

UMOJA OPERATION COMPASSION SOCIETY

FINANCIAL STATEMENTS

December 31, 2023

UMOJA OPERATION COMPASSION SOCIETY

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Year ended December 31, 2023

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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, 2023, 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, 2023, 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
March 5, 2024
Abbotsford, BC



UMOJA OPERATION COMPASSION SOCIETY

Statement 1

Statement of Financial Position

As at December 31, 2023

(Unaudited)

	2023	2022
	\$	\$
ASSETS		
Current assets		
Cash and cash equivalents	188,118	3,137
Accounts receivable - (note 4)	25,812	153,868
Recoveries from government authorities – GST	4,828	8,870
Prepaid expenses	648	648
Total Current Assets	219,407	166,524
Non-current assets		
Capital assets - (note 5)	17,795	29,096
Security deposits	5,282	5,282
	23,077	34,378
TOTAL ASSETS	242,484	200,902
LIABILITIES AND NET ASSETS		
Current		
Bank overdraft	-	17,689
Accounts payable and accruals	52,240	57,631
Vancity Credit Card	8,407	1,856
Deferred contributions - (note 7)	147,314	82,309
	207,961	159,485
Deferred contributions related to vehicle - (note 8)	3,312	4,902
	211,273	164,387
Net assets (deficit) - unrestricted	31,211	36,515
TOTAL LIABILITIES AND NET ASSETS	242,484	200,902
LEASE COMMITMENTS – (note 9)		
ON BEHALF OF THE BOARD:		
		
Amos Kambere - President		
		
Emily Siemens - Treasurer		

See notes to the financial statements

UMOJA OPERATION COMPASSION SOCIETY

Statement 2

Statement of changes in Net Assets

Year ended December 31, 2023

(Unaudited)

	2023	2022
	\$	\$
Net Assets, beginning of year	36,515	19,370
Adjustment to beginning balance of Net Asset	(48)	-
Excess (deficiency) of revenues over expenses	(5,256)	17,145
Net Assets (Deficit), end of year	<u>31,211</u>	<u>36,515</u>

UMOJA OPERATION COMPASSION SOCIETY

Statements of Operations

Statement 3

Year ended December 31, 2023

(Unaudited)

	2023	2022
	\$	\$
REVENUES		
Grants and contracts	256,571	314,569
Donations	78,578	112,412
Government grants – provincial (note 9)	474,974	340,357
Government grants - federal (note 9)	130,409	123,035
Fundraising	44,479	8,500
Amortization of deferred contribution related to vehicle	1,591	1,591
Interest income	51	0
Membership dues	900	300
Miscellaneous revenue	21,977	1139.73
	<u>1,009,531</u>	<u>901,904</u>
EXPENSES		
Salaries and benefits	527,073	459,492
Staff training	280	794
Rent	72,504	88,729
Security	190	0
Uganda Project	27,549	41,113
Honorarium	9,748	10,035
Contract Services	264,809	175,691
Office expenses	16,434	18,878
Advertising and Promotion	0	341
Conferences and Meetings	2,427	4,838
Books, Subscriptions, Reference	6,606	5,753
Fundraising expenses	11,235	7,018
Scholarship	11,832	8,465
Transportation	12,568	15,300
Insurance	5,125	4,825
Food and beverages	6,786	5,505
Printing and photocopying	0	771
Non-recoverable sales tax	4,435	2,929
Amortization	14,277	14,724
Telephone and telecommunications	7,606	7,214
Professional fees	5,690	7,663
Field trips and outings	7,455	4,469.32
Interest and bank charges	157	211
	<u>1,014,787</u>	<u>884,759</u>
Excess/(deficit) of Revenue over Expenses	(5,256)	17,145

See notes to the financial statements

UMOJA OPERATION COMPASSION SOCIETY

Statement 4

Statement of Cash Flows

Year ended December 31, 2023

(Unaudited)

	2023	2022
	\$	\$
OPERATING ACTIVITIES		
Excess of revenues over expenses	(5,256)	17,145
Non-cash adjustments:		
Adjustment to beginning member equity	(48)	0
Deferred contributions related to vehicle	(1,590)	(1,591)
Amortization	14,277	14,724
	<u>7,383</u>	<u>30,278</u>
Non-cash working capital items:		
Decrease/(Increase) in accounts receivable	128,056	(130,820)
Decrease/(increase) in recovery from government - GST	4,042	(2,883)
Decrease in prepaid expenses	-	2,148
Increase/(decrease) in accounts payable and accrued liabilities	(5,391)	47,656
Increase/(decrease) in deferred contributions	65,006	(25,269)
	<u>191,712</u>	<u>(109,168)</u>
 Cash flow from/(used by) operations	 199,096	 (78,890)
INVESTING ACTIVITIES		
Purchase of capital assets	(2,976)	(23,155)
FINANCING ACTIVITIES		
Vancity Credit Card	6,550	3,145
 INCREASE IN CASH	 202,671	 (98,900)
Cash and cash equivalents, beginning of year	(14,552)	84,348
Cash and cash equivalents, end of year	<u>188,118</u>	<u>(14,552)</u>

See notes to the financial statements

UMOJA OPERATION COMPASSION SOCIETY

Notes to financial statements

Year ended December 31, 2023

(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, 2023 no amounts were repayable.

Fundraising revenue is recognized when the funds are collected.

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, 2023

(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, 2023. Below is the composition of the accounts receivable balance:

	2023	2022
	\$	\$
Actual amount of receivable	12,768	125,135
Recoverable from IRCC Program	13,044	28,733
	<u>25,812</u>	<u>153,868</u>

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
	\$	amortization	Value	Value
		\$	2023	2022
			\$	\$
Vehicles	35,967	(28,474)	7,493	11,090
Computers	26,055	(26,055)	-	8,238
Furniture and equipment	25,364	(15,063)	10,302	9,768
	<u>87,387</u>	<u>(69,592)</u>	<u>17,795</u>	<u>29,096</u>

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 8.07% per annum and is secured by a General Security Agreement against all assets owned by the Society.

The Society also has credit cards with combined credit limits of \$15,000, the interest rate is 19.5% on purchases and 19.5% on cash withdrawals. At the date of the Statement of Financial Position, the account had a credit balance of \$8,406.81.

UMOJA OPERATION COMPASSION SOCIETY

Notes to financial statements (Continued)

Year ended December 31, 2023

(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, 2023 \$	Amount received in 2023 \$	Amount recognized as revenue in 2023 \$	Closing balance - December 31, 2023 \$
United Way - 6 to 12	42,000	143,005	114,318	70,688
British Columbia Gaming	-	100,000	100,000	-
United Way – Youth	12,500	15,000	20,000	7,500
BC Ministry of Children & Family	8,981	41,405	35,087	15,299
Kenny Foundation	3,750	15,000	15,000	3,750
Vancouver Foundation		50,000		50,000
Scholarships	51	-	-	51
Sponsorship of Burundi families	27	-	-	27
SVP	15,000	-	15,000	-
Total	82,309	364,410	299,405	147,314

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.

	2023 \$	2022 \$
Balance – beginning of the year	4,903	6,494
Less: Amortization to revenue	(1,591)	(1,591)
	<u>3,312</u>	<u>4,903</u>

UMOJA OPERATION COMPASSION SOCIETY
Notes to financial statements (Continued)
Year ended December 31, 2023
(Unaudited)

9. GOVERNMENT GRANTS

	2022	2022
	\$	\$
<u>Federal</u>		
Immigration, Refugee & Citizenship Canada	130,409	123,035
<u>Provincial</u>		
Province of BC - MSDPR (PBMLT)	227,386	203,865
Province of BC - STE	112,500.00	-
BC Gaming Commission	100,000	100,000
Ministry of Children and Family Development	35,087	36,492
	<u>605,383</u>	<u>463,393</u>

10. LEASE COMMITMENTS

The Society leases its offices. Umoja signed a new 3-year lease with a one 3-year renewal option. The lease effective date was April 1, 2022. The lease commitment schedule below is based on exercising the option to extend the lease of the office space for one term expiring on March 31, 2028. The lease provides for payment of rent and additional rent by the tenant. Future minimum lease payments are as follows;

<u>Year</u>	<u>Office lease</u> \$
2024	92,616
2025	93,367
2026	93,267
2027	93,267
2028	23,342
There after	-

UMOJA OPERATION COMPASSION SOCIETY

Notes to financial statements (Continued)

Year ended December 31, 2023

(Unaudited)

11. 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.
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12. Subsequent Events

There were no subsequent events noted.