

KINBRACE COMMUNITY SOCIETY

FINANCIAL STATEMENTS

APRIL 30, 2016

| CONTENTS | PAGE |
|---|-------------|
| Auditor's Report | 1-2 |
| Statement of Financial Position | 3 |
| Statement of Operations and Changes in Net Assets | 4 |
| Statement of Cash Flow | 5 |
| Notes to Financial Statements | 6-9 |

INDEPENDENT AUDITOR'S REPORT

To the Members of Kinbrace Community Society

We have audited the accompanying financial statements of Kinbrace Community Society, which comprise the statement of financial position as at April 30, 2016 and the statement of operations and changes in net assets and statement of 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, 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.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis for Qualified Opinion

In common with many not-for-profit organizations, the Society derives a portion of its revenue from donations and fundraising, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Society and we were not able to determine whether any adjustments might be necessary to donation and fundraising revenues, excess of revenues over expenses, assets, liabilities, and net assets.

Qualified Opinion

In our opinion, except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of the donations and fundraising revenues referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of Kinbrace Community Society as at April 30, 2016, and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Report on other legal and regulatory requirements

As required by the British Columbia Society Act, we report that in our opinion, these principles have been applied on a basis consistent with that of the previous year.

Keon Kwan & Company

Burnaby, BC
September 12, 2016

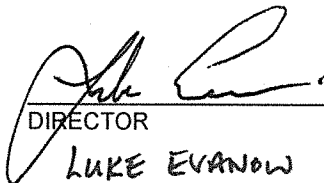
Chartered Professional Accountants


KINBRACE COMMUNITY SOCIETY
STATEMENT OF FINANCIAL POSITION
AS AT APRIL 30, 2016

| | 2016 | 2015 |
|--|------------|------------|
| ASSETS | | |
| CURRENT | | |
| Cash and cash equivalents | \$ 157,966 | \$ 141,905 |
| Term deposit | 75,175 | - |
| Accounts receivable | 25,748 | 12,538 |
| Sales tax recoverable | 4,637 | 1,954 |
| Loans to residents | - | 500 |
| Prepaid expenses | 3,985 | 4,289 |
| | 267,511 | 161,186 |
| TANGIBLE CAPITAL ASSETS (Note 3) | 15,974 | 8,947 |
| | \$ 283,485 | \$ 170,133 |
| LIABILITIES AND NET ASSETS | | |
| CURRENT | | |
| Accounts payable and accrued liabilities | \$ 10,747 | \$ 24,211 |
| Salaries and benefits payable | 8,869 | 8,387 |
| Deferred contributions (Note 4) | 28,000 | 75,619 |
| | 47,616 | 108,217 |
| NET ASSETS | | |
| Invested in capital assets | 15,974 | 8,947 |
| Unrestricted | 219,895 | 61,916 |
| | 235,869 | 70,863 |
| | \$ 283,485 | \$ 170,133 |

Commitments (Note 7)

APPROVED ON BEHALF OF THE BOARD


DIRECTOR
LUKE EVANOW
TREASURER


DIRECTOR
BETH GLICK
CHAIR

12 SEPT 2016

The accompanying notes are an integral part of these financial statements

KINBRACE COMMUNITY SOCIETY
STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED APRIL 30, 2016

| | 2016 | 2015 |
|--|-------------------|------------------|
| | | (Note 11) |
| REVENUES | | |
| Donations and grants from charities (Note 5) | \$ 396,806 | \$ 103,590 |
| Chimp: Charitable Impact Foundation (Canada) | 230,450 | 68,641 |
| Donations from individuals | 87,446 | 88,350 |
| Rental income | 52,097 | 52,959 |
| World Vision Canada | 41,475 | 47,625 |
| Fundraising | 29,095 | 37,447 |
| Donations from businesses | 14,333 | 29,602 |
| Interest income and other revenue | 7,671 | 7,413 |
| Metro Vancouver | - | 32,824 |
| | 859,373 | 468,451 |
| EXPENSES | | |
| Administration costs | 5,025 | 5,461 |
| Amortization of tangible capital assets | 2,851 | 459 |
| Camping | 5,505 | 2,756 |
| Capacity building | 10,195 | 10,711 |
| Insurance | 4,100 | 3,778 |
| Marketing and promotion | 7,261 | 20,679 |
| Meals and food | 5,274 | 5,470 |
| Office | 17,273 | 15,175 |
| Operating costs - housing | 9,782 | 6,079 |
| Professional fees | 10,043 | 7,777 |
| Program costs | 111,702 | 8,202 |
| Rent and utilities | 56,874 | 57,042 |
| Salaries and benefits | 246,763 | 209,585 |
| Small furnishings | 356 | 909 |
| Staff and volunteer development | 4,440 | 2,846 |
| Transportation | 4,552 | 3,895 |
| Workers compensation board | 1,924 | 1,456 |
| | 503,920 | 362,280 |
| EXCESS OF REVENUES OVER EXPENSES BEFORE OTHER ITEM | 355,453 | 106,171 |
| OTHER ITEM | | |
| Donations to Chimp: Charitable Impact Foundation (Canada) (Note 8) | (181,500) | (49,000) |
| EXCESS OF REVENUES OVER EXPENSES | 173,953 | 57,171 |
| NET ASSETS, beginning of year | 61,916 | 4,745 |
| NET ASSETS, end of year | \$ 235,869 | \$ 61,916 |

The accompanying notes are an integral part of these financial statements

**KINBRACE COMMUNITY SOCIETY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED APRIL 30, 2016**

| | 2016 | 2015 |
|---|-------------------|-------------------|
| Operating Activities | | |
| Cash receipts | | |
| Donations and grants from individuals, businesses and charities | \$ 709,211 | \$ 363,401 |
| Rental income | 52,567 | 52,864 |
| Fundraising | 29,095 | 37,447 |
| Interest income and other | 7,496 | 7,413 |
| | <u>798,369</u> | <u>461,125</u> |
| Cash disbursements | | |
| Salaries and benefits | (248,205) | (210,067) |
| Payments to suppliers | (210,995) | (79,545) |
| Donation to Chimp: Charitable Impact Foundation (Canada) | (181,500) | - |
| Premises | (56,874) | (57,042) |
| | <u>(697,574)</u> | <u>(346,654)</u> |
| Cash provided by (used for) operating activities | <u>100,795</u> | <u>114,471</u> |
| Investing Activities | | |
| Purchase of non-redeemable term deposit | (75,000) | - |
| Loans to residents, net of repayments | 500 | 975 |
| Purchase of tangible capital assets | (10,234) | (10,315) |
| Cash provided by (used for) investing activities | <u>(84,734)</u> | <u>(9,340)</u> |
| Increase in cash | <u>16,061</u> | <u>105,131</u> |
| Cash, beginning of year | <u>141,905</u> | <u>36,774</u> |
| Cash, end of year | <u>\$ 157,966</u> | <u>\$ 141,905</u> |
| Non-cash investing activities | | |
| Contributed equipment recognized as donation from businesses | - | 2,108 |
| Contributed equipment recognized as an addition to equipment | - | (2,108) |
| | <u>\$ -</u> | <u>\$ -</u> |

The accompanying notes are an integral part of these financial statements

**KINBRACE COMMUNITY SOCIETY
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2016**

1 GENERAL

Kinbrace Community Society ("Society") is an organization whose mission is to welcome people in Canada's refugee protection system by providing housing, orientation, accompaniment and education. 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. The Society was incorporated on May 31, 2011 and commenced operations on July 1, 2012.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of 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, redeemable term deposits 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 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, interest and other revenue are recognized when earned, the amount can be reasonably estimated and collection is reasonably assured.

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.

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.

KINBRACE COMMUNITY SOCIETY
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

3 TANGIBLE CAPITAL ASSETS

| | 2016 | | | 2015 |
|------------------------|------------------|-------------------------------------|------------------|-----------------|
| | <u>Cost</u> | <u>Accumulated Amortization</u> | <u>Net</u> | <u>Net</u> |
| Computer equipment | \$ 4,927 | \$ 1,259 | \$ 3,668 | \$ 2,172 |
| Equipment | 7,781 | 1,831 | 5,950 | 6,775 |
| Leasehold improvements | 6,575 | 219 | 6,356 | - |
| | <u>\$ 19,283</u> | <u>\$ 3,309</u> | <u>\$ 15,974</u> | <u>\$ 8,947</u> |

4 DEFERRED CONTRIBUTIONS

Deferred contributions are comprised of the following:

| | 2016 | 2015 |
|-------------------------------|------------------|------------------|
| Catherine Donnelly Foundation | \$ 20,000 | \$ - |
| World Vision Canada | 8,000 | 3,625 |
| Alberta Law Foundation | - | 22,133 |
| Law Foundation of Ontario | - | 20,934 |
| VanCity Community Foundation | - | 10,000 |
| Legal Services Society | - | 10,000 |
| Other charities | - | 8,927 |
| | <u>\$ 28,000</u> | <u>\$ 75,619</u> |

**KINBRACE COMMUNITY SOCIETY
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2016**

5 DONATIONS FROM CHARITIES

The Society received donations from the following charities:

| | 2016 | 2015 |
|---------------------------------|-------------------|-------------------|
| | | (Note 11) |
| CGOV Foundation | \$ 100,000 | \$ - |
| Law Foundation of Ontario | 45,934 | - |
| Alberta Law Foundation | 45,633 | - |
| Hawthorne Charitable Foundation | 40,000 | 30,000 |
| Seacliff Foundation | 20,000 | 20,000 |
| Manitoba Law Foundation | 16,626 | - |
| VanCity Community Foundation | 14,000 | 2,000 |
| Law Foundation of B.C. | 12,000 | 15,000 |
| Face the World Foundation | 10,000 | 5,000 |
| Other charities | 92,613 | 31,590 |
| | <u>\$ 396,806</u> | <u>\$ 103,590</u> |

6 RELATED PARTY TRANSACTIONS

Two of the Society's housing units are rented to employees. One unit for \$800 per month and the other unit for \$700 per month for a total of \$18,000 per year. 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 apartment buildings

The Society leases two apartment buildings 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.

Photocopier

The Society leases a photocopier under an arrangement expiring on June 2021. The monthly lease payments total \$599 plus applicable taxes. The aggregate lease payments resulting from the photocopier obligation over the next five years is as follows:

| | |
|------|------------------|
| 2017 | \$ 7,667 |
| 2018 | 7,667 |
| 2019 | 7,667 |
| 2020 | 7,667 |
| 2021 | 1,278 |
| | <u>\$ 31,946</u> |

**KINBRACE COMMUNITY SOCIETY
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2016**

8 DONATIONS TO CHIMP: CHARITABLE IMPACT FOUNDATION (CANADA)

During the current year and in accordance with Chimp: Charitable Impact Foundation (Canada)'s Matching Funds Program, the Society made qualified donations to the Chimp: Charitable Impact Foundation (Canada) ("Chimp"). The funds donated to Chimp are to be returned to the Society as individual donations are made and matched, or at the conclusion of the matching campaign whereby any remaining matched amount held by Chimp will be disbursed to the Society.

9 FINANCIAL INSTRUMENTS

The Society's financial instruments are cash, term deposits, receivables and payables. Unless otherwise noted, it is management's opinion that the Society is not exposed to significant interest, currency, or credit risks arising from these financial instruments. The fair value of the instruments approximates their carrying values, unless otherwise noted.

Credit risk

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

Interest rate risk

The Society is exposed to interest rate risk with respect to its cash equivalents and term deposits. Changes in interest rates can affect the cash flows from interest income. The interest rate risk associated to cash is not considered significant.

10 CONTRIBUTED SERVICES - ERIN PEARCE

Financial statements prepared using accounting standards for not-for-profit organizations do not recognize contributed services from volunteers because the fair value is not easily determinable.

However management would like to recognize the contribution of Erin Pearce, the Society's Wellness Counsellor, in the notes to the financial statements. Erin worked on a pro-bono basis from May 2015 to April 2016 developing the Society's Wellness Counselling Program. According to management, Erin contributed approximately 1,820 volunteer hours to the Society during the Society's 2016 fiscal year.

11 COMPARATIVE FIGURES

The comparative figures have been updated to conform with the current year's financial statement presentation.