

JOURNEY HOME COMMUNITY ASSOCIATION
CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2022

JOURNEY HOME COMMUNITY ASSOCIATION

Consolidated Financial Statements

For the year ended 31 December 2022

Contents

| | |
|---|--------|
| Independent Practitioners' Review Engagement Report | |
| Consolidated Statement of Financial Position | 4 |
| Consolidated Statement of Changes in Net Assets | 5 |
| Consolidated Statement of Operations | 6 |
| Consolidated Statement of Cash Flows | 7 |
| Notes to the Consolidated Financial Statements | 8 - 16 |

INDEPENDENT PRACTITIONERS' REVIEW ENGAGEMENT REPORT

To the Members,
Journey Home Community Association

We have reviewed the accompanying consolidated financial statements of Journey Home Community Association that comprise the consolidated statement of financial position as at 31 December 2022, and the consolidated statements of changes in net assets, operations and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal controls as management determines are necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Practitioners' Responsibility

Our responsibility is to express a conclusion on the accompanying consolidated 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 consolidated financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioners perform procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluate 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 consolidated financial statements.

Basis for Qualified Conclusion

In common with other organizations of this kind, the Association derives revenue from donations, the completeness of which is not susceptible to satisfactory review procedures. Accordingly, our review of these revenues was limited to the amounts recorded in the records of the Association and we are not able to determine whether any adjustments might be necessary to revenue, excess of revenues over expenses and net assets for the year ended 31 December 2022 and 2021, current assets as at 31 December 2022 and 2021 and net assets as at 1 January and 31 December for both the 2022 and 2021 years.

INDEPENDENT PRACTITIONERS' REVIEW ENGAGEMENT REPORT - Continued

Qualified Conclusion

Based on our review, except for the effects of the matter described in the Basis for Qualified Conclusion paragraph, nothing has come to our attention that causes us to believe that the consolidated financial statements do not present fairly, in all material respects, the financial position of Journey Home Community Association as at 31 December 2022, and the consolidated results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Other Matter

The non-consolidated financial statements of the Association for the year ended 31 December 2021, were reviewed by another practitioner who expressed an unqualified report on those statements on 30 March 2022.

Report on Other Legal and Regulatory Requirements

As required by the Societies Act (British Columbia), 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.

Rolfe Benson LLP

CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, Canada
29 March 2023

JOURNEY HOME COMMUNITY ASSOCIATION
Consolidated Statement of Financial Position
31 December 2022

| | 2022 | 2021 |
|--|-------------------|-------------------|
| | | (Note 16) |
| Assets | | |
| Current | | |
| Cash | \$ 367,771 | \$ 231,461 |
| Restricted cash (Note 3) | 305,434 | 84,800 |
| Term deposit (Note 4) | 151,716 | 150,000 |
| Accounts and donations receivable (Note 13) | 86,196 | 58,325 |
| Prepaid expenses | 5,512 | 2,452 |
| GST recoverable | 4,213 | 1,190 |
| Canada emergency wage subsidy receivable | - | 20,291 |
| | 920,842 | 548,519 |
| Security deposits | 8,226 | 6,729 |
| Tangible capital assets (Note 5) | 33,699 | 256,483 |
| | \$ 962,767 | \$ 811,731 |
| Liabilities | | |
| Current | | |
| Accounts payable and accrued liabilities | \$ 46,880 | \$ 27,717 |
| Wages payable | 15,083 | 10,150 |
| WCB payable | 2,442 | 1,421 |
| Government remittances payable | 14,814 | 9,509 |
| Current portion of loan payable (Note 8) | - | 2,937 |
| Mortgage payable (Note 6) | - | 143,969 |
| Deferred revenue | 2,896 | 3,190 |
| Deferred contributions and grants (Note 7) | 106,230 | 84,800 |
| | 188,345 | 283,693 |
| Loan payable (Note 8) | - | 16,367 |
| Deferred capital contributions (Note 9) | 54,443 | 17,896 |
| | 242,788 | 317,956 |
| Commitments (Note 10) | | |
| Net Assets | | |
| Unrestricted | 541,519 | 415,524 |
| Invested in capital assets | 29,165 | 78,251 |
| Internally restricted (Note 3) | 149,295 | - |
| | 719,979 | 493,775 |
| | \$ 962,767 | \$ 811,731 |

APPROVED BY THE BOARD:

_____ Director _____ Director

The accompanying notes are an integral part of these consolidated financial statements

JOURNEY HOME COMMUNITY ASSOCIATION
Consolidated Statement of Changes in Net Assets
For the year ended 31 December 2022

| | Unrestricted | Invested in capital assets | Internally restricted | Total 2022 | Total 2021 |
|--|-------------------|-------------------------------|--------------------------|-------------------|-------------------|
| | | | | | (Note 16) |
| Balance - beginning of year | \$ 415,524 | \$ 78,251 | \$ - | \$ 493,775 | \$ 345,434 |
| Excess of revenues over expenses for the year | 141,381 | 123,070 | - | 264,451 | 148,341 |
| Purchase of capital assets | (12,890) | 12,890 | - | - | - |
| Interfund transfer | 185,046 | (185,046) | - | - | - |
| Transfer to deferred capital contributions - unspent | (38,247) | - | - | (38,247) | - |
| Transfer to internally restricted | (149,295) | - | 149,295 | - | - |
| Balance - end of year | \$ 541,519 | \$ 29,165 | \$ 149,295 | \$ 719,979 | \$ 493,775 |

The accompanying notes are an integral part of these consolidated financial statements

JOURNEY HOME COMMUNITY ASSOCIATION
Consolidated Statement of Operations
For the year ended 31 December 2022

| | 2022 | 2021 |
|---|-------------------|-------------------|
| | | (Note 16) |
| Revenues | | |
| Reaching Home grants (Note 13) | \$ 460,525 | \$ 342,043 |
| Donations | 457,377 | 378,084 |
| Grants (Note 11) | 193,961 | 143,322 |
| Rental allowances | 152,146 | 67,602 |
| Ride for Refuge donations | 118,344 | 125,245 |
| Event revenue | 12,481 | - |
| Other revenue | 9,022 | 2,590 |
| Recognition of deferred capital contributions (Note 9) | 1,700 | 2,615 |
| Canada emergency wage subsidies | - | 43,169 |
| | 1,405,556 | 1,104,670 |
| Expenses | | |
| Salaries and benefits (Note 14) | 668,191 | 536,067 |
| Refugee housing and support | 390,505 | 257,110 |
| Professional fees | 60,762 | 28,138 |
| Office rent | 44,100 | 27,600 |
| Phone, internet and data management | 29,011 | 11,330 |
| Staff and volunteer training | 13,859 | 8,022 |
| Travel | 13,441 | 6,977 |
| Office and general | 13,170 | 34,700 |
| Insurance | 9,871 | 7,048 |
| Fundraising | 9,228 | 6,624 |
| Interest paid on mortgage | 5,332 | 4,358 |
| Advertising and promotion | 3,692 | 5,474 |
| Bank charges | 776 | 721 |
| Interest paid on loan | 537 | 624 |
| Refugee claimant support | - | 6,500 |
| Printing and photocopier | - | 2,018 |
| Amortization | 9,528 | 13,018 |
| | 1,272,003 | 956,329 |
| Excess of revenues over expenses from operations | 133,553 | 148,341 |
| Other income | | |
| Gain on sale of land and building | 130,898 | - |
| Excess of revenues over expenses for the year | \$ 264,451 | \$ 148,341 |

The accompanying notes are an integral part of these consolidated financial statements

JOURNEY HOME COMMUNITY ASSOCIATION
Consolidated Statement of Cash Flows
For the year ended 31 December 2022

| | 2022 | 2021 |
|---|-------------|-------------|
| | | (Note 16) |
| Cash provided by (used in): | | |
| Operating activities | | |
| Excess of revenues over expenses for the year | \$ 264,451 | \$ 148,341 |
| Items not involving cash | | |
| Amortization | 9,528 | 13,018 |
| Gain on sale of land and building | (130,898) | - |
| Recognition of deferred capital contributions | (1,700) | (2,615) |
| | 141,381 | 158,744 |
| Changes in non-cash working capital balances | | |
| Accounts and donations receivable | (27,871) | 2,659 |
| Prepaid expenses | (3,060) | (1,044) |
| GST | (3,023) | (428) |
| Canada emergency wage subsidy receivable | 20,291 | 26,695 |
| Accounts payable and accrued liabilities | 19,163 | 6,389 |
| Wages payable | 4,933 | 2,808 |
| WCB payable | 1,021 | 623 |
| Government remittances payable | 5,305 | 2,920 |
| Deferred revenue | (294) | (250) |
| Deferred contributions and grants | 21,430 | (755) |
| Security deposits | (4,272) | (4,100) |
| | 175,004 | 194,261 |
| Investing activities | | |
| Purchase of tangible capital assets | (12,890) | (9,821) |
| Proceeds on disposal of tangible capital assets | 358,103 | - |
| Purchase of term deposit | - | (150,000) |
| | 345,213 | (159,821) |
| Financing activities | | |
| Repayment of loan payable | (19,304) | (2,851) |
| Mortgage repayments | (143,969) | (4,943) |
| | (163,273) | (7,794) |
| Net increase in cash | 356,944 | 26,646 |
| Cash - beginning of year | 316,261 | 289,615 |
| Cash - end of year | \$ 673,205 | \$ 316,261 |
| Cash consists of: | | |
| Unrestricted cash | \$ 367,771 | \$ 231,461 |
| Restricted cash | 305,434 | 84,800 |
| | \$ 673,205 | \$ 316,261 |

The accompanying notes are an integral part of these consolidated financial statements

JOURNEY HOME COMMUNITY ASSOCIATION
Notes to the Consolidated Financial Statements
For the year ended 31 December 2022

1. Purpose of the Society

Journey Home Community Association (the "Society") is an organization whose mission is inspired by God's love. The Society creates caring communities that offer refugee claimants housing, settlement support and opportunities for connection.

The Society is incorporated under the Societies Act of British Columbia and is a registered charity under the Income Tax Act and as such is exempt from income taxes.

2. Summary of significant accounting policies

These consolidated financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations. The significant accounting policies are detailed as follows:

(a) Principles of consolidation

These consolidated financial statements include the accounts of Journey Home Community Association and its wholly-owned subsidiary Journey Home Community CCC Ltd. All inter-entity balances and transactions have been eliminated upon consolidation.

(b) Financial instruments

(i) Measurement of financial instruments

The Society initially measures its financial assets and liabilities at fair value.

The Society subsequently measures all its financial assets and financial liabilities at cost or amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in excess of revenues over expenses in the period incurred.

Financial assets measured at amortized cost include cash, restricted cash, term deposit, accounts and donations receivable and security deposits..

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities, wages payable, WCB payable and government remittances payable.

(ii) Impairment

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 consolidated 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 consolidated statement of operations.

JOURNEY HOME COMMUNITY ASSOCIATION
Notes to the Consolidated Financial Statements
For the year ended 31 December 2022

2. Summary of significant accounting policies - Continued

(b) Financial instruments - Continued

(iii) Transaction costs

The Society recognizes its transaction costs in the consolidated 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.

(c) Cash and cash equivalents

Any term deposits or similar contractual instruments that are cashable and have a maturity term of three months or less are classified as cash equivalents.

(d) Tangible capital assets

Tangible capital assets are recorded at cost. Amortization of tangible capital assets are based on their useful lives using the following methods and rates or duration:

| | |
|------------------------|------------------------|
| Building | 17 years Straight-line |
| Vehicles | 30% Declining balance |
| Furniture and fixtures | 20% Declining balance |
| Computer equipment | 30% Declining balance |
| Leasehold improvements | 5 years Straight-line |

(e) Use of estimates

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and disclosure of contingencies at the date of the statement of financial position. Accounts subject to estimates include amortization of tangible capital assets and accounts payable and accrued liabilities. Management believes that the estimates utilized in preparing its financial statements are reasonable and prudent; however, actual results could differ from these estimates.

JOURNEY HOME COMMUNITY ASSOCIATION
Notes to the Consolidated Financial Statements
For the year ended 31 December 2022

2. Summary of significant accounting policies - Continued

(f) Revenue recognition

The Society follows the deferral method of accounting for contributions.

Externally restricted contributions and grants are recognized as revenue in the year in which the related expenses are incurred. Externally restricted amounts and grants can only be used for purposes designated by the contributor and are deferred until the expense takes place. Contributions externally restricted for the purchase of capital assets are deferred and amortized into revenue on the same basis as the related capital assets' amortization.

Unrestricted contributions and grants are recognized when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Rental allowances and sponsorships are recognized over the rental period. Amounts received in advance are reflected as deferred revenue on the consolidated statement of financial position.

(g) Contributed materials and services

Volunteers assist the Society in carrying out its programs. Due to the difficulty in determining their fair value, contributed services are not recognized in the consolidated 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 date of the contribution. During the year, the Society received non-cash gifts-in-kind of \$Nil (2021 - \$Nil).

(h) Impairment of long-lived assets

The Society tests for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. When a tangible capital asset no longer contributes to the services provided by the Society, its carrying amount is written down to its residual value. No impairment losses were determined by management to be necessary for the year.

JOURNEY HOME COMMUNITY ASSOCIATION
Notes to the Consolidated Financial Statements
For the year ended 31 December 2022

3. Restricted cash

| | 2022 | 2021 |
|--|------------|-----------|
| Internally restricted by the board of directors | \$ 149,295 | \$ - |
| Deferred contributions and grants | 106,230 | 84,800 |
| Externally restricted capital contribution unspent | 49,909 | - |
| | \$ 305,434 | \$ 84,800 |

During the year, the board approved the transfer of the net proceeds from the sale of land and building of \$149,295 from unrestricted to internally restricted net assets to allow additional time to make strategic plans related to a future capital project and/or programming priorities.

4. Term deposit

The Society holds a term deposit with an interest rate of 1.75% per annum which matures on 23 June 2023.

5. Tangible capital assets

| | Cost | Accumulated Amortization | 2022 Net | 2021 Net |
|------------------------|-----------|-----------------------------|-------------|-------------|
| Land | \$ - | \$ - | \$ - | \$ 168,836 |
| Building | - | - | - | 57,310 |
| Vehicles | 7,300 | 4,081 | 3,219 | 4,600 |
| Furniture and fixtures | 13,704 | 5,169 | 8,535 | 5,241 |
| Computer equipment | 30,422 | 14,866 | 15,556 | 11,712 |
| Leasehold improvements | 11,979 | 5,590 | 6,389 | 8,784 |
| | \$ 63,405 | \$ 29,706 | \$ 33,699 | \$ 256,483 |

6. Mortgage payable

| | 2022 | 2021 |
|---|------|------------|
| Vancity Savings Credit Union mortgage bearing a variable interest rate from 2.99% to 6.95% per annum with monthly blended payments from \$775 to \$1,038. The mortgage was fully repaid during the 2022 year. | \$ - | \$ 143,969 |

JOURNEY HOME COMMUNITY ASSOCIATION
Notes to the Consolidated Financial Statements
For the year ended 31 December 2022

7. Deferred contributions and grants

| | Balance, beginning of year | Contributions received | Revenue recognized | Balance, end of year |
|------------------------------|----------------------------------|---------------------------|-----------------------|--------------------------|
| Vancouver Foundation | \$ 52,504 | \$ 100,000 | \$ (87,504) | \$ 65,000 |
| SPARC BC | 19,500 | 50,000 | (60,000) | 9,500 |
| Tenth Avenue Alliance Church | 8,298 | 25,035 | (8,298) | 25,035 |
| Communities of Welcome | 4,498 | 2,197 | - | 6,695 |
| | <u>\$ 84,800</u> | <u>\$ 177,232</u> | <u>\$ (155,802)</u> | <u>\$ 106,230</u> |

8. Loan payable

| | <u>2022</u> | <u>2021</u> |
|---|-------------|------------------|
| Unsecured loan from a private lender bearing interest at a fixed rate of 2.99% per annum, repayable in monthly blended payments of \$290. The loan was fully repaid during the 2022 year. | \$ - | \$ 19,304 |
| Less current portion | - | <u>2,937</u> |
| Due beyond one year | <u>\$ -</u> | <u>\$ 16,367</u> |

9. Deferred capital contributions

| | <u>2022</u> | <u>2021</u> |
|---------------------------------------|-------------------------|------------------|
| Balance, beginning of year | \$ 17,896 | \$ 20,511 |
| Transfer from unrestricted net assets | 38,247 | - |
| Less: amounts amortized to revenue | <u>(1,700)</u> | <u>(2,615)</u> |
| Balance, end of year | <u>\$ 54,443</u> | <u>\$ 17,896</u> |

Included in deferred capital contributions is \$49,909 (2021 - \$Nil) of unspent contributions.

JOURNEY HOME COMMUNITY ASSOCIATION
Notes to the Consolidated Financial Statements
For the year ended 31 December 2022

10. Commitments

The Society holds a lease agreement for premises with the current lease term expiring 31 December 2023.

The annual minimum lease payments are as follows:

| | |
|------|------------------|
| 2023 | \$ <u>46,800</u> |
|------|------------------|

11. Grants

Grant revenue recognized consists of:

| | <u>2022</u> | <u>2021</u> |
|---------------------------------|-------------------|-------------------|
| Vancouver Foundation | \$ 87,504 | \$ 49,496 |
| SPARC BC | 60,000 | 23,435 |
| Other foundations | 46,457 | 36,367 |
| Community Foundations of Canada | - | 27,358 |
| City of Focus Foundation | - | 6,666 |
| | <u>\$ 193,961</u> | <u>\$ 143,322</u> |

12. Credit facilities

The Society has an operating line of credit available up to \$100,000 with Vancity Credit Union bearing interest at prime + 1.50% per annum, interest payable monthly. The line of credit is secured by a general security agreement on all present and after-acquired personal property of the Society. The amount used at 31 December 2022 is \$Nil (2021 - \$Nil).

The Society also has an unsecured credit card facility available up to \$10,000 with Vancity Credit Union bearing interest at 19.50% per annum on overdue amounts. The amount used at 31 December 2022 is \$750 (2021 - \$6,404).

JOURNEY HOME COMMUNITY ASSOCIATION
Notes to the Consolidated Financial Statements
For the year ended 31 December 2022

13. Funding agreements

The Society has funding agreements with Lu'ma Native BCH Housing Society and Vancity Community Foundation to support and place refugee individuals and families in transitional housing units with funds received from the Federal Reaching Home: Canada's Homelessness Strategy program.

As part of the agreements, the Society committed to contribute \$468,480 of its own funds from July 2022 to March 2024 to support the programs.

| | 2022 |
|---|-------------------|
| Grant revenue recognized | \$ - |
| Federal Reaching Home Homelessness Strategy: Homeless to Housed: | |
| A Wrap-around Welcome for Refugee Families | 133,959 |
| Federal Reaching Home Homelessness Strategy: | |
| Welcoming Refugee Claimants & Utilizing Empty Buildings | 136,450 |
| Federal Reaching Home Emergency Response Funds for COVID-19 Agreement | 34,832 |
| Federal Reaching Home Homelessness Strategy: | |
| Homeless to Housed: Welcoming Refugee Claimants | 155,284 |
| | \$ 460,525 |

Included in accounts and donations receivable on the consolidated statement of financial position is \$57,983 of accrued Reaching Home grants, which comprise the excess expenses incurred for the projects over the funds received as at 31 December 2022.

| | 2022 |
|---|-------------------|
| Expenses incurred: | \$ - |
| Federal Reaching Home Homelessness Strategy: Homeless to Housed: | |
| A Wrap-around Welcome for Refugee Families | 133,959 |
| Federal Reaching Home Homelessness Strategy: | |
| Welcoming Refugee Claimants & Utilizing Empty Buildings | 136,450 |
| Federal Reaching Home Emergency Response Funds for COVID-19 Agreement | 34,832 |
| Federal Reaching Home Homelessness Strategy: | |
| Homeless to Housed: Welcoming Refugee Claimants | 155,284 |
| | \$ 460,525 |

JOURNEY HOME COMMUNITY ASSOCIATION
Notes to the Consolidated Financial Statements
For the year ended 31 December 2022

14. Remuneration of employees, contractors and directors

The Societies Act (British Columbia) requires a society (other than a society designated as a member-funded society) to include, in its financial statements, the disclosure of any remuneration paid to its directors, and remuneration paid to employees and contractors earning more than \$75,000 during the fiscal year. For the fiscal year ended 31 December 2022, one employee had remuneration over \$75,000 for a total of \$79,397. No honoraria were paid to members of the Board of Directors for the 2022 fiscal year.

15. Financial instruments

The Society is exposed to various risks through its financial instruments. The following analysis provides a measure of the Society's risk exposure and concentrations at the consolidated statement of financial position date, 31 December 2022.

(a) Liquidity risk

Liquidity risk is the risk that the Society will encounter difficulty in meeting obligations associated with financial liabilities. The Society is exposed to this risk mainly in respect of its accounts payable and accrued liabilities, wages payable, WCB payable and government remittances payable. The Society manages liquidity risk by maintaining adequate cash. There has been no change to the risk exposure from the prior year.

(b) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Society's main credit risk relates to its cash, term deposits and accounts and donations receivable. The Society manages credit risk on its cash by placing its cash with large federally regulated financial institutions. Accounts and donations receivable balances are monitored regularly by management to mitigate the risk of financial loss. There has been no change to the risk exposure from the prior year.

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Society is exposed to interest rate risk on its fixed rate financial instruments. Fixed-rate financial instruments subject the Society to a fair value risk. There has been no change in the risk exposure from the prior year.

JOURNEY HOME COMMUNITY ASSOCIATION
Notes to the Consolidated Financial Statements
For the year ended 31 December 2022

16. Comparative figures

The non-consolidated statement of financial position as at December 31, 2021 and the non-consolidated statements of changes in net assets, operations and cash flows for the year then ended were reported on by another firm of Chartered Accountants who issued an unqualified report dated 30 March 2022. Additionally, certain comparative figures have been reclassified from those previously presented to conform to the presentation of the 2022 consolidated financial statements.