



**APPLICATION FORM FOR PERMISSIVE  
EXEMPTION FROM PROPERTY  
TAXATION FOR 2021-2023**

(Section 224 of the Community Charter)

**1. IDENTIFICATION OF APPLICANT:**

Organization name: The Mustard Seed Street Church

Are you registered under the *Societies Act*? Yes ☒ No ☐

Are you a registered charity? Yes ☒ No ☐

Mailing Address: 625 Queens Ave. Victoria BC. V8T 1L9

Contact Person: Clint Rose Email Address: clint@mustardseed.ca

Telephone Number: 250-220-9306 Fax Number: 250-385-0430

Preferred method of application reminder: Email ☒ Mail ☒

**2. PROPERTY (complete a separate form for each property)**

Folio Number: 3930.001 Address: B - 808 Viewfield Rd.

Legal Description: Lot A, Section 11, Esquimalt Dist., Plan VIP60198

Registered Owner (if different than above): Spinnakers Brew Pub Inc. (Beneficial Owner, The Mustard Seed Street Church)

**3. ABOUT YOUR ORGANIZATION:** Please include (i) a brief description of the goals, objectives and mandate of the organization, (ii) your administrative, volunteer and Board structures and (iii) your days and hours of operation. Please attach additional documentation if necessary.

Established in 1975, The Mustard Seed has progressively grown into one of Greater Victoria's most respected, recognized, and effective non-profit charities. With humble beginnings as a small prayer ministry, the Mustard Seed has since evolved into a multi-faceted organization, providing an array of holistic services to the diverse community of Victoria's inner city. Our mission, one that permeates the breadth of the programs we provide, is to build and foster community-centred relationships by providing essential and transformative services to those in need. Through this, we envision a compassionate community where cycles of poverty and dependence have been broken and lives are restored.

Services provided by the Mustard Seed impact up to 50,000 individuals each month, with volunteers providing a majority of our work hours. Through our programs, we strive to fight against hunger and marginalization, restoring hope and purpose to thousands of individuals struggling in the Victoria Region

Our programming includes:

- The food bank, the largest on Vancouver Island, which serves 6000+ individuals a month.
- Our Hospitality Centre, which serves our street community through hot lunches and family-style dinners, consequently offering a place to form relationships and provide advocacy. This program alone serves an additional 2500 individuals.
- Our Family Centre, which focuses on education and support for families and at risk youth.
- The Food Rescue Distribution Warehouse, located in Esquimalt, which rescues food from local grocery stores and re-distributes it to 65+ local agencies, positively impacting over 40,000 individuals per month.

The Mustard Street Church's organizational structure includes: a board, staff, and volunteers. Our board of directors is comprised of 7 members who act as a governing body overseeing the leadership and vision of the organization. Our staff is currently guided and by the Senior Leadership team, comprised of our Director of Development and Director of Administration. Volunteers are organized by our Volunteer Coordinator and led by their respective staff team leads.

Our current hours of operation are Monday to Friday, 8am to 4pm.

4. **PRINCIPAL USE OF THIS PROPERTY:** Please provide a brief description of the principal use of the property and how this use benefits the community.

The principal use of this property - The Food Rescue Distribution Centre - is to host the operations of the Food Rescue Project, a collaborative initiative facilitated in partnership with the Victoria Foundation, the Food Share Network, and the LifeCycles Project. Through this project we are currently able to rescue approximately 9,000 lbs of perishable food per day (from 15+ local grocery stores), diverting it from the waste stream and redirecting it to food insecure households across Greater Victoria. In partnership with 65+ community agencies of the Food Share Network, this rescued food positively impacts over 40,000 individuals every month. The FRDC also hosts a commercial grade kitchen where meals are prepared from rescued food and distributed to the community through daily lunches at our Queens Avenue location. This kitchen space is also available for community groups to lease (currently on hold due to COVID), which helps to support small businesses, foster community partnerships, and stimulate the local food economy.

5. **PUBLIC ACCESS:** Please describe how your organization's services are available to the public. Is access to your organization's services limited in any way?

The services of the Food Rescue Distribution Centre are available to the public primarily through our partnership with the Food Share Network. Via the FSN, individuals and families can receive rescued food by being a member of one of our 65 + partner agencies. The public is also welcome to volunteer at the FRDC or receive a tour of the operation facilities (both of which are currently on hold due to COVID-19).

6. **USAGE STATISTICS:** What percentage of your total client/member base are Esquimalt residents?

17% of Church Congregation Members and 25% of our current staff are Esquimalt Residents. 19.84% of clients that come to the food bank are residents of Esquimalt (based on most recent numbers before COVID-19). In the past year we have delivered at least 17,600 lbs of rescued food directly to Esquimalt Neighbourhood House, Esquimalt First Nation, Esquimalt High School and Rainbow Kitchen.

7. **COMMERCIAL ACTIVITY:** Please provide a brief description of any commercial activities that your organization conducts on this property.

The Food Rescue Distribution Centre also serves as our hub for our Mustard Seed Coffee, a social-enterprise - run in partnership with Oughtred Coffee (as supplier) - from which all proceeds go to support food rescue operations.



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8. **FUNDING:** Please provide details about any fees that are charged for your services. Please outline the attempts made to secure funding from other sources and provide details about funding that has been secured, including from other municipalities or levels of government?

Funding for the Food Rescue Project year 2020-21 is provided/secured from:

BC Community Gaming Grant - \$125,000  
Provincial Employees Community Services Fund - \$25,000  
Victoria Foundation Rapid Relief Fund - \$78,000  
Food Banks Canada Capacity Boost Grant - \$45,000  
Agriculture Canada Local Food Infrastructure Fund - \$25,000  
Community Food Centres of Canada - \$20,000

9. **LEASED SPACE:** Please attach any and all lease agreements for any portion of the identified property that your organization rents or leases to another organization or individual.
10. **PUBLIC ACKNOWLEDGEMENT:** All recipients of Township of Esquimalt permissive tax exemptions are required to publicly acknowledge the exemption. How does your organization plan on publicly acknowledging the exemption?

We would put the Esquimalt logo on our website sponsor page as well as thank Esquimalt through our social media.

11. **FINANCIAL STATEMENTS:** Attach your most recent financial statements.

12. **DECLARATION:**

I am an authorized signing officer of the organization and I certify that the information given in this application is correct. Should a permissive tax exemption be granted on the above listed property, I agree to the following terms:

- If the property is sold prior to the exemption expiration or if the conditions of the exemption are breached, the organization will remit to the Township an amount equal to the taxes that would have otherwise been payable by a non-exempt owner.
- The property use will be in compliance with all applicable municipal policies and bylaws.
- The organization will publicly acknowledge the permissive tax exemption granted by the Township.

Clint Rose

Digitally signed by Clint Rose  
Date: 2020.08.27 13:56:08  
-07'00'

Signature

Director of Administration

Position

Clint Rose

Name (please print)

August 27, 2020

Date

**THE MUSTARD SEED STREET CHURCH**  
(A non-profit Society)

**FINANCIAL STATEMENTS**

**MARCH 31, 2019**

# PARKES COMPANY

CHARTERED PROFESSIONAL ACCOUNTANTS

## INDEPENDENT AUDITORS' REPORT

To the Members of  
The Mustard Seed Street Church

We have audited the accompanying financial statements of The Mustard Seed Street Church, which comprise the statement of financial position as at March 31, 2019 and the 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 Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for non-profit organizations 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.

### Auditors' 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 auditors' 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 qualified audit opinion.

### Basis for Qualified Opinion

In common with many charitable organizations, the Society derives revenues from unsolicited donations and fund raising 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 Society and we were not able to determine whether any adjustments might be necessary to revenues, excess of revenues over expenses and net assets.

### Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of The Mustard Seed Street Church as at March 31, 2019 and results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

### Report on Other Legal and Regulatory Requirements

As required by the Society Act of British Columbia, we report that, in our opinion these principles have been applied on a basis consistent with that of the preceding year.

Victoria, BC, Canada  
June 20, 2019



Chartered Professional Accountants

THE MUSTARD SEED STREET CHURCH

STATEMENT OF FINANCIAL POSITION

MARCH 31, 2019

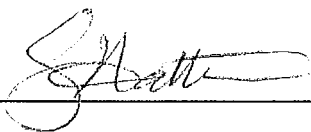
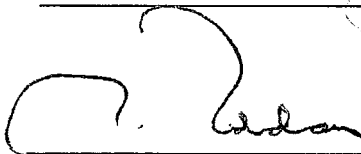
ASSETS

	<u>2019</u>	<u>2018</u>
Current assets:		
Cash	\$ 598,233	\$ 848,027
Short-term investments	50	224
Gift certificates	159,073	77,867
Accounts receivable	42,097	42,227
Inventory (note 6)	8,962	18,479
Prepaid expenses	12,336	43,090
Total current assets	820,751	1,029,914
Artwork, at cost	6,000	6,000
Tangible capital assets (note 5)	3,804,094	2,691,808
	<u>\$ 4,630,845</u>	<u>\$ 3,727,722</u>

LIABILITIES AND NET ASSETS

Current liabilities:		
Accounts payable (note 7)	\$ 137,942	\$ 225,384
Deferred revenue (note 14)	248,525	281,605
Total current liabilities	386,467	506,989
Net assets:		
Invested in tangible capital assets	3,804,094	2,691,808
Unrestricted	440,284	528,925
Total net assets	4,244,378	3,220,733
	<u>\$ 4,630,845</u>	<u>\$ 3,727,722</u>

Approved by the Council:

(See accompanying notes)

**THE MUSTARD SEED STREET CHURCH**  
**STATEMENT OF CHANGES IN NET ASSETS**  
**YEAR ENDED MARCH 31, 2019**

	<u>2019</u>			<u>2018</u>
	<u>Invested in Tangible Capital Assets</u>	<u>Unrestricted</u>	<u>Total</u>	<u>Total</u>
Balance, beginning of year	\$ 2,691,808	\$ 528,925	\$ 3,220,733	\$ 3,318,231
Excess (deficiency) of revenues over expenses	867,037	156,608	1,023,645	(97,498)
Invested in tangible capital assets - net	<u>245,249</u>	<u>(245,249)</u>		
Balance, end of year	<u>\$ 3,804,094</u>	<u>\$ 440,284</u>	<u>\$ 4,244,378</u>	<u>\$ 3,220,733</u>

(See accompanying notes)

**THE MUSTARD SEED STREET CHURCH**

**STATEMENT OF OPERATIONS**

**YEAR ENDED MARCH 31, 2019**

	<u>2019</u>	<u>2018</u>
<b>Revenues:</b>		
Donations	\$ 2,178,777	\$ 2,158,600
HeroWork (note 15)	830,760	
Grants	690,739	371,201
Hope Farm (schedule 1)	207,762	194,252
Bequests	80,293	140,480
Miscellaneous	27,469	18,687
Investments	<u>279</u>	<u>134</u>
	<u>4,016,079</u>	<u>2,883,354</u>
<b>Expenses:</b>		
Victoria personnel (note 12)	1,360,961	1,459,434
Property and vehicle	521,766	398,184
Hope Farm projects (schedule 1)	442,724	469,859
Food and supplies	267,249	212,812
Finance	95,612	78,982
Amortization	91,719	77,970
Social and church outreach	67,036	105,903
Professional services	60,537	54,457
Missions	38,838	56,564
Conventions and membership	30,319	33,224
Public relations	6,520	23,995
Denominational	5,000	5,000
Worship and church	<u>4,153</u>	<u>4,468</u>
	<u>2,992,434</u>	<u>2,980,852</u>
<b>Excess (deficiency) of revenues over expenses</b>	<b>\$ <u>1,023,645</u></b>	<b>\$ <u>(97,498)</u></b>

(See accompanying notes)



**THE MUSTARD SEED STREET CHURCH**

**STATEMENT OF CASH FLOWS**

**YEAR ENDED MARCH 31, 2019**

	<u>2019</u>	<u>2018</u>
Operating activities:		
Excess (deficiency) of revenues over expenses	\$ 1,023,645	\$ (97,498)
Charges (credits) not resulting in an outlay (receipt) of cash:-		
Loss (gain) on disposal of equipment	(2,445)	4,839
Amortization	<u>151,209</u>	<u>136,196</u>
	1,172,409	43,537
Net changes in operating current assets and liabilities (note 13)	<u>(161,327)</u>	<u>168,458</u>
Cash provided by operating activities	<u>1,011,082</u>	<u>211,995</u>
Investing activities:		
Purchase of tangible capital assets	(1,265,210)	(43,100)
Proceeds from sale of tangible capital assets	4,160	585
Net reduction (increase) in short-term investments	<u>174</u>	<u>(174)</u>
Cash provided by (used for) investing activities	<u>(1,260,876)</u>	<u>(42,689)</u>
Increase(decrease) in cash	(249,794)	169,306
Cash, beginning of year	<u>848,027</u>	<u>678,721</u>
Cash, end of year	\$ <u>598,233</u>	\$ <u>848,027</u>

(See accompanying notes)

**THE MUSTARD SEED STREET CHURCH**  
**HOPE FARM HEALING MINISTRY**  
**SCHEDULE OF REVENUES AND EXPENSES**  
**YEAR ENDED MARCH 31, 2019**

	<u>2019</u>	<u>2018</u>
Revenues:		
Farm	\$ 54,060	\$ 55,786
Grants	59,364	12,016
Boarding	57,559	70,294
Donations	<u>36,779</u>	<u>56,156</u>
	<u>207,762</u>	<u>194,252</u>
Expenses:		
Personnel (Note 12)	247,394	239,191
Resident and program costs	60,659	75,030
Amortization	59,490	58,226
Property and vehicles	39,950	51,920
Farming operations	33,628	30,883
Office	1,603	2,099
Professional services	<u>          </u>	<u>12,510</u>
	<u>442,724</u>	<u>469,859</u>
Excess (deficiency) of revenues over expenses	\$ <u>(234,962)</u>	\$ <u>(275,607)</u>

(See accompanying notes)

**THE MUSTARD SEED STREET CHURCH**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MARCH 31, 2019**

The Society was incorporated under the Society Act of British Columbia on June 30, 1980.

**1. Accounting policies**

The financial statements have, in management's opinion, been properly prepared using careful judgment within reasonable limits of materiality and within the framework of the significant accounting policies summarized below:

**Basis of accounting**

These financial statements have been prepared in accordance with Canadian accounting standards for Not-For-Profit Organizations.

**Tangible capital assets**

Tangible capital assets are recorded at cost. Contributed tangible capital assets are recorded at their fair value at the date of contribution. Amortization is calculated using the straight-line method at the following rates:

Building	-	2.5%
Computer and software	-	20%
Furniture and equipment	-	10%
Vehicles	-	15%
Leasehold improvements	-	2.5% (previously 16.7%)

The amortization rate for leasehold improvements has been adjusted in 2019 to 2.5% from 16.7% in order to more accurately reflect the life of the assets. The property to which these improvements relate is expected to be purchased by the Society subsequent to year end.

Long-lived assets, including tangible capital assets, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimated undiscounted future cash flows expected to be generated by the asset. Assets to be disposed of would be separately presented in the balance sheet and reported at the lower of the carrying amount or fair value less costs to sell, and would be no longer amortized. The assets and liabilities of a disposed group classified as held for sale would be presented separately in the appropriate asset and liability sections of the balance sheet.

**Inventory**

Livestock inventory is recognized at net realizable value in accordance with established farming practices and products for resale are recorded at the lesser of estimated cost and net realizable value. Coffee inventory is recognized at cost.

**Measurement uncertainty**

The preparation of the Society's 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 assets and liabilities at the balance sheet dates and the reported amounts of revenue and expenses for the period. Significant estimates are required to determine doubtful accounts provisions, inventory valuation, accrued liabilities and amortization charges. Actual amounts could differ from those estimates.

**Revenue recognition**

The Society follows the accrual method of accounting for contributions. Contributions, bequests and pledges from church members are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

The Society also follows the deferral method of accounting for contributions and grants received for a specific purpose. These contributions are recognized as revenue when the applicable cost has been incurred.

### **Volunteer services and cost of donated food**

The Society receives significant benefits from the services of its many volunteers and donated food. Except for the HeroWork projects (see note 15), no objective basis exists to value these contributions and they have not been reflected in these financial statements.

### **2. Financial instruments**

The Society's financial instruments consist of cash, gift certificates, accounts receivable and accounts payable and accrued liabilities. A financial asset or liability is recognized when the Society becomes party to contractual provisions of the instrument. The Society initially measures its financial asset and financial liabilities at fair value. It is management's opinion that the Society is not exposed to significant liquidity, market (price) or credit risks arising from financial instruments. Price risk arises from changes in interest rates, foreign exchange rates and market prices. Management estimates that the fair value of these financial instruments approximates their carrying values.

### **3. Income taxes**

The Mustard Seed Street Church is a member of Canadian Baptists of Western Canada. The Society is exempt from paying taxes on its income.

### **4. Nature of operations**

#### **A) Purposes**

- i) to undertake Christian Ministry outreach work in the streets of the Greater Victoria area by responding to all persons, and in particular to persons who are in circumstances of spiritual, mental or physical need; through acts of service which manifest the teaching of Jesus Christ;
- ii) to operate one or more premises, each of which shall be known as The Mustard Seed Street Church, where people can congregate for information, conversation, Christian worship, teaching, counselling, support and Christian fellowship; and can have recourse to a variety of optional activities and programs to develop their talent and life-style skills;
- iii) to cooperate with other agencies dealing with problems of the family; and
- iv) to raise funds and receive charitable donations for the promotion of the Society's purposes.

#### **B) Activities**

The Society's activities include Christian worship services, Sunday school, Christian growth groups, counselling, outreach work, evening drop-in and food bank.

### **5. Tangible capital assets**

Tangible capital assets consist of:

	2019		2018	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land – Queens Avenue	\$ 468,119		\$ 468,119	\$ 468,119
Land – Hope Farm	156,728		156,728	156,728
Building – Queens Avenue	1,661,393	\$ 528,965	1,132,428	481,857
Building – Hope Farm	1,735,642	523,161	1,212,481	1,253,405
Leasehold improvements	377,262	33,825	343,437	84,556
Computer and software	136,430	110,939	25,491	30,719
Furniture and equipment	616,808	318,518	298,290	137,374
Vehicles	336,192	169,072	167,120	79,050
	<u>\$ 5,488,574</u>	<u>\$ 1,684,480</u>	<u>\$ 3,804,094</u>	<u>\$ 2,691,808</u>

6. Inventory

Inventory consists of:

	<u>2019</u>	<u>2018</u>
Livestock and packaged meat	\$5,367	\$11,198
Coffee	<u>3,595</u>	<u>7,281</u>
	<u>\$8,962</u>	<u>\$18,479</u>

7. Government liabilities

Included in accounts payable at the end of the current year is \$773 (2018 - \$1,022) owing to the Workers' Compensation Board of British Columbia.

8. Revolving loan

On August 29, 2017 the Society entered into a \$300,000 three year open revolving loan agreement with the Canadian Baptists of Western Canada Foundation. \$300,000 of the loan was used and repaid in full during the year. Outstanding advances bear interest at the Foundation's prime lending rate plus 2.10% per annum. The loan can be paid in full anytime, without penalty, in the event that CBWC Foundation has received a minimum of three months interest. The revolving loan is secured by a mortgage on real property owned by the Society.

9. Contingent liability

The Society is contingently liable to the Royal Bank of Canada for any balance owing on its Visa account which has a limit of \$45,500.

10. Lease commitments

	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>	<u>Total</u>
Photocopier	\$ 788					\$ 788
Viewfield Building Lease	47,476					47,476
Refrigerated Vehicle	18,567	\$ 10,831				29,398
Vehicle	<u>19,565</u>	<u>19,565</u>	<u>\$ 13,044</u>			<u>52,174</u>
	<u>\$ 86,396</u>	<u>\$ 30,396</u>	<u>\$ 13,044</u>	<u>Nil</u>	<u>Nil</u>	<u>\$ 129,836</u>

The Society leases a refrigerated vehicle at a monthly rate of \$1,413 plus applicable taxes. The lease expires on October 31, 2020.

The Society leases a photocopier at a quarterly rate of \$720 plus applicable taxes. The lease expires on June 17, 2019.

The Society leases a vehicle at a monthly rate of \$1,489 plus applicable taxes. The lease expires on November 25, 2021.

The Society entered into a building lease for a warehouse on Viewfield Road on March 1, 2017 for 3 years. Monthly instalments of \$17,159 are expected to be paid until the termination of the lease. It is expected that the lease will be terminated in June 2019 when the Society is scheduled to purchase the property (see note 16).

11. Money purchase pension plan

The Society offers permanent full-time employees an optional money purchase pension plan. Each employees' maximum contribution is 6% of gross wages. The employees' contribution is matched by the Society.

12. Personnel Expense

The personnel expense for Hope Farms does not include any leadership or administration costs provided by the Victoria operations. In addition, any staff contributions by Hope Farm to Victoria operations have not been included in the Victoria personnel expense.

13. Supplemental disclosure of cash flow information

The net changes in operating current assets and liabilities consists of:

	<u>2019</u>	<u>2018</u>
Decrease (increase) to accounts receivable	\$ 129	\$ (2,308)
Decrease (increase) to gift certificates	(81,206)	(37,491)
Decrease (increase) to prepaid expenses	30,754	(31,084)
Decrease (increase) to inventory	9,517	4,477
Increase (decrease) to accounts payable	(87,441)	17,559
Increase (decrease) to deferred revenue	(33,080)	217,305
	<u>\$ (161,327)</u>	<u>\$ 168,458</u>

14. Deferred revenue

Deferred revenue includes funding of \$248,525 received from various organizations and fundraisers which will be recognized as revenue when the related disbursements are made.

15. HeroWork

The HeroWork projects, with a fair market value of \$1,083,560, includes goods in kind donation revenue of \$830,760.

The first project took place at the Viewfield location with an addition of a commercial kitchen. The total fair market value of this addition totaled \$400,000, of which the Society paid \$120,000.

The second project took place at the Queen Street location with the addition of the Dignity Market and a second story mezzanine. The total fair market value of this addition totaled \$683,560, of which the Society paid \$132,800.

16. Subsequent event

Subsequent to the year end, the Society, entered into a contract to purchase Strata Lot 2 – 808 Viewfield Road, Victoria, B.C with a purchase price of \$4,033,795. In order to finance this purchase the Society has been approved for a mortgage of \$1,900,000 at an interest rate of 3.70% over 5 years with Vancouver City Savings Credit Union. In addition, \$2,300,000 has been procured in donations by the Victoria Foundation.

Subsequent to the year end, the Society decided to cease operations at Hope Farm on June 15, 2019. A request for proposal was made to bring a consultant in to determine the best use for the property. The Society offered severance packages to staff members that have all been accepted.