

SILOAM MISSION INC.

FINANCIAL STATEMENTS

APRIL 30, 2021

INDEPENDENT AUDITOR'S REPORT

To the Directors of
Siloam Mission Inc.

Opinion

We have audited the financial statements of Siloam Mission Inc. (the "Mission"), which comprise the statement of financial position as at April 30, 2021, and the statement of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Mission as at April 30, 2021, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

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 the 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 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 ASNPO, 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.

Those charged with governance are responsible for overseeing the Mission's financial reporting process.

INDEPENDENT AUDITOR'S REPORT, continued

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.

INDEPENDENT AUDITOR'S REPORT, continued

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.



Winnipeg, Manitoba
September 14, 2021

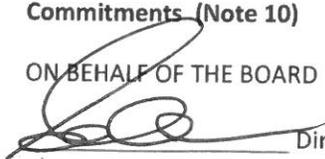
Chambers Fraser
Chartered Professional Accountants

Siloam Mission Inc.
Statement of Financial Position
As at April 30, 2021

	Operating Fund	Capital Fund	April 30 2021	April 30 2020
ASSETS				
CURRENT				
Cash and cash equivalent	\$ 7,268,361	\$ 563,523	\$ 7,831,884	\$ 5,274,505
Government service fees receivable	25,000	-	25,000	21,429
Government funding receivable	-	-	-	205,000
Accounts receivable	48,744	-	48,744	55,074
GST rebate receivable	65,991	-	65,991	108,365
Prepaid expenses	62,780	-	62,780	53,297
	<u>7,470,876</u>	<u>563,523</u>	<u>8,034,399</u>	<u>5,717,670</u>
Capital assets (Note 3)	<u>-</u>	<u>24,876,867</u>	<u>24,876,867</u>	<u>23,132,409</u>
	<u>\$ 7,470,876</u>	<u>\$ 25,440,390</u>	<u>\$ 32,911,266</u>	<u>\$ 28,850,079</u>
LIABILITIES				
CURRENT				
Accounts payable and accrued liabilities	\$ 704,845	\$ 325,770	\$ 1,030,615	\$ 2,324,807
Government remittances payable	104,494	-	104,494	161,124
Unearned program revenue (Note 4)	113,214	-	113,214	65,179
	<u>922,553</u>	<u>325,770</u>	<u>1,248,323</u>	<u>2,551,110</u>
Forgivable loans payable (Note 5)	<u>-</u>	<u>5,632,778</u>	<u>5,632,778</u>	<u>5,647,134</u>
	<u>922,553</u>	<u>5,958,548</u>	<u>6,881,101</u>	<u>8,198,244</u>
NET ASSETS				
Unrestricted	6,548,323	-	6,548,323	2,899,355
Invested in capital assets	-	19,481,842	19,481,842	17,752,480
	<u>6,548,323</u>	<u>19,481,842</u>	<u>26,030,165</u>	<u>20,651,835</u>
	<u>\$ 7,470,876</u>	<u>\$ 25,440,390</u>	<u>\$ 32,911,266</u>	<u>\$ 28,850,079</u>

Commitments (Note 10)

ON BEHALF OF THE BOARD


 Director


 Director

Siloam Mission Inc.
Statement of Operations
For the year ended April 30, 2021

	Operating Fund 2021	Capital Fund 2021	April 30 2021	April 30 2020
REVENUE				
Private donations	\$ 9,718,257	\$ 1,567,225	\$ 11,285,482	\$ 9,120,237
Private donations - contributed goods and capital assets	1,294,709	-	1,294,709	1,689,920
Government funding	2,075	-	2,075	2,000
Foundation funding	1,398,112	889,556	2,287,668	2,086,037
Government fee for service	1,438,579	-	1,438,579	1,057,509
Rental revenue, sales and services	705,015	-	705,015	665,906
Government loan forgiveness	-	314,357	314,357	121,024
Interest and sundry income	43,891	5,442	49,333	73,161
	14,600,638	2,776,580	17,377,218	14,815,794
EXPENSES				
Community funded programs	5,767,327	-	5,767,327	6,011,047
Government funded programs	1,440,654	-	1,440,654	1,059,509
Community education and awareness	387,051	-	387,051	345,923
Fundraising	1,075,208	169,575	1,244,783	1,139,742
Administration	1,239,579	105,967	1,345,546	1,254,578
Facilities and technology	1,041,851	-	1,041,851	890,352
Amortization	-	771,676	771,676	441,878
	10,951,670	1,047,218	11,998,888	11,143,029
Excess of revenue over expenditures	3,648,968	1,729,362	5,378,330	3,672,765
Fund balances, beginning of year	2,899,355	17,752,480	20,651,835	16,979,070
Fund balances, end of year	\$ 6,548,323	\$ 19,481,842	\$ 26,030,165	\$ 20,651,835

Siloam Mission Inc.
Statement of Cash Flows
For the year ended April 30, 2021

	April 30 2021	April 30 2020
CASH PROVIDED BY (USED FOR) THE FOLLOWING ACTIVITIES:		
OPERATING ACTIVITIES		
Net Income	\$ 5,378,330	\$ 3,672,764
Items not affecting cash:		
Amortization	771,676	441,878
Government loan forgiveness	(314,357)	(121,024)
Gain on sale of capital assets	(5,442)	-
	5,830,207	3,993,618
Change in non-cash working capital items		
Accounts receivable	250,133	(33,482)
Prepaid expenses	(9,483)	(2,470)
Accounts payable and accrued liabilities	(1,294,189)	461,292
Government remittances	(56,630)	67,926
Unearned program revenue	48,035	(26,368)
	4,768,073	4,460,516
INVESTING ACTIVITIES		
Acquisition of capital assets	(2,518,907)	(6,926,533)
Proceeds on sale of capital assets	8,213	-
	(2,510,694)	(6,926,533)
FINANCING ACTIVITIES		
Forgivable loan proceeds	300,000	4,900,000
Loan principal repayments	-	(476,134)
	300,000	4,423,866
Increase in cash	2,557,379	1,957,849
Cash, beginning of year	5,274,505	3,316,656
Cash, end of year	\$ 7,831,884	\$ 5,274,505
Cash flows from interest:		
Interest paid - long-term debt	-	(9,182)
Bank charges and processing fees	(162,284)	(147,200)
Interest received	33,119	37,158

Siloam Mission Inc.

Notes to the Financial Statements

April 30, 2021

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 contained in Part III of the CPA Canada Handbook and include the following significant accounting policies.

(a) Cash and cash equivalents

Cash includes balances with banks and short-term investments with original maturities of a year or less. Cash equivalents are readily convertible into a known amount of cash.

(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.

Siloam Mission Inc.
Notes to the Financial Statements
April 30, 2021

2. **SIGNIFICANT ACCOUNTING POLICIES, continued**

(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.

New 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.

Used contributed goods and contributed services, including those provided by volunteers, are not recorded as revenue or expense.

Siloam Mission Inc.
Notes to the Financial Statements
April 30, 2021

2. **SIGNIFICANT ACCOUNTING POLICIES, continued**

(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 9 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.

Siloam Mission Inc.
Notes to the Financial Statements
April 30, 2021

2. **SIGNIFICANT ACCOUNTING POLICIES, continued**

Expenses, continued

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

Capital assets are recorded at cost and amortized over their estimated lives using the declining method applying the rates indicated in note 3. All development and construction costs directly related to buildings under construction are capitalized. Interest on specific and general debt related to assets under construction is not capitalized but recognized as an expense in the Capital Fund in the year incurred. During the current year, the Mission did not incur interest expense related to assets under construction (2020 - \$9,182).

When a tangible capital asset no longer has any long-term service potential, the excess of its carrying amount over any residual value is recognized as an expense in the statement of operations.

Siloam Mission Inc.
Notes to the Financial Statements
April 30, 2021

2. **SIGNIFICANT ACCOUNTING POLICIES, continued**

(f) Use of estimates

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 financial statement items. Actual results could differ from those estimates. Significant financial statement items that require the use of estimates for the Mission are the useful life and amortization of capital assets. These estimates are reviewed periodically, and adjustments are made, as appropriate, in the statement of operations in the year they become known.

(g) Financial instruments

The Mission, as part of its operations, carries a number of financial instruments. The Mission initially measures its financial assets and financial liabilities at fair value. It subsequently measures all its financial assets and financial liabilities at amortized cost. Financial assets subsequently measured at amortized cost include cash and cash equivalent and amounts receivable. Financial liabilities measured at amortized cost include amounts payable.

It is management's opinion that the Mission is not exposed to significant interest, currency, credit, liquidity or other price risks arising from these financial instruments except as otherwise disclosed.

Siloam Mission Inc.
Notes to the Financial Statements
April 30, 2021

3. **CAPITAL ASSET**

	Rate	Cost	Accumulated Amortization	2021 Net Book Value
Land		\$ 871,400	\$ -	\$ 871,400
Construction in progress		1,530,207	-	1,530,207
Buildings	4%	24,959,488	3,405,932	21,553,556
Equipment and furniture	30%	2,151,995	1,279,862	872,133
Vehicles	20%	78,585	29,014	49,571
		\$ 29,591,675	\$ 4,714,808	\$ 24,876,867

	Rate	Cost	Accumulated Amortization	2020 Net Book Value
Land		\$ 871,400	\$ -	\$ 871,400
Construction in progress		13,668,666	-	13,668,666
Buildings	4%	10,833,701	2,802,155	8,031,546
Equipment and furniture	20%	1,675,681	1,121,366	554,315
Vehicles	30%	62,905	56,423	6,482
		\$ 27,112,353	\$ 3,979,944	\$ 23,132,409

Included in construction in progress are building costs of \$1,473,075 related to the construction of the Arlene Wilson Recovery Centre (2020 - \$13,463,012 related to the Make Room shelter expansion) and equipment costs of \$57,132 (2020 - \$205,654 related to the Make Room shelter expansion).

After year-end, the Mission completed phase 1 of the Arlene Wilson Recovery Centre and was put into use. Construction costs related to phase 2 of the Arlene Wilson Recovery Centre continue to be capitalized in construction in progress.

Siloam Mission Inc.
Notes to the Financial Statements
April 30, 2021

4. UNEARNED PROGRAM REVENUE

	2021	2020
Balance - beginning of the year	\$ 65,179	\$ 91,547
Designated program funds on hand and earned	(65,179)	(26,368)
Designated program funds received but unearned	113,214	-
Balance - end of the year	<u>\$ 113,214</u>	<u>\$ 65,179</u>

In addition, designated program funds of \$349,633 (2020 - \$239,470) were received and earned during the year.

5. 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 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") and the Rooming House - Rental Housing Improvement Program ("RHIP").

During the 2020 fiscal year, the Mission entered into loan agreements with The Manitoba Housing and Renewal Corporation ("MHRC") and Canada Mortgage and Housing Corporation ("CMHC") to assist with the financing of the "Make Room" shelter expansion.

	Original loan	Loan proceeds in current year	Forgiven in current year	2021 Unforgiven balance	2020 Unforgiven balance
	\$	\$	\$	\$	\$
Madison Lodge - note 5(a)	1,355,000	-	112,917	555,174	688,090
Madison Lodge - note 5(b)	121,606	-	8,107	70,937	79,044
Make Room - note 5(c)	2,700,000	300,000	83,333	2,916,667	2,700,000
Make Room - note 5(d)	2,200,000	-	110,000	2,090,000	2,200,000
	<u>6,376,606</u>	<u>300,000</u>	<u>314,357</u>	<u>5,632,778</u>	<u>5,667,134</u>

Siloam Mission Inc.
Notes to the Financial Statements
April 30, 2021

5. FORGIVABLE LOANS, continued

- (a) The RRAP loan is forgivable at a monthly rate of \$9,410 over 12 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 land and building with a net book value of \$1,851,832 (2020 – \$1,917,534).
- (b) 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 in note 5(a).
- (c) The MHRC loan is forgivable at a monthly rate of \$16,667 over 15 years, commencing December 1, 2020, provided the Mission continues to provide rent-free shelter beds to shelter occupants. If the Mission is not able to carry out and manage the shelter the unearned forgivable loan, plus interest, will become due and payable. The loan is secured by a second mortgage on land and buildings having a net book value of \$19,977,788 (2020 - \$20,041,094).
- (d) The CMHC loan is forgivable at an annual rate of \$110,000 over 20 years commencing on May 1, 2020. The loan has similar conditions, terms and security as the MHRC loan in note 5(c).

6. 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, however the Mission does attempt to identify, value and record 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.

Contributed used clothing, footwear and household items, due to their inherent challenge in valuation, are not valued or recorded in these financial statements.

7. CONTRIBUTED SERVICES

Integral to their operations, the Mission relies on a large volume of contributed services, mostly in the form of volunteer time. The estimated value of these services has not been recognized in these financial statements.

Siloam Mission Inc.
Notes to the Financial Statements
April 30, 2021

8. 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 \$191,576 (2020 - \$197,830).

9. ALLOCATED EXPENSES

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

	2021	2020
Community and Government Funded Programs		
Executive and Administrative salaries	168,479	101,765
Fundraising salaries and expenses	332,705	305,973
Facilities and Technology salaries	13,030	12,838
Community Education and Awareness		
Executive and Administrative salaries	29,488	16,455
Fundraising salaries and expenses	357,563	329,468
Fundraising		
Executive and Administrative salaries	103,782	86,696
Administration		
Community Funded Program salaries	31,789	30,991
Fundraising salaries and expenses	138,484	161,957
Facilities and Technology		
Executive and Administrative salaries	68,431	54,808

10. COMMITMENTS

As at April 30, 2021, the Mission is committed to spend an estimated \$125,376 to complete phase 1 of the Arlene Wilson Recovery Centre under development over the next year. In addition, on August 26, 2021, the Mission agreed to improve the energy efficiency of the building which includes the Arlene Wilson Recovery Centre.