

SILOAM MISSION INC.
WINNIPEG, MANITOBA
APRIL 30, 2008

Chambers, Fraser & Co.
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, 2008 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, 2008 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
August 29, 2008

SILOAM MISSION INC.

BALANCE SHEET

April 30

	2008	2007
	\$	\$
ASSETS		
CURRENT ASSETS		
Cash and term deposit	338,820	555,936
Accounts receivable	<u>73,764</u>	<u>110,422</u>
	<u>412,584</u>	<u>666,358</u>
FIXED ASSETS - note 3	<u>3,526,229</u>	<u>2,845,940</u>
	<u><u>3,938,813</u></u>	<u><u>3,512,298</u></u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
Bank overdraft - note 4	103,432	46,542
Accounts payable and accrued liabilities	542,461	449,299
Current portion of long-term debt	<u>69,914</u>	<u>130,090</u>
	<u>715,807</u>	<u>625,931</u>
LONG-TERM DEBT - note 5	<u>1,103,755</u>	<u>850,510</u>
DEFERRED CONTRIBUTIONS - Operating - note 6	<u>198,045</u>	<u>388,574</u>
DEFERRED CONTRIBUTIONS - Capital - note 7	<u>1,832,145</u>	<u>1,374,437</u>
NET ASSETS		
Invested in capital assets - note 8	520,415	490,903
Unrestricted	<u>(431,354)</u>	<u>(218,057)</u>
	<u>89,061</u>	<u>272,846</u>
	<u><u>3,938,813</u></u>	<u><u>3,512,298</u></u>

APPROVED BY THE BOARD

A. Weebe Director

E. Rosta Director

SILOAM MISSION INC.

INCOME STATEMENT

	Year Ended April 30	
	2008	2007
	\$	\$
REVENUE		
Private donations	3,072,975	1,732,128
Government funding	58,052	831,700
Foundation funding	377,258	1,048,538
Government fee for service	379,982	
Private fee for service	15,419	29,164
	<u>3,903,686</u>	<u>3,641,530</u>
Transferred to deferred contributions - capital - note 7	(566,805)	(1,298,364)
Transferred to deferred contributions - operating - note 6		(388,574)
Amortization of deferred contributions - capital - note 7	109,097	62,167
Amortization of deferred contributions - operating - note 6	190,529	
Interest income and sundry	15,357	16,289
	<u>3,651,864</u>	<u>2,033,048</u>
EXPENSES		
Activity supplies	135,809	141,266
Amortization of fixed assets	224,303	154,218
Awareness	370,671	184,190
Bank charges and interest	34,751	26,346
Fundraising	362,268	146,991
Insurance	21,560	10,759
Interest on long-term debt	64,639	52,613
Office expenses	75,666	92,370
Professional fees	50,621	25,916
Property taxes	10,820	10,822
Repairs and maintenance	60,667	47,136
Staff and board development	41,041	42,298
Telephone	19,915	14,749
Travel	40,451	35,247
Utilities	73,473	68,428
Vehicle operating and maintenance	22,384	19,490
Volunteerism	363,073	130,461
Wages and benefits	1,863,537	856,841
	<u>3,835,649</u>	<u>2,060,141</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	<u>(183,785)</u>	<u>(27,093)</u>

SILOAM MISSION INC.

STATEMENT OF CHANGES IN NET ASSETS

Net Assets	Year Ended April 30			
	Invested In Capital Assets \$	Unrestricted \$	2008 Total \$	2007 Total \$
Balance - beginning of year	490,903	(218,057)	272,846	299,939
Excess (deficiency) of revenues over expenses - note 8	(115,206)	(68,579)	(183,785)	(27,093)
Investment in capital assets - note 8	144,718	(144,718)		
Balance - end of year	520,415	(431,354)	89,061	272,846

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

	Year Ended April 30	
	2008	2007
	\$	\$
CASH DERIVED FROM (APPLIED TO)		
OPERATIONS		
Excess (deficiency) of revenues over expenses	(183,785)	(27,093)
Items not affecting cash:		
Amortization of fixed assets	224,303	154,218
Amortization of deferred contributions	(299,626)	(62,167)
Receipt of deferred contributions	566,805	1,686,938
Net change in non-cash working capital balances:		
Accounts receivable	36,658	(75,118)
Accounts payable and accrued liabilities	93,162	115,202
	<u>437,517</u>	<u>1,791,980</u>
FINANCING		
Loan proceeds	342,426	273,452
Loan principal repayments	<u>(149,357)</u>	<u>(54,134)</u>
	<u>193,069</u>	<u>219,318</u>
INVESTING		
Acquisition of fixed assets	<u>(904,592)</u>	<u>(1,478,936)</u>
NET INCREASE (DECREASE) IN CASH	(274,006)	532,362
CASH (DEFICIENCY) - beginning of year	<u>509,394</u>	<u>(22,968)</u>
CASH (DEFICIENCY) - end of year	<u><u>235,388</u></u>	<u><u>509,394</u></u>

SILOAM MISSION INC.

NOTES TO THE FINANCIAL STATEMENTS

APRIL 30, 2008

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 using the diminishing balance basis over the expected useful life of the assets.

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, 2008

3. **FIXED ASSETS**

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

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

	Rate	2007		
		Cost	Accumulated Amortization	Balance
		\$	\$	\$
Land		100,000		100,000
Building	4%	2,741,315	166,650	2,574,665
Equipment and furniture	20%	213,522	65,332	148,190
Vehicles	30%	37,365	14,280	23,085
		<u>3,092,202</u>	<u>246,262</u>	<u>2,845,940</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 nil at year end (2007, nil).

The line of credit from the Assiniboine Credit Union (ACU) in the amount of \$103,432 (2007, \$46,542) 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.

SILOAM MISSION INC.

NOTES TO THE FINANCIAL STATEMENTS

APRIL 30, 2008

5. LONG-TERM DEBT

	2008	2007
	\$	\$
Long-term debt is comprised of the following:		
Loan Payable Assiniboine Credit Union (ACU)	Nil	79,000
The loan was repaid during the year.		
Mortgage Payable Western Britches Manitoba Ltd.	20,000	30,000
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)	960,177	666,220
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	193,492	205,380
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	1,173,669	980,600
Less: Current portion	(69,914)	(130,090)
	1,103,755	850,510

SILOAM MISSION INC.

NOTES TO THE FINANCIAL STATEMENTS

APRIL 30, 2008

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>2008</u>	<u>2007</u>
	\$	\$
Balance - beginning of year	388,574	Nil
Sair Foundation donation - clinic operations		425,000
Clinic expenses (net) incurred during the year	<u>(190,529)</u>	<u>(36,426)</u>
	<u>198,045</u>	<u>388,574</u>

7. DEFERRED CONTRIBUTIONS - CAPITAL

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

	<u>2008</u>	<u>2007</u>
	\$	\$
Balance - beginning of year	1,374,437	138,240
Capital funding received	566,805	1,298,364
Capital funding amortized	<u>(109,097)</u>	<u>(62,167)</u>
	<u>1,832,145</u>	<u>1,374,437</u>

8. NET ASSETS INVESTED IN CAPITAL ASSETS

Balance - beginning of year	490,903	621,700
Excess (deficiency) of revenues over expenses		
Amortization of capital assets	(224,303)	(154,218)
Amortization of deferred contributions	<u>109,097</u>	<u>62,167</u>
	(115,206)	(92,051)
Investment in capital assets		
Acquisition of capital assets	904,592	1,478,936
Restricted contributions	(566,805)	(1,298,364)
Increase in mortgage - net	<u>(193,069)</u>	<u>(219,318)</u>
	144,718	(38,746)
	<u>520,415</u>	<u>490,903</u>

SILOAM MISSION INC.

NOTES TO THE FINANCIAL STATEMENTS

APRIL 30, 2008

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 \$155,879. In addition, unreceipted contributed goods in the current year that have not been recognized in these financial statements have been estimated at \$563,100 (unaudited).

Management has calculated volunteer time in the current year at 46,391 hours (unaudited). Because of the difficulty in determining the fair value of these services, they have not been recognized in these financial statements.

11. COMPARATIVE FIGURES

Certain comparative figures have been restated to conform with current year presentation.