JEWISH FAMILY SERVICES AGENCY

FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2020

manning elliott

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INDEPENDENT AUDITORS' REPORT

To the Members of Jewish Family Services Agency

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, 2020, 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, 2020, and the results of its operations and 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 of 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, excess (deficiency) of revenue over expenses, and cash flows from operations for the years ended August 31, 2020 and 2019, total assets as at August 31, 2020 and 2019, and net assets at both the beginning and end of August 31, 2020 and 2019 years. Our opinion on the financial statements for the year ended August 31, 2019 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 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 these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

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 related 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.

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INDEPENDENT AUDITORS' REPORT

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

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 auditor's 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.

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INDEPENDENT AUDITORS' REPORT

Report on Other Legal and Regulatory Requirements

As required by the Societies Act of British Columbia, we report that, in our opinion, the accounting policies applied in preparing and presenting the financial statements in accordance with Canadian accounting standards for not-for-profit organizations have been applied on a basis consistent with that of the preceding year.

Manning Elliott LLP

Chartered Professional Accountants
Vancouver, British Columbia
November 25, 2020

JEWISH FAMILY SERVICES AGENCY
STATEMENT OF FINANCIAL POSITION
AS AT AUGUST 31, 2020

	2020	2019
ASSETS		
CURRENT		
Cash	$ 1,724,115	$ 351,608
Accounts receivable	374,739	637,653
Government remittances receivable	-	1,542
Prepaid expenses	83,226	16,377
	2,182,080	1,007,180
CAPITAL ASSETS *(Note 3)*	36,481	61,174
JFSA TIKKUN OLAM FUND *(Note 4)*	1,868,500	1,868,500
	$ 4,087,061	$ 2,936,854
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	$ 251,462	$ 266,825
Government remittances payable	62,347	-
Deferred revenue *(Note 6)*	1,314,207	283,868
	1,628,016	550,693
DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS *(Note 7)*	-	9,531
	1,628,016	560,224
NET ASSETS	2,459,045	2,376,630
	$ 4,087,061	$ 2,936,854

LEASE COMMITMENTS *(Note 8)*

Approved by the Board

_______________________ *Director*

_______________________ *Director*

JEWISH FAMILY SERVICES AGENCY
STATEMENT OF REVENUE AND EXPENSES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED AUGUST 31, 2020

	2020	2019
REVENUE		
Distributions from endowment funds *(Note 9)*	**$ 190,751**	$ 147,078
Donations and fundraising	**1,103,611**	1,476,149
Fees for services	**2,089,431**	2,047,174
Government and other grants	**1,039,794**	628,717
Holocaust Survivor Emergency Assistance Program	**681,924**	513,954
Interest and other income	**67,464**	45,570
Jewish Federation of Greater Vancouver	**893,915**	883,100
	6,066,890	5,741,742
EXPENSES		
Administrative expenses	**202,320**	201,017
Advertising and promotion	**11,960**	13,198
Amortization of capital assets	**35,198**	47,719
Financial Aid - Food assistance	**529,837**	280,505
Financial Aid - Holocaust survivors	**702,312**	667,818
Financial Aid - Other	**122,294**	104,407
Fundraising	**693**	133,743
Programs	**250,979**	397,763
Rent *(Note 7)*	**203,981**	192,521
Staff and volunteer training	**13,182**	18,515
Travel	**18,834**	28,567
Wages and benefits	**3,892,885**	3,862,416
	5,984,475	5,948,189
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	**82,415**	(206,447)
NET ASSETS - BEGINNING OF YEAR	**2,376,630**	2,583,077
NET ASSETS - END OF YEAR	**$ 2,459,045**	$ 2,376,630

JEWISH FAMILY SERVICES AGENCY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED AUGUST 31, 2020

	2020	2019
OPERATING ACTIVITIES		
Excess (deficiency) of revenue over expenses	$ 82,415	$ (206,447)
Items not affecting cash:		
Amortization of deferred contributions related to capital assets	(9,531)	(15,573)
Amortization of capital assets	35,198	47,719
	108,082	(174,301)
Changes in non-cash working capital:		
Accounts receivable	262,914	(99,978)
Prepaid expenses	(66,849)	10,226
Accounts payable and accrued liabilities	(15,362)	50,932
Government remittances payable	63,888	(18,120)
Deferred revenue	1,030,339	139,381
	1,274,930	82,441
	1,383,012	(91,860)
INVESTING ACTIVITY		
Acquisition of capital assets	(10,505)	(23,182)
FINANCING ACTIVITY		
Decrease in restricted cash	-	366,380
INCREASE IN CASH DURING THE YEAR	1,372,507	251,338
CASH - BEGINNING OF YEAR	351,608	100,270
CASH - END OF YEAR	$ 1,724,115	$ 351,608

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 (Canada). 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. 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, 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

Cash consists of cash on hand.

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

Effective September 1, 2019, the Agency adopted Section 4433 "Tangible capital assets held by not-for-profit organizations", which replaces Section 4431 of the same name. The new section clarifies that not-for-profit organizations apply the requirements for componentization in Section 3061 "Property, Plant and Equipment", refines the guidance regarding the write-down of tangible capital assets and provides additional guidance on accounting for the cost of a contributed capital asset.

The Agency's policy is to record a write-down to a capital asset's fair value or replacement cost when conditions indicate that a capital asset is impaired. Such conditions include when the Agency's value of future economic benefits or service potential associated with the capital asset is less than its net carrying amount. Write-downs are recognized as an expense in the statement of revenue and expenses and are not reversed.

Adoption of the new section did not have any impact on the reported amounts of the Agency's capital assets.

(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.

Contributions restricted for the purchase of capital assets that will be amortized are deferred and recognized as revenue on the same basis as the amortization expense related to the acquired capital asset.

(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.

1. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(f) Contributed services and materials

The Agency benefits from contributed services in the form of volunteer time. The value of volunteer time is not recognized in these financial statements. Other contributed material and services are recognized only when their fair values can be reasonably estimated and the materials and services are used in the normal course of operations and would have otherwise been purchased.

(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, recognition of deferred contributions related to capital assets and amounts recorded.

2. FINANCIAL INSTRUMENTS RISKS

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 significant changes in the risk exposures from the prior year except as explained below.

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.

The COVID-19 health pandemic has caused significant economic uncertainty as explained in Note 12. The Agency's exposure to credit risk has changed as a result of COVID-19, as the timing of the collection of accounts receivable may be impacted. However, it is not practical for the Agency to estimate the impact of COVID-19 on each party or funders' ability to pay their accounts. Management will maintain frequent communication with its funders and other parties to monitor credit risk and take necessary steps to mitigate any potential credit losses.

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 accounts payable and mitigates this risk by having a line of credit available for use.

As noted above, the COVID-19 health pandemic could impact the timing of cash inflows from funders and other parties. The Agency has pro-actively worked with its funders, vendors and creditors to manage any disruption to its regular balance of working capital and anticipates that its cash reserves will adequately minimize liquidity risk. The cash balance of $1,724,115 primarily relates to the balance of deferred revenue of $1,314,207 as at August 31, 2020 and as a result is not fully available for financing its operating activities.

2. FINANCIAL INSTRUMENTS RISKS *(continued)*

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 rate 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 value of a financial instrument might be adversely affected by a change in the 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	**2020 Net book value**	2019 Net book value
Computer equipment	$ 257,652	$ 226,498	**$ 31,154**	$ 37,701
Equipment	111,312	105,985	**5,327**	12,548
Leasehold improvements	109,249	109,249	**-**	10,925
	$ 478,213	$ 441,732	**$ 36,481**	$ 61,174

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, 2020, the Agency has used $Nil (2019 - $Nil) of the line of credit.

6. DEFERRED REVENUE

	2020	2019
Balance: beginning of the year	$ 283,868	$ 144,487
Less: Amounts recognized as revenue in the year	(283,868)	(144,487)
Add: Amounts received relating to the following year	1,314,207	283,868
	$ 1,314,207	$ 283,868

7. DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS

	2020	2019
Balance: beginning of year	$ 9,531	$ 25,104
Less: Amount recognized as revenue in the year	(9,531)	(15,573)
	$ -	$ 9,531

8. LEASE COMMITMENTS

Commitments under leases for premises over the next year are:

2021	$ 82,843

9. ENDOWMENT FUNDS

The Agency has established Endowment Funds with the Vancouver Foundation and the Jewish Community Foundation of Greater Vancouver (the "Foundations") that are not reported on these financial statements. The Agency is the beneficiary of these funds but the capital is permanently invested with and held in perpetuity by the Foundations, 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:

	2020	2019
Jewish Community Foundation	$ 3,429,031	$ 3,350,454
Vancouver Foundation	321,322	330,094
	$ 3,750,353	$ 3,680,548

10. ECONOMIC DEPENDENCE

The Agency is economically dependent upon the Jewish Federation of Greater Vancouver for operating funds as they comprise 15% (2019 - 15%) of total revenue.

11. WAGES AND BENEFITS

Included in expenses for the year are wages and benefits of $434,632 (2019 - $338,000) for four (2019 - two) employees earning over $75,000 each per annum.

12. COVID-19 RISK

In March 2020, a global health pandemic was declared in Canada due to the COVID-19 virus. This has had a significant impact on Canadian businesses and not-for-profit organizations due to restrictions in travel, economic uncertainty and the need to isolate and quarantine if infected with the virus.

The Agency has received additional funding in the form of grants from various organizations to help cover costs incurred as a result of the pandemic. Although some fundraising events such as the Innovator's Lunch have had to be cancelled and postponed, the Agency has also raised funds through an emergency fundraising campaign which will help support operations through fiscal 2021. The Agency continues to monitor its operations and assess the impact COVID-19 will have on its operating activities. The full extent of the effect of the COVID-19 health pandemic on the Agency is uncertain.

13. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current year's financial statements. Such reclassification does not have any effect on the net assets or deficiency of revenue over expenses for the year previously reported.