Combined Financial Statements of

# THE MUSTARD SEED

Year ended March 31, 2018

KPMG LLP
205 5th Avenue SW
Suite 3100
Calgary AB
T2P 4B9
Telephone (403) 691-8000
Fax (403) 691-8008
www.kpmg.ca

# INDEPENDENT AUDITORS' REPORT

To the Boards of Directors of The Mustard Seed Society and The Mustard Seed Foundation (together herein referred to as "The Mustard Seed")

We have audited the accompanying combined financial statements of The Mustard Seed, which comprise the combined statement of financial position as at March 31, 2018, the combined statements of operations, changes in net assets and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

**Management's Responsibility for the Combined Financial Statements**

Management is responsible for the preparation and fair presentation of these combined 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 combined financial statements that are free from material misstatement, whether due to fraud or error.

**Auditors' Responsibility**

Our responsibility is to express an opinion on these combined 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 combined financial statements are free from material misstatement.

KPMG

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the combined financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the combined 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 combined financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

**Basis for Qualified Opinion**

In common with many not-for-profit organizations, the The Mustard Seed Society and The Mustard Seed Foundation derive revenue from donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of The Mustard Seed Society and The Mustard Seed Foundation. Therefore, we were not able to determine whether, as at and for the years ended March 31, 2018 and March 31, 2017, any adjustments might be necessary to donation revenues and deficiency of revenues over expenses reported in the statements of operations, excess (deficiency) of revenues over expenses reported in the statements of changes in net assets and cash flows and current assets and unrestricted net assets reported in the statements of financial position. This caused us to qualify our audit opinion on the combined financial statements as at and for the year ended March 31, 2017.

**Qualified Opinion**

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the combined financial statements present fairly, in all material respects, the combined financial position of The Mustard Seed as at March 31, 2018, and its combined results of operations and its combined cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

KPMG LLP

Chartered Professional Accountants

July 5, 2018
Calgary, Canada

# THE MUSTARD SEED

Combined Statement of Financial Position

March 31, 2018, with comparative information for 2017

| | 2018 | 2017 |
|---|---|---|
| **Assets** | | |
| Current assets: | | |
| Cash and cash equivalents | $ 5,382,062 | $ 5,323,563 |
| Accounts receivable (note 4) | 747,688 | 159,043 |
| Prepaid expenses | 77,944 | 186,933 |
| | 6,207,694 | 5,669,539 |
| Non-current assets: | | |
| Restricted cash (note 5) | 209,023 | 199,023 |
| Capital assets (note 6) | 60,003,233 | 60,377,126 |
| | 60,212,256 | 60,576,149 |
| | $ 66,419,950 | $ 66,245,688 |
| **Liabilities and Net Assets** | | |
| Current liabilities: | | |
| Accounts payable and accrued liabilities | $ 2,345,391 | $ 1,704,036 |
| Deferred contributions (note 7) | 238,276 | 144,184 |
| Loans and borrowings (note 8) | 369,254 | 337,317 |
| | 2,952,921 | 2,185,537 |
| Non-current liabilities: | | |
| Loans and borrowings (note 8) | 5,352,119 | 4,275,248 |
| Deferred capital contributions (note 9) | 43,033,171 | 45,104,721 |
| Replacement reserve (note 5) | 209,023 | 199,023 |
| | 48,594,313 | 49,578,992 |
| Net assets: | | |
| Internally restricted (note 10) | 1,266,424 | 1,266,424 |
| Invested in capital assets (note 11) | 14,876,269 | 14,483,560 |
| Unrestricted | (1,269,977) | (1,268,825) |
| | 14,872,716 | 14,481,159 |
| Commitments and contingencies (note 12) | | |
| Subsequent event (note 16) | | |
| | $ 66,419,950 | $ 66,245,688 |

See accompanying notes to combined financial statements

Approved on behalf of the boards of directors:

Ken Schulan

(The Mustard Seed Society) (The Mustard Seed Foundation)

# THE MUSTARD SEED

Combined Statement of Operations

Year ended March 31, 2018, with comparative information for 2017

| | 2018 | 2017 |
|---|---|---|
| Revenues: | | |
| Donations | $ 15,011,750 | $ 13,475,111 |
| Government funding | 8,524,095 | 8,976,065 |
| Rental | 2,461,755 | 2,358,015 |
| Investment and other income | 654,445 | 80,461 |
| | 26,652,045 | 24,889,652 |
| Expenses: | | |
| Programs: | | |
| Donation funded | 13,415,735 | 12,264,756 |
| Government supported | 7,087,529 | 7,460,879 |
| | 20,503,264 | 19,725,635 |
| Other: | | |
| Resource development, marketing and public education | 3,679,574 | 3,606,209 |
| Administration | 338,823 | 262,855 |
| Rental properties | 1,522,356 | 1,858,953 |
| | 5,540,753 | 5,728,017 |
| | 26,044,017 | 25,453,652 |
| Excess (deficiency) of revenues over expenses before business and impairment loss | 608,028 | (564,000) |
| Business net loss (note 6) | (216,471) | (162,763) |
| Excess (deficiency) of revenue over expenses | $ 391,557 | $ (726,763) |

See accompanying notes to combined financial statements

# THE MUSTARD SEED

Combined Statement of Changes in Net Assets

Year ended March 31, 2018, with comparative information for 2017

| 2018 | Unrestricted | Internally restricted | Invested in capital assets | Total |
|---|---|---|---|---|
| Balance, beginning of year | $(1,268,825) | $ 1,266,424 | $14,483,560 | $14,481,159 |
| Excess (deficiency) of revenue over expenses | 964,678 | - | (573,121) | 391,557 |
| Net investment in capital assets | (965,830) | - | 965,830 | - |
| Balance, end of year | $(1,269,977) | $ 1,266,424 | $ 14,876,269 | $14,872,716 |

| 2017 | Unrestricted | Internally restricted | Invested in capital assets | Total |
|---|---|---|---|---|
| Balance, beginning of year | $(1,266,427) | $ 1,266,424 | $14,822,425 | $14,822,422 |
| Deficiency of revenue over expenses | (222,398) | - | (504,365) | (726,763) |
| Net investment in capital assets | 220,000 | - | (220,000) | - |
| Contribution of land (note 11) | - | - | 385,500 | 385,500 |
| Balance, end of year | $(1,268,825) | $ 1,266,424 | $14,483,560 | $14,481,159 |

See accompanying notes to combined financial statements

# THE MUSTARD SEED

Combined Statement of Cash Flows

Year ended March 31, 2018, with comparative information for 2017

| | 2018 | 2017 |
|---|---|---|
| Cash provided by (used in): | | |
| Operating activities: | | |
| Deficiency of revenues over expenses | $ 391,557 | $ (726,763) |
| Items not affecting cash flows: | | |
| Depreciation | 2,743,921 | 2,653,503 |
| Deferred capital contribution | (2,170,800) | (2,149,139) |
| | 964,678 | (222,399) |
| Net change in non-cash working capital balances: | | |
| Accounts receivable | (588,645) | 131,246 |
| Prepaid expenses | 108,989 | (45,441) |
| Accounts payable and accrued liabilities | 641,355 | 270,113 |
| Deferred contributions | 94,092 | 88,300 |
| | 1,220,469 | 221,819 |
| Financing activities: | | |
| Repayment of loans | (353,192) | (326,688) |
| Proceeds from long term debt | 1,462,000 | – |
| Capital contribution received | 61,205 | 400,000 |
| | 1,170,013 | 73,312 |
| Investing activities: | | |
| Purchase of capital assets | (2,331,983) | (614,267) |
| Increase (decrease) in cash and cash equivalents | 58,499 | (319,136) |
| Cash and cash equivalents, beginning of year | 5,323,563 | 5,642,699 |
| Cash and cash equivalents, end of year | $ 5,382,062 | $ 5,323,563 |

See accompanying notes to combined financial statements

## 1. Nature of organization and basis for presentation:

These financial statements comprise the combined operations of The Mustard Seed Society (the "Society") and The Mustard Seed Foundation (the "Foundation") (together herein referred to as "TMS"). The Foundation includes SeedWorks Inc. ("SeedWorks"), a for-profit corporation wholly-owned and consolidated by the Foundation. With the exception of SeedWorks, TMS is a Christian non-profit organization that has been caring for the needs of those experiencing poverty and homelessness since 1984. Through its ministry centers across Alberta, TMS delivers basic services, housing and employment programs to those in need and partners with the community to address the root causes of poverty.

Services provided by TMS include:

(a) Basic Services:
- Meals and food hampers;
- Clothing and personal hygiene items;
- 370 emergency shelter beds;
- Spiritual support, Bible studies and worship services; and
- Health and wellness programs – dental, chiropractic, and medical.

(b) Employment:
- Job search assistance;
- Job preparation assistance – résumé help, interview preparation;
- One-on-one job coaching and mentoring; and
- Referrals for skills training and education.

(c) Housing:
- Permanent, supportive housing;
- Housing advocacy;
- Support through resident assistants and caseworkers; and
- Community building, recreation and leisure opportunities, and social activities.

TMS accomplishes its mission through:
- Mobilizing volunteers from the church and community to care for the needs of those experiencing homelessness and poverty;
- Educating the community on the issues of poverty and homelessness through speaking presentations, information booths, tours, inner-city missions opportunities for students, etc.;
- Fundraising activities that involve individual, corporate, government and other supporters; and
- Receiving and distributing gifts-in-kind of food, clothing, personal hygiene items, gift certificates and other needed items.

## 1. Nature of organization (continued):

TMS strives to support change in the lives of those in need, together with the celebrated efforts of volunteers, donors and the community.

The Society and the Foundation are incorporated under the provisions of the *Societies' Act* of the Province of Alberta. The Society and the Foundation are also registered as charitable organizations authorized to issue donation receipts for income tax purposes under paragraph 149(1) of the *Income Tax Act,* and are exempt from Federal and Alberta income taxes, provided certain requirements of the *Income Tax Act* are met.

## 2. Basis of presentation:

These combined financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO").

## 3. Significant accounting policies:

The following is a summary of significant accounting policies followed in preparation of the combined financial statements:

(a) Basis of combination:

The TMS combined financial statements include the combined operations of the Society, the Foundation and SeedWorks. The Society and the Foundation are independent entities that exist for a common economic and community purpose. Inter-entity balances and transactions are eliminated in preparing the combined financial statements.

(b) Use of estimates and judgment:

The preparation of combined financial statements in accordance with ASNPO requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the recorded amounts of assets and liabilities and disclosure of contingent assets and liabilities and the reported amounts of revenue and expenditures. Actual results may differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

In preparing these combined financial statements, the significant judgments made by management in applying TMS's accounting policies and the key sources of estimation were the depreciation rates and useful lives of capital assets, impairment of long-lived assets, and allocation of expenditures.

## 3. Significant accounting policies (continued):

(c) Revenue recognition:

TMS follows the deferral method of accounting for contributions. Revenue containing conditions as to its use (restricted contributions) is deferred until the conditions are fulfilled. Contributions, including government funding not containing restrictions as to their use, are recognized upon receipt or when receivable if the amount can be reasonably estimated and collection is assured. Rental revenue is recognized in the period during which occupancy took place.

Investment income, which includes interest, dividends, realized and unrealized gains and losses on sale of investments, are recognized on an accrual basis.

Donations and government funding restricted for the acquisition of capital assets are recognized as revenue in amounts that match the amortization expense of the related capital assets purchased with the donations and government funding.

(d) Cash and cash equivalents:

Cash and cash equivalents include deposits in banks, certificates of deposit and other short-term investments with original maturities of less than 90 days at year end.

(e) Capital assets:

Capital assets are measured at cost less accumulated amortization. Land is carried at cost and not amortized. Cost includes expenditures that are directly attributable to the acquisition of the asset.

Amortization is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

| Asset Category | Term |
|---|---|
| Land lease | 25 years |
| Buildings | 25 years |
| Furniture and equipment | 5 years |
| Vehicles | 3 1/3 years |
| Leasehold improvements | Lease term |

(f) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Freestanding derivative instruments that are not in a qualifying hedging relationship and equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. TMS has not elected to carry any such financial instruments at fair value.

**3. Significant accounting policies (continued):**

(f) Financial instruments (continued):

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, TMS determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount TMS expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

(g) Impairment of long lived assets:

Long-lived assets are tested for recoverability whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. An impairment loss is recognized when their carrying amount exceeds the total undiscounted cash flows expected from their use and eventual disposition. The amount of the impairment loss is determined as the excess of the carrying value of the asset over the asset's fair value.

(h) Volunteer services:

The efforts of volunteer workers are not reflected in the accompanying financial statements, inasmuch 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 TMS.

## 4. Accounts receivable:

Accounts receivable comprises the following:

| | 2018 | 2017 |
|---|---|---|
| GST recoverable | $ 156,289 | $ 117,037 |
| Government funding receivable | 61,174 | 21,471 |
| Trade accounts receivable and other | 530,225 | 20,535 |
| | $ 747,688 | $ 159,043 |

## 5. Restricted cash and replacement reserve:

Pursuant to operating agreements with the Government of Alberta - Municipal Affairs Housing Division, TMS is required to set aside funds annually as a replacement reserve. Use of the funds, including accumulated interest, is subject to approval by the Government of Alberta - Municipal Affairs Housing Division.

## 6. Capital assets:

The net carrying amount of capital assets is as follows:

| | Cost | Accumulated amortization | 2018 Net book value | 2017 Net book value |
|---|---|---|---|---|
| Land and land lease | $ 9,575,224 | $ 86,569 | $ 9,488,655 | $ 8,754,155 |
| Buildings | 16,722,994 | 6,405,549 | 10,317,445 | 9,318,573 |
| Furniture and equipment | 1,846,760 | 1,420,481 | 426,279 | 660,766 |
| Vehicles | 312,193 | 249,792 | 62,401 | – |
| Tower – Prepayments | 48,379,442 | 8,670,989 | 39,708,453 | 41,643,632 |
| | $76,836,613 | $16,833,380 | $60,003,233 | $60,377,126 |

### 6. Capital assets (continued):

Included in capital assets at March 31, 2018 is the Mountain Aire Lodge facility ("MAL") in Sundre, Alberta. The net carrying value of MAL at March 31, 2018 is $750,000 (2017 – $750,000). The property is located on third-party owned land and was damaged in the 2013 flood. During the current fiscal year, TMS has been actively trying to sell the property and no impairment loss was identified by management. MAL continued to use the assets during the current fiscal year and earned revenues of $72,922 (2017 – $82,100) and incurred expenses of $289,393 (2017 – $244,863).

### 7. Deferred contributions:

Deferred contributions relate to externally restricted operating funding received in the current year for subsequent years' expenses. These contributions must be used for specific purposes designated by the funders.

### 8. Loans and borrowings:

Loans and borrowings comprise the following:

| | Notes | 2018 | 2017 |
|---|---|---|---|
| Bank non-revolving credit facility: | (a) | $ 4,291,608 | $ 4,612,565 |
| Less current portion | (a) | 321,211 | 337,317 |
| Non-current portion | | 3,970,397 | 4,275,248 |
| Real estate financing credit facility: | (b) | 962,575 | – |
| Less current portion | (b) | 36,497 | – |
| Non-current portion | | 926,078 | – |
| Term loan: | (c) | 467,190 | – |
| Less current portion | (c) | 11,546 | – |
| Non-current portion | | $ 455,644 | $ – |

(a) Bank non-revolving credit facility:

The non-revolving credit facility is repayable in monthly instalments of $40,000 (2017 – $40,000) including interest at the bank's prime borrowing rate plus 0.50%. The loan facility is secured by buildings with a net book value of $39.7 million (2017 – $41.6 million). The principal amount due in the next year is $321,211 (2017 – $337,317) which is included in the current portion of long-term loans and borrowings.

**8. Loans and borrowings (continued):**

(b) Real estate financing credit facility:

The credit facility is repayable in monthly instalments of $5,560 including interest at a fixed rate of 3.14%. The loan facility is secured by a registered first-ranking mortgage in the amount of $990,000 on the financed property. The principal amount due in the next year is $36,497 which is included in the current portion of long-term loans and borrowings.

(c) Term loan:

The term loan is repayable in monthly instalments of $2,500 including interest at a fixed rate of 3.95%. The loan facility is secured by a collateral land mortgage in the amount of $472,000 on the financed property. The principal amount due in the next year is $11,546 which is included in the current portion of long-term loans and borrowings.

(d) Available borrowing:

At March 31, 2018, TMS had $1 million (2017 – $1 million) available on a revolving demand loan facility for general operating purposes. The facility bears interest at the bank's prime rate plus 0.35%. At March 31, 2018, TMS had not drawn on this facility (2017 – $nil).

(e) Scheduled repayments:

Annual scheduled repayment of loans and borrowings, are as follows:

| | Amount |
|---|---|
| 2019 | $ 369,254 |
| 2020 | 389,183 |
| 2021 | 403,766 |
| 2022 | 827,031 |
| 2023 | 412,160 |
| Thereafter | 3,319,979 |
| | $ 5,721,373 |

(d) Bank covenants:

On the non-revolving credit facility and real estate financing credit facility, TMS is required to comply with certain financial covenants. TMS was in compliance with these covenants at March 31, 2018.

## 9. Deferred capital contributions:

Deferred capital contributions represent restricted funds received and designated to be used for capital purposes. Changes during the year comprise the following:

| | 2018 | 2017 |
|---|---|---|
| Balance, beginning of year | $ 45,104,721 | $ 45,954,360 |
| Contributions received | 61,205 | 400,000 |
| Contributed assets (note 11) | 38,045 | 899,500 |
| Contributions recognized as revenue | (2,170,800) | (2,149,139) |
| | $ 43,033,171 | $ 45,104,721 |

Deferred capital contributions recognized as revenue are included in donations and government funding revenue on the statement of operations.

## 10. Internally restricted net assets:

The TMS Boards review net assets annually and may increase or decrease the amount designated as internally restricted net assets. These funds are to be set aside as an operating contingency fund that can be drawn upon should funding be insufficient to meet expenditures.

## 11. Investment in capital assets:

Net assets invested in capital assets comprises the following:

| | 2018 | 2017 |
|---|---|---|
| Capital assets | $ 60,003,233 | $ 60,377,126 |
| Amounts financed by: | | |
| Net working capital, including cash | 3,627,580 | 3,823,720 |
| Loans and borrowing | (5,721,373) | (4,612,565) |
| Deferred capital contributions | (43,033,171) | (45,104,721) |
| | $ 14,876,269 | $ 14,483,560 |

## 11. Investment in capital assets (continued):

Change in net assets invested in capital assets for the year comprises:

| | 2018 | 2017 |
|---|---|---|
| Excess of revenue over expenses: | | |
| Amortization of deferred capital contributions | $ 2,170,800 | $ 2,149,139 |
| Amortization of capital assets | (2,743,921) | (2,653,504) |
| | $ (573,121) | $ (504,365) |

| | 2018 | 2017 |
|---|---|---|
| Net change in investment in capital assets: | | |
| Capital expenditures | $ 2,331,983 | $ 614,267 |
| Contributed land | – | 385,500 |
| Amounts financed by: | | |
| Deferred capital contributions | (61,205) | (400,000) |
| Advances of loans and borrowings | (1,462,000) | – |
| Repayment of loans and borrowings | 353,192 | 326,689 |
| Net change in amortization | (573,121) | (504,365) |
| Net change in working capital, including cash | (196,140) | (760,956) |
| | $ 392,709 | $ (338,865) |

## 12. Commitments and contingencies:

(a) Operating leases:

TMS leases buildings, vehicles and equipment under operating leases over terms that typically run for a period of 2 to 5 years, with options to renew the leases prior to the end of the terms.

Non-cancellable annual operating lease commitments are payable as follows:

| | Amount |
|---|---|
| 2019 | $ 115,944 |
| 2020 | 35,454 |
| 2021 | 22,990 |
| 2022 | 5,815 |
| 2023 | 1,492 |

**12. Commitments and contingencies (continued):**

(b) Contingencies:

TMS is engaged in certain claims and legal actions in the ordinary course of operations. Management believes that the ultimate outcome of these actions will not have a material adverse effect on the results of operations or financial position of TMS.

**13. Contributed goods and services:**

TMS receives contributions of goods and services. Contributions of goods that have an independently determinable fair value, and would have otherwise been purchased, are recorded as revenue. Consumption or use of these goods is reflected as program expenses.

Amounts recognized in the statement of operations for the year are as follows:

| | 2018 | 2017 |
|---|---|---|
| Donation revenue | $ 105,078 | $ 321,182 |
| Program expense | 105,078 | 321,182 |

**14. Financial risks and concentration of credit risk:**

(a) Currency risk:

Currency risk is the risk associated with transacting in and holding balances that are denominated in foreign currencies. On occasion, TMS receives donations denominated in foreign currencies. These are converted to Canadian currency as soon as practicable. Aside from these transactions, TMS is not exposed to currency risk. There has been no change to currency risk exposure during the year.

(b) Liquidity risk:

Liquidity risk is the risk that TMS will be unable to fulfill its obligations on a timely basis or at a reasonable cost. TMS manages its liquidity risk by monitoring its operating cash flow requirements, and by preparing budgets and cash flow forecasts to ensure it has sufficient funds to meet its obligations. There has been no change to liquidity risk exposure during the year.

(c) Credit risk:

Credit risk is the risk that a counter-party will default on its contractual obligations resulting in a financial loss. TMS is exposed to credit risk on its accounts receivable and cash. Management assesses on a continuous basis its accounts receivable and makes a provision for any amounts that are not collectible through an allowance for doubtful accounts. There has been no change to credit risk exposure during the year. Cash is deposited at reputable commercial banks.

## 14. Financial risks and concentration of credit risk (continued):

(d) Interest rate risk:

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates. TMS is exposed to interest rate risk on interest-bearing cash deposits and loans and borrowings, including certain loans and borrowings that bear interest at rates that fluctuate with market interest rates (note 8). There has been no change to interest rate risk exposure during the year, other than that related to the additional financing in place to support the construction of a new building.

## 15. Financial information return for purposes of the charitable fund-raising act:

In accordance with Section 7(2) of the *Charitable Fund-raising Act* the following amounts are disclosed in addition to those disclosures reflected elsewhere in these financial statements which together comprise the Financial Information Return of TMS:

| | 2018 | 2017 |
|---|---|---|
| Gross contributions received, exclusive of government contributions | $ 14,973,705 | $ 13,475,111 |
| Total direct expenses incurred for soliciting contributions | 2,757,429 | 2,622,332 |
| Remuneration to employees whose principle duties involved fundraising | 831,705 | 797,884 |