

**KINBRACE COMMUNITY SOCIETY**  
**Financial Statements**  
**Year Ended April 30, 2020**

**KINBRACE COMMUNITY SOCIETY**  
**Index to Financial Statements**  
**Year Ended April 30, 2020**

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|  | Page   |
|--|--------|
| INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT              | 1      |
| FINANCIAL STATEMENTS   |        |
| Statement of Financial Position                                  | 2      |
| Statement of Revenues and Expenditures and Changes in Net Assets | 3      |
| Statement of Cash Flows  | 4      |
| Notes to Financial Statements                                    | 5 - 10 |

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## INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT

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To the Members of Kinbrace Community Society

We have reviewed the accompanying financial statements of Kinbrace Community Society (the Society) that comprise the statement of financial position as at April 30, 2020, and the statements of revenues and expenditures and 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 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 (ASNPO) 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 Kinbrace Community Society as at April 30, 2020, and the results of its operations and its cash flows for the year then ended in accordance with ASNPO.

New Westminster, BC  
September 21, 2020

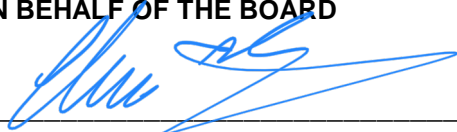
*McLaren Trefanenko Inc.*  
Chartered Professional Accountants

**KINBRACE COMMUNITY SOCIETY**  
**Statement of Financial Position**  
**April 30, 2020**

|                                    | 2020              | 2019              |
|------------------------------------|-------------------|-------------------|
| <b>ASSETS</b>                      |                   |                   |
| <b>CURRENT</b>                     |                   |                   |
| Cash and cash equivalents          | \$ 160,139        | \$ 110,458        |
| Term deposits                      | 80,351            | 78,386            |
| Accounts receivable                | 26,714            | 66,500            |
| Interest receivable                | 222               | 328               |
| Goods and services tax recoverable | 1,792             | 2,711             |
| Prepaid expenses                   | 645               | 1,344             |
|                                    | <b>269,863</b>    | <b>259,727</b>    |
| TANGIBLE CAPITAL ASSETS (Note 3)   | <b>13,832</b>     | <b>14,609</b>     |
|                                    | <b>\$ 283,695</b> | <b>\$ 274,336</b> |
| <b>LIABILITIES AND NET ASSETS</b>  |                   |                   |
| <b>CURRENT</b>                     |                   |                   |
| Accounts payable                   | \$ 46,288         | \$ 23,361         |
| Wages payable                      | 12,131            | 11,937            |
| Payroll deductions payable         | 3,757             | 3,930             |
| Deferred contributions (Note 4)    | 155,648           | 105,314           |
| Deferred rental income             | 2,000             | 2,800             |
|                                    | <b>219,824</b>    | <b>147,342</b>    |
| <b>NET ASSETS</b>                  |                   |                   |
| Invested in capital assets         | <b>13,832</b>     | <b>14,610</b>     |
| Unrestricted                       | <b>50,039</b>     | <b>112,384</b>    |
|                                    | <b>63,871</b>     | <b>126,994</b>    |
|                                    | <b>\$ 283,695</b> | <b>\$ 274,336</b> |

COMMITMENTS (Note 7)

**ON BEHALF OF THE BOARD**

  
 \_\_\_\_\_ Director  
 CHRIS WIESINGER

  
 \_\_\_\_\_ Director  
 Rosemary Toye

**KINBRACE COMMUNITY SOCIETY****Statement of Revenues and Expenditures and Changes in Net Assets****Year Ended April 30, 2020**

|   | 2020             | 2019              |
|---|------------------|-------------------|
| <b>REVENUES</b>   |                  |                   |
| Contributions from not-for-profit organizations <i>(Note 4)</i> | \$ 313,353       | \$ 345,526        |
| CHIMP and CanadaHelps   | 79,444           | 83,131            |
| Donations from individuals                                      | 78,151           | 59,273            |
| Rental income <i>(Note 5)</i>                                   | 67,724           | 25,330            |
| Fundraising - Ride for Refuge                                   | 54,418           | 44,547            |
| Canada Emergency Wage Subsidy <i>(Note 9)</i>                   | 20,144           | -                 |
| Interest income   | 1,920            | 1,720             |
| Donations from businesses                                       | 1,700            | 25,000            |
| Other revenues  | -                | 266               |
|   | <b>616,854</b>   | <b>584,793</b>    |
| <b>EXPENSES</b>   |                  |                   |
| Administration costs  | 11,850           | 6,653             |
| Amortization  | 8,243            | 5,713             |
| Camping   | 9,208            | 7,397             |
| Capacity building   | 748              | 10,591            |
| Employee benefits   | 49,253           | 35,042            |
| Insurance   | 5,448            | 5,077             |
| Marketing and promotion   | 7,834            | 13,883            |
| Meals and food  | 4,951            | 4,306             |
| Office  | 2,549            | 3,951             |
| Operating costs - housing                                       | 9,077            | 8,600             |
| Professional fees   | 8,354            | 7,837             |
| Program costs   | 83,015           | 123,806           |
| Rent and utilities  | 55,870           | 51,797            |
| Salaries and wages  | 410,886          | 350,749           |
| Small furnishings   | 6,122            | 17,905            |
| Staff and volunteer development                                 | 1,744            | 2,674             |
| Transportation  | 4,825            | 5,342             |
|   | <b>679,977</b>   | <b>661,323</b>    |
| <b>NET DEFICIENCY OF REVENUES OVER EXPENSES</b>                 | <b>(63,123)</b>  | <b>(76,530)</b>   |
| <b>NET ASSETS - BEGINNING OF YEAR</b>                           | <b>126,994</b>   | <b>203,524</b>    |
| <b>NET ASSETS - END OF YEAR</b>                                 | <b>\$ 63,871</b> | <b>\$ 126,994</b> |

See notes to financial statements

**KINBRACE COMMUNITY SOCIETY****Statement of Cash Flows****Year Ended April 30, 2020**

|   | 2020              | 2019              |
|---|-------------------|-------------------|
| <b>OPERATING ACTIVITIES</b>                   |                   |                   |
| Deficiency of revenues over expenses          | \$ (63,123)       | \$ (76,530)       |
| Item not affecting cash:                      |                   |                   |
| Amortization of tangible capital assets       | 8,243             | 5,713             |
|   | <b>(54,880)</b>   | <b>(70,817)</b>   |
| Changes in non-cash working capital:          |                   |                   |
| Accounts receivable                           | 39,786            | (62,432)          |
| Interest receivable                           | 106               | (72)              |
| Prepaid expenses                              | 699               | (765)             |
| Accounts payable                              | 22,927            | 13,198            |
| Wages payable                                 | 194               | 2,596             |
| Payroll deductions payable                    | (173)             | 964               |
| Goods and services tax payable                | 919               | (1,098)           |
| Deferred contributions                        | 50,334            | 91,522            |
| Deferred rental income                        | (800)             | 2,800             |
|   | <b>113,992</b>    | <b>46,713</b>     |
| Cash flow from (used by) operating activities | <b>59,112</b>     | <b>(24,104)</b>   |
| <b>INVESTING ACTIVITIES</b>                   |                   |                   |
| Purchase of term deposit                      | (80,351)          | (78,386)          |
| Redemption of term deposit                    | 78,386            | 76,849            |
| Purchase of tangible capital assets           | (7,466)           | (10,239)          |
| Cash flow used by investing activities        | <b>(9,431)</b>    | <b>(11,776)</b>   |
| <b>INCREASE (DECREASE) IN CASH FLOW</b>       | <b>49,681</b>     | <b>(35,880)</b>   |
| Cash - beginning of year                      | 110,458           | 146,338           |
| <b>CASH - END OF YEAR</b>                     | <b>\$ 160,139</b> | <b>\$ 110,458</b> |

See notes to financial statements

# KINBRACE COMMUNITY SOCIETY

## Notes to Financial Statements

Year Ended April 30, 2020

(Unaudited)

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### 1. GENERAL

Kinbrace Community Society (the "Society") is a not-for-profit organization incorporated provincially under the Society Act of British Columbia. The Society is a registered charity and is exempt from the payment of income taxes under the Income Tax Act.

The Society strives to provide for each refugee claimant a world of welcome, a community of belonging, and a life of opportunity. The Society achieves this mission and vision through its housing and integration support, community, and resources for accessing refugee protection.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Basis of presentation

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

#### Cash and cash equivalents

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

#### Revenue recognition

Kinbrace Community Society follows the deferral method of accounting for contributions.

Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Rental income is recognized based on the terms of the tenancy agreement. Interest and other revenue are recognized when earned. All revenues are recognized when the amount can be reasonably estimated and collection is reasonably assured.

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## KINBRACE COMMUNITY SOCIETY

### Notes to Financial Statements

Year Ended April 30, 2020

(Unaudited)

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#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

##### Financial instruments

The Society initially measures its financial assets and liabilities at fair value, except for certain non-arm's length transactions. The Society subsequently measures all its financial assets and liabilities at amortized cost. Financial assets measured at amortized cost include cash and cash equivalents, term deposit, and accounts receivable. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in the statement of operations. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in the statement of operations.

The Society recognizes its transaction costs in the statement of operations in the period incurred. However, financial instruments that will not be subsequently measured at fair value are adjusted by the transaction costs that are directly attributable to their origination, issuance or assumption.

##### Tangible capital assets and amortization

Purchased tangible capital assets are stated at cost less accumulated amortization. Contributed capital assets are recorded at fair value at the date of contribution. Amortization is provided on a straight-line basis over the asset's estimated useful lives, which for computers is three years and for equipment and leasehold improvements is five years. Estimates of useful lives of the assets are reviewed every year and adjusted on a prospective basis, if needed.

##### 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. 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.

##### 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.



**KINBRACE COMMUNITY SOCIETY****Notes to Financial Statements****Year Ended April 30, 2020***(Unaudited)***3. TANGIBLE CAPITAL ASSETS**

|                        | Cost             | Accumulated<br>amortization | 2020<br>Net book<br>value | 2019<br>Net book<br>value |
|------------------------|------------------|-----------------------------|---------------------------|---------------------------|
| Computer equipment     | \$ 19,143        | \$ 13,197                   | \$ 5,946                  | \$ 6,050                  |
| Equipment              | 7,781            | 7,725                       | 56                        | 1,281                     |
| Leasehold improvements | 14,657           | 6,827                       | 7,830                     | 7,278                     |
|                        | <b>\$ 41,581</b> | <b>\$ 27,749</b>            | <b>\$ 13,832</b>          | <b>\$ 14,609</b>          |

**4. DEFERRED CONTRIBUTIONS**

The Society received funding from the following organizations for the delivery of various programs and general operations. Contributions are deferred when corresponding expenditures have not yet been incurred. Changes in the deferred contributions are as follows:

|   | Opening<br>Balance | Contributions     | Recognized as<br>Revenue | Ending Balance    |
|---|--------------------|-------------------|--------------------------|-------------------|
| Alberta Law Foundation  | \$ -               | \$ 26,691         | \$ 26,691                | \$ -              |
| City of Vancouver   | 5,000              | 2,500             | 5,288                    | 2,212             |
| Dragon Fire Charitable Foundation   | -                  | 80,000            | 41,207                   | 38,793            |
| Hawthorne Charitable Foundation   | 40,000             | 40,000            | 40,000                   | 40,000            |
| Law Foundation of BC  | 6,667              | 40,000            | 40,000                   | 6,667             |
| Legal Services Society  | 5,600              | -                 | 5,600                    | -                 |
| Manitoba Law Foundation   | -                  | 8,000             | 8,000                    | -                 |
| MOSAIC  | 13,750             | 15,000            | 14,904                   | 13,846            |
| Raymond James Canada<br>Foundation  | -                  | 10,000            | 10,000                   | -                 |
| Reaching Home Emergency Funds<br>through a partnership with Journey<br>Home Community Association | -                  | 13,053            | 10,754                   | 2,299             |
| Seacliff Foundation   | -                  | 12,500            | 12,500                   | -                 |
| Second Harvest  | -                  | 5,200             | -                        | 5,200             |
| Social Venture Partners Vancouver   | 31,250             | 56,000            | 52,083                   | 35,167            |
| Tenth Church  | -                  | 8,500             | 8,500                    | -                 |
| The Giustra Foundation  | -                  | 5,000             | 5,000                    | -                 |
| Vancity Community Foundation  | 3,047              | 4,706             | 7,753                    | -                 |
| Vancouver Foundation  | -                  | 13,858            | 2,394                    | 11,464            |
| Other contributors  | -                  | 22,679            | 22,679                   | -                 |
|   | <b>\$ 105,314</b>  | <b>\$ 363,687</b> | <b>\$ 313,353</b>        | <b>\$ 155,648</b> |

# KINBRACE COMMUNITY SOCIETY

## Notes to Financial Statements

Year Ended April 30, 2020

(Unaudited)

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### 5. RENOVATION

After the successful completion of the renovation of one of the two Kinbrace houses (K1) in the prior year, the rental of all units has resumed.

### 6. RELATED PARTY TRANSACTIONS

Two of the Society's housing units are rented to employees. During the current year, one employee paid \$7,350 in rent (May 2019 - Apr 2020); the second employee paid \$19,500 in rent (May 2019 - Apr 2020) for a total of \$26,850 in rent being paid by the employees to the Society. The transactions occurred during the normal course of operations and are measured at the exchange amount, which is the amount of consideration agreed by the related parties.

### 7. COMMITMENTS

#### Two buildings

The Society leases two homes from the Hawthorne Charitable Foundation (the "landlord" and legal owner) in accordance with the Residential Tenancy Act of British Columbia. The lease agreements are on a month-to-month basis. The total monthly rental rate for both leases is \$3,900 plus applicable taxes.

#### Homeless to Housed: A Wrap-Around Welcome for Refugee Families Project

The Society and the Journey Home Community Association have entered into an agreement for the project funded through Reaching Home: Canada's Homelessness Strategy Employment and Social Development Canada. As part of its agreement with the Journey Home Community Association, the Society commits to providing a minimum of \$221,600 in matching funds (\$180,000 cash contributions and \$41,600 in-kind contributions) towards the success of the Reaching Home project commencing May 1, 2020 to March 31, 2022.

#### Photocopier

The Society leases a photocopier under an arrangement expiring on October 2020. The monthly lease payments total \$299.50 plus applicable taxes. At the end of the term, the ownership of the photocopier will be transferred to the Society. The aggregate lease payments, including sales taxes, resulting from the photocopier obligation to the end of the lease are as follows:

Contractual obligation repayment schedule:

|      |                 |
|------|-----------------|
| 2021 | <u>\$ 2,013</u> |
|------|-----------------|

### 8. CREDIT FACILITY

The Society has a credit facility with Vancouver City Savings Credit Union, which includes two credit cards with limits of \$10,000 each. The Society also had an approved line of credit that could be drawn upon to a maximum of \$75,000, which bore interest at prime plus 0.75% and was secured by the Society's term deposits. The line of credit was closed in March 2020.

## KINBRACE COMMUNITY SOCIETY

### Notes to Financial Statements

Year Ended April 30, 2020

(Unaudited)

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#### 9. COVID-19 PANDEMIC

The World Health Organization declared the novel strain of coronavirus (COVID-19) outbreak a public health emergency of international concern on January 30, 2020 and a pandemic on March 11, 2020.

The outbreak has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures include the implementation of travel bans, self-imposed quarantine periods, closure of non-essential businesses, and social distancing. These measures have caused material disruption to business globally, resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions.

In addition to the Canada Emergency Wage Subsidy, the Society has obtained funding from the Reaching Home Emergency Funds through its partnership with the Journey Home Community Association. Funding to assist the Society through the pandemic has also been received from Social Venture Partners Vancouver, the Vancouver Foundation, and Second Harvest.

The duration and impact of the COVID-19 outbreak are unknown at this time, as is the efficacy of government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Society in future periods.

#### 10. FINANCIAL INSTRUMENTS

The Society is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the Society's risk exposure and concentration as of April 30, 2020.

##### ***Credit risk***

Credit risk arises from cash and cash equivalents, term deposits and receivables. Cash equivalents and term deposits are deposited in reputable major Canadian financial institutions to limit credit risk. The credit risk associated with the non-receipt of receivables is not considered significant.

##### ***Interest rate risk***

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the Society manages exposure through its normal operating and financing activities. The Society is exposed to interest rate risk primarily through its cash equivalents and term deposits.

Unless otherwise noted, it is management's opinion that the Society is not exposed to significant other price risks arising from these financial instruments.

**KINBRACE COMMUNITY SOCIETY**

**Notes to Financial Statements**

**Year Ended April 30, 2020**

*(Unaudited)*

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11. REMUNERATION OF DIRECTORS, EMPLOYEES AND CONTRACTORS

The B.C. Societies Act requires a note disclosing the amount of remuneration paid to its directors and its highest paid (\$75,000 plus) employees/contractors. In this regard, management reports that its directors did not receive any remuneration and only one employee earned more than \$75,000. That employee earned \$80,832.