

JEWISH FEDERATION OF GREATER VANCOUVER

Vancouver, B.C.

FINANCIAL STATEMENTS

August 31, 2006



WOLRIGE MAHON *LLP*
Chartered Accountants

AUDITORS' REPORT

To the Directors of Jewish Federation of Greater Vancouver:

We have audited the statement of financial position of Jewish Federation of Greater Vancouver as at August 31, 2006 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Federation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as explained in the following paragraph, we conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In common with many charitable organizations, the Federation derives revenue from pledges, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Federation and we were not able to determine whether any adjustments might be necessary to pledges, excess of revenues over expenditures, current assets and net assets.

In our opinion, except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of revenues as referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the Federation as at August 31, 2006 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles. As required by the Society Act of British Columbia, we report that, in our opinion, these principles have been applied on a basis consistent with that of the preceding year.

Wolrige Mahon LLP

CHARTERED ACCOUNTANTS

Vancouver, B.C.
November 14, 2006

JEWISH FEDERATION OF GREATER VANCOUVER

STATEMENT OF OPERATIONS

For the year ended August 31, 2006

	General Fund \$	Foundation Fund \$	Israel Emergency Campaign Fund \$	2006 Total \$	2005 Total \$
Revenues					
Pledges					
Combined Jewish Appeal ("CJA")	6,146,902	-	-	6,146,902	5,665,231
CJA+ local agencies	103,118	-	-	103,118	178,547
CJA+ Israel and overseas	159,782	-	-	159,782	185,952
Israel Emergency Campaign	-	-	3,216,482	3,216,482	-
Provision for uncollectible pledges	(65,000)	-	-	(65,000)	(58,673)
	6,344,802	-	3,216,482	9,561,284	5,971,057
Grant income	64,596	43,000	-	107,596	168,345
Interest and dividends	-	1,355,149	-	1,355,149	738,961
Israel Affairs grant	178,793	-	-	178,793	182,980
Miscellaneous donations	574,027	-	-	574,027	423,895
Gain on sale of investments	-	128,291	-	128,291	76,832
Unrealized appreciation (depreciation) in value of investments (Note 2)	-	(354,057)	-	(354,057)	1,609,451
	7,162,218	1,172,383	3,216,482	11,551,083	9,171,521
Expenditures					
Administration, Schedule 1	195,511	99,675	-	295,186	272,645
Fundraising, Schedule 2	758,031	149,513	-	907,544	886,067
	953,542	249,188	-	1,202,730	1,158,712
Excess of revenues over expenditures before allocations	6,208,676	923,195	3,216,482	10,348,353	8,012,809
Allocations					
Local agencies and programs					
Regular	3,355,764	-	-	3,355,764	2,749,913
CJA+	103,118	-	-	103,118	178,547
Israel and overseas agencies and programs (UIAC) (Note 11)					
Regular	2,140,908	-	-	2,140,908	2,277,185
CJA+	159,782	-	-	159,782	185,952
Israel Emergency Campaign	-	-	3,216,482	3,216,482	-
National allocations	410,787	-	-	410,787	387,090
Allocations from internally restricted funds (Note 10)	86,700	-	-	86,700	6,470
Endowment grants	-	890,961	-	890,961	559,936
	6,257,059	890,961	3,216,482	10,364,502	6,345,093
Excess (deficiency) of revenues over expenditures and allocations	(48,383)	32,234	-	(16,149)	1,667,716

JEWISH FEDERATION OF GREATER VANCOUVER

STATEMENT OF CHANGES IN NET ASSETS

For the year ended August 31, 2006

	General Fund \$	Foundation Fund \$	Israel Emergency Campaign Fund \$	2006 Total \$	2005 Total \$
Net assets, beginning	1,020,701	19,945,037	-	20,965,738	17,900,852
Excess (deficiency) of revenues over expenditures and allocations	(48,383)	32,234	-	(16,149)	1,667,716
Contributions	-	1,179,427	-	1,179,427	1,397,170
Interfund transfers	(4,820)	4,820	-	-	-
Net assets, ending	967,498	21,161,518	-	22,129,016	20,965,738

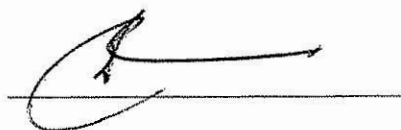
JEWISH FEDERATION OF GREATER VANCOUVER

STATEMENT OF FINANCIAL POSITION

August 31, 2006

	General Fund \$	Foundation Fund \$	Israel Emergency Campaign Fund \$	2006 Total \$	2005 Total \$
ASSETS					
Cash and cash equivalents	1,425,681	265,128	389,339	2,080,148	1,057,668
Pooled investments, at market value (Cost: 2006: \$18,116,263; 2005: \$16,767,112)	-	20,433,361	-	20,433,361	19,438,267
State of Israel Bonds, at market value (Cost: 2006: \$374,657; 2005: \$374,724)	-	379,038	-	379,038	379,038
Mortgage receivable (Note 4)	-	250,000	-	250,000	250,000
Pledges receivable (Note 6)	3,211,314	-	1,423,308	4,634,622	876,554
Interfund transfers	(2,057)	2,057	-	-	-
Other receivables	414,024	1,334	-	415,358	65,946
Prepaid allocations	-	-	-	-	5,100
Prepaid expenses	41,163	-	-	41,163	63,344
Tangible capital assets (Note 7)	70,943	-	-	70,943	46,561
	5,161,068	21,330,918	1,812,647	28,304,633	22,182,478
LIABILITIES					
Payables and accruals	654,298	7,400	1,812,647	2,474,345	380,440
Grants payable (Note 8)	-	162,000	-	162,000	167,732
Deferred revenue (Note 9)	3,539,272	-	-	3,539,272	668,568
	4,193,570	169,400	1,812,647	6,175,617	1,216,740
NET ASSETS					
Invested in tangible capital assets	70,943	-	-	70,943	46,561
Internally restricted (Note 10)	764,437	-	-	764,437	851,138
Externally restricted	-	17,555,242	-	17,555,242	16,120,809
Unrestricted	132,118	3,606,276	-	3,738,394	3,947,230
	967,498	21,161,518	-	22,129,016	20,965,738
	5,161,068	21,330,918	1,812,647	28,304,633	22,182,478

Approved by Directors:

JEWISH FEDERATION OF GREATER VANCOUVER

STATEMENT OF CASH FLOWS

For the year ended August 31, 2006

	2006 \$	2005 \$
Operating activities		
Excess (deficiency) of revenues over expenditures and allocations	(16,149)	1,667,716
Items not involving cash		
Amortization	28,124	17,732
Unrealized depreciation (appreciation) in value of investments	354,057	(1,609,451)
	366,032	75,997
Change in non-cash working capital		
Pledges receivable	(3,758,068)	106,138
Other receivables	(349,412)	(42,662)
Prepaid allocations	5,100	(5,100)
Prepaid expenses	22,181	(21,681)
Payables and accruals	2,093,905	38,503
Grants payable - Foundation Fund	(5,732)	28,982
Deferred revenue	2,870,704	157,346
	1,244,710	337,523
Investing activities		
Purchase of pooled investments, net	(1,349,151)	(1,496,263)
Change in value of bonds	-	25,543
Purchase of tangible capital assets, net	(52,506)	(28,621)
Contributions to the Foundation Fund	1,179,427	1,397,170
	(222,230)	(102,171)
Net increase in cash and cash equivalents	1,022,480	235,352
Cash and cash equivalents, beginning	1,057,668	822,316
Cash and cash equivalents, ending	2,080,148	1,057,668
Cash and cash equivalents represented by:		
Cash on hand and balances with banks	1,380,148	457,668
Short-term investments	700,000	600,000
	2,080,148	1,057,668

JEWISH FEDERATION OF GREATER VANCOUVER

NOTES

For the year ended August 31, 2006

Note 1 General

The Federation was incorporated under the Society Act of British Columbia and is a registered charitable organization under income tax legislation. Its purpose is to serve as a primary source of funding for organizations, programs and services that have objectives specifically relevant to the Jewish community.

Note 2 Significant Accounting Policies

Fund Accounting

The Society follows the restricted fund method of accounting for revenues. These financial statements include the undernoted funds which are segregated for purposes of carrying on specific activities as described below:

- (i) The General Fund accounts for the Federation's program delivery and administrative activities. This fund reports unrestricted and restricted contributions. Restricted contributions in the General Fund is recognized using the deferral method.
- (ii) The Jewish Community Foundation of Greater Vancouver Fund (the "Foundation") reports resources contributed for endowment purposes. In general, investment income earned on resources of the Foundation are available for distribution while the capital is retained, depending on the nature of any restrictions imposed by contributors of funds for endowment.
- (iii) The Israel Emergency Campaign Fund was established in July 2006 in response to the outbreak of war between Israel and the terrorist group, Hezbollah, based in Lebanon. The funds raised will help address urgent relief needs in Israel created by the war, as well as social and physical rehabilitation projects in areas and among various populations in Israel affected by the war. Allocations from the fund are made by the Federation in consultation with and under the auspices of the United Israel Appeal Federations Canada, in partnership with the other Jewish Federations in Canada. Subsequent to this fiscal year the Jewish Community Foundation of Greater Vancouver Fund funded \$32,000 to cover the costs of the campaign.

Common administration expenses are allocated to the respective funds based on the nature of the expenses and their use by the individual funds.

Revenue Recognition

Pledge revenue is recognized on a campaign year basis. A receivable is set up when a pledge is made. Pledges received for future campaign years are deferred and recognized as revenue in the campaign year to which the pledge relates.

Certain donors may remit amounts directly to the UIAC on behalf of the Federation. These amounts are recorded as revenue and allocations to UIAC on a campaign year basis. Amounts relating to future campaign years are recorded as prepaid allocations and deferred revenue.

Revenues for the year ended August 31, 2006 are referred to as the revenue for the 2005/2006 campaign year.

Endowment contributions are recognized on the Statement of Changes in Net Assets.

The unrealized appreciation (depreciation) in the value of investments represents the increase (decrease) during the year of the market value over the cost of the pooled investments.

JEWISH FEDERATION OF GREATER VANCOUVER

NOTES

For the year ended August 31, 2006

Note 2 Significant Accounting Policies (continued)

Pooled Investments and Bonds

Pooled investments are investments in common shares, convertible securities and mutual funds. Pooled investments and bonds are recorded at market value as at the balance sheet date. Unrealized gains and losses arising from the revaluation of pooled investments to market value are reflected as unrealized appreciation (depreciation) in the Statement of Operations.

Cash and Cash Equivalents

Cash and cash equivalents include fixed return financial instruments that can be exchanged for cash at any time. These investments are valued at cost, which approximates market value.

Amortization of Tangible Capital Assets

Tangible capital assets are carried at cost less accumulated amortization. Amortization is charged against operations and is provided for annually on the following basis:

Leasehold improvements	-	5 years straight-line
Office equipment	-	5 years straight-line
Computer equipment	-	3 years straight-line
Computer software	-	3 years straight-line

except in the year of acquisition, at which time amortization is provided for at one-half the annual rate.

Deferred Revenue

Grant contributions and pledges received which relate to programs and events to be carried out in the next fiscal year are reflected as deferred revenue.

Donated Services

A substantial number of donors and volunteers contribute a significant amount of time, services and other benefits to the Federation each year. Because of the difficulty in determining fair value, these contributions are not recognized in the financial statements nor are charitable receipts for tax purposes issued for these contributions.

Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

JEWISH FEDERATION OF GREATER VANCOUVER

NOTES

For the year ended August 31, 2006

Note 3 Financial Instruments

The fair value of all items that meet the definition of a financial instrument approximate their carrying values. These items include cash and cash equivalents, mortgage receivable, pledges receivable, other receivables, payables and accruals, interfund loans and grants payable. Pooled investments and bonds are recorded at market value. Unless otherwise stated, it is management's opinion that the Society is not exposed to significant currency risk arising from these financial instruments.

Financial instruments that potentially subject the Society to credit risk consist of pledges receivable and other receivables. Management regularly monitors pledges and other receivables and believes it has adequately provided for any exposure to potential credit loss unless otherwise stated.

The Society holds significant pooled investments and bonds, the market value of which may be subject to fluctuations resulting from changes in interest rates. The portfolio is sufficiently diversified so as to reduce exposure to interest rate risk.

Note 4 Mortgage Receivable

The mortgage receivable represents a loan made to an executive of the Federation, bearing interest at the rate prescribed by the Income Tax Act of Canada, and is secured by real property. The loan payments are for interest only and the loan is due upon the sale of the property or cessation of employment.

JEWISH FEDERATION OF GREATER VANCOUVER

NOTES

For the year ended August 31, 2006

Note 5 Jewish Community Foundation of Greater Vancouver Fund - Net Assets

	2006 \$	2005 \$
Unrestricted	3,606,276	3,824,228
Designated	13,750,644	12,700,750
Philanthropic	3,804,598	3,420,059
	<u>21,161,518</u>	<u>19,945,037</u>

The Federation maintains the Foundation, the goal of which is to provide resources to meet the long-term needs of the Jewish Community locally, nationally and internationally. The Foundation has received commitments in the form of long-term pledges, assignment of life insurance policies and bequest provisions.

Unrestricted funds

Income from these funds is distributed through the grant program of the Foundation in response to the emerging and changing needs of the community. Grants are awarded in the spring and fall of each year through a rigorous adjudication process administered by a standing committee of the Board of Trustees. During the fiscal year, there was a recategorization of one of the Unrestricted funds at the request of the donor family that resulted in a transfer of \$192,064 from Unrestricted funds to Philanthropic funds.

Designated funds

These funds direct income to a specific charitable organization named by the donor who establishes the fund.

Philanthropic funds

These funds provide donors with the opportunity to structure their charitable giving to suit their funding priorities. Fund holders or their chosen advisors may suggest charities which will benefit from distributions from their fund.

JEWISH FEDERATION OF GREATER VANCOUVER

NOTES

For the year ended August 31, 2006

Note 6 Pledges Receivable

The pledges receivable include pledges for unrestricted and restricted purposes. The restricted pledges are for the CJA+, through which donors may direct 75% of the increase over a prior year's total pledge to a specific agency or program. The unrestricted and restricted pledges receivable are as follows:

	2006 \$	2005 \$
Unrestricted pledges receivable by campaign year		
2004/05 and prior	118,895	117,630
2005/2006	536,535	573,669
Deferred	2,767,993	405,064
	<u>3,423,423</u>	<u>1,096,363</u>
Restricted pledges receivable		
CJA+ 2004/05 and prior	350	563
CJA+ 2005/2006	19,761	15,509
Deferred	29,708	5,115
Israel Now Campaign	700	700
	<u>3,473,942</u>	<u>1,118,250</u>
Less: Allowance for uncollectible pledges	<u>(262,628)</u>	<u>(241,696)</u>
General Fund pledges receivable	3,211,314	876,554
Israel Emergency Campaign pledges receivable	1,423,308	-
	<u>4,634,622</u>	<u>876,554</u>

Note 7 Tangible Capital Assets

	Cost \$	Accumulated Amortization \$	2006 Net \$	2005 Net \$
Leasehold improvements	26,002	4,942	21,060	4,936
Office equipment	23,798	10,308	13,490	11,523
Computer equipment	97,927	71,778	26,149	12,001
Computer software	86,266	76,022	10,244	18,101
	<u>233,993</u>	<u>163,050</u>	<u>70,943</u>	<u>46,561</u>

JEWISH FEDERATION OF GREATER VANCOUVER

NOTES

For the year ended August 31, 2006

Note 8 Grants Payable

The Foundation Fund has approved grants for which payments are scheduled for future years, or for which payments to grantees are pending.

Note 9 Deferred Revenue

	2006 \$	2005 \$
Pledges (Campaign year 2006/2007)		
Received	741,571	258,389
Receivable	2,797,701	410,179
	<u>3,539,272</u>	<u>668,568</u>

Note 10 Internally Restricted Net Assets

	2006 \$	2005 \$
Emergency Reserve Fund	316,187	308,187
Overseas Emergency Reserve Fund	235,300	250,000
Special Purpose Fund	212,950	292,951
	<u>764,437</u>	<u>851,138</u>

During the fiscal year, unused contingency funds budgeted by the Federation of \$8,000 (2005: \$32,682) were added to the Emergency Reserve Fund. The purpose of the Emergency Reserve Fund is to provide resources to respond to urgent and unanticipated needs of the Jewish Community.

The purpose of the Overseas Emergency Reserve Fund is to provide resources to respond to urgent and unanticipated needs in Israel and overseas communities. The Federation Board approved disbursements out of the fund of \$14,700 (2005: \$Nil) during the year to contribute to Hurricane Katrina and the South-East Asia tsunami relief.

The purpose of the Special Purpose Fund is to provide resources for extraordinary operating or capital needs of the Federation. The Federation Board approved disbursements out of the fund of \$80,000 during the prior fiscal year. However, the transfer was not recorded until the current fiscal year.

All the above internally restricted net assets have been restricted for specific purposes by the Federation Board and require Federation Board approval prior to disbursement.

JEWISH FEDERATION OF GREATER VANCOUVER

NOTES

For the year ended August 31, 2006

Note 11 Allocation to United Israel Appeal of Canada Inc.

The UIAC is allocated amounts during each pledge year. The Board of the Federation determines the allocation annually. During 2006, \$178,793 (2005: \$182,980) of the amount allocated to Israel and overseas programs were used to fund the 2006 Israel Affairs Department expenditures.

Note 12 Line of Credit

The Federation has \$250,000 (2005: \$250,000) bank line of credit bearing interest at the prime lending rate which is secured by a general security agreement. No funds have been drawn on this line.

Note 13 Comparative Figures

Certain 2005 comparative figures have been reclassified to conform to the financial statement presentation adopted for 2006.

JEWISH FEDERATION OF GREATER VANCOUVER

Schedule 1

ADMINISTRATION

For the year ended August 31, 2006

	General Fund \$	Foundation Fund \$	2006 Total \$	2005 Total \$
Accounting and audit	5,000	2,200	7,200	10,250
Amortization	28,124	-	28,124	17,732
Bank and collection charges	1,039	1,750	2,789	2,166
Computer	3,746	2,238	5,984	6,716
Insurance	2,785	-	2,785	2,757
Marketing and advertising	-	3,244	3,244	7,816
Meetings	3,497	478	3,975	4,757
Office	8,426	1,959	10,385	11,928
Postage	1,576	1,552	3,128	2,589
Printing	-	1,444	1,444	1,991
Professional development	5,314	1,563	6,877	4,503
Programs and events	3,104	518	3,622	3,728
Recruiting	1,109	-	1,109	385
Rent	10,052	3,525	13,577	12,025
Salaries and benefits	119,561	78,210	197,771	180,479
Telephone and facsimile	2,178	994	3,172	2,823
	195,511	99,675	295,186	272,645

JEWISH FEDERATION OF GREATER VANCOUVER

Schedule 2

FUNDRAISING

For the year ended August 31, 2006

	General Fund \$	Foundation Fund \$	2006 Total \$	2005 Total \$
Accounting and audit	6,000	3,300	9,300	10,900
Bank and collection charges	12,418	2,625	15,043	29,578
Computer	15,603	3,357	18,960	19,426
Marketing and advertising	41,256	4,867	46,123	50,514
Office	16,428	3,655	20,083	24,958
Postage	14,452	2,328	16,780	14,477
Printing	18,359	2,167	20,526	19,840
Programs and events	53,065	776	53,841	43,758
Rent	40,031	5,287	45,318	43,318
Salaries and benefits	532,468	119,660	652,128	622,120
Telephone and facsimile	7,951	1,491	9,442	7,178
	758,031	149,513	907,544	886,067