community Education and Awareness, Fundraising, Administration and Facility and Technology. All capital asset amortization is charged to a single expense account.

The costs of each activity include the direct costs associated with that activity, including direct personnel costs and other direct expenses. In addition, Siloam incurs a number of costs that are either shared or indirect costs. These costs include expenditures related to multifunctional personnel as well as other costs that are not incurred exclusively for one specific activity. Multifunctional personnel costs are charged to the activity the employee is principally engaged in and then a portion is allocated to one or more other relevant activities based upon time spent (note 11 below). Other shared or indirect costs are initially charged to the main activity to which they relate and then a portion allocated to one or more other activities based the effort or benefit associated with each activity. Certain expenditures related to publications, communications and advertising are attributed to three core external functions of the Mission. These functions are fundraising, community education and awareness and volunteerism, which is part of Community Funded Programs.

*Community Funded Programs*

Programs aimed at addressing poverty and homelessness encompass services to patrons as well as volunteerism associated with those services. Patron services include the costs of providing basic and transformation services to those who come for help. Volunteerism includes costs associated with recruitment, screening, orientation, training and supporting volunteers in delivering services to patrons.

*Government Funded Programs*

The Mission contracts with government to provide a range of services to the poor and homeless. This expenditure category includes all costs recovered pursuant to those contracts.

*Community Education and Awareness*

Community education and awareness includes costs associated with informing and educating the public on issues of poverty and homelessness.

*Fundraising*

Fundraising includes the costs of raising the funds to provide the means for continuing the organization's mission. These costs are primarily aimed at the recruitment, retention and support of donors.

*Administration*

Administration includes all costs related to the human resources and accounting and finance functions as well as costs associated with governance, overall organizational management and compliance with regulatory bodies.

*Facilities and Technology*

Facility and technology includes costs related to the facility operation and maintenance and information technology costs not included in capital assets.

*Amortization*

All capital asset amortization expense for the Mission is charged to this expenditure category.

**(e) Capital Assets**

Purchased capital assets are recorded at cost. Amortization of capital assets is recorded applying the rates indicated in note 3 over the expected useful life of the assets. Amortization is calculated on the declining balance basis.

**(f) Measurement Uncertainty**

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations 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.

**(g) 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.

The fair value of the long-term liabilities is estimated to approximate their carrying values as they bear interest at market rates for similar debt.

Unless otherwise noted, it is management's opinion the Mission 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.

## Notes to the Financial Statements

April 30, 2018

**3. Capital assets**

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

<b>April 30, 2018</b>	<b>Rate</b>	<b>Cost</b>	<b>Accumulated Amortization</b>	<b>Balance</b>
		\$	\$	\$
Land		871,400	-	-
Construction in progress		2,041,160	-	-
Buildings	4%	10,537,075	2,158,534	8,378,541
Equipment and furniture	20%	1,455,987	879,742	576,245
Vehicles	30%	62,904	49,676	13,228
		14,968,526	3,087,952	11,880,574

<b>April 30, 2017</b>	<b>Rate</b>	<b>Cost</b>	<b>Accumulated Amortization</b>	<b>Balance</b>
		\$	\$	\$
Land		871,400	-	871,400
Construction in progress		1,506,585	-	1,506,585
Buildings	4%	7,773,615	1,877,861	5,895,754
Equipment and furniture	20%	1,011,147	791,285	219,862
Vehicles	30%	62,904	44,008	18,896
		11,225,651	2,713,154	8,512,497

**4. Unearned program revenue**

	<b>2018</b>	<b>2017</b>
	\$	\$
Balance – Beginning of the year	106,061	70,375
Designated funds received during the year	35,500	160,787
Designated funds earned during the year	(50,331)	(125,101)
Balance – End of the year	91,230	106,061

## Notes to the Financial Statements

April 30, 2018

**5. Credit facility**

The Mission has a \$50,000 line of credit facility available at Steinbach Credit Union (SCU), bearing interest at the credit union's standard lending rate, plus 0.5%, secured by a line of credit agreement and as described in note 6 for the mortgage held by the SCU. As at April 30, 2018, the Mission has not utilized any portion of the line of credit (2017, nil).

The Mission has a \$300,000 line of credit facility available at Assiniboine Credit Union (ACU), bearing interest at the credit union's prime lending rate, secured by an assignment of credit union deposits and a first charge general security agreement on all assets of the Mission. As at April 30, 2018, the Mission has not utilized any portion of the line of credit (2017, nil).

**6. Long term liabilities**

	2018	2017
	\$	\$
Mortgage Payable - Steinbach Credit Union	623,534	769,414
<i>The mortgage is repayable on demand with monthly instalments of \$14,245 including interest calculated at the credit union's standard rate plus 0.50%. The actual mortgage rate at April 30, 2018 was 4.20%. The mortgage payable and credit line (note 5) are secured by an All-Obligations mortgage in the amount of \$1,838,750 creating a first charge on the properties known as 288 Princess Street, 300 Princess Street, and 303 Stanley Street, Winnipeg, Manitoba and a second charge general security agreement.</i>		
Total long term debt	623,534	769,414
Less: Current portion	(147,562)	(147,598)
	<b>475,972</b>	<b>621,816</b>

The estimated principal repayments on long-term debt over the next four years are as follows:

Year	Amount
2019	147,562
2020	153,840
2021	160,467
2022	161,665

**7. Forgivable loans**

Madison Lodge was acquired by the Mission during the 2011 fiscal year to provide supportive, affordable housing to people who are homeless or at risk of becoming homeless. In 2012, a program of renovation and renewal to the property commenced. The project was completed in 2014 at a total cost of \$1,709,439.

The primary sources of funding for this project were two forgivable loans from the Manitoba Housing and Renewal Corporation (MHRC) under the Rooming House – Residential Rehabilitation Assistance Program (RRAP) in the original amount of \$1,355,000 and the Rooming House - Rental Housing Improvement Program (RHIP) in the original amount of \$121,606.

The RRAP loan is forgivable at a monthly rate of \$9,410 over twelve years, commencing May 1, 2014 provided the terms of the RRAP Project Operating Agreement between MHRC and the Mission are not breached. The loan bears no interest and is secured by a mortgage on the property located at 210 Evanson Street, Winnipeg, Manitoba. The RHIP loan is forgivable at a monthly rate of \$676 over 15 years, commencing March 1, 2016 with the same conditions, terms and security as the RRAP loan.

**8. Internally restricted assets – Campus Development Initiative**

During the years ending April 30, 2015 and 2016 the Mission internally restricted \$1,740,000 in operating surpluses for the purpose of funding its current Princess Street campus development initiative.

**9. Contributed goods and capital assets**

To sustain operations, the Mission receives large volumes of contributed goods. Goods contributed include a wide range of items, both new and used. Only a portion of goods contributed are eligible for the donor to receive an official charitable tax receipt. Historically, the Mission included only the fair value of contributed goods and capital assets identified, and for which an official charitable tax receipt had been issued, as revenue in their financial statements. An estimate of the value of all other contributed goods was prepared, based on operational data, and reflected in a note to the financial statements.

In the current year, the Mission substantially increased its efforts to both identify and value all contributed goods which can be reliably valued, whether eligible for an official tax receipt or not, and have included the fair value as revenue in the financial statement. This has resulted in a substantial increase in contributed goods revenue reflected in the current year of the financial statement. A further estimate of contributed goods not identified or which cannot be reliably valued has not been prepared.

**10. Contributed services**

Integral to their operations, the Mission relies on a large volume of contributed services, mostly in the form of volunteer time. Siloam maintains a record of contributed volunteer time and in the current year tabulated contributed volunteer time to be 76,745 hours (unaudited) (2017, (87,721) unaudited). Based on wage rates in the respective program and service areas in which these services have been provided, the fair value of these contributed services is estimated to be \$1,187,175 (unaudited) (2017, (\$1,352,460) unaudited). The estimated value of these services have not been recognized in these financial statements.

**11. Retirement plan**

Individuals employed by the Mission for more than three months are eligible to participate in a defined contribution registered pension plan. The Mission matches eligible employee pension contributions at a rate of 5% of gross employee salary. The employer share of the pension contribution is funded on a monthly basis therefore no pension liability exists at year end. The employer share of pension contributions for the fiscal year was \$165,742 (2017, \$151,311).

**12. Allocated expenses**

Included in the expenditures charged to the Operating Fund activities indicated below are the following allocations:

	<b>2018</b>	<b>2017</b>
	\$	\$
Community and Government Funded Programs		
Executive and Administrative salaries	<b>117,298</b>	151,341
Fundraising salaries and expenses	<b>333,111</b>	352,964
Community Education and Awareness		
Executive and Administrative salaries	<b>16,831</b>	18,379
Fundraising salaries and expenses	<b>362,492</b>	410,740
Fundraising		
Executive and Administrative salaries	<b>80,155</b>	79,647
Administration		
Community Funded Program salaries	<b>20,132</b>	14,676
Fundraising salaries and expenses	<b>101,705</b>	117,609
Facilities and Technology		
Executive and Administrative salaries	<b>110,847</b>	120,784
Community Funded Program salaries	<b>-</b>	7,335

**13. Commitment**

During 2017, the Mission commenced a multi-phase facility expansion project at their Princess Street campus location. Phase one of the project was the redevelopment of an existing building, located adjacent to 300 Princess Street at 303 Stanley Street, into an expanded kitchen, dining and drop-in facility. Redevelopment was completed during the year and utilization of the facility began in October 2017.

During the year the Mission commenced the second phase of the project, the construction of a two story structure to link the 303 Stanley Street facility to the Mission's 300 Princess Street facility. To construct the link structure the Mission entered into a guaranteed maximum price construction agreement with a building contractor in the amount of \$12,986,608 (plus GST) and work commenced in November 2017.

**14. Capital pledges and funding**

Prior to commencement of the multi-phase facility expansion project, the Mission launched their "Make Room" Capital Campaign to help fund the project, seeking donations and multi-year pledges from the private sector as well as funding assistance from governments. Cumulatively, as of April 30, 2018, the Mission has received \$5,544,621 in private sector donations and government funding and obtained private sector pledges and government funding commitments for another \$8,613,604, to be received over the next four years. The Mission has received \$3,118,638 in private sector donations and government funding (2017, \$1,706,260) which are reflected in these statements as revenue of the Capital Fund. Outstanding private sector pledges and government funding not yet received are not reflected in these statements.