

UMOJA OPERATION COMPASSION SOCIETY

FINANCIAL STATEMENTS

December 31, 2021

UMOJA OPERATION COMPASSION SOCIETY

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Year ended December 31, 2021

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INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT

To members of Umoja Operation Compassion Society

I have reviewed the accompanying financial statements of Umoja Operation Compassion Society (the "Society") that comprise the statement of financial position as at December 31, 2021, and the statements of operations, changes in net assets and cash flows for the year then ended, and the notes to the financial statements.

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 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

My responsibility is to express a conclusion on the accompanying financial statements based on my review. I conducted my review in accordance with Canadian generally accepted standards for review engagements, which require me 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, I do not express an audit opinion on these financial statements.

Conclusion

Based on my review, nothing has come to my attention that causes me to believe that the financial statements do not present fairly, in all material respects, the financial position of the Organization as at December 31, 2021, 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.

Besa Consulting Inc

Chartered Professional Accountant

February 14, 2022

Abbotsford, BC

UMOJA OPERATION COMPASSION SOCIETY

Statement 1

Statement of Financial Position

As at December 31, 2021

(Unaudited)

	2021	2020
	\$	\$
ASSETS		
Current assets		
Cash and cash equivalents	84,348	86,554
Accounts receivable - (note 4)	23,048	26,127
Recoveries from government authorities – GST	5,988	2,976
Vancity Credit Card	1,289	0
Prepaid expenses	2,796	5,001
Total Current Assets	117,468	120,658
Non-current assets		
Capital assets - (note 5)	20,666	25,295
Security deposits	5,282	5,282
	25,948	30,577
TOTAL ASSETS	143,416	151,235
LIABILITIES AND NET ASSETS		
Current		
Accounts payable and accruals	9,975	12,898
Deferred contributions - (note 7)	107,578	110,627
	117,553	123,525
Deferred contributions related to vehicle - (note 8)	6,493	8,084
	124,046	131,609
Net assets (deficit) - unrestricted	19,370	19,626
TOTAL LIABILITIES AND NET ASSETS	143,416	151,235

LEASE COMMITMENTS – (note 9)

ON BEHALF OF THE BOARD:

Amos Kambere - President

Emily Siemens - Treasurer

UMOJA OPERATION COMPASSION SOCIETY

Statement 2

Statement of changes in Net Assets

Year ended December 31, 2021

(Unaudited)

	2021	2020
	\$	\$
Net Assets, beginning of year	19,626	(8,568)
Excess (deficiency) of revenues over expenses	(256)	28,194
Net Assets (Deficit), end of year	<u>19,370</u>	<u>19,626</u>

See notes to the financial statements

UMOJA OPERATION COMPASSION SOCIETY

Statements of Operations

Year ended December 31, 2021

Statement 3

(Unaudited)

	2021	2020
	\$	\$
REVENUES		
Grants and contracts	311,344	262,368
Donations	116,141	49,753
Government grants – provincial (note 9)	140,947	136,605
Government grants - federal (note 9)	45,184	142,668
Fundraising	39,374	49,519
Rental income	0	1,954
Deferred contribution related to vehicle	1,591	1,591
Service revenue	12,152	-
Membership dues	50	212
Interest income	0	43
	666,783	644,713
EXPENSES		
Salaries and benefits	365,176	387,760
Staff training	405	-
Rent	73,103	66,123
Care packages – Vancouver foundation	1,329	13,476
Uganda Project	82,915	30,957
Honorarium	8,100	-
Contract Services	69,773	44,607
Office expenses	15,222	17,572
Fundraising	949	1,905
Scholarship	3,832	3,140
Transportation	9,729	4,828
Insurance	5,330	4,978
Food and beverages	3,548	13,316
Printing and photocopying	2,222	5,006
Non-recoverable sales tax	3,019	2,976
Amortization	8,634	5,014
Telephone and telecommunications	7,532	7,749
Professional fees	5,944	5,262
Field trips and outings	0	1,312
Interest and bank charges	276	538
	667,039	616,519
Excess/(deficit) of Revenue over Expenses	(256)	28,194

See notes to the financial statements

UMOJA OPERATION COMPASSION SOCIETY

Statement 4

Statement of Cash Flows

Year ended December 31, 2021

(Unaudited)

	2021	2020
	\$	\$
OPERATING ACTIVITIES		
Excess of revenues over expenses	(256)	28,194
Non-cash adjustments:		
Deferred contributions related to vehicle	(1,591)	(1,591)
Amortization	<u>8,634</u>	5,014
	6,787	31,617
Non-cash working capital items:		
Decrease in accounts receivable	3,079	1,415
Decrease/(increase) in recovery from government - GST	(3,012)	568
decrease in prepaid expenses	2,205	(729)
Increase/(decrease) in accounts payable and accrued liabilities	(2,923)	4,318
Increase/(decrease) in deferred contributions	<u>(3,049)</u>	14,081
	(3,700)	19,653
Cash flow from/(used by) operations	3,087	51,270
INVESTING ACTIVITIES		
Purchase of capital assets	<u>(4,005)</u>	(6,539)
FINANCING ACTIVITIES		
Vancity Credit Card	<u>(1,289)</u>	-
INCREASE IN CASH	(2,206)	44,731
Cash and cash equivalents, beginning of year	<u>86,554</u>	41,823
Cash and cash equivalents, end of year	<u>84,348</u>	86,554

See notes to the financial statements

UMOJA OPERATION COMPASSION SOCIETY

Notes to financial statements

Year ended December 31, 2021

(Unaudited)

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

Any term deposits or similar contractual instruments that are cashable and have a maturity period of three months or less are classified as cash equivalents.

Revenue recognition

The Society follows the deferral method of accounting for grants and contributions.

Externally restricted grants and contributions related to general operations are recognized as revenue of the respective fund in the year in which the related expenses are incurred. Externally restricted funds can only be used for the purposes designated by the funder or contributor. Grants and contributions restricted for the purchase of capital assets are deferred and amortized into revenue as the related capital asset's amortization.

Grants are recognized as revenue when there is reasonable assurance that the Society has complied with and will continue to comply with, all necessary conditions to obtain the grant. If funds are not spent, they may be repayable to the funder depending on the agreement. As at December 31, 2020 no amounts were repayable.

Fundraising revenue is recognized when the funds are collected at the event.

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 or gifts-in-kind are only recognized when their fair value is reasonably determinable and significant, with such items recorded at fair value on the day of the contribution. During the year the Society did not receive any non-cash gifts-in-kind.

3. MEASUREMENT UNCERTAINTY

Preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that impact reported amounts of assets and liabilities at the date of the financial statements and revenues and expenses during the reporting periods. Significant areas requiring the use of management estimates relate to the potential impairment of assets, liabilities for contaminated sites, rates for amortization and estimated employee future benefits. Actual results could differ from those estimates.

UMOJA OPERATION COMPASSION SOCIETY

Notes to financial statements (Continued)

Year ended December 31, 2021

(Unaudited)

4. ACCOUNTS RECEIVABLE

The balance of the accounts receivable is the expected net recoverable amount. If there are amounts that are considered as bad debts the accounts receivable balance would be reduced accordingly.

There were no bad debts as at December 31, 2021. Below is the composition of the accounts receivable balance:

	2021	2020
	\$	\$
Actual amount of receivable	14,380	4,140
Recoverable from IRCC Program	8,668	21,987
	23,048	26,127

5. PROPERTY PLANT AND EQUIPMENT

Capital assets are stated at cost or deemed cost less accumulated amortization. Capital assets contributed are recorded at fair value as of the date of receipts. Capital assets are amortized over their estimated useful lives on a straight-line basis at the following rates:

Vehicles - 10 years

Computers - 3 years

Furniture and equipment - 5 years

Capital assets acquired during the year but not placed in use are not amortized until they are placed into use.

	Cost	Accumulated	Net Book	Net Book Value
	\$	amortization	Value	2020
		\$	2021	\$
			\$	
Vehicles	35,967	(21,281)	14,687	18,283
Computers	15,111	(9,132)	5,979	7,011
Furniture and equipment	10,178	(10,178)	-	-
	61,257	(40,591)	20,666	25,294

6. CREDIT FACILITY

The Society has a credit facility with Vancouver City Savings Credit Union ("the lender"), which includes an approved operating line of credit that can be drawn up to a maximum of \$20,000, which bears interest at prime plus 1.5% per annum and is secured by a General Security Agreement against all assets owned by the Society. At the date of the Statement of Financial Position, the account had a debit balance of \$1,288.53. Under the terms of the facility, the Society is required to maintain a debt service coverage ratio of 1:1. As at December 31, 2021 the Society was in compliance with the covenant. There was no interest paid on the line of credit during 2021.

UMOJA OPERATION COMPASSION SOCIETY
Notes to financial statements (Continued)
Year ended December 31, 2021
(Unaudited)

7. DEFERRED CONTRIBUTIONS

Deferred contributions represent unspent externally restricted contributions, grants and contracts for various projects. These amounts are recognized as revenue in the year in which the related expenses are incurred.

	Opening balance - January 1, 2021 \$	Amount received in 2021 \$	Amount recognize d as revenue in 2021 \$	Closing balance - Decemb er 31, 2021 \$
United Way - 6 to 12	35,000	70,000	70,000	35,000
Chippendale Foundation	10,000	10,000	20,000	-
British Columbia Gaming	5,370	110,746	116,117	-
United Way – Dad’s Outreach	10,250	-	10,250	-
BC Ministry of Children & Family	8,479	34,120	33,912	8,687
Support of Uganda School	2,700	11,873	14,573	-
Kenny Foundation	3,750	15,000	15,000	3,750
Scholarships	51	-	-	51
Sponsorship of Burundi families	27	-	-	27
SVP	35,000	50,000	60,000	25,000
Employment Services Development Canada	-	35,063	-	35,063
Total	110,626	301,739	339,852	107,578

8. DEFERRED CONTRIBUTION RELATED TO VEHICLE

The deferred contribution related to vehicle represents an externally restricted contribution that was used to purchase a vehicle. These contributions are amortized at the same rate as the underlying asset.

	2021 \$	2020 \$
Balance – beginning of the year	8,085	9,676
Less: Amortization to revenue	(1,591)	(1,591)
	6,494	8,085

UMOJA OPERATION COMPASSION SOCIETY
Notes to financial statements (Continued)
Year ended December 31, 2021
(Unaudited)

9. GOVERNMENT GRANTS

	2021	2020
	\$	\$
<u>Federal</u>		
Immigration, Refugee & Citizenship Canada	45,184	142,668
<u>Provincial</u>		
BC Gaming Commission	105,370.50	102,854
Ministry of Children and Family Development	35,376.97	33,711
	185,931.47	279,233

10. COVID-19

The Society performed its normal programming during 2021 with staff working from home.

11. LEASE COMMITMENTS

The Society leases its offices. The lease for office space expired on January 31, 2020, but contains two 3-year renewal options that extend the terms of the leases to January 31, 2026. As of December 31, 2021 Umoja Operation Compassion Society had not signed a new lease agreement for the office space. The Society consulted its lawyer after it had not been able to reach the landlord to obtain a signed agreement and was advised by their lawyer that the expired agreement contained an automatic renewal clause that the Society could rely on. The Society is currently relying on that clause and continued its tenancy under the renewal option. The lease commitment schedule below is based on exercising the option to extend the lease of the office space for 2 terms expiring on January 31, 2026. The expired office space lease agreement provided for the automatic renewal of the lease under the same terms as those of the expired lease which provided for the payment of utilities, property taxes and maintenance costs by the tenant. Future minimum lease payments are as follows;

<u>Year</u>	<u>Office lease</u>
	\$
2022	66,863
2023	66,863
2024	66,863
2025	66,863
2026	5,572

UMOJA OPERATION COMPASSION SOCIETY

Notes to financial statements (Continued)

Year ended December 31, 2021

(Unaudited)

12. FINANCIAL INSTRUMENTS

All financial instruments are recorded in the financial statements at amortized cost. Publicly traded equity instruments quoted in an active market are subsequently measured at fair value with any unrealized gains or losses and transaction costs recognized in net excess revenue over expenses. Financial instruments impairments and impairment reversals are recognized when incurred in net excess revenue over expenses.

Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Society is exposed to credit risk for its accounts receivable. Exposure to credit risk and significant changes to the risk exposure from prior year are as follows:

- Accounts receivable are non-interest bearing and are generally due within 30 to 60 days of the invoice. Management evaluates the credit worthiness of its partners and regularly reviews accounts receivable for possible impairments related to collection.
- Concentrations of credit risk include:
 - 100% of the accounts receivable is due from two entities, resulting in increased risk to the Society as the risk of collection is dependent on that entity's ability to pay.

13. COMPARATIVE FIGURES

Some of the comparable figures have been reclassified to conform to the current year presentation. Specifically, the revenue groupings have been changed to match the new presentation format of the Statement of Operation.

14. Subsequent Events

There were no subsequent events noted.