

JEWISH FEDERATION OF GREATER VANCOUVER

Vancouver, B.C.

FINANCIAL STATEMENTS

August 31, 2009

AUDITORS' REPORT

To the Directors of the Jewish Federation of Greater Vancouver:

We have audited the statement of financial position of the Jewish Federation of Greater Vancouver as at August 31, 2009 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 this revenue 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 revenue 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 revenue 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, 2009 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.

Walize Moshon LLP

CHARTERED ACCOUNTANTS

Vancouver, B.C.
November 25, 2009

JEWISH FEDERATION OF GREATER VANCOUVER

STATEMENT OF OPERATIONS

For the year ended August 31, 2009

	General Fund \$	Foundation Fund \$	2009 Total \$	2008 Total \$
Revenues				
Pledges				
Annual Campaign	6,950,786	-	6,950,786	7,218,282
Annual Campaign Plus	257,077	-	257,077	327,414
Israel Emergency Campaign	-	-	-	1,980
Provision for uncollectible pledges	(65,000)	-	(65,000)	(38,000)
	<u>7,142,863</u>	<u>-</u>	<u>7,142,863</u>	<u>7,509,676</u>
Grant and other income (Note 12)	601,753	-	601,753	631,884
Interest and dividends, net of investment fees	36,026	663,693	699,719	769,608
Miscellaneous donations (Note 13)	663,640	-	663,640	1,170,325
Gain (loss) on sale of investments	-	(870,630)	(870,630)	36,554
Unrealized depreciation in value of investments (Note 2)	-	(137,064)	(137,064)	(1,091,364)
	<u>8,444,282</u>	<u>(344,001)</u>	<u>8,100,281</u>	<u>9,026,683</u>
Expenditures				
Administration, Schedule 1	344,788	177,246	522,034	434,653
Fundraising, Schedule 2	1,237,505	265,870	1,503,375	1,408,337
Foundation fund expenses paid by the General fund	249,695	(249,695)	-	-
	<u>1,831,988</u>	<u>193,421</u>	<u>2,025,409</u>	<u>1,842,990</u>
Excess (deficiency) of revenues over expenditures before allocations	<u>6,612,294</u>	<u>(537,422)</u>	<u>6,074,872</u>	<u>7,183,693</u>
Allocations				
Local agencies and programs				
Regular	3,581,784	-	3,581,784	3,805,088
Annual Campaign Plus	142,682	-	142,682	205,056
Israel and overseas agencies and programs (UIAC) (Note 14)				
Regular	2,374,634	-	2,374,634	2,473,089
Annual Campaign Plus	114,396	-	114,396	122,358
Israel Emergency Campaign	-	-	-	1,980
National allocations				
Allocations from Board designated funds (Note 10)	469,722	-	469,722	506,634
Allocations from externally restricted funds (Note 5)	191,637	-	191,637	215,803
Endowment grants (Note 11)	1,004,269	-	1,004,269	36,199
	<u>-</u>	<u>678,897</u>	<u>678,897</u>	<u>961,138</u>
	<u>7,879,124</u>	<u>678,897</u>	<u>8,558,021</u>	<u>8,327,345</u>
Deficiency of revenues over expenditures and allocations	<u>(1,266,830)</u>	<u>(1,216,319)</u>	<u>(2,483,149)</u>	<u>(1,143,652)</u>

JEWISH FEDERATION OF GREATER VANCOUVER

STATEMENT OF CHANGES IN NET ASSETS

For the year ended August 31, 2009

	General Fund \$	Foundation Fund \$	2009 Total \$	2008 Total \$
Net assets, beginning	2,184,631	23,750,787	25,935,418	25,016,484
Deficiency of revenues over expenditures and allocations	(1,266,830)	(1,216,319)	(2,483,149)	(1,143,652)
Contributions	-	2,068,670	2,068,670	2,062,586
Net assets, ending	917,801	24,603,138	25,520,939	25,935,418

JEWISH FEDERATION OF GREATER VANCOUVER

STATEMENT OF FINANCIAL POSITION

August 31, 2009

	General Fund \$	Foundation Fund \$	2009 Total \$	2008 Total \$
ASSETS				
Cash and cash equivalents	442,088	609,808	1,051,896	933,892
Pooled investments	-	23,698,776	23,698,776	23,379,986
State of Israel Bonds	-	436,884	436,884	429,038
Loan receivable (Note 5)	-	-	-	806,680
Pledges receivable (Note 6)	1,537,869	-	1,537,869	1,343,152
Other receivables	179,510	2,314	181,824	278,092
Interfund transfers	54,144	(54,144)	-	-
Prepaid expenses and allocations	43,654	-	43,654	73,490
Mortgages receivable (Note 7)	53,461	250,000	303,461	306,779
Tangible capital asset (Note 8)	98,820	-	98,820	123,635
	2,409,546	24,943,638	27,353,184	27,674,744
LIABILITIES				
Payables and accruals	463,492	-	463,492	422,426
Grants and allocations payable	50,000	340,500	390,500	382,000
Deferred revenue (Note 9)	978,253	-	978,253	934,900
	1,491,745	340,500	1,832,245	1,739,326
NET ASSETS				
Invested in tangible capital assets	98,820	-	98,820	123,635
Board designated (Note 10)	658,273	-	658,273	1,085,768
Externally restricted	74,177	21,906,932	21,981,109	21,598,970
Unrestricted	86,531	2,696,206	2,782,737	3,127,045
	917,801	24,603,138	25,520,939	25,935,418
	2,409,546	24,943,638	27,353,184	27,674,744

Approved by Directors:

JEWISH FEDERATION OF GREATER VANCOUVER

STATEMENT OF CASH FLOWS

For the year ended August 31, 2009

	2009	2008
	\$	\$
Operating activities		
Deficiency of revenues over expenditures and allocations	(2,483,149)	(1,143,652)
Items not involving cash		
Amortization	46,770	40,305
Unrealized depreciation in value of investments	137,064	1,091,364
	<u>(2,299,315)</u>	<u>(11,983)</u>
Change in non-cash working capital		
Pledges receivable	(194,717)	1,033,031
Other receivables	96,268	(178,979)
Prepaid expenses	29,836	(58,755)
Mortgages receivable	3,318	3,221
Payables and accruals	41,066	26,583
Grants and allocations payable	8,500	148,737
Deferred revenue	43,353	(982,004)
	<u>(2,271,691)</u>	<u>(20,149)</u>
Investing activities		
Purchase of pooled investments, net	(455,854)	(2,150,420)
Purchase of bonds	(7,846)	-
Purchase of tangible capital assets	(21,955)	(102,027)
Loan to Tikva Housing Society	806,680	(806,680)
	<u>321,025</u>	<u>(3,059,127)</u>
Financing activities		
Contributions to the Foundation Fund	2,068,670	2,062,586
	<u>2,068,670</u>	<u>2,062,586</u>
Net increase (decrease) in cash and cash equivalents	118,004	(1,016,690)
Cash and cash equivalents, beginning	933,892	1,950,582
	<u>1,051,896</u>	<u>933,892</u>
Cash and cash equivalents, ending	1,051,896	933,892
Cash and cash equivalents represented by:		
Cash on hand and balances with banks	201,896	333,892
Short-term investments	850,000	600,000
	<u>1,051,896</u>	<u>933,892</u>

JEWISH FEDERATION OF GREATER VANCOUVER

NOTES

For the year ended August 31, 2009

Note 1 General

The Jewish 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.

Financial Assets and Financial Liabilities

The Society accounts for its financial instruments in accordance with Section 3855 of the CICA Handbook, "Financial Instruments - Recognition and Measurement". This section requires all financial instruments to be classified into one of the following five categories: held-for-trading, held-to-maturity investments, loans and receivables, available-for-sale financial assets or other financial liabilities. All financial instruments are measured at fair value, except for loans and receivables, held-to-maturity investments and other financial liabilities, which are measured at amortized cost. It also specifies how financial instrument gains and losses are to be recognized depending on their classification. Depending on the financial instruments' classification, changes in subsequent measurements are recognized in net income or directly in net assets. The Society's designations are as follows:

Cash and equivalents are designated as held-for-trading and are measured at fair value.

Loan receivable, pledges receivable, other receivables and mortgages receivable are classified as loans and receivables and are measured at amortized cost.

Payables and accruals, grants and allocations payable and deferred revenue are classified as other financial liabilities and are measured at amortized cost.

Pooled Investments and Bonds are classified as held-for-trading and are 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.

JEWISH FEDERATION OF GREATER VANCOUVER

NOTES

For the year ended August 31, 2009

Note 2 Significant Accounting Policies (continued)

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.

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.

Interest and dividend income, as well as grant and other income are recognized as they are earned.

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, 2009 are referred to as the revenue for the 2008/2009 campaign year.

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

Gains and losses on sale of investments are recognized in the period in which the related investments are sold.

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, 2009

Note 2 Significant Accounting Policies (continued)

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.

Note 3 Financial Instruments

Items that meet the definition of a financial instrument 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. The fair value of these items approximate their carrying values. It is management's opinion that the society is not exposed to significant currency risk and interest 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 market volatility. The portfolio is sufficiently diversified so as to reduce exposure to market volatility.

Note 4 Capital Management

Effective September 1, 2008, the Society adopted the provisions of CICA Section 1535, Capital Disclosures, which establishes guidelines for the disclosure of information regarding a Society's externally imposed capital requirements.

The Society's capital consists of general and foundation fund capital in the balance sheet.

The primary objectives when managing capital are two-fold:

- a) For short-term cash, the objectives are to safeguard the sustainability of the organization, to provide sufficient capital to maintain operations, and to manage risks.
- b) For long-term funds held by the Foundation, the objectives are to make prudent investments with consideration given to the overall portfolio, without undue risk of loss or impairment, and with a reasonable expectation of fair return or capital appreciation given the nature of the investment.

The Society manages capital through the regular monitoring of the returns on investments, projections of donation revenues, and monthly financial results.

For restricted funds, contributions are restricted for specific purposes by the donor.

JEWISH FEDERATION OF GREATER VANCOUVER

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For the year ended August 31, 2009

Note 5 Allocations to externally restricted funds

During fiscal 2008, the Federation provided a loan to Tikva Housing Society ("THS") to support their purchase of a building for subsidized housing. Included in the allocations to externally restricted funds is a grant of \$806,680 that was paid to THS during this fiscal period which enabled THS to repay the loan.

Note 6 Pledges Receivable

The pledges receivable include pledges for unrestricted and restricted purposes. The restricted pledges are for the Annual Campaign Plus, 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:

	2009	2008
	\$	\$
Unrestricted pledges receivable by campaign year		
Current year	883,715	906,683
Prior years	196,690	141,071
Deferred	714,352	526,993
	<hr/>	<hr/>
	1,794,757	1,574,747
Restricted pledges receivable		
Annual Campaign Plus current year	9,481	15,827
Annual Campaign Plus prior years	2,308	1,834
Deferred	21,958	43,442
Israel Emergency Campaign	6,000	9,083
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	1,834,504	1,644,933
Less: Allowance for uncollectible pledges	(296,635)	(301,781)
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Total pledges receivable	1,537,869	1,343,152
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JEWISH FEDERATION OF GREATER VANCOUVER

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For the year ended August 31, 2009

Note 7 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 principal 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 8 Tangible Capital Assets

	Cost \$	Accumulated Amortization \$	2009 Net \$	2008 Net \$
Leasehold improvements	95,238	40,454	54,784	71,395
Office equipment	44,744	26,012	18,732	14,374
Computer equipment	149,710	126,955	22,755	33,655
Computer software	92,138	89,589	2,549	4,211
	<u>381,830</u>	<u>283,010</u>	<u>98,820</u>	<u>123,635</u>

Note 9 Deferred Revenue

	2009 \$	2008 \$
Pledges (Campaign year 2009/2010)		
Received	241,943	364,465
Receivable	736,310	570,435
	<u>978,253</u>	<u>934,900</u>

JEWISH FEDERATION OF GREATER VANCOUVER

NOTES

For the year ended August 31, 2009

Note 10 Board Designated Net Assets

	2009	2008
	\$	\$
Emergency Reserve Fund	265,305	352,044
Internally Restricted Funds	187,251	345,507
Overseas Emergency Reserve Fund	145,300	220,300
Special Purpose Fund	60,417	167,917
	<u>658,273</u>	<u>1,085,768</u>

During the year, unused contingency funds budgeted by the Federation of \$13,261 (2008: \$21,269) were added to the Emergency Reserve Fund. In addition, the Federation Board of Directors approved an expenditure of \$100,000 from this fund to support allocations to local beneficiary agencies in light of the 2008 campaign shortfall. 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, expenditures from the Internally Restricted Funds exceeded contributions by \$158,256 (2008: \$69,754). 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 \$75,000 (2008: \$15,000) of funds from the Overseas Emergency Reserve Fund to support allocations to overseas beneficiary agencies in light of the 2008 campaign shortfall. 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 \$107,500 (2008: \$45,033) of funds from the Special Purpose Fund. This included \$82,500 approved by the Board to cover losses in operating revenue in 2008-2009 during the economic recession.

All the above Board designated 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, 2009

Note 11 Jewish Community Foundation of Greater Vancouver Fund - Net Assets

	2008	Contributions	Distributions	Income and Transfers	2009
	\$	\$	\$	\$	\$
Unrestricted	3,075,333	9,384	(278,700)	(109,813)	2,696,204
Designated	8,972,253	1,734,458	(237,386)	(104,634)	10,364,691
Institutional	7,707,660	153,984	(86,235)	(220,073)	7,555,336
Philanthropic	3,995,541	170,844	(76,576)	(102,902)	3,986,907
	<u>23,750,787</u>	<u>2,068,670</u>	<u>(678,897)</u>	<u>(537,422)</u>	<u>24,603,138</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, 2009

Note 12 Grant and Other Income

	2009	2008
	\$	\$
Event and other income	152,727	101,321
Grant income	15,828	61,346
Israel affairs grant	265,198	256,184
Grant from Foundation	168,000	168,000
Grant from internally restricted fund	-	45,033
	<u>601,753</u>	<u>631,884</u>

Note 13 Miscellaneous Donations

	2009	2008
	\$	\$
Local and international beneficiaries	510,213	698,434
Receipt of externally restricted funds	153,427	92,879
Receipt of donations on behalf of Tikva Housing Society	-	379,012
	<u>663,640</u>	<u>1,170,325</u>

Note 14 Allocation to United Israel Appeal of Canada Inc. ("UIAC")

The UIAC is allocated amounts during each year as determined by the Board of the Federation. During 2009, \$265,198 (2008: \$256,184) of the amount allocated to Israel and overseas programs was used to fund the 2009 Israel Affairs Department expenditures.

JEWISH FEDERATION OF GREATER VANCOUVER

NOTES

For the year ended August 31, 2009

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:

	\$
2010	59,129
2011	36,900
2012	15,000
	<hr/>
	111,029
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Note 16 Comparative Figures

Certain 2008 comparative figures have been reclassified to conform to the financial statement presentation adopted for 2009.

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 4400, Financial Statement Presentation by Not-for-Profit Organizations

This section modifies the requirements with respect to various elements of financial statement presentation. These amendments include:

- reporting certain revenues' gross in the statement of revenues and expenditures;
- making Section 1540 Cash Flow Statements applicable to not-for-profit organizations;
- amortizing capital assets reported as assets in the balance sheet, regardless of the size of the organization; and
- the elimination of the requirement to treat net assets invested in capital assets as a separate component of net assets.

JEWISH FEDERATION OF GREATER VANCOUVER

NOTES

For the year ended August 31, 2009

Note 17 Future Accounting Standards (continued)

CICA Section 4460, Disclosure of Related Party Transactions by Not-for-Profit Organizations

This section has been amended to align the definition of related parties to CICA Section 3840 Related Party Transactions. Related parties exist when one party has the ability to exercise, directly or indirectly, control, joint control or significant influence over the other. Two or more parties are related when they are subject to common control, joint control or significant influence. Two not-for-profit organizations are related parties if one has an economic interest in the other. Related parties also include management and immediate family members.

CICA Section 4470, Disclosure of Allocated Expenses by Not-for-Profit Organizations

This section establishes disclosure standards for a not-for-profit organization that classified its expenses by function and allocates its expenses to a number of functions to which the expenses relate.

The Federation will adopt these new standards for its fiscal year beginning September 1, 2009, and does not expect the adoption of these standards to have a material impact on its results of operations or financial position.

JEWISH FEDERATION OF GREATER VANCOUVER

ADMINISTRATION

Schedule 1

For the year ended August 31, 2009

	General Fund \$	Foundation Fund \$	2009 Total \$	2008 Total \$
Salaries and personnel related expenses	243,831	139,836	383,667	306,110
Program expense	7,869	941	8,810	1,336
Office and miscellaneous	93,088	36,469	129,557	127,207
	344,788	177,246	522,034	434,653

FUNDRAISING

Schedule 2

For the year ended August 31, 2009

	General Fund \$	Foundation Fund \$	2009 Total \$	2008 Total \$
Salaries and personnel related expenses	626,878	209,753	836,631	832,683
Program expense	362,997	1,412	364,409	260,745
Office and miscellaneous	247,630	54,705	302,335	314,909
	1,237,505	265,870	1,503,375	1,408,337