

# UMOJA OPERATION COMPASSION SOCIETY

## UNAUDITED FINANCIAL STATEMENTS

DECEMBER 31, 2016

| <b>CONTENTS</b>                              | <b>PAGE</b> |
|--|-------------|
| Review Engagement Report                     | 1           |
| Unaudited Statement of Operations            | 2           |
| Unaudited Statement of Changes in Net Assets | 3           |
| Unaudited Statement of Financial Position    | 4           |
| Unaudited Statement of Cash Flow             | 5           |
| Notes to Unaudited Financial Statements      | 6-10        |



## **REVIEW ENGAGEMENT REPORT**

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### **To the Members of Umoja Operation Compassion Society:**

We have reviewed the statement of financial position of the Umoja Operation Compassion Society as at December 31, 2016 and the statements of operations, changes in net assets and cash flows for the year then ended. Our review was in accordance with Canadian generally accepted standards for review engagements and, accordingly, consisted primarily of inquiry, analytical procedures and discussions related to information supplied to us by the Society.

A review does not constitute an audit and, consequently, we do not express an audit opinion on these financial statements.

Based on our review, nothing has come to our attention that causes us to believe that these financial statements are not, in all material respects, in accordance with Canadian accounting standards for not-for-profit organizations.



**Chartered Professional Accountants**

Burnaby, BC  
May 27, 2017



**UMOJA OPERATION COMPASSION SOCIETY  
UNAUDITED STATEMENT OF OPERATIONS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

|  | 2016             | 2015              |
|--|------------------|-------------------|
| <b>REVENUES</b>  |                  |                   |
| Grants and contracts   | \$ 184,982       | \$ 178,889        |
| Donations and fundraising  | 83,596           | 128,465           |
| BC Gaming Commission   | 72,000           | 60,000            |
| BC Ministry of Children & Family   | 30,240           | 30,180            |
| Rental income  | 6,132            | 4,696             |
| Other revenue  | 1,104            | 110               |
| Membership dues  | 250              | 100               |
| Interest income  | 177              | 257               |
|  | <b>378,481</b>   | <b>402,697</b>    |
| <b>EXPENSES</b>  |                  |                   |
| Amortization   | 4,475            | 986               |
| Bank charges   | 303              | 166               |
| Communication  | 4,093            | 4,044             |
| Contract services  | 15,031           | 12,980            |
| Field trips and outings  | 2,302            | 4,572             |
| Food and beverage  | 2,008            | 3,655             |
| Insurance  | 6,897            | 6,222             |
| Interest paid on vehicle loan  | 1,096            | -                 |
| Office and general   | 8,676            | 12,062            |
| Printing and photocopying  | 21,037           | 19,860            |
| Professional fees  | 3,381            | 5,832             |
| Rent   | 61,029           | 60,181            |
| Salaries and benefits  | 198,493          | 189,835           |
| Scholarships   | 2,016            | -                 |
| Transportation   | 4,136            | 6,209             |
| Uganda project   | 31,776           | 71,915            |
| Utilities  | 7,767            | 6,856             |
|  | <b>374,516</b>   | <b>405,375</b>    |
| <b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES BEFORE<br/>OTHER ITEM</b> | <b>3,965</b>     | <b>(2,678)</b>    |
| Gain on trade-in of vehicle  | 11,042           | -                 |
| <b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES BEFORE</b>                | <b>\$ 15,007</b> | <b>\$ (2,678)</b> |

The accompanying notes are an integral part of these financial statements



**UMOJA OPERATION COMPASSION SOCIETY  
UNAUDITED STATEMENT OF CHANGES IN NET ASSETS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

|  | Invested in<br>Capital Assets | Unrestricted | 2016      | 2015     |
|--|-------------------------------|--------------|-----------|----------|
| <b>Net Assets, beginning of year</b>                     | \$ 2,676                      | \$ (3,108)   | \$ (432)  | \$ 2,246 |
| <b>Excess (deficiency) of revenues<br/>over expenses</b> | (4,475)                       | 19,482       | 15,007    | (2,678)  |
| <b>Investment in capital assets</b>                      | 37,889                        | (37,889)     | -         | -        |
| <b>Vehicle loan proceeds</b>                             | (24,925)                      | 24,925       | -         | -        |
| <b>Payment on vehicle loan</b>                           | 22,925                        | (22,925)     | -         | -        |
| <b>Net Assets, end of year</b>                           | \$ 34,090                     | \$ (19,515)  | \$ 14,575 | \$ (432) |

The accompanying notes are an integral part of these financial statements

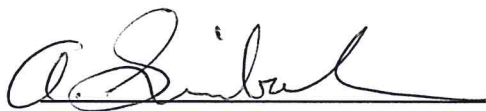




**UMOJA OPERATION COMPASSION SOCIETY**  
**UNAUDITED STATEMENT OF FINANCIAL POSITION**  
**AS AT DECEMBER 31, 2016**

|  | 2016       | 2015      |
|--|------------|-----------|
| <b>ASSETS</b>  |            |           |
| <b>CURRENT</b>   |            |           |
| Cash and cash equivalents                                | \$ 31,150  | \$ 34,540 |
| Accounts receivable                                      | 21,861     | 24,107    |
| GST recoverable  | 5,761      | 2,537     |
| Prepaid expenses   | 8,487      | 6,758     |
|  | 67,259     | 67,942    |
| <b>SECURITY DEPOSIT</b>                                  | 4,001      | 3,586     |
| <b>TANGIBLE CAPITAL ASSETS (Note 3)</b>                  | 36,090     | 2,676     |
|  | 107,350    | 74,204    |
| <b>LIABILITIES AND NET ASSETS</b>                        |            |           |
| <b>CURRENT</b>   |            |           |
| Accounts payable and accrued liabilities                 | 7,072      | 13,519    |
| Vehicle loan (Note 4)                                    | 2,000      | -         |
| Deferred contributions (Note 5)                          | 69,255     | 61,117    |
|  | 78,327     | 74,636    |
| <b>DEFERRED CONTRIBUTION RELATED TO VEHICLE (Note 6)</b> | 14,448     | -         |
|  | 92,775     | 74,636    |
| <b>NET ASSETS</b>  |            |           |
| Invested in capital assets                               | 34,090     | 2,676     |
| Unrestricted   | (19,515)   | (3,108)   |
|  | 14,575     | (432)     |
|  | \$ 107,350 | \$ 74,204 |

**APPROVED ON BEHALF OF THE BOARD:**

 Director

 Director

The accompanying notes are an integral part of these financial statements



**UMOJA OPERATION COMPASSION SOCIETY  
UNAUDITED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

|  | 2016      | 2015       |
|--|-----------|------------|
| <b>OPERATING ACTIVITIES</b>  |           |            |
| Excess (deficiency) of revenues over expenses                      | \$ 15,007 | \$ (2,678) |
| Non-cash adjustments:  |           |            |
| Amortization   | 4,475     | 986        |
| Gain on trade-in of vehicle  | (11,042)  | -          |
|  | 8,440     | (1,692)    |
| Non-cash working capital items affecting operations:               |           |            |
| Accounts receivable  | 2,246     | 6,424      |
| GST recoverable  | (3,224)   | 22         |
| Prepaid expenses   | (1,729)   | (4,829)    |
| Accounts payable and accrued liabilities                           | (6,447)   | 6,899      |
| Government remittances payable                                     | -         | (3,285)    |
| Deferred contributions   | 8,138     | (28,246)   |
|  | 7,424     | (24,707)   |
| <b>INVESTING ACTIVITIES</b>  |           |            |
| Security deposit   | (415)     | -          |
| Acquisition of tangible capital assets                             | (1,922)   | -          |
|  | (2,337)   | -          |
| <b>FINANCING ACTIVITIES</b>  |           |            |
| Deferred contributions related to vehicle                          | 14,448    | -          |
| Payment on vehicle loan  | (22,925)  | -          |
|  | (8,477)   | -          |
| <b>INCREASE (DECREASE) IN CASH</b>                                 | (3,390)   | (24,707)   |
| <b>Cash and cash equivalents, beginning of year</b>                | 34,540    | 59,247     |
| <b>Cash and cash equivalents, end of year</b>                      | \$ 31,150 | \$ 34,540  |
| <b>Supplemental cash flow information - non-cash transactions:</b> |           |            |
| Acquisition of vehicle with trade-in                               | \$ 11,042 | \$         |
| Acquisition of vehicle with financing                              | 24,925    |            |
|  | \$ 35,967 | \$         |

The accompanying notes are an integral part of these financial statements



**UMOJA OPERATION COMPASSION SOCIETY  
NOTES TO UNAUDITED FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

**1 GENERAL**

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Umoja Operation Compassion Society ("Society") is an organization whose mission is to help promote unity, respect, and dignity among low income minority immigrants and refugees living in the Greater Vancouver area. The Society is incorporated under the B.C. Society Act as a not-for-profit organization and is exempt from income tax as a registered charity under the Income Tax Act.

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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**Basis of presentation and accounting**

The Society prepares its financial statements in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

**Cash and cash equivalents**

Cash and cash equivalents include bank balances and short-term investments having a maturity period of three months or less from the date of acquisition.

**Revenue recognition**

The Society follows the deferral method of accounting for contributions. Restricted contributions related to general operations are recognized as revenue of the respective fund in the year in which the related expenses are incurred. All other restricted contributions are recognized as revenue in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Rental income and membership dues are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Interest income is recorded on an accrual basis and is recognized when earned.

Restricted contributions for the purchase of capital assets that will not be amortized are recognized as a direct increase in net assets. Capital contributions received for the acquisition of capital assets that will be amortized such as the acquisition of a vehicle are deferred and amortized at the same rate as the amortization of the cost of the related acquired capital asset.

**Financial instruments**

Financial assets and financial liabilities are initially recognized at fair value. The Society subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments, which are measured at fair value. Changes in fair value are recognized in the statement of operations and changes in net assets. Financial assets measured at amortized cost include cash, cash equivalents and accounts receivable. Financial liabilities measured at amortized cost include accounts payable, accrued liabilities and vehicle loan.





**UMOJA OPERATION COMPASSION SOCIETY**  
**NOTES TO UNAUDITED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2016**

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Contributed services and materials**

Volunteers contribute numerous hours per year to assist the Society in carrying out its service delivery activities. Because of the difficulty in determining their fair value, contributed services are not recognized in the financial statements. Contributed materials which are used in the normal course of the Society's operations and would otherwise have been purchased are recorded at their fair value at the date of contribution if the fair value can be reasonably estimated.

**Tangible Capital Assets**

Purchased tangible capital assets are stated at cost less accumulated amortization. Contributed capital assets are recorded at fair value at the date of contribution. Estimates of useful lives of the assets are reviewed every year and adjusted on a prospective basis, if needed. Amortization is provided on a straight-line basis over the asset's estimated useful lives as follows:

|                        |                                    |
|------------------------|------------------------------------|
| Vehicles               | 5 to 10 years straight-line method |
| Computers              | 3 years straight-line method       |
| Furniture and fixtures | 5 years straight-line method       |

**Use of Estimates**

The preparation of financial statements in accordance 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 and disclosure of contingent assets and liabilities at the reporting date and the reported amounts of receipts and disbursements for the reporting period. Actual results could differ from these estimates. Significant financial statement items that require the use of estimates are as follows: useful lives of tangible capital assets and amount of vehicle loan. These estimates are reviewed periodically and adjustments are made, as appropriate, in the statement of operations and changes in net assets in the year they become known.

**3 TANGIBLE CAPITAL ASSETS**

|                        | <b>Cost</b>      | <b>Accumulated<br/>Amortization</b> | <b>2016<br/>Net</b> | <b>2015<br/>Net</b> |
|------------------------|------------------|-------------------------------------|---------------------|---------------------|
| Vehicles               | \$ 39,846        | \$ 6,012                            | \$ 33,834           | \$ 1,940            |
| Computers              | 9,148            | 7,035                               | 2,113               | 537                 |
| Furniture and fixtures | 9,565            | 9,422                               | 143                 | 199                 |
|                        | <b>\$ 58,559</b> | <b>\$ 22,469</b>                    | <b>\$ 36,090</b>    | <b>\$ 2,676</b>     |





**UMOJA OPERATION COMPASSION SOCIETY**  
**NOTES TO UNAUDITED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2016**

**4 VEHICLE LOAN**

The Society has a vehicle loan due on demand, bearing interest rate of 6.99%, amortized over a 60 month period, with bi-monthly payments of \$232.94. The mortgage is secured by the vehicle acquired. The vehicle loan was repaid as of May 2017.

**5 DEFERRED CONTRIBUTIONS**

As at December 31, 2016 there was the following deferred contributions relating to grants and contributions to be spent in future years on its intended purpose:

|   | 2016      | 2015      |
|---|-----------|-----------|
| Balance, beginning of year                          | \$ 61,117 | \$ 89,363 |
| Grants and contracts                                | 287,222   | 269,069   |
| Amount recognized as revenue during the year        | (279,084) | (297,315) |
| Balance, end of year                                | 69,255    | 61,117    |
| Balance, end of year is comprised of the following: |           |           |
| Sponsorship of Burundi families contributions       | 14,832    | 14,832    |
| First West Foundation grant                         | 13,889    | -         |
| Telus grant   | 11,111    | -         |
| Support of Uganda school contributions              | 9,096     | 4,575     |
| Coast Capital grant                                 | 8,571     | -         |
| BC Ministry of Children & Family grant              | 7,599     | 7,560     |
| United Way grants                                   | 3,750     | 33,750    |
| Scholarship contributions                           | 401       | 400       |
| British Columbia Gaming grant                       | 6         | -         |
| Balance, end of year                                | \$ 69,255 | \$ 61,117 |

**6 DEFERRED CONTRIBUTION RELATED TO VEHICLE**

Capital contributions received for the acquisition of capital assets that will be amortized such as the acquisition of a vehicle are deferred and amortized at the same rate as the amortization of the cost of the related acquired capital asset. As at December 31, 2016 there was the following deferred contributions relating to the acquisition of a vehicle:

|  | 2016    | 2015 |
|--|---------|------|
| Balance, beginning of year                   | \$ -    | \$ - |
| Grants and donations for purchase of vehicle | 15,906  | -    |
| Amount recognized as revenue during the year | (1,458) | -    |
| Balance, end of year                         | 14,448  | -    |



**UMOJA OPERATION COMPASSION SOCIETY**  
**NOTES TO UNAUDITED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2016**

**7 CONTRACTUAL OBLIGATIONS**

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The Society has contractual obligations in regards to its lease of premises and lease of office equipment. The aggregate payments due on these lease agreements over the next five years are as follows:

**Lease payments:**

|      |    |        |
|------|----|--------|
| 2017 | \$ | 20,045 |
| 2018 |    | 13,495 |
| 2019 |    | 8,807  |
| 2020 |    | 3,670  |
| 2021 | \$ | nil    |

**8 FINANCIAL INSTRUMENTS**

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The Society's financial instruments consist of cash, cash equivalents, accounts receivables, accounts payables, accrued liabilities and vehicle loan. Unless otherwise noted, it is management's opinion that the Society is not exposed to significant credit, interest rate, liquidity, currency or market risks arising from these financial instruments. Market risks result from changes in interest rates, exchange rates of foreign currencies and market prices of financial instruments. The Society is exposed to various risks through its financial instruments without being exposed to concentrations of risk. The following analysis provides a measure of the organization's risk as at December 31, 2016.

**Credit risk**

Credit risk is the risk that a counterparty will fail to perform its obligations when they come due. The Society is exposed to credit risk on its cash and cash equivalents. Credit risk is reduced by the fact that its cash and cash equivalents are held in deposit with Canadian financial institutions in insured accounts. The Society is also exposed to credit risk from accounts receivable. Management performs ongoing credit review of all of its funding sources and establishes allowances for doubtful accounts when the amounts are not collectible. There is no particular concentration of credit risk.

**Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Society is exposed to interest rate risk with respect to its cash, cash equivalents and vehicle loan. Changes in interest rates can affect the fair value of the cash flows related to interest income and interest expense. This risk is not considered to be significant and there is no particular concentration of interest rate risk.

**Liquidity risk**

Liquidity risk is the risk that the Society will not be able to meet its obligations as they fall due. Currently, the Society has sufficient funds in the bank to cover trade payables and the vehicle loan. As a result, this risk is not considered to be significant and there is no particular concentration of liquidity risk.

