

UMOJA OPERATION COMPASSION SOCIETY

FINANCIAL STATEMENTS

December 31, 2022

UMOJA OPERATION COMPASSION SOCIETY

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Year ended December 31, 2022

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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, 2022, 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, 2022, 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 17, 2023

Abbotsford, BC

UMOJA OPERATION COMPASSION SOCIETY

Statement 1

Statement of Financial Position

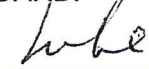
As at December 31, 2022

(Unaudited)


	2022	2021
	\$	\$
ASSETS		
Current assets		
Cash and cash equivalents	3,137	84,348
Accounts receivable - (note 4)	153,868	23,048
Recoveries from government authorities – GST	8,870	5,988
Vancity Credit Card	-	1,289
Prepaid expenses	648	2,796
Total Current Assets	166,524	117,468
Non-current assets		
Capital assets - (note 5)	29,096	20,666
Security deposits	5,282	5,282
	34,378	25,948
TOTAL ASSETS	200,902	143,416
LIABILITIES AND NET ASSETS		
Current		
Bank overdraft	17,689	-
Accounts payable and accruals	57,631	9,975
Vancity Credit Card	1,856	-
Deferred contributions - (note 7)	82,309	107,578
	159,485	117,553
Deferred contributions related to vehicle - (note 8)	4,902	6,493
	164,387	124,046
Net assets (deficit) - unrestricted	36,515	19,370
TOTAL LIABILITIES AND NET ASSETS	200,902	143,416

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, 2022

(Unaudited)

	2022	2021
	\$	\$
Net Assets, beginning of year	19,370	19,626
Excess (deficiency) of revenues over expenses	17,145	(256)
Net Assets (Deficit), end of year	<u>36,515</u>	<u>19,370</u>

See notes to the financial statements

UMOJA OPERATION COMPASSION SOCIETY

Statements of Operations

Statement 3

Year ended December 31, 2022

(Unaudited)

	2022	2021
	\$	\$
REVENUES		
Grants and contracts	314,569	208,677
Donations	112,412	116,141
Government grants – provincial (note 9)	340,357	140,947
Government grants - federal (note 9)	123,035	157,121
Fundraising	8,500	39,374
Rental income	-	0
Amortization of deferred contribution related to vehicle	1,591	1,591
Service revenue	-	2,882
Membership dues	300	50
Miscellaneous revenue	1,140	0
	<u>901,904</u>	<u>666,783</u>
EXPENSES		
Salaries and benefits	459,492	365,176
Staff training	794	405
Rent	88,729	73,103
Care packages – Vancouver foundation		1,329
Uganda Project	41,113	82,915
Honorarium	10,035	8,100
Contract Services	175,691	69,773
Office expenses	18,878	15,222
Advertising and Promotion	341	-
Conferences and Meetings	4,838	-
Books, Subscriptions, Reference	5,753	-
Fundraising expenses	7,018	949
Scholarship	8,465	3,832
Transportation	15,300	9,729
Insurance	4,825	5,330
Food and beverages	5,505	3,548
Printing and photocopying	771	2,222
Non-recoverable sales tax	2,929	3,019
Amortization	14,724	8,634
Telephone and telecommunications	7,214	7,532
Professional fees	7,663	5,944
Field trips and outings	4,469	-
Interest and bank charges	211	276
	<u>884,759</u>	<u>667,039</u>
Excess/(deficit) of Revenue over Expenses	17,145	(256)

See notes to the financial statements

UMOJA OPERATION COMPASSION SOCIETY

Statement 4

Statement of Cash Flows

Year ended December 31, 2022

(Unaudited)

	2022	2021
	\$	\$
OPERATING ACTIVITIES		
Excess of revenues over expenses	17,145	(256)
Non-cash adjustments:		
Deferred contributions related to vehicle	(1,591)	(1,591)
Amortization	14,724	8,634
	<u>30,278</u>	<u>6,787</u>
Non-cash working capital items:		
Decrease/(Increase) in accounts receivable	(130,820)	3,079
Decrease/(increase) in recovery from government - GST	(2,883)	(3,012)
Decrease in prepaid expenses	2,148	2,205
Increase/(decrease) in accounts payable and accrued liabilities	47,656	(2,923)
Increase/(decrease) in deferred contributions	(25,269)	(3,049)
	<u>(109,168)</u>	<u>(3,700)</u>
Cash flow from/(used by) operations	(78,890)	3,087
INVESTING ACTIVITIES		
Purchase of capital assets	<u>(23,155)</u>	<u>(4,004)</u>
FINANCING ACTIVITIES		
Vancity Credit Card	<u>3,145</u>	<u>(1,289)</u>
INCREASE IN CASH	<u>(98,900)</u>	<u>(2,206)</u>
Cash and cash equivalents, beginning of year	<u>84,348</u>	<u>86,554</u>
Cash and cash equivalents, end of year	<u>(14,552)</u>	<u>84,348</u>

See notes to the financial statements

UMOJA OPERATION COMPASSION SOCIETY

Notes to financial statements

Year ended December 31, 2022

(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, 2022 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, 2022

(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, 2022. Below is the composition of the accounts receivable balance:

	2022	2021
	\$	\$
Actual amount of receivable	125,135	14,380
Recoverable from IRCC Program	28,733	8,668
	<u>153,868</u>	<u>23,048</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
		\$	2022	2021
			\$	\$
Vehicles	35,967	(24,878)	11,090	14,687
Computers	26,055	(17,817)	8,238	5,979
Furniture and equipment	22,389	(12,621)	9,768	-
	<u>84,411</u>	<u>(55,315)</u>	<u>29,096</u>	<u>20,666</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 \$15,000, which bears interest at prime plus 19.5% 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 credit balance of \$1,856.42.

UMOJA OPERATION COMPASSION SOCIETY

Notes to financial statements (Continued)

Year ended December 31, 2022

(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, 2022 \$	Amount received in 2022 \$	Amount recognize d as revenue in 2022 \$	Closing balance - December 31, 2022 \$
United Way - 6 to 12	35,000	109,000	102,000	42,000
Chippendale Foundation	-	-	-	-
British Columbia Gaming	-	100,000	100,000	-
United Way – Youth	-	27,500	15,000	12,500
BC Ministry of Children & Family	8,687	35,087	34,793	8,981
Support of Uganda School	-	-	-	-
Kenny Foundation	3,750	15,000	15,000	3,750
Scholarships	51	-	-	51
Sponsorship of Burundi families	27	-	-	27
SVP	25,000	40,000	50,000	15,000
Employment Services Development Canada	35,063	-	35,063	-
Total	107,578	326,587	316,793	82,309

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.

	2022 \$	2021 \$
Balance – beginning of the year	6,494	8,085
Less: Amortization to revenue	(1,591)	(1,591)
	<u>4,903</u>	<u>6,494</u>

UMOJA OPERATION COMPASSION SOCIETY
Notes to financial statements (Continued)
Year ended December 31, 2022
(Unaudited)

9. GOVERNMENT GRANTS

	2022 \$	2021 \$
<u>Federal</u>		
Immigration, Refugee & Citizenship Canada	123,035	157,121
<u>Provincial</u>		
Province of BC - MSDPR (PBMLT)	203,865	-
BC Gaming Commission	100,000	105,371
Ministry of Children and Family Development	36,492	35,577
	<u>463,393</u>	<u>298,068</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> \$
2023	89,608
2024	92,616
2025	93,367
2026	93,267
2027	93,267
There after	23,342

UMOJA OPERATION COMPASSION SOCIETY

Notes to financial statements (Continued)

Year ended December 31, 2022

(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.
-

12. Subsequent Events

There were no subsequent events noted.