JEWISH FAMILY SERVICES

FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2019

MANNING ELLIOTT
ACCOUNTANTS & BUSINESS ADVISORS

17th floor, 1030 West Georgia St., Vancouver, BC, Canada V6E 2Y3

Tel: 604. 714. 3600 Fax: 604. 714. 3669 Web: manningelliott.com

INDEPENDENT AUDITORS' REPORT

To the Members of Jewish Family Services

Report on the Financial Statements

Qualified Opinion

We have audited the financial statements of Jewish Family Services (the "Agency"), which comprise the statement of financial position as at August 31, 2019, and the statements of changes in net assets, revenue and expenses and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Agency as at August 31, 2019, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Qualified Opinion

In common with many charitable organizations, the Agency derives revenue from donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of donation revenue was limited to the amounts recorded in the records of the Agency and we were unable to determine whether any adjustments might be necessary to donation revenue, deficiency of revenue over expenses, and cash flows from operations for the years ended August 31, 2019 and 2018 years. Our opinion on the financial statements for the year ended August 31, 2018 also contained a qualification because of the possible effects of this limitation in scope.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Agency in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Emphasis of Matter

We draw attention to Note 12 to the financial statements, which indicates that the Agency's 2018 comparative figures have been restated. Our opinion was not modified with respect to this matter.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the Agency's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Agency or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Agency's financial reporting process.

MANNING ELLIOTT
ACCOUNTANTS & BUSINESS ADVISORS

17th floor, 1030 West Georgia St., Vancouver, BC, Canada V6E 2Y3

Tel: 604. 714. 3600 Fax: 604. 714. 3669 Web: manningelliott.com

INDEPENDENT AUDITORS' REPORT

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Agency's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Agency's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Agency to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

As required by the British Columbia Societies Act, we report that, in our opinion, the Society's financial statements have been prepared following Canadian accounting standards for not-for-profit organizations applied on a consistent basis.

Manning Elliott LLP

Chartered Professional Accountants

Vancouver, British Columbia

November 27, 2019

JEWISH FAMILY SERVICES
STATEMENT OF FINANCIAL POSITION
AS AT AUGUST 31, 2019

	2019	2018 (Restated - Note 12)
ASSETS		
CURRENT		
Cash	**$ -**	$ 100,270
Accounts receivable	**637,653**	539,217
Government remittances receivable	**1,542**	-
Prepaid expenses	**16,377**	26,603
	655,572	666,090
CAPITAL ASSETS *(Note 3)*	**61,174**	85,711
INTERNALLY RESTRICTED CASH AND INVESTMENTS	**366,380**	366,380
JFSA TIKKUN OLAM FUND *(Note 4)*	**1,868,500**	1,868,500
	$ 2,951,626	$ 2,986,681
LIABILITIES		
CURRENT		
Bank indebtedness *(Note 5)*	**$ 14,772**	$ -
Accounts payable and accrued liabilities	**266,825**	215,893
Government remittances payable	**-**	18,120
Deferred revenue *(Note 6)*	**283,868**	144,487
	565,465	378,500
DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS *(Note 7)*	**9,531**	25,104
	574,996	403,604
NET ASSETS		
INTERNALLY RESTRICTED *(Note 4)*	**366,380**	366,380
UNRESTRICTED	**2,010,250**	2,216,697
	2,376,630	2,583,077
	$ 2,951,626	$ 2,986,681

LEASE COMMITMENTS *(Note 8)*

Approved by the Board

_________________________________ *Director*

_________________________________ *Director*

JEWISH FAMILY SERVICES
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED AUGUST 31, 2019

	Internally restricted	Unrestricted (Note 13)	**2019**	2018
NET ASSETS - BEGINNING OF YEAR				
As previously reported	$ 366,380	$ 2,363,050	**$ 2,729,430**	$ 2,846,502
Prior period adjustment *(Note 12)*	-	(146,353)	**(146,353)**	-
As restated	366,380	2,216,697	**2,583,077**	2,846,502
Deficiency of revenue over expenses	-	(206,447)	**(206,447)**	(263,425)
BALANCE - END OF YEAR	$ 366,380	$ 2,010,250	**$ 2,376,630**	$ 2,583,077

JEWISH FAMILY SERVICES
STATEMENT OF REVENUE AND EXPENSES
FOR THE YEAR ENDED AUGUST 31, 2019

	2019	2018 (Restated - Note 12)
REVENUE		
Distributions from endowment funds *(Note 9)*	**$ 147,078**	$ 103,365
Donations and fundraising	**1,409,561**	1,290,650
Fees for services	**2,047,174**	1,434,752
Government and other grants	**628,717**	676,053
Holocaust Survivor Emergency Assistance Program	**513,954**	491,000
Interest and other income	**45,570**	104,837
Jewish Federation of Greater Vancouver	**883,100**	883,109
United Way	**66,588**	85,703
	5,741,742	5,069,469
EXPENSES		
Administrative expenses	**201,017**	165,221
Advertising and promotion	**13,198**	28,433
Amortization	**47,719**	45,232
Programs	**397,763**	320,258
Financial Aid - Food assistance	**280,505**	364,414
Financial Aid - Holocaust survivors	**667,818**	615,077
Financial Aid - Other	**104,407**	110,740
Fundraising	**133,743**	105,887
Rent *(Note 7)*	**192,521**	192,594
Staff and volunteer training	**18,515**	17,893
Travel	**28,567**	27,256
Wages and benefits	**3,862,416**	3,339,889
	5,948,189	5,332,894
DEFICIENCY OF REVENUE OVER EXPENSES FOR THE YEAR	**$ (206,447)**	$ (263,425)

JEWISH FAMILY SERVICES
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED AUGUST 31, 2019

	2019	2018 (Restated - Note 12)
OPERATING ACTIVITIES		
Deficiency of revenue over expenses for the year	$ (206,447)	$ (263,425)
Items not affecting cash:		
Amortization of deferred contributions related to capital assets	(15,573)	(16,029)
Amortization of capital assets	47,719	45,232
	(174,301)	(234,222)
Changes in non-cash working capital:		
Accounts receivable	(99,978)	(369,550)
Prepaid expenses	10,226	90,661
Accounts payable and accrued liabilities	50,932	57,192
Government remittances receivable	(18,120)	13,260
Deferred revenue	139,381	(128,289)
	(91,860)	(570,948)
INVESTING ACTIVITIES		
Acquisition of capital assets	(23,182)	(19,325)
Sale of investments, net	-	131,500
	(23,182)	112,175
DECREASE IN CASH DURING THE YEAR	(115,042)	(458,773)
CASH - BEGINNING OF YEAR	100,270	559,043
CASH (BANK INDEBTEDNESS) - END OF YEAR	$ (14,772)	$ 100,270
CASH FLOWS SUPPLEMENTAL INFORMATION		
Interest received	$ (45,570)	$ (81,620)

PURPOSE OF THE ORGANIZATION

The Jewish Family Service Agency of Vancouver (the "Agency") is a not-for-profit organization incorporated under the Society Act of British Columbia and a registered charity under the Income Tax Act. The purpose of the Agency is to provide resources and opportunities to strengthen and embrace the quality of life of individuals and families within the Jewish and broader communities. The Agency transitioned to the Societies Act of British Columbia during fiscal 2017.

1. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations (“ASNPO”) under Part III of the CPA Canada Handbook - Accounting. Financial statements prepared in accordance with ASNPO are also in accordance with Canadian generally accepted accounting principles ("GAAP").

These financial statements have, in management's opinion, been prepared within reasonable limits of materiality using the significant accounting policies noted below:

(a) Financial instruments

Measurement

The Agency's financial instruments consist of cash, accounts receivable, internally restricted cash and investments, and accounts payable.

The Agency initially measures all of its financial assets and liabilities at fair value. The Agency subsequently measures all of its financial assets and liabilities at amortized cost.

Impairment

Financial assets measured at amortized cost are tested for impairment when there are indicators of impairment. The amount of any write-down that is determined is recognized in the statement of revenue and expenses. A previously recognized impairment loss may be reversed to the extent of any improvement, provided is it 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 revenue and expenses in the period in which it is determined.

Transaction costs

The Agency recognizes its transaction costs in net income 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 the origination, issuance or assumption.

(b) Cash and cash equivalents

Cash consists of cash on hand, balances with banks and treasury bill savings accounts. For purposes of determining cash flows, cash includes the Agency's bank indebtedness.

(continues)

1. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(c) Capital assets

Capital assets are stated at cost less accumulated amortization which is recorded over the useful lives of the assets at the following annual rates:

Computer equipment	25%	straight-line method
Equipment	20%	straight-line method
Leasehold improvements		Over the lease term

(d) Revenue recognition

The Agency follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Contributions towards expenditures that will be incurred in future years are reported as deferred revenue. Unrestricted contributions are recognized as revenue when received or receivable if the amount receivable can be reasonably estimated and collection is reasonably assured. Unrestricted investment income is recognized as revenue when earned. Other revenue is recognized when received or receivable if the amount receivable can be reasonably estimated and collection is reasonably assured.

(e) Foreign currency translation

Transactions and balances in currencies other than the Canadian dollar are translated using the temporal method. Accordingly revenue, expenses and non-monetary balances are translated at the rate of exchange prevailing at the transaction dates, and monetary balances are translated at the rate prevailing at the balance sheet date with resulting exchange gains and losses being included in the determination of income.

(f) Contributed services

The Agency benefits greatly from contributed services in the form of volunteer time. The value of volunteer time is not recognized in these financial statements as the fair value thereof is not determinable. Other contributed materials and services are recognized only when their fair values can be reasonably estimated.

(g) Use of estimates

The preparation of the financial statements requires management to make estimates and assumptions about future events that affect the reported amounts of assets and liabilities. Management believes that the estimates used are reasonable and prudent, however, actual results could differ from those estimates. Significant areas requiring the use of management estimates relate to the determination of the useful lives of assets for amortization, amounts recorded as accrued liabilities and recognition of deferred contributions related to capital assets.

2. FINANCIAL INSTRUMENTS

The Agency's financial instruments are described in Note 1(a). In management's opinion, the Agency is not exposed to any significant credit, liquidity, market, currency, interest or other price risks arising from these financial instruments, except as explained below. In addition the Agency is not exposed to any material concentrations of risk and there have been no changes in the risk exposures from the prior year.

(continues)

2. FINANCIAL INSTRUMENTS *(continued)*

Credit risk

Credit risk is the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The Agency is exposed to this risk mainly in respect of its accounts receivable. The Agency mitigates this risk by maintaining, if deemed necessary, a provision for potential credit losses and any such losses to date have been within management's expectations.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Agency is exposed to this risk mainly in respect of its accounts payable and mitigates this risk by having a line of credit available for use.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The Agency is mainly exposed to currency risk and interest rate risk.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Agency is exposed to foreign exchange rate risk through grants received in US dollars. The Agency mitigates this risk by settling US denominated transactions in a timely manner.

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 Agency is exposed to interest rate risk on its line of credit and mitigates this risk by reviewing its interest rates on a regular basis.

3. CAPITAL ASSETS

	Cost	Accumulated amortization	**2019 Net book value**	2018 Net book value
Computer equipment	$ 247,148	$ 209,447	**$ 37,701**	$ 29,842
Equipment	111,312	98,764	**12,548**	23,094
Leasehold improvements	109,249	98,324	**10,925**	32,775
	$ 467,709	$ 406,535	**$ 61,174**	$ 85,711

4. JFSA TIKKUN OLAM FUND

The Agency has established an endowment fund with the Jewish Community Foundation of Greater Vancouver known with an annual distribution rate of 3.50%. Distributions from the fund are to be used at the discretion of the Board of Directors to carry out its charitable activities in the amount determined by an authorized representative of the Board of Directors of the Agency on an annual basis.

5. LINE OF CREDIT

The Agency has an operating line of up to $300,000, secured by an agreement under the Personal Property Security Act and bearing interest at the credit union's prime interest rate plus 1% per annum. At August 31, 2019, the Agency has used $Nil (2018 - $Nil) of the line of credit. The bank indebtedness as presented is the excess internally restricted cash over the available cash in the bank.

6. DEFERRED REVENUE

	2019	2018
Balance, beginning of the year	**$ 144,487**	$ 272,776
Less: Amounts recognized as revenue in the year	**(144,487)**	(272,776)
Add: Amounts received relating to the following year	**283,868**	144,487
	$ 283,868	$ 144,487

7. DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS

	2019	2018
Balance, beginning of year	**$ 25,104**	$ 41,133
Less: Amount recognized as revenue in the year	**(15,573)**	(16,029)
	$ 9,531	$ 25,104

8. LEASE COMMITMENTS

Commitments under leases for premises over the next five years are:

2020	$ 155,169
2021	156,185
2022	149,930
2023	153,175
2024	153,175
	$ 767,634

9. ENDOWMENT FUNDS

The Agency is the beneficiary of endowment funds held in perpetuity by the Vancouver Foundation and the Jewish Community Foundation of Greater Vancouver, the income from which is distributed to the Agency annually for use in its operations.

The market value of the investments held through the endowment funds is as follows:

	2019	2018
Jewish Community Foundation	**$ 3,350,454**	$ 3,311,703
Vancouver Foundation	**330,094**	327,439
	$ 3,680,548	$ 3,639,142

10. ECONOMIC DEPENDENCE

The Agency is economically dependent upon the Jewish Federation of Greater Vancouver for operating funds as they comprise 15% (2018 - 17%) of total revenue.

11. WAGES AND BENEFITS

Included in expenses for the year are wages and benefits of $338,000 (2018 - $335,700) for two (2018 - two) employees earning over $75,000 each per annum.

12. PRIOR PERIOD ADJUSTMENT

During the year, it was identified that the final pay period for fiscal 2018 was inadvertently recorded in fiscal 2019, based on payment date, resulting in wages and benefits expense in fiscal 2019 being overstated. As a result, an adjustment of $146,353 was recorded to increase both wages and benefits expense and accounts payable and accrued liabilities for the year ended August 31, 2018. The restatement led to a decrease in unrestricted net assets and deficiency of revenue over expenses of $146,353 as at and for the year ended August 31, 2018.

13. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current year's financial statements. Specifically, the Agency has combined the Invested in Capital Assets and Unrestricted Net Assets, that was previously presented separately. Such reclassification does not have any effect on the total net assets and deficiency of revenue over expenses previously reported other than described in Note 12.