

KINBRACE COMMUNITY SOCIETY

FINANCIAL STATEMENTS

APRIL 30, 2017

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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, 2017 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 donations and fundraising revenues, excess of revenues over expenses, and cash flows from operations for the years ended April 30, 2017 and 2016, current assets as at April 30, 2017 and 2016, and net assets as at May 1 and April 30 for both the 2017 and 2016 years. Our audit opinion on the financial statements for the year ended March 31, 2015 was modified accordingly because of the effects of this limitation in scope.

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, 2017, 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, the accounting principles in Canadian accounting standards for not-for-profit organizations have been applied on a basis consistent with that of the preceding year.

Burnaby, BC
September 27, 2017

Keon Kwan & Company

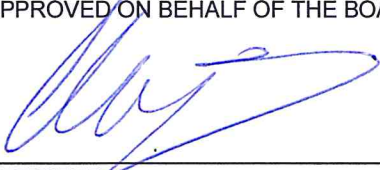
Chartered Professional Accountants

**KINBRACE COMMUNITY SOCIETY
STATEMENT OF FINANCIAL POSITION
AS AT APRIL 30, 2017**


	2017	2016
		(Note 11)
ASSETS		
CURRENT		
Cash and cash equivalents	\$ 196,494	\$ 157,966
Term deposit	76,183	75,175
Accounts receivable	1,028	25,748
Sales tax recoverable	1,356	4,637
Prepaid expenses	525	3,985
	<u>275,586</u>	<u>267,511</u>
TANGIBLE CAPITAL ASSETS (Note 3)	13,031	15,974
	<u>\$ 288,617</u>	<u>\$ 283,485</u>
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities	\$ 27,191	\$ 17,272
Payroll deductions payable	3,575	2,344
Deferred contributions (Note 4)	34,167	28,000
	<u>64,933</u>	<u>47,616</u>
NET ASSETS		
Invested in capital assets	13,031	15,974
Unrestricted	210,653	219,895
	<u>223,684</u>	<u>235,869</u>
	<u>\$ 288,617</u>	<u>\$ 283,485</u>

Commitments (Note 7)

APPROVED ON BEHALF OF THE BOARD



 DIRECTOR
 27 SEPT 2017
 CHRIS WIESINGER, CHAIR



 DIRECTOR
 27 SEPT 2017
 MARTHA KOEHN, SECRETARY

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, 2017**

	2017	2016
REVENUES		(Note 11)
Chimp: Charitable Impact Foundation (Canada) (Note 8)	\$ 185,053	\$ 230,450
Donations and grants from charities	139,045	396,806
Donations and grants from corporations and businesses	122,718	14,333
Donations from individuals	68,323	87,446
Rental income	60,505	52,097
Fundraising - Ride for Refuge	50,067	29,095
Journey Home Community Association (United Way of the Lower Mainland)	37,500	-
World Vision Canada	17,000	41,475
United Way of the Lower Mainland	10,000	-
Other revenues (Note 5)	7,117	7,442
Interest income	1,426	229
	698,754	859,373
EXPENSES		
Administration costs	3,748	5,025
Amortization of tangible capital assets	4,896	2,851
Camping	4,070	5,505
Capacity building	6,040	10,195
Insurance	4,573	4,100
Marketing and promotion	19,101	2,973
Meals and food	4,612	5,274
Office	17,725	17,273
Operating costs - housing	9,764	9,782
Professional fees	10,830	9,275
Program costs	72,949	116,758
Rent and utilities	46,169	56,874
Salaries and benefits	331,635	246,763
Small furnishings	9,503	356
Staff and volunteer development	3,319	4,440
Transportation	3,271	4,552
Workers compensation board	2,134	1,924
	554,339	503,920
EXCESS OF REVENUES OVER EXPENSES BEFORE OTHER ITEMS	144,415	355,453
OTHER ITEMS		
Donations to other charities	(6,600)	-
Donations to Chimp: Charitable Impact Foundation (Canada) (Note 8)	(150,000)	(181,500)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	(12,185)	173,953
NET ASSETS, beginning of year	235,869	61,916
NET ASSETS, end of year	\$ 223,684	\$ 235,869

The accompanying notes are an integral part of these financial statements

**KINBRACE COMMUNITY SOCIETY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED APRIL 30, 2017**

	2017	2016
		(Note 11)
OPERATING ACTIVITIES		
Excess (deficiency) of revenues over expenses	\$ (12,185)	\$ 173,953
Items not involving cash:		
Amortization	4,896	2,851
Accrued interest income	(133)	(175)
	(7,422)	176,629
Non-cash working capital items affecting operations:		
Accounts receivable	24,720	(13,210)
Sales tax recoverable	3,281	(2,683)
Prepaid expenses	3,460	304
Accounts payable and accrued liabilities	9,919	(13,464)
Payroll deductions payable	1,231	482
Deferred contributions	6,167	(47,619)
	41,356	100,439
INVESTING ACTIVITIES		
Purchase of term deposit	(76,050)	(75,000)
Redemption of term deposit	75,175	-
Repayment of loans to residents	-	500
Purchase of tangible capital assets	(1,953)	(9,878)
	(2,828)	(84,378)
INCREASE IN CASH	38,528	16,061
Cash and cash equivalents, beginning of year	157,966	141,905
Cash and cash equivalents, end of year	\$ 196,494	\$ 157,966

The accompanying notes are an integral part of these financial statements

**KINBRACE COMMUNITY SOCIETY
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2017**

1 GENERAL

Kinbrace Community Society ("Society") is an organization whose mission is to welcome people in Canada's refugee protection system by providing housing, education, and support. The Society is incorporated on May 31, 2011 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 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

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.

**KINBRACE COMMUNITY SOCIETY
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2017**

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

3 TANGIBLE CAPITAL ASSETS

	2017			2016
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net</u>	<u>Net</u>
Computer equipment	\$ 6,880	\$ 3,284	\$ 3,596	\$ 3,668
Equipment	7,781	3,387	4,394	5,950
Leasehold improvements	6,575	1,534	5,041	6,356
	\$ 21,236	\$ 8,205	\$ 13,031	\$ 15,974

**KINBRACE COMMUNITY SOCIETY
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2017**

4 DEFERRED CONTRIBUTIONS

Changes to deferred contributions are as follows:

	<u>2017</u>	<u>2016</u>
Balance, beginning of year	\$ 28,000	\$ 75,619
Amount recognized as revenue	(28,000)	(75,619)
Add deferred contributions:		
Catherine Donnelly Foundation	-	20,000
VanCity Community Foundation	-	8,000
Journey Home Community Association (United Way of the Lower Mainland)	7,500	-
Wellness Anonymous Donor	20,000	-
Dragon Fire Foundation	6,667	-
Balance, end of year	<u>\$ 34,167</u>	<u>\$ 28,000</u>

5 OTHER REVENUES

	<u>2017</u>	<u>2016</u>
Government of Canada - summer student grant	3,568	-
Speaker fees and related donations	1,650	-
Government of Canada - payroll deductions credit	912	-
Other revenue	572	634
Camp fees	415	530
Byrne Creek Secondary School donation	-	6,278
	<u>\$ 7,117</u>	<u>\$ 7,442</u>

6 RELATED PARTY TRANSACTIONS

Two of the Society's housing units are rented to employees. During the current year, one employee paid \$10,700 in rent and the other employee paid \$9,400 in rent for a total of \$20,100 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 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.

7 COMMITMENTS (Continued)

Photocopier

The Society leases a photocopier under an arrangement expiring on October 2020. The monthly lease payments total \$299.50 plus applicable taxes. The aggregate lease payments resulting from the photocopier obligation to the end of the lease is as follows:

2018	\$	4,025
2019		4,025
2020		4,025
2021		1,677
		<hr/>
	\$	13,753

8 DONATIONS TO CHIMP: CHARITABLE IMPACT FOUNDATION (CANADA)

During the current and prior 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 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, the Society can report that its directors did not receive any remuneration and no employees earned more than \$75,000.

11 COMPARATIVE FIGURES

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