

JEWISH FEDERATION OF GREATER VANCOUVER

Vancouver, B.C.

FINANCIAL STATEMENTS

August 31, 2008



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, 2008 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 and donations, 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 and donations, 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, 2008 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 19, 2008

JEWISH FEDERATION OF GREATER VANCOUVER

STATEMENT OF OPERATIONS

For the year ended August 31, 2008

	General Fund	Foundation Fund	2008 Total	2007 Total (Restated, Note 4)
	\$	\$	\$	\$
Revenues				
Pledges				
Combined Jewish Appeal ("CJA")	7,218,282	-	7,218,282	6,598,970
CJA + local agencies	205,056	-	205,056	90,687
CJA+ Israel and overseas	122,358	-	122,358	176,965
Israel Emergency Campaign	1,980	-	1,980	452,312
Provision for uncollectible pledges	(38,000)	-	(38,000)	(54,736)
	<u>7,509,676</u>	<u>-</u>	<u>7,509,676</u>	<u>7,264,198</u>
Grant and other income (Note 5)	631,884	-	631,884	349,561
Interest and dividends, net of investment fees	104,028	665,580	769,608	606,607
Miscellaneous donations (Note 6)	1,170,325	-	1,170,325	1,119,168
Gain on sale of investments	-	36,554	36,554	1,047,796
Unrealized depreciation in value of investments (Note 2)	-	(1,091,364)	(1,091,364)	(648,511)
	<u>9,415,913</u>	<u>(389,230)</u>	<u>9,026,683</u>	<u>9,738,819</u>
Expenditures				
Administration, Schedule 1	271,493	163,160	434,653	310,978
Fundraising, Schedule 2	1,163,598	244,739	1,408,337	1,118,943
Foundation fund expenses paid by the General fund	202,842	(202,842)	-	-
	<u>1,637,933</u>	<u>205,057</u>	<u>1,842,990</u>	<u>1,429,921</u>
Excess (deficiency) of revenues over expenditures before allocations	<u>7,777,980</u>	<u>(594,287)</u>	<u>7,183,693</u>	<u>8,308,898</u>
Allocations				
Local agencies and programs				
Regular	3,805,088	-	3,805,088	3,817,032
CJA+	205,056	-	205,056	90,687
Israel and overseas agencies and programs (UIAC) (Note 7)				
Regular	2,473,089	-	2,473,089	2,129,567
CJA+	122,358	-	122,358	176,965
Israel Emergency Campaign	1,980	-	1,980	452,312
National allocations	506,634	-	506,634	459,046
Allocations to (from) internally restricted funds	215,803	-	215,803	(116,092)
Allocations to externally restricted funds	36,199	-	36,199	99,152
Endowment grants	-	961,138	961,138	892,656
	<u>7,366,207</u>	<u>961,138</u>	<u>8,327,345</u>	<u>8,001,325</u>
Excess (deficiency) of revenues over expenditures and allocations	<u>411,773</u>	<u>(1,555,425)</u>	<u>(1,143,652)</u>	<u>307,573</u>

JEWISH FEDERATION OF GREATER VANCOUVER

STATEMENT OF CHANGES IN NET ASSETS

For the year ended August 31, 2008

	General Fund	Foundation Fund	2008 Total	2007 Total (Restated, Note 4)
	\$	\$	\$	\$
Net assets, beginning, as previously stated	1,668,151	23,245,392	24,913,543	22,405,031
Prior period adjustment (Note 4)	104,707	(1,766)	102,941	-
Net assets, beginning, as restated	1,772,858	23,243,626	25,016,484	22,405,031
Excess (deficiency) of revenues over expenditures and allocations	411,773	(1,555,425)	(1,143,652)	307,573
Contributions	-	2,062,586	2,062,586	2,303,879
Net assets, ending	2,184,631	23,750,787	25,935,418	25,016,483

JEWISH FEDERATION OF GREATER VANCOUVER

STATEMENT OF FINANCIAL POSITION

August 31, 2008

	General Fund	Foundation Fund	2008 Total	2007 Total (Restated, Note 4)
	\$	\$	\$	\$
ASSETS				
Cash and cash equivalents	832,356	101,536	933,892	1,950,582
Pooled investments	-	23,379,986	23,379,986	22,320,930
Loan receivable (Note 9)	806,680	-	806,680	-
Pledges receivable (Note 10)	1,343,152	-	1,343,152	2,376,183
Other receivables	275,732	2,360	278,092	99,113
Interfund transfers	85,133	(85,133)	-	-
Prepaid expenses and allocations	73,490	-	73,490	14,735
State of Israel Bonds	-	429,038	429,038	429,038
Mortgages receivable (Note 11)	56,779	250,000	306,779	310,000
Tangible capital assets (Note 12)	123,635	-	123,635	61,913
	3,596,957	24,077,787	27,674,744	27,562,494
LIABILITIES				
Payables and accruals	422,426	-	422,426	395,843
Grants and allocations payable	55,000	327,000	382,000	233,263
Deferred revenue (Note 13)	934,900	-	934,900	1,916,904
	1,412,326	327,000	1,739,326	2,546,010
NET ASSETS				
Invested in tangible capital assets	123,635	-	123,635	61,913
Internally restricted (Note 14)	1,085,768	-	1,085,768	1,054,778
Externally restricted	923,516	20,675,454	21,598,970	20,261,611
Unrestricted	51,712	3,075,333	3,127,045	3,638,182
	2,184,631	23,750,787	25,935,418	25,016,484
	3,596,957	24,077,787	27,674,744	27,562,494

Approved by Directors:

JEWISH FEDERATION OF GREATER VANCOUVER

STATEMENT OF CASH FLOWS

For the year ended August 31, 2008

	2008	2007
	\$	(Restated, Note 4) \$
Operating activities		
Excess (deficiency) of revenues over expenditures and allocations	(1,143,652)	307,573
Items not involving cash		
Amortization	40,305	32,886
Unrealized depreciation in value of investments	1,091,364	648,511
	<u>(11,983)</u>	<u>988,970</u>
Change in non-cash working capital		
Pledges receivable	1,033,031	2,258,439
Other receivables	(178,979)	316,246
Prepaid expenses	(58,755)	26,428
Mortgages receivable	3,221	(60,000)
Payables and accruals	26,583	(1,802,487)
Grants and allocations payable	148,737	71,263
Deferred revenue	(982,004)	(1,622,368)
	<u>(20,149)</u>	<u>176,491</u>
Investing activities		
Purchase of pooled investments, net	(2,150,420)	(2,536,080)
Change in value of bonds	-	(50,000)
Purchase of tangible capital assets, net	(102,027)	(23,856)
Contributions to the Foundation Fund	2,062,586	2,303,879
Loan to Tikva Housing Society	(806,680)	-
	<u>(996,541)</u>	<u>(306,057)</u>
Net decrease in cash and cash equivalents	(1,016,690)	(129,566)
Cash and cash equivalents, beginning	1,950,582	2,080,148
Cash and cash equivalents, ending	933,892	1,950,582
Cash and cash equivalents represented by:		
Cash on hand and balances with banks	333,892	950,582
Short-term investments	600,000	1,000,000
	<u>933,892</u>	<u>1,950,582</u>

JEWISH FEDERATION OF GREATER VANCOUVER

NOTES

For the year ended August 31, 2008

Note 1 General

The Federation of Greater Vancouver (the "Federation" or "Society") 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.
- (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 is available for distribution, depending on the nature of any restrictions imposed by contributors of funds for endowment.

Common administration and fund raising 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 United Israel Appeal of Canada Inc. (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, 2008 are referred to as the revenue for the 2007/2008 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 carrying value of the pooled investments.

JEWISH FEDERATION OF GREATER VANCOUVER

NOTES

For the year ended August 31, 2008

Note 2 Significant Accounting Policies (continued)

Pooled Investments and Bonds

Pooled investments consist of common shares, convertible securities and mutual funds and are recorded at market value as at the balance sheet date.

The Society accounts for its investments and bonds in accordance with Section 3855 of the CICA Handbook, "Financial Instruments – Recognition and Measurement." This section requires that all non-derivative financial assets be measured at fair market value. Realized and unrealized gains and losses on investments classified as held for trading are to be recognized on the Statement of Operations in the periods in which they arise.

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, 2008

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, pooled investments, loan receivable, pledges receivable, other receivables, State of Israel bonds, mortgages receivable, payables and accruals and grants and allocations payable.

Pooled investments and State of Israel Bonds have been classified as held-for-trading and are recorded at fair value on the balance sheet. Fair values are determined directly by reference to published price quotations in an active market. Changes in the fair value of these investments are reflected as unrealized appreciation (depreciation) in value of investments on the statement of operations. All other financial instruments have been recorded at amortized cost.

Loan receivable, pledges receivable, other receivables and mortgages receivable have been classified as loans and receivables while payables and accruals and grants and allocations payable have been classified as other liabilities.

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 market volatility. The portfolio is sufficiently diversified so as to reduce exposure to market volatility.

Unless otherwise stated, it is management's opinion that the Society is not exposed to significant credit or currency risk arising from these financial instruments.

Note 4 Prior Period Adjustment

Certain internally and externally restricted funds previously classified as payables and accruals have been reclassified to net assets. This adjustment has been applied retroactively resulting in 2007 comparative figures being restated as follows: an increase in allocations from internally restricted funds of \$102,941, a decrease in payables and accruals of \$102,941, and an increase in internally restricted net assets of \$102,941.

Certain flow through funds have been moved from the Foundation fund to the General fund. This adjustment has been applied retroactively resulting in 2007 comparative figures being restated as follows: an increase in externally restricted net assets of \$1,766 and a decrease in unrestricted net assets of \$1,766.

JEWISH FEDERATION OF GREATER VANCOUVER

NOTES

For the year ended August 31, 2008

Note 5 Grant and Other Income

	2008	2007
	\$	\$
Event and other income	101,321	36,079
Grant income	61,346	24,383
Israel affairs grant	256,184	214,099
Grant from Foundation	168,000	75,000
Grant from internally restricted fund (Note 14)	45,033	-
	<u>631,884</u>	<u>349,561</u>

Note 6 Miscellaneous Donations

	2008	2007
	\$	\$
Local and international beneficiaries	698,434	626,463
Receipt of externally restricted funds	92,879	74,937
Receipt of donations on behalf of Tikva Housing Society	379,012	417,768
	<u>1,170,325</u>	<u>1,119,168</u>

Note 7 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 2008, \$256,184 (2007: \$212,280) of the amount allocated to Israel and overseas programs were used to fund the 2008 Israel Affairs Department expenditures.

JEWISH FEDERATION OF GREATER VANCOUVER

NOTES

For the year ended August 31, 2008

Note 8 Jewish Community Foundation of Greater Vancouver Fund - Net Assets

	2007	Contributions	Distributions	Income and Transfers	2008
	\$	\$	\$	\$	\$
Unrestricted	3,479,103	23,747	(339,080)	(88,437)	3,075,333
Designated	7,897,833	1,535,029	(245,628)	(214,981)	8,972,253
Institutional	7,859,692	342,371	(304,612)	(189,791)	7,707,660
Philanthropic	4,006,998	161,439	(71,818)	(101,078)	3,995,541
	<u>23,243,626</u>	<u>2,062,586</u>	<u>(961,138)</u>	<u>(594,287)</u>	<u>23,750,787</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.

Designated funds

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

Institutional funds

These funds are established by various charitable organizations which make contributions to their own fund. The income which is generated from the capital provides the organizations with stable funding on a long term basis.

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, 2008

Note 9 Loan receivable

During the year the Federation collected \$379,012 (2007: \$417,768) of donations on behalf of the Tikva Housing Society which have been recognized as miscellaneous donations and included in externally restricted funds of the General Fund at August 31, 2008.

During the year, Federation advanced funds to the Tikva Housing Society towards the purchase and renovation of a building for subsidized housing. As of August 31, 2008, the Federation had loaned an aggregate outstanding amount of \$779,110 bearing interest at 4% per year. The accrued interest at year-end amounted to \$27,570 for a total balance owing of \$806,680. Both principal and accrued interest are repayable no later than October 2010.

Subsequent to the year-end, the principal balance of the loan was repaid.

Note 10 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:

	2008 \$	2007 \$
Unrestricted pledges receivable by campaign year		
Current year	906,683	1,003,228
Prior years	141,071	62,917
Deferred	526,993	1,542,154
	<u>1,574,747</u>	<u>2,608,299</u>
Restricted pledges receivable		
CJA+ Current year	15,827	12,787
CJA+ Prior years	1,834	485
Deferred	43,442	21,427
Israel Emergency Campaign	9,083	21,229
	<u>1,644,933</u>	<u>2,664,227</u>
Less: Allowance for uncollectible pledges	<u>(301,781)</u>	<u>(288,044)</u>
Total pledges receivable	<u>1,343,152</u>	<u>2,376,183</u>

JEWISH FEDERATION OF GREATER VANCOUVER

NOTES

For the year ended August 31, 2008

Note 11 Mortgages Receivable

The mortgage receivable within the General Fund represents a loan made to an executive of the Federation, bearing interest at 3.0% per annum, and is secured by real property. The monthly loan payments consist of principle and interest and the loan is due upon the sale of the property or cessation of employment.

The mortgage receivable within the Foundation Fund represents a loan made to another executive of the Federation, bearing interest at 3.0% per annum, 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.

Note 12 Tangible Capital Assets

	Cost	Accumulated	2008	2007
	\$	Amortization	Net	Net
	\$	\$	\$	\$
Leasehold improvements	93,487	22,092	71,395	15,859
Office equipment	34,105	19,731	14,374	12,666
Computer equipment	140,858	107,203	33,655	28,873
Computer software	91,427	87,216	4,211	4,515
	<u>359,877</u>	<u>236,242</u>	<u>123,635</u>	<u>61,913</u>

Note 13 Deferred Revenue

	2008	2007
	\$	\$
Pledges (Campaign year 2008/2009)		
Received	364,465	353,323
Receivable	570,435	1,563,581
	<u>934,900</u>	<u>1,916,904</u>

JEWISH FEDERATION OF GREATER VANCOUVER

NOTES

For the year ended August 31, 2008

Note 14 Internally Restricted Net Assets

	2008	2007
	\$	\$
Emergency Reserve Fund	352,044	330,775
Internally Restricted Funds	345,507	275,753
Overseas Emergency Reserve Fund	220,300	235,300
Special Purpose Fund	167,917	212,950
	<u>1,085,768</u>	<u>1,054,778</u>

During the year, unused contingency funds budgeted by the Federation of \$21,269 (2007: \$14,588) 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.

During the year, Internally Restricted Funds' contributions exceeded expenditures by \$69,754 (2007: expenditures exceeded contributions by \$1,437). Internally Restricted Funds are those held by the Federation for use in specific program areas administered by the Federation.

During the year, the Federation disbursed \$15,000 (2007: \$NIL) of funds from the Overseas Emergency Reserve Fund. The purpose of the Overseas Emergency Reserve Fund is to provide resources to respond to urgent and unanticipated needs in Israel and overseas communities.

During the year, the Federation disbursed \$45,033 (2007: \$NIL) of funds from the Special Purpose Fund. The purpose of the Special Purpose Fund is to provide resources for extraordinary operating or capital needs of the Federation.

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.

Note 15 Commitments

The Federation and Foundation Funds have approved grants for which payments are scheduled for future years, or for which payments to grantees are pending as follows:

	\$
2009	80,332
2010	57,799
2011	36,240
2012	15,000
2013	-
	<u>189,371</u>

JEWISH FEDERATION OF GREATER VANCOUVER

NOTES

For the year ended August 31, 2008

Note 16 Comparative Figures

Certain 2007 comparative figures have been reclassified to conform to the financial statement presentation adopted for 2008.

Note 17 Future Accounting Standards

The Canadian Institute of Chartered Accountants ("CICA") has issued the following accounting standards that may be applicable to the Federation.

CICA Section 3862 and 3863, Financial Instruments - Disclosure and Presentation

These sections revise the current standards on financial instrument disclosure and presentation and place an increased emphasis on disclosures regarding the risks associated with both recognized and unrecognized financial instruments and how these risks are managed. The Federation will adopt these new standards for its fiscal year beginning September 1, 2008.

CICA Section 1535, Capital Disclosures

This section establishes guidelines for the disclosure of information regarding the Federation's capital and how it is managed. Enhanced disclosure with respect to the objectives, policies and processes for managing capital and quantitative disclosures about what the Federation regards as capital are required. The Federation will adopt this new standard for its fiscal year beginning September 1, 2008.

JEWISH FEDERATION OF GREATER VANCOUVER

Schedule 1

ADMINISTRATION

For the year ended August 31, 2008

	General Fund \$	Foundation Fund \$	2008 Total \$	2007 Total \$
Accounting and audit	10,386	4,155	14,541	7,200
Amortization	40,305	-	40,305	32,886
Bank and collection charges	427	2,609	3,036	2,592
Computer	5,540	4,130	9,670	7,407
Insurance	3,403	-	3,403	2,994
Loss on foreign exchange	10,142	-	10,142	-
Marketing and advertising	67	5,594	5,661	8,335
Meetings	4,544	206	4,750	3,395
Office	9,177	2,274	11,451	9,933
Postage	1,571	981	2,552	2,290
Printing	414	1,551	1,965	1,290
Professional development	2,353	1,149	3,502	4,915
Programs and events	1,315	21	1,336	3,294
Recruiting	3,624	2,473	6,097	3,380
Rent	8,528	9,501	18,029	15,588
Salaries and benefits	168,598	127,913	296,511	203,308
Telephone and facsimile	1,099	603	1,702	2,171
	271,493	163,160	434,653	310,978

JEWISH FEDERATION OF GREATER VANCOUVER

Schedule 2

FUNDRAISING

For the year ended August 31, 2008

	General Fund \$	Foundation Fund \$	2008 Total \$	2007 Total \$
Accounting and audit	10,386	6,232	16,618	9,300
Bank and collection charges	85,791	3,913	89,704	74,208
Computer	24,082	6,194	30,276	24,447
Marketing and advertising	45,626	8,392	54,018	51,704
Meetings	9,703	309	10,012	7,706
Office	12,107	3,411	15,518	14,236
Postage	10,794	1,472	12,266	11,279
Printing	23,109	2,326	25,435	15,806
Professional development	7,385	1,724	9,109	5,241
Programs and events	260,713	32	260,745	119,664
Recruiting	2,180	3,710	5,890	3,630
Rent	40,818	14,251	55,069	56,747
Salaries and benefits	625,815	191,869	817,684	717,956
Telephone and facsimile	5,089	904	5,993	7,019
	1,163,598	244,739	1,408,337	1,118,943