

UMOJA OPERATION COMPASSION SOCIETY

UNAUDITED FINANCIAL STATEMENTS

DECEMBER 31, 2017

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INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT

To the Members of Umoja Operation Compassion Society:

We have reviewed the accompanying financial statements of Umoja Operation Compassion Society that comprise the statement of financial position as at December 31, 2017, and the statements of operations, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibilities for the Financial Statements

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

Practitioner's Responsibility

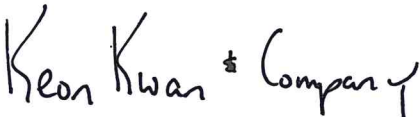
Our responsibility is to express a conclusion on the accompanying financial statements based on our review. We conducted our review in accordance with Canadian generally accepted standards for review engagements, which require us to comply with relevant ethical requirements.

A review of financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, we do not express an audit opinion on these financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the financial statements do not present fairly, in all material respects, the financial position of Umoja Operation Compassion Society as at December 31, 2017, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.



Chartered Professional Accountants

June 2, 2018

Burnaby, BC

**UMOJA OPERATION COMPASSION SOCIETY
UNAUDITED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2017**

	2017	2016
REVENUES		
Grants and contracts	\$ 208,346	\$ 184,982
Donations and fundraising	114,738	82,138
BC Gaming Commission	60,778	72,000
BC Ministry of Children & Family	36,783	30,240
Deferred contribution related to vehicle	1,591	1,458
Rental income	600	6,132
Interest income	345	177
Membership dues	50	250
Other revenue	-	1,104
	423,231	378,481
EXPENSES		
Amortization	5,126	4,475
Bank charges	1,050	303
Communication	4,789	4,093
Contract services	12,103	15,031
Field trips and outings	2,294	2,302
Food and beverage	2,194	2,008
Honorariums	5,170	-
Insurance	5,946	6,897
Interest paid on vehicle loan	42	1,096
Office and general	13,026	8,676
Printing and photocopying	15,759	21,037
Professional fees	4,900	3,381
Rent	47,353	61,029
Salaries and benefits	195,100	198,493
Scholarships	4,945	2,016
Transportation	3,877	4,136
Uganda project	97,120	31,776
Utilities	1,312	7,767
	422,106	374,516
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES BEFORE OTHER ITEM	1,125	3,965
Gain (Loss) on disposal of vehicle	(405)	11,042
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	\$ 720	\$ 15,007

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, 2017**

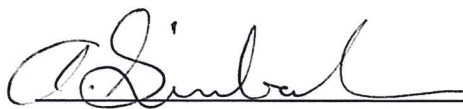
	Invested in Capital Assets	Unrestricted	2017	2016
Net Assets, beginning of year	\$ 19,642	\$ (5,067)	\$ 14,575	\$ (432)
Excess (deficiency) of revenues over expenses	(5,531)	6,251	720	15,007
Proceeds from sale of vehicle	(500)	500	-	-
Investment in capital assets	1,382	(1,382)	-	-
Vehicle loan payout	2,000	(2,000)		
Deferred contribution - vehicle	1,591	(1,591)	-	-
Net Assets, end of year	\$ 18,584	\$ (3,289)	\$ 15,295	\$ 14,575

The accompanying notes are an integral part of these financial statements

UMOJA OPERATION COMPASSION SOCIETY
UNAUDITED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2017

	2017	2016
ASSETS		
CURRENT		
Cash and cash equivalents	\$ 36,282	\$ 31,150
Accounts receivable	22,416	21,861
GST recoverable	1,052	5,761
Prepaid expenses	1,069	8,487
	60,819	67,259
SECURITY DEPOSITS	5,282	4,001
TANGIBLE CAPITAL ASSETS (Note 3)	31,441	36,090
	97,542	107,350
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities	7,959	7,072
Government remittances payable	3,459	-
Vehicle loan (Note 4)	-	2,000
Deferred contributions (Note 5)	57,972	69,255
	69,390	78,327
DEFERRED CONTRIBUTION RELATED TO VEHICLE (Note 6)	12,857	14,448
	82,247	92,775
NET ASSETS		
Invested in capital assets	18,584	19,642
Unrestricted	(3,289)	(5,067)
	15,295	14,575
	\$ 97,542	\$ 107,350

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, 2017**

	2017	2016
OPERATING ACTIVITIES		
Excess (deficiency) of revenues over expenses	\$ 720	\$ 15,007
Non-cash adjustments:		
Deferred contributions related to vehicle	(1,591)	(1,458)
Amortization	5,126	4,475
Loss (gain) on disposal of vehicle	405	(11,042)
	4,660	6,982
Non-cash working capital items affecting operations:		
Accounts receivable	(555)	2,246
GST recoverable	4,709	(3,224)
Prepaid expenses	7,418	(1,729)
Accounts payable and accrued liabilities	887	(6,447)
Government remittances payable	3,459	-
Deferred contributions	(11,283)	8,138
	9,295	5,966
INVESTING ACTIVITIES		
Security deposits	(1,281)	(415)
Proceeds from sale of vehicle	500	-
Acquisition of tangible capital assets	(1,382)	(1,922)
	(2,163)	(2,337)
FINANCING ACTIVITIES		
Deferred contributions related to vehicle	-	15,906
Payment on vehicle loan	(2,000)	(22,925)
	(2,000)	(7,019)
INCREASE (DECREASE) IN CASH	5,132	(3,390)
Cash and cash equivalents, beginning of year	31,150	34,540
Cash and cash equivalents, end of year	\$ 36,282	\$ 31,150
Supplemental cash flow information - non-cash transactions:		
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, 2017**

1 GENERAL

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

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, 2017

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 equipment	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 related deferred contribution. 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

	Cost	Accumulated Amortization	2017 Net	2016 Net
Vehicles	\$ 35,968	\$ 6,894	\$ 29,074	\$ 33,834
Computers	9,917	8,187	1,730	2,113
Furniture and equipment	10,178	9,541	637	143
	<u>\$ 56,063</u>	<u>\$ 24,622</u>	<u>\$ 31,441</u>	<u>\$ 36,090</u>

UMOJA OPERATION COMPASSION SOCIETY
NOTES TO UNAUDITED FINANCIAL STATEMENTS
DECEMBER 31, 2017

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, 2017 there was the following deferred contributions relating to grants and contributions to be spent in future years on its intended purpose:

	2017	2016
Balance, beginning of year	\$ 69,255	\$ 61,117
Grants and contracts	294,624	295,360
Amount recognized as revenue during the year	(305,907)	(287,222)
Balance, end of year	57,972	69,255

Balance, end of year is comprised of the following:

Chippendale Foundation	13,889	-
Support of Uganda school contributions	13,501	9,096
British Columbia Gaming grant	11,229	6
BC Ministry of Children & Family grant	8,101	7,599
VanCity Foundation	5,000	-
United Way grants	3,750	3,750
Kenny Foundation	1,250	-
Sponsorship of Burundi families contributions	851	14,832
Scholarship contributions	401	401
First West Foundation grant	-	13,889
Telus grant	-	11,111
Coast Capital grant	-	8,571
Balance, end of year	\$ 57,972	\$ 69,255

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, 2017 there was the following deferred contributions relating to the acquisition of a vehicle:

	2017	2016
Balance, beginning of year	\$ 14,448	\$ -
Grants and donations for purchase of vehicle	-	15,906
Amount recognized as revenue during the year	(1,591)	(1,458)
Balance, end of year	12,857	14,448

UMOJA OPERATION COMPASSION SOCIETY
NOTES TO UNAUDITED FINANCIAL STATEMENTS
DECEMBER 31, 2017

7 CONTRACTUAL OBLIGATIONS

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

Lease payments:

2018	\$	61,533
2019		61,533
2020		9,045
2021		1,068
2022	\$	nil

8 FINANCIAL INSTRUMENTS

The Society's financial instruments consist of cash, cash equivalents, accounts receivable, accounts payables and accrued liabilities. 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, 2017.

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 and cash equivalents. Changes in interest rates can affect the fair value of the cash flows related to interest income. 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 government remittances payable. As a result, this risk is not considered to be significant and there is no particular concentration