



urban **matters**

Highlights from our Journey

Annual Report Year Ending 2016

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At Urban Matters we believe in the power of story.

Message from Urban Matters' Board of Directors

Rather than filling our annual report with numbers and statistics, we have chosen to share our 2016 journey with you by interviewing three social entrepreneurs who are working in the trenches every day trying to create positive change in communities. We hope that these stories will inspire you to think more deeply about your own contribution to communities, because as Margaret Mead so wisely once stated, **“never doubt that a small group of thoughtful, committed citizens can change the world; indeed it’s the only thing that ever has.”**

Statement of Purpose

Urban Matters is a Community Contribution Company (CCC) that develops innovative community solutions to support those whose most basic needs are not being met by society.

Our core areas of focus at this time relate to food, water, housing and employment.

An interview with Danielle Levine



Kanuu—An Indigenous Social Venture Incubator

How you first get involved with Urban Matters?

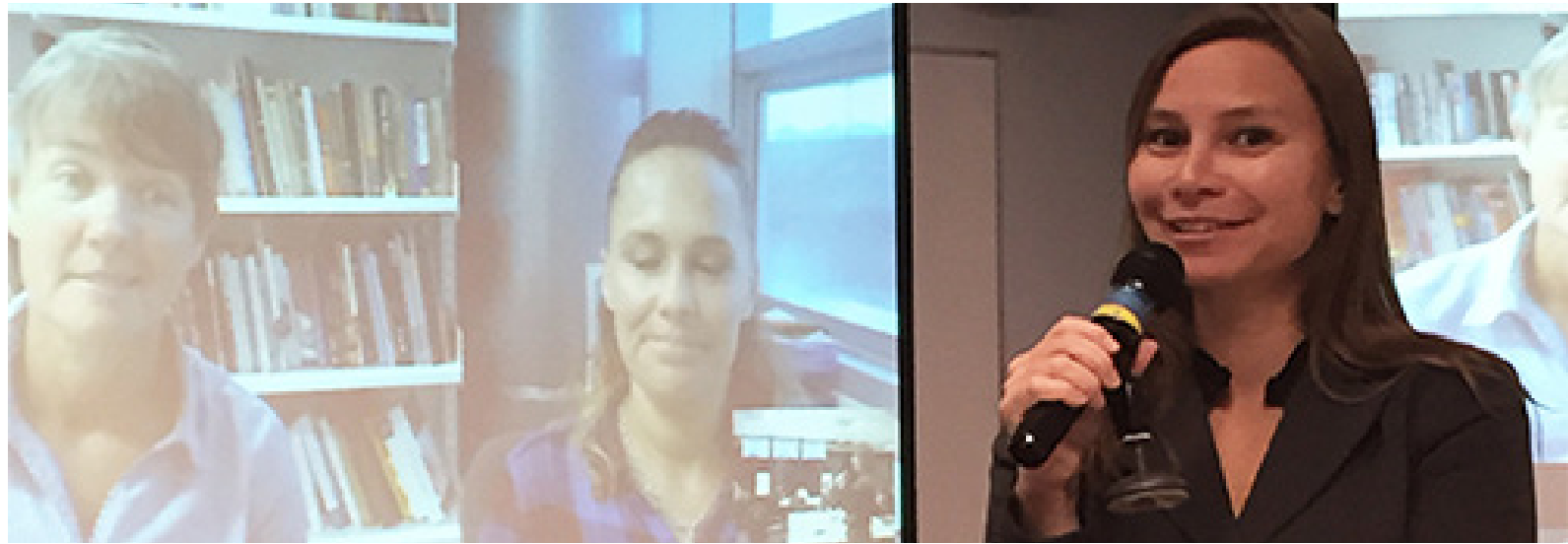
I started with Urban Matters as the Executive Director of Kanuu (formerly known as the Aboriginal Social Enterprise Initiative or ASE for short) in the beginning of October 2016. Kanuu is a newly forming and evolving organization that focuses on Indigenous social enterprise across Canada. We are currently providing culturally-based capacity-building programs that are in-reach into Aboriginal communities. By this, I mean **we will deliver programming directly in Aboriginal communities** instead of participants having to travel to an urban center. Our plans are to select and nurture Aboriginal social enterprises and entrepreneurs through **coaching, mentorship and incubation** support and it will be a membership-based organization.

Can you elaborate a little on what you mean by social enterprise?

Social enterprise basically has a dual bottom-line, it's not just about profits, **it's about giving something back to society.** A social enterprise is measured not just on how much money is brought in, but also on the social outcomes. The social outcomes could be around employment, culture or the environment. It's not just about making money.

Can you provide an example of a social enterprise that's doing really well?

I really like to talk about Vancouver Native Housing Society because I've been on the Board there for 13 years and we've developed a social enterprise called Skwachàys Lodge. It's an Aboriginal lodge in Vancouver's downtown east side. It's a stunning building with 18 boutique hotel rooms. The impetus to create this social enterprise was that we knew that in our portfolio of social housing that we had units that were going to expire, which meant that the mortgages had been completely paid off and we would lose the government subsidy that was provided to our tenants, so we needed to come up with some source of income that would allow us to keep our residents in place after our mortgages expired. **Skwachàys Lodge is a great example of a thriving social enterprise.** It's been running for a couple of years now, and it has beat every single expectation I think we have had for it, including breaking even far quicker than we had anticipated.



Why does Kanuu matter to you?

I have been involved in Aboriginal community development and entrepreneurship education for a very long time and I know **there are many programs and services for small business development, but there are very few that actually target Aboriginal social enterprise.**

About a decade ago, I started an Aboriginal social enterprise in Vancouver's downtown east side, working with Aboriginal women and all I wanted to know at the time was how to write a business plan and there was nowhere that I could really go for support and mentorship and so I ended up taking an MBA. I took a Master's in Business Administration so I could learn how to effectively run this operation and what I found was, that even though I went to a school that was oriented towards sustainability, it still didn't address everything I needed to know to do this kind of work.

So, is that the gap that Kanuu will fill?

There are a lot of entrepreneurship development programs available and what I know about being an educator is that it's one thing to just provide the education or training on how to start a business in theory, but it's when you are there in the trenches and you can't find funding or maybe your market isn't developing as you have written it in your business plan, there are no resources out there, we know there is an absolute gap in coaching, mentoring and ongoing support for Aboriginal entrepreneurs and I think that's a spot where we can fill a gap. **I think that what most Aboriginal entrepreneurs need is someone who's Indigenous and understands the community dynamics and the challenges.**

Speaking of challenges, what do you find most challenging about your initiative?

We are in start-up mode right now. I think if you were to ask me what was most challenging two months from now it would not be the same answer as today. Right now, at this moment, what is most challenging is naming the program—that has been a challenge. I do know there is a need out there. Another thing we're finding challenging right now is our own capacity—not growing too quickly. **We know that there's more demand than what we're currently able to provide.**



Kanuu is a newly forming and evolving organization that focuses on Indigenous social enterprise across Canada.

Kanuu is very new; however, what can you brag about so far?

I started with Kanuu in the beginning of October 2016, and since then:

- We have spoken at conferences
- We have written a few proposals already
- We've been successful in a proposal to the Friendship Centres of Saskatchewan and in the next few months, we will be delivering programming to four communities in Saskatchewan
- We are partnering with some Indigenous academics at the University of Auckland who have a special program for Maori Indigenous entrepreneurs to help develop the programming in Saskatchewan.

The programming in Saskatchewan is a pilot, which will allow us to refine our programming and our delivery model. What we are doing differently in Saskatchewan is we will not be focusing on business plan development, because there are many self-help tools on the internet to develop a business plan. Also, it is easy to hire someone to write a business plan for you. What's not easy is coming up with viable business solutions for those individuals living in really isolated rural communities. What we're going to be focusing on in Saskatchewan is opportunity identification. For example, we might have an Aboriginal woman who's unemployed and is interested in self-employment.

We're going to structure the workshops to help people think about business ideas suitable for them and their own circumstances—ideas that will fit in with their local economy. If there are large scale resource projects going on in their territory, what do those opportunities look

like? What are the supply chains? Are there opportunities for business development? We'll explore different models of incorporation—not just sole proprietorship, but maybe it's a co-op. What does that look like? Maybe it's making connections with people from the west coast. Maybe it's a business operating in Ontario that could be done in Saskatchewan. Maybe it's exploring franchise opportunities... so really building upon a culture of innovation and thinking outside the box and not teaching to the business plan.

The other thing we're going to do is have a high ratio of facilitators to participants, so there'll be anywhere from three to five facilitators to any one session. **We will also have a business plan competition with \$5,000 dollars in start-up funds.**

Coaching and mentorship will be provided until to September 2017, so we'll be offering coaching and mentorship long after the program end date.





purppl is short for Purposeful People.
We bring structured mentorship and
coaching into organizations.

An interview with Andrew Greer



purppl—A Community Enterprise Accelerator

How did you first get involved with Urban Matters?

I actually met Ken volunteering in the community. I was helping to start another organization called Okanagan Changemakers and it had some alignment with Urban Matters and I kept hearing his name around town.

I was looking to start a new project and so I reached out to Ken for some advice. We met for coffee and I told him I wanted to start some acceleration programs for social entrepreneurs and he said “That sounds great. I’ll give you a business card and some support—go see if you can make it happen.” **Urban Matters gave me some great support and a friend provided a small loan.** So I had some money and some people that were willing to take a big risk, and that’s how it started.

Did you feel like it was a big risk at the time?

Yeah, we had no idea if anyone would pay for what we wanted to offer. It was a test. It’s still just a test. But yes, I would say it was a calculated risk. I’ve been running acceleration programs for about six years now and about a year and a half ago, through my volunteer work and work in the social sector, **I could see there was a need for acceleration programs for social entrepreneurs, so it was a calculated risk.** I kind of knew what acceleration programs looked like. I didn’t know what they looked like for social entrepreneurs and I didn’t know if social entrepreneurs would pay for it, but I definitely knew the value of acceleration programs.

Can you elaborate on what an acceleration program is?

In simple words, we hire really experienced entrepreneurs to come in and help other entrepreneurs grow their organizations. **We only work with organizations that are in business to solve community social environmental issues.**



Can you give an example of an experienced entrepreneur you would hire?

Colin, he's one of our contractors —one of our Community Catalysts. We all have the same title, which I think is good. It keeps everything level. **Colin is an experienced social entrepreneur based in Vancouver.** He runs a social enterprise in the downtown east side called the Potluck Cafe, which is a catering company that hires people with barriers to employment. Colin has had some real lived experience being a social entrepreneur, building something and running it, and he takes a bit of his time to work with us, to help other social entrepreneurs build their organizations.

And what is a social enterprise?

We try to explain that in our video on our website, but simply put, **a social enterprise is an organization that is set up to use a business model to solve a social or community challenge.** It doesn't matter in our opinion if it's incorporated as a for-profit company, a triple C, a non-profit, a charity, or even just a little project, but I'll give you a couple of examples: Big Brothers and Sisters here in the Okanagan, they are in some ways a traditional charity. Big Brothers and Sisters runs social and emotional learning programs for children. About 3,000 kids are put through the social and emotional learning programs each year in the Okanagan school district and the money to pay to run those programs is generated through a social enterprise. Most charities are hoping for donations and grants, but Big Brothers and Sisters runs a social enterprise. They collect used clothes, which they turn around and sell to Value Village. Last year, they collected about 2.5 million pounds of used clothing and household goods and sold everything to Value Village. They take the money from that to run the social enterprise as well as fund all the programs they offer, instead of using money received from normal charity sources like donations and grants. For them, only about 10% of revenue is from grant money. It's a really different model and theirs is a really great success story.

What is purppl all about?

purppl is short for Purposeful People. **We bring structured mentorship and coaching into organizations.** Many people inside of social enterprises lack training or experience as entrepreneurs, so we bring entrepreneurial mentoring to the table. The program is a minimum six months long, and we meet with our clients every other week. In-between meetings, there's also phone and email contact. We provide the structured mentorship. We create a project plan so that we are on the same page and focused on some deliverables for a six-month program, and we really just try to bring in the people, resources, and programs to help support the growth of the social enterprise. We're usually focused on practical and sustainable revenue generated through an entrepreneurial focus, not grants and donations.



And have you had clients come to you with ideas that just aren't feasible?

Yes. We're honest, however, we're not here to crush people's dreams. And yes, I have definitely had conversations with people that were considering starting something, and rather than tell them it's a dumb idea, I ask them questions about their business model, like how is it going to work? How are they going to run it? How many customers will they need? **The answers will typically help them to realize its feasibility on their own, as opposed to me telling them.** It's not nice to tell people their idea sucks, so I don't. I show them the risks.

Why does this enterprise matter to you?

Well, I mean, we have these compounding problems that don't seem to be changing. The traditional players in charge of solving the toughest challenges in our communities around the world, for the most part, are hitting a stalemate—the needle is not moving—climate change, hunger, poverty, homelessness, mental health, gender equity—these are major issues and the traditional organizations that are trying to solve them are stuck on business models or organizational models that lack long-term stability. How can we expect these organizations to put a long-term plan in place when they're not even sure if they're going to be in business in six months? **We're not looking at just one specific social issue at purpppl, we're looking at the sectoral issue of lack of predictable and sustainable revenue.**

Why do you do it?

Look at our communities. We need to change the current model, as the current economic structures that are in place are just not supporting communities. In many ways, they're taking away from them. **We're trying to fill the gap, which is predictable and sustainable revenue.** Our research and experience indicate that this is the biggest gap.





What do you find most challenging about running this organization?

Internal issues, like I'm a new entrepreneur helping other entrepreneurs. **We're trying to tackle major systemic and community issues and for us to operate as a business inside of a sector that doesn't like businesses, that's challenging.** And there are some traditional players that benefit from the system as it is, so we're like pushing uphill against some really established organizations and rules of engagement. So we're just going at it from a different approach. Anytime you approach system change, you'll find there's some push back. We're coming at it from a pretty grass roots level, just trying to change a few organizations and participate in a system change. There are many, many factors in a system change and we're just one. The system change that we are

participating in directly at purppl, is that the current economic models are in many ways taking away from the community and not contributing to the community. Traditional capitalism has some cracks in the model. And traditional non-profits and charities also have some cracks. You can see that they're not really set up to solve long-term issues. So **we're participating in a system change** on both of these, but we will look at a specific social sector issue like mental health, and although we aren't directly working on mental health issues, for example, a few of our program clients are. We prefer to stay behind the scenes working on predictable and sustainable revenue. So, if people are looking for help building a socialenterprise, we can offer them help.



What has purppl accomplished this past year?

Internally, we have proven a pilot we thought that people would want and need—an acceleration program focused on social and community outcomes and that's proving to be true. I can't say that it's a proven model, slick and scalable and all that stuff, but what we have demonstrated as an outcome is what we thought people would want. **Our theory of change is that if we can provide and support predictable and sustainable revenue models, we believe that will enable social entrepreneurs to put long-term solutions in place for social and community issues.** That's our theory. We are moving down the path of proving that. But this system change takes a while. It's not like in three months we can tell you that we've solved poverty and mental health. That's not how this works. So, internally:

- We have proven that there is demand;
- We are testing our theory of change;
- We have incorporated;
- We have a Shareholder's Agreement;
- We have a bank account.

These are major internal wins!

Externally, we see some patterns developing. One of the big patterns is that of partnership. When we look at purppl's relationship with Urban Matters, this is a relationship that has been tremendously successful and tremendously helpful. Urban

Matters has incubated purppl for a year and a half. They've wrapped their arms around purppl and I think **proven that partnership can help to scale an organization faster and easier than otherwise.** We're seeing this in our clients as well. When you look at the relationship between Big Brothers and Sisters and Value Village, they're just better together. And so that sort of partnership model is one of the patterns that we're proving to be a good model. And more specifically, with the companies we're working with:

- We've seen business models tested and proven;
- We have seen an increase in revenue for some of our clients;
- We have seen some of our clients get their first revenue;
- We have seen some of our clients incorporate;
- We have seen some of our clients hire multiple people;
- We have seen new business partnerships develop between social entrepreneurs and other organizations;
- And we are seeing social outcomes too, like improved access to social and emotional learning programs;
- We're seeing shoes put on the feet of people who need shoes;
- We're starting to see local food in the Okanagan...

These sort of outcomes are incredible to see. It's been great.

I would like to reiterate that to work with and alongside Urban Matters has been a tremendous experience. If Urban Matters is not tooting its own horn, they should be, as this has been extremely enabling. **We couldn't have done this without Urban Matters.** They took a big leadership role with us in small things, like welcoming us into their space, as well as large things like getting us our first customer (and by the way—that company is still with us!).

So Urban Matters has taken a big leadership role and I would say a calculated risk because they made an investment of time and resources to help and I think it can be considered a really nice success. We incorporated—we have revenue. We are creating economic and social outcomes with the organizations that are on our program. It's a lot of hard work and it's not like Urban did all the work, but Urban did a lot to help us do a whole bunch more, and it just wouldn't have happened without Urban's leadership. For this, we are truly grateful. :)



Urban Matters' social purpose is about ensuring that all people in Canada have access to the basic needs in life like water, food, shelter and livelihood.

An interview with Trina Wamboldt



Leadership at Urban Matters CCC

How did you first get involved with Urban Matters?

I have been working at Urban Systems for almost 22 years and a few years ago I started doing some consulting work—mostly with Indigenous communities. I really enjoyed this work but it quickly became clear how much need there is in communities and how difficult it is to address these needs on a project-by-project basis. I would go into communities and see all kinds of plans that had been developed but weren't being implemented. It also seemed that external factors, like funding programs, were being used to inform priorities rather than the true needs of the community.

I quickly became disillusioned about my ability to create meaningful impact in communities and wondered if consulting was for me. And then Ken Gauthier introduced me to his vision for Urban Matters as a social enterprise and it immediately resonated with me. I thought 'now this is about creating real change in communities!' **I'm a change-maker by nature so I was really intrigued—it seemed like Urban Matters was the perfect vehicle to push the boundaries of our traditional consulting approach** which is very project focused: get in—do the work—produce a deliverable—and get out. Too often I was left feeling like there was unfinished business. A transactional business model just wasn't working for me so I was super curious about the potential of Urban Matters.

What is Urban Matters?

First and foremost, Urban Matters is a social enterprise, which is a term that not everybody is very familiar with. A social enterprise is an entity that has a social mission and sells goods or services in the marketplace to fund its social mandate (rather than relying on outside funding sources such as government grants, foundation grants, donations, etc.). **We are incorporated under the Business Corporations Act as a Community Contribution Company (CCC) which requires that 60% of profit be reinvested in our social mandate, with 40% of profit available to be retained or distributed to shareholders.**

Urban Matters' social purpose is about ensuring that all people in Canada have access to the basic needs in life like water, food, shelter and livelihood. We've started with food, water, shelter and livelihood because we are pretty well positioned to navigate these complex topics based on our experience as community consultants, but we can imagine these areas of focus expanding over time. Really, we just hope to bring our professional knowledge and

networks to bear to help improve the quality of life for people whose needs are not being met by the market economy. For example, several of our team members have experience working with Indigenous communities and we can definitely see the need to close the socio-economic gap that currently exists there.

After a lot of soul searching, we concluded that the most significant impact we can make is helping to launch social ventures because this will create a long-term impact on communities. **What we want to do is to combine our professional expertise with social innovation expertise to create a 'ripple effect' of long-term positive change.** We recognize that you can't change a complex system that you don't understand so we are also investing in applied research and development (R&D) to better understand the potential intervention points. Our strategy to fund this work is to provide social innovation consulting and advice to governments, the private sector, and non-profit organizations.



You said that you work with a lot of Indigenous, why Indigenous?

Our work isn't exclusive to Indigenous communities at all but is a core area of our practice at Urban Systems. We work in Indigenous communities all the time, and **when we think about people whose needs are not been met in terms of food, water, housing, and livelihood, that definitely includes Indigenous people** living in cities as well as more rural communities.

Why does Urban Matters matter?

Again, Urban Matters is not about “projects” per se, but long term investments and partnerships which are very important if you want to influence change. It's also about putting people back at the center of the community. I think governments and the business community tend to focus on big picture strategies and policies whereas social ventures tend to think more about people and their lived experience in communities—we are hoping to blur the lines between these two perspectives. This is important because no single sector owns tough community challenges such as homelessness for example. The government has a role to play, NGOs have a role to play, and the private sector has a role to play, but how well do all of these organizations communicate and strategize together to meet the needs? Unfortunately, there are a lot of silos and protectionism which gets in the way of community innovation. **There aren't too many entities who will take it upon themselves to facilitate cross-sector collaboration which we believe is pretty essential to addressing complex social issues.**

So you see Urban Matters filling a gap, then?

Definitely—government does their thing and they're very risk-averse. They don't want to change because change is politically risky. And the NGOs, they're working directly with people, but they're often operating in crisis or triage mode; they usually don't have the resources or the capacity to think about big picture systems change or to bring other partners together to collaborate. So, NGOs can't do complex systems change on their own and governments aren't likely to lead it either. And the private sector, well frankly, the private sector has been pretty disengaged from social issues, but a thriving and healthy community is good for business so smart business people are going to start to making the connection. Urban Matters was born from a for-profit enterprise so we understand how the business world works very well and we are already seeing positive benefits to the core business. Urban Matters is a young enterprise but we have already seen positive spin-offs in the form of recruiting top talent and having communities really appreciate the business experience and thinking we are bringing to their social challenges. **My hope is to see more corporations proactively thinking about how to leverage their assets to support community social innovation because it really doesn't have to cost a lot and can make a big difference.**



What do you find most challenging about Urban Matters?

I think the most challenging part is trying to figure out the financial models to sustain the work we want to do because nobody pays for community social innovation. It's not really an "in-demand" service or product and the financial benefits are hard to measure in the short term. **People want social improvements and they want community innovation but there aren't a lot of people or organizations willing to put up the money to fund such an ambiguous endeavour.** So, we feel that social enterprise has the best potential for driving innovation in communities because it is self-funded and sustainable. We do see some promising trends related to social impact investing and are keenly interested in expanding our knowledge of social impact bonds and other social finance methods that are being used around the world.

What do you wish others knew about Urban Matters?

I want people to understand that Urban Matters is not a charity. We're not here to do pro-bono consulting work for Urban Systems. We are a social enterprise, which means we have a clear social mandate and are actively generating revenue to support our investments in community social innovation. We have developed some good expertise and experience in this space and many organizations are willing to pay us pretty well to share this expertise. **It really is a virtuous circle: we get paid to share our community innovation knowledge, the profits from this work are re-invested in applied research and development and social venture incubation, which makes a lasting difference in communities while also adding to our learning and expertise.** A lot of people seem to have a hard time wrapping their heads around social enterprise as a viable alternative to for-profit or non-profit. They think there is a catch or some hidden agenda when in reality, we are just trying to create a sustainable business model that benefits the community and doesn't end with someone becoming stinking rich while others continue to live in extreme poverty. Is it easy? No. But we are hoping that we can help crack the code so the next generation of social entrepreneurs has it a little easier. Imagine what our world would be like if all new businesses were social enterprises?

What did your Urban Matters accomplish this past year?

I think we accomplished a lot. **We incubated and helped to launch a couple of social ventures which will have a long-term, lasting impact in communities.** So, that's a really big deal. The other big thing we've accomplished is that we have a pretty solid business plan with a good revenue strategy to fund our own financial sustainability over the long-term. We have also experimented with a few different research and development initiatives which have been a steep learning curve, and we really look forward to applying what we've learned. Looking to the future, we are excited to expand our team and share our learning in 2017.



2016

2016 By The Numbers

Urban Matters CCC is a social enterprise incorporated as a Community Contribution Company in British Columbia. BC is one of the few jurisdictions in Canada offering this form of business model. It was developed to generate new and improved outcomes in the social and community serving sectors. We chose what is called a ‘hybrid’ business model specifically to animate social innovation in practice. We do not believe that we can be as effective in developing new approaches to solving tough problems using the old tools. So, we’ve ‘hard wired’ innovation into our ethos right from the ground up.

What Makes a Community Contribution Company Unique?

Well, it’s in the details. The model is based on a standard business incorporation, with a few unique characteristics that aim to respond to an emerging demand for socially focussed businesses and investment opportunities. Notably, a CCC differs from a standard business incorporation by:

- Conducting business and earning revenues for social and community focused purposes and being accountable to that by publishing an annual report (which is what you are reading right now by the way!).
- Requiring, upon dissolution of the CCC, distribution of all assets, to community-focused charitable organizations.
- Most notably, CCC’s have a cap on the profits that may be distributed to shareholders. A maximum of 40% of profits can be distributed to shareholders on an annual basis, with a minimum of 60% to be reinvested in the social outcomes and causes that the CCC was incorporated for.

So, a couple of minor tweaks in a standard business incorporation model resulting in a major shift in how we go about the business of social change.

THE FINE PRINT

So with that comes our annual disclosure statements coincident with our 2016 fiscal year end (December 1st, 2015 to November 30th, 2016). Each and every year, Urban Matters CCC must disclose:

1. The remuneration and position held by each person whose remuneration during that year was at least \$75 000, or, if there are more than 10 persons whose remuneration during that year was at least \$75 000, the remuneration and position held during that year of each of the 10 most highly remunerated persons

Urban Matters CCC held no positions in fiscal 2016 for which the remuneration exceeded \$75,000.

The financial position of the company in that year by attaching to the report the financial statements prepared in relation to that year.

Urban Matters CCC generated a small net profit in fiscal 2016, its second full year of operations, showing an after tax net year-end financial earnings of \$21,140. Full financial statements are attached.

The following information about dividends declared in relation to shares of classes or series of shares:

- For each of those classes and series of shares, the aggregate amount of the dividends declared in that year in relation to shares of that class or series of shares...

Urban Matters CCC did not declare any dividends in fiscal 2016.

The identity of all entities that hold or beneficially own shares of that class or series of shares.

The amount prescribed for a transfer of all money and other assets transferred to a single transferee during a financial year, whether by way of one or more than one transaction in that financial year, is \$10,000.

Urban Matters CCC did not transfer any money or other assets in fiscal 2016.

And that’s all the ground that needs to be covered with respect to disclosure!



The Year Ahead

With all of that coverage of 2016 behind us now, let us look forward. Urban Matters CCC is riding on some good momentum and poised to take a big step forward in 2017, let's see how...

Our Impact Areas for 2017

As you'll see on our website, we have targeted several areas for impact in 2017. They all relate to our broader mission, to develop unique approaches and solutions in cornerstone focal areas of water, food, housing, and livelihood, for populations that are not being served by the economy (in Canada).

Our approach lies in working to affect change through the creation of sustainable social enterprises and initiatives that can spawn other social enterprises (ie. related consulting work, collective impact initiatives and social change labs) with partner organizations and individuals that are ready, credible and able.

With that in mind, here are some of our focal areas for 2017...

1. Strengthen Our Resilience as an Organization

As with any startup, we've been working hard to develop a strong foundation for Urban Matters CCC... from adapting our accounting practices to comply with CCC requirements, to learning to work with very limited resources, to finding the right team, to shaping the supportive finances (near and long term) to do all of our work, etc. This year is not different, lots more to do.

2. Launch and Scale Sustainable Social Ventures

Each year, we will try to incubate and launch at least one sustainable social venture in Canada. Last year we helped to get purppl (www.purppl.ca) off the ground, and the OGO Car Share Co-op (www.ogocarshare.ca) the year before that. This year we're working with Danielle Levine to get Kanuu (www.kanuu.ca) off the ground, and with David Lepage to help scale Buy Social Canada (www.buysocialcanada.ca).

3. The Social Innovation Lab

Each year, we will try to launch exploratory social innovation labs to undertake the necessary discovery work in and around tough community issues, which will lead us to spot impactful interventions and ventures to be shaped afterward. This year we are creating a new lab called Bridging the Gap, looking into human capacity building in Indigenous communities.

4. Community Housing

Finally, as an overarching subject matter theme, we're looking into solutions and improving outcomes in housing for everyone, across all of our areas of activity. Housing, or shelter, is such a keystone issue of our time. And it is a classically wicked problem, with issues that span the housing spectrum, are not well understood, and generally not owned by any single sector or actor within any of those sectors.

continued...



The Year Ahead, continued

Team Building

As a result of all that stage-setting work over the past few years, we're poised to grow our team. In particular, we're looking to add a few key resources this year:

- **Community Housing Catalyst**

We believe that shelter is a basic human right, and are developing a suite of projects and initiatives to explore how we might go about improving outcomes for everyone. To help us achieve this, we aim to engage a Community Housing Catalyst, to lead in the development of this social/community housing portfolio across Western Canada. We're looking for a leader, a community housing expert, with established credibility in developing and implementing social and community housing solutions. More to come...

- **Social Enterprise Catalyst**

We believe in social enterprise as a fundamental lever to change and improved outcomes for everyone. So much so that we organized our entire business around this concept; from how we operate ourselves to the outcomes we seek to achieve in our work. To support us in all of this, we're looking for an emerging leader in the social enterprise ecosystem to support our initiatives; initially from an administrative, marketing, communications and coordination perspective and potentially growing into much more. More to come...

- **Social Finance Catalyst**

We believe that social innovation necessarily includes new approaches to sustainable finance. While the changes that we seek and need in our communities are vexing enough on their own, we've learned that creative solutions are often meaningless without a robust approach to financing them sustainably over the long term. So we're looking for an emerging leader in social finance to help us configure all of our impactful projects and initiative for long-term success. More to come...

Our Community Contribution

For the first time in our short history, we have a residual dividend with which to contemplate our annual Community Contribution. This is the 'hallmark' of a Community Contribution Company, where we are choosing to reinvest a minimum of 60% of our net profit in a cause that we intend to influence. This year, we have chosen to commit \$15,000 of our net profits (upwards of 75%) into an area of research and development that we believe is sorely lacking. While the amount may not be huge, it is not insignificant, as it begins to demonstrate the power of the CCC model. Self-financing investments in tough social and community issues is a really progressive approach to having a sustainable impact and making the changes we need to see happen.

As you will note on our website, we have a new initiative listed for 2017, called Bridging the Gap—Getting Real About Human Capacity Building in Indigenous Communities. It is based upon our experiences working in Indigenous communities, and our experience working with senior funders and investors all trying to make a positive difference for Indigenous peoples. While well intentioned, we know investments in infrastructure and programming need to also be matched by investments in the PEOPLE living in these communities. All too often, that is not the case, and lasting economic reconciliation will not occur until it is.

So after some initial exploratory work in 2016, we are now developing a social innovation lab to try to codify this gap. Which human capacities are needed for communities to thrive? How is meaningful human capacity building being funded, where are the gaps? What approaches to human capacity-building are most effective? How can policy shift to allow current funding levels to address this gap?

We'll be reaching out in early 2017 to assemble a collaborative partnership to lead and explore these questions.



Want to learn more?

Please visit our website

urbanmatters.ca

or give us a call at

250.448.4447

p 250.448.4447
e info@urbanmatters.ca
tw @mattersurban

urbanmatters.ca

Urban Matters CCC Ltd.

Statement of Financial Position
(Unaudited)


November 30, 2016, with comparative figures for 2015

| | 2016 | 2015 |
|---------------------|-------------------|------------------|
| Assets | | |
| Current assets: | | |
| Cash | \$ 126,337 | \$ 17,262 |
| Accounts receivable | 1,050 | 36,902 |
| Work in progress | 15,630 | 34,554 |
| | <u>143,017</u> | <u>88,718</u> |
| | <u>\$ 143,017</u> | <u>\$ 88,718</u> |

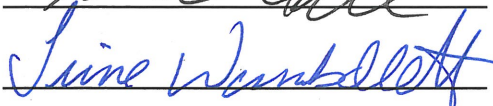
Liabilities and Shareholder's Equity (Deficit)

| | | |
|--|-------------------|------------------|
| Current liabilities: | | |
| Accounts payable and accrued liabilities | \$ 13,926 | \$ 6,638 |
| Income taxes payable | 7,259 | - |
| Unearned revenue | 21,715 | 51,236 |
| Due to Urban Systems Ltd. | 79,444 | 31,311 |
| | <u>122,344</u> | <u>89,185</u> |
| Shareholders' equity (deficit): | | |
| Share capital | 12 | 12 |
| Retained earnings | 20,661 | (479) |
| | <u>20,673</u> | <u>(467)</u> |
| | <u>\$ 143,017</u> | <u>\$ 88,718</u> |

On behalf of the Board:



Director



Director

Urban Matters CCC Ltd.

Statement of Comprehensive Income
(Unaudited)

November 30, 2016, with comparative figures for 2015

| | 2016 | 2015 |
|--|------------------|-----------------|
| Revenue: | | |
| Professional fees | \$ 74,913 | \$ 94,741 |
| Expense recoveries | 7,825 | 26,916 |
| Subconsultant recoveries | 135,595 | 61,233 |
| | <u>218,333</u> | <u>182,890</u> |
| Expenses: | | |
| Advertising and promotion | 1,000 | - |
| Automotive allowances | - | 632 |
| Interest and bank charges | 11 | 199 |
| Legal and accounting | 12,070 | 537 |
| Office and administration | 206 | 407 |
| Subconsultants | 126,966 | 60,359 |
| Subcontractor fees | 41,861 | 99,522 |
| Travel | 7,820 | 21,713 |
| | <u>189,934</u> | <u>183,369</u> |
| Earnings (loss) before income taxes | 28,399 | (479) |
| Income taxes | | |
| Current | 7,259 | - |
| Future | - | - |
| | <u>7,259</u> | <u>-</u> |
| Net earnings (loss) | 21,140 | (479) |
| Retained earnings (deficit), beginning of year | (479) | - |
| Retained earnings (deficit), end of year | <u>\$ 20,661</u> | <u>\$ (479)</u> |