

JEWISH FEDERATION OF GREATER VANCOUVER

Vancouver, B.C.

FINANCIAL STATEMENTS

August 31, 2010



WOLRIGE MAHONLLP
Chartered Accountants

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, 2010 and the statements of operations and 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 revenues 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 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, 2010 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 26, 2010

JEWISH FEDERATION OF GREATER VANCOUVER

STATEMENT OF FINANCIAL POSITION

August 31, 2010

	General Fund \$	Foundation Fund \$	2010 Total \$	2009 Total \$
ASSETS				
Cash and cash equivalents	1,709,018	510,088	2,219,106	1,051,896
Pooled investments	31,489	26,166,715	26,198,204	23,698,776
State of Israel Bonds	-	437,291	437,291	436,884
Pledges receivable (Note 5)	2,101,741	-	2,101,741	1,537,869
Other receivables	100,163	2,465	102,628	181,824
Interfund transfers	184,875	(184,875)	-	-
Prepaid expenses and allocations	80,700	-	80,700	43,654
Mortgages receivable (Note 6)	50,043	1,726,776	1,776,819	303,461
Property and equipment (Note 7)	82,759	-	82,759	98,820
	4,340,788	28,658,460	32,999,248	27,353,184
LIABILITIES				
Payables and accruals	1,139,792	-	1,139,792	463,492
Grants and allocations payable	-	228,500	228,500	390,500
Deferred revenue (Note 8)	2,030,131	-	2,030,131	978,253
	3,169,923	228,500	3,398,423	1,832,245
NET ASSETS				
Invested in property and equipment	82,759	-	82,759	98,820
Board designated (Note 9)	808,116	-	808,116	658,273
Externally restricted (Note 10)	191,784	25,688,465	25,880,249	21,981,109
Unrestricted	88,206	2,741,495	2,829,701	2,782,737
	1,170,865	28,429,960	29,600,825	25,520,939
	4,340,788	28,658,460	32,999,248	27,353,184

Commitments (Note 15)

Approved by Directors:

JEWISH FEDERATION OF GREATER VANCOUVER

STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS

For the year ended August 31, 2010

	General Fund \$	Foundation Fund \$	2010 Total \$	2009 Total \$
Revenues				
Pledges				
Annual Campaign	7,058,003	-	7,058,003	6,950,786
Annual Campaign Plus	271,335	-	271,335	257,077
Provision for uncollectible pledges	(77,500)	-	(77,500)	(65,000)
	<u>7,251,838</u>	<u>-</u>	<u>7,251,838</u>	<u>7,142,863</u>
Miscellaneous donations (Note 13)	1,242,311	-	1,242,311	663,640
Interest and dividends, net of investment fees	7,507	733,011	740,518	699,719
Gain (loss) on sale of investments	-	581,342	581,342	(870,630)
Grant and other income (Note 12)	454,189	-	454,189	601,753
Unrealized gain (loss) in value of investments (Note 2)	-	258,755	258,755	(137,064)
	<u>8,955,845</u>	<u>1,573,108</u>	<u>10,528,953</u>	<u>8,100,281</u>
Expenditures				
Administration, Schedule 1	215,028	120,514	335,542	522,034
Fundraising, Schedule 2	1,235,125	180,766	1,415,891	1,503,375
Foundation fund expenses paid by the General fund	75,964	(75,964)	-	-
	<u>1,526,117</u>	<u>225,316</u>	<u>1,751,433</u>	<u>2,025,409</u>
Excess of revenues over expenditures before allocations	<u>7,429,728</u>	<u>1,347,792</u>	<u>8,777,520</u>	<u>6,074,872</u>
Allocations				
Local agencies and programs				
Regular	4,200,508	-	4,200,508	3,581,784
Annual Campaign Plus	166,308	-	166,308	142,682
Israel and overseas agencies and programs (UIAC) (Note 14)				
Regular	2,417,749	-	2,417,749	2,374,634
Annual Campaign Plus	105,028	-	105,028	114,396
National allocations	436,619	-	436,619	469,722
Allocations from Board designated funds (Note 9)	(31,941)	-	(31,941)	191,637
Allocations (to) from externally restricted funds	(117,607)	-	(117,607)	1,004,269
Endowment grants (Note 11)	-	507,130	507,130	678,897
	<u>7,176,664</u>	<u>507,130</u>	<u>7,683,794</u>	<u>8,558,021</u>
Excess (deficiency) of revenues over expenditures and allocations before contributions	<u>253,064</u>	<u>840,662</u>	<u>1,093,726</u>	<u>(2,483,149)</u>
Contributions	-	2,986,160	2,986,160	2,068,670
Excess (deficiency) of revenues over expenditures and allocations after contributions	<u>253,064</u>	<u>3,826,822</u>	<u>4,079,886</u>	<u>(414,479)</u>
Net assets, beginning	917,801	24,603,138	25,520,939	25,935,418
Net assets, ending	<u>1,170,865</u>	<u>28,429,960</u>	<u>29,600,825</u>	<u>25,520,939</u>

JEWISH FEDERATION OF GREATER VANCOUVER

STATEMENT OF CASH FLOWS

For the year ended August 31, 2010

	2010	2009
	\$	\$
Cash flows related to operating activities		
Excess (deficiency) of revenues over expenditures and allocations after contributions	4,079,886	(414,479)
Items not involving cash		
Amortization	44,563	46,770
Unrealized loss (gain) in value of investments	(258,755)	137,064
	<u>3,865,694</u>	<u>(230,645)</u>
Changes in non-cash working capital		
Pledges receivable	(563,872)	(194,717)
Other receivables	79,196	96,268
Pooled investment donation	(31,489)	-
Prepaid expenses	(37,046)	29,836
Mortgages receivable	(1,473,358)	3,318
Payables and accruals	676,300	41,066
Grants and allocations payable	(162,000)	8,500
Deferred revenue	1,051,878	43,353
	<u>3,405,303</u>	<u>(203,021)</u>
Cash flows related to investing activities		
Purchase of pooled investments	(2,209,184)	(455,854)
Purchase of bonds	(407)	(7,846)
Purchase of property and equipment	(28,502)	(21,955)
Repayment from Tikva Housing Society	-	806,680
	<u>(2,238,093)</u>	<u>321,025</u>
Net increase in cash and cash equivalents	1,167,210	118,004
Cash and cash equivalents, beginning	1,051,896	933,892
Cash and cash equivalents, ending	2,219,106	1,051,896
Cash and cash equivalents consist of:		
Cash on hand and balances with banks	1,797,890	201,896
Short-term investments	421,216	850,000
	<u>2,219,106</u>	<u>1,051,896</u>

JEWISH FEDERATION OF GREATER VANCOUVER

NOTES

For the year ended August 31, 2010

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 the endowment funds.

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 *Canadian Institute of Chartered Accountants ("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. This section also specifies how financial instrument gains and losses arising from changes in fair value are to be recognized. Depending on the financial instrument's classification, changes in fair value are either recognized in net income or directly in net assets. The Society's designations are as follows:

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

Pooled Investments and Bonds are classified as held-for-trading and are measured at fair value. Realized and unrealized gains and losses on investments classified as held for trading are recognized in the Statement of Operations in the periods in which they arise.

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

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

JEWISH FEDERATION OF GREATER VANCOUVER

NOTES

For the year ended August 31, 2010

Note 2 Significant Accounting Policies (continued)

Financial Assets and Financial Liabilities (continued)

The Society has chosen to continue to apply CICA Section 3861, Financial Instruments Disclosure and Presentation rather than to adopt Sections 3862, Financial Instruments Disclosure and 3863, Financial Instruments Presentation, as allowed by Canadian generally accepted accounting standards for not-for-profit organizations.

Property and Equipment

Property and equipment 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 and services 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.

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, 2010 are referred to as the revenues for the 2009/2010 campaign year.

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

JEWISH FEDERATION OF GREATER VANCOUVER

NOTES

For the year ended August 31, 2010

Note 2 Significant Accounting Policies (continued)

Revenue Recognition (continued)

The unrealized gain (loss) in the value of investments represents the increase (decrease) during the year of the market value over the carrying value of the pooled investments.

Interest, dividends, grants and other income are recognized as they are earned.

The Foundation has received commitments in the form of long-term pledges, assignment of life insurance policies and bequest provisions. Such commitments are not recognized until received.

Allocation of Expenses

The Federation engages in fundraising programs, and various programs and services that are specifically relevant to the Jewish community. The expenses of each department include the costs of personnel, premises and other expenses that are directly related to providing the related program. The Federation also incurs a number of general support expenses that are common to the administration of the organization and each of its programs.

The Federation allocates these expenses by identifying the appropriate basis of allocating each component expense, and applies the allocation basis consistently each year. The expenses are allocated on the following bases:

- Personnel wages and benefits expenses on the basis of budgeted projections for each department for the year
- General support expenses on the basis of the percentage of personnel wages and benefits expenses that each department has been budgeted

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.

Change in Accounting Policy

During the year, the Society changed its accounting policy with respect to its restricted contributions. It now accounts for the contributions as revenue of the respective restricted funds in the year of receipt rather than as direct increases in net assets. As a result, the excess of revenues over expenditures and allocations after contributions has increased by \$2,986,160 (2009: \$2,068,670). The prior year contribution was included separately on the statement of changes in net assets.

JEWISH FEDERATION OF GREATER VANCOUVER

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For the year ended August 31, 2010

Note 3 Financial Instruments

Items that meet the definition of a financial instrument include cash and cash equivalents, pooled investments, pledges receivable, other receivables, State of Israel bonds, mortgages receivable, payables and accruals and grants and allocations payable. The fair values of these items approximate their carrying values. It is management's opinion that the Society is not exposed to significant currency risk or interest rate 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.

The Society holds significant pooled investments and bonds, the fair value of which fluctuates as a result of changes in market prices. The portfolio is sufficiently diversified so as to reduce exposure to market volatility.

Note 4 Capital Management

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

The Society's 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, the objectives are to invest the portfolio prudently, without exposing the endowment funds to undue risk of loss or impairment, and with a reasonable expectation of fair return or capital appreciation based on 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.

Contributions to the externally restricted funds are restricted for specific purposes by the donors.

JEWISH FEDERATION OF GREATER VANCOUVER

NOTES

For the year ended August 31, 2010

Note 5 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 the prior year's total pledge to a specific agency or program. The unrestricted and restricted pledges receivable are as follows:

	2010 \$	2009 \$
Unrestricted pledges receivable by campaign year		
Current year	688,761	883,715
Prior years	206,662	196,690
Deferred	1,308,249	714,352
	<hr/> 2,203,672	<hr/> 1,794,757
Restricted pledges receivable		
Annual Campaign Plus current year	9,958	9,481
Annual Campaign Plus prior years	2,704	2,308
Deferred	131,413	21,958
Israel Emergency Campaign	-	6,000
	<hr/> 2,347,747	<hr/> 1,834,504
Less: Allowance for uncollectible pledges	(246,006)	(296,635)
	<hr/> 2,101,741	<hr/> 1,537,869

Note 6 Mortgages Receivable

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

The Foundation Fund mortgage receivable includes a loan of \$250,000 (2009: \$250,000) made to another executive of the Federation, bearing interest at 3.0% per annum, and secured by real property. The loan payments are for interest only and the loan is due upon the sale of the real property or cessation of employment.

During the year, the Foundation Fund received a bequest of a mortgage valued at \$1,500,000. At August 31, 2010, the Foundation Fund mortgage receivable balance includes a loan balance of \$1,476,776 relating to the bequest, bearing interest at 5.0% per annum, and secured by real property. The monthly loan payments consist of principal and interest.

JEWISH FEDERATION OF GREATER VANCOUVER

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For the year ended August 31, 2010

Note 7 Property and Equipment

	Cost	Accumulated	2010	2009
	\$	Amortization	Net	Net
		\$	\$	\$
Leasehold improvements	97,570	58,564	39,006	54,784
Office equipment	45,235	32,324	12,911	18,732
Computer equipment	59,198	29,260	29,938	22,755
Computer software	3,996	3,092	904	2,549
	<hr/> 205,999 <hr/>	<hr/> 123,240 <hr/>	<hr/> 82,759 <hr/>	<hr/> 98,820 <hr/>

Note 8 Deferred Revenue

	2010	2009
	\$	\$
Pledges (Campaign year 2010/2011)		
Received	588,166	241,943
Receivable	1,441,965	736,310
	<hr/> 2,030,131 <hr/>	<hr/> 978,253 <hr/>

JEWISH FEDERATION OF GREATER VANCOUVER

NOTES

For the year ended August 31, 2010

Note 9 Board Designated Net Assets

	2009	Revenue	Expenditures	2010
	\$	\$	\$	\$
Emergency Reserve Fund	265,305	67,500	-	332,805
Internally Restricted Funds	187,251	395,043	(377,200)	205,094
Overseas Emergency Reserve Fund	145,300	75,000	(10,500)	209,800
Special Purpose Fund	60,417	-	-	60,417
	<u>658,273</u>	<u>537,543</u>	<u>(387,700)</u>	<u>808,116</u>

During the year, unused contingency funds budgeted by the Federation of \$67,500 (2009: \$13,261) 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, contributions to the Internally Restricted Funds exceeded expenditures by \$17,843 (2009: (\$158,256)). Internally Restricted Funds are those held by the Federation for use in specific program areas administered by the Federation.

During the year, the Federation allocated \$75,000 (2009: (\$75,000)) of funds to its Israel and Overseas Emergency Reserve Fund to replace funds disbursed from the Fund in the prior year used to sustain overseas allocations during the economic recession. 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 \$NIL (2009: \$107,500) of funds from the Special Purpose Fund.

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.

Note 10 Externally Restricted Funds - General Fund

The externally restricted portion of the general fund represents contributions that are specifically allocated to third party organizations. The Federation acts as an intermediary and all donations are to be transferred.

	2009	Funds Received	Funds Transferred	2010
	\$	\$	\$	\$
Externally restricted	74,177	348,343	(230,736)	191,784

JEWISH FEDERATION OF GREATER VANCOUVER

NOTES

For the year ended August 31, 2010

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

	2009	Contributions	Distributions	Income and Transfers	2010
	\$	\$	\$	\$	\$
Unrestricted	2,696,204	11,071	(113,206)	147,426	2,741,495
Designated	10,364,691	2,775,992	(245,883)	619,500	13,514,300
Institutional	7,555,336	2,294	(80,911)	386,429	7,863,148
Philanthropic	3,986,907	196,803	(67,130)	194,437	4,311,017
	<u>24,603,138</u>	<u>2,986,160</u>	<u>(507,130)</u>	<u>1,347,792</u>	<u>28,429,960</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, assignments 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 established 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. In some cases, agreements with the charitable organizations which have funds at the Foundation allow for the return of a portion of the capital contributed.

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, 2010

Note 12 Grant and Other Income

	2010	2009
	\$	\$
Event and other income	126,517	152,727
Grant income	3,759	15,828
Israel affairs grant	280,913	265,198
Grant from Foundation	43,000	168,000
	<u>454,189</u>	<u>601,753</u>

Note 13 Miscellaneous Donations

	2010	2009
	\$	\$
Local and international beneficiaries	1,077,680	510,213
Receipt of externally restricted funds	164,631	153,427
	<u>1,242,311</u>	<u>663,640</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 2010, \$280,913 (2009: \$265,198) of the amount allocated to Israel and overseas programs was used to fund the 2010 Israel Affairs Department expenditures.

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:

	\$
2011	36,330
2012	15,000
	<u>51,330</u>

JEWISH FEDERATION OF GREATER VANCOUVER

ADMINISTRATION

Schedule 1

For the year ended August 31, 2010

	General Fund	Foundation Fund	2010 Total	2009 Total
	\$	\$	\$	\$
Salaries and personnel related expenses	124,561	96,029	220,590	383,667
Program expense	478	-	478	8,810
Office and miscellaneous	89,989	24,485	114,474	129,557
	215,028	120,514	335,542	522,034

FUNDRAISING

Schedule 2

For the year ended August 31, 2010

	General Fund	Foundation Fund	2010 Total	2009 Total
	\$	\$	\$	\$
Salaries and personnel related expenses	658,023	144,044	802,067	836,631
Program expense	120,103	-	120,103	364,409
Office and miscellaneous	456,999	36,722	493,721	302,335
	1,235,125	180,766	1,415,891	1,503,375