

JEWISH FEDERATION OF GREATER VANCOUVER

Vancouver, B.C.

FINANCIAL STATEMENTS

March 31, 2012

INDEPENDENT AUDITOR'S REPORT

To the Directors of Jewish Federation of Greater Vancouver:

Report on the Financial Statements

We have audited the accompanying financial statements of Jewish Federation of Greater Vancouver, which comprise the statement of financial position as at March 31, 2012, and the statement of operations, statement of changes in net assets, and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion

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, as at or for the years ending March 31, 2012 and March 31, 2011, any adjustments might be necessary to donations, excess of revenues over expenditures, assets and fund balances.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Jewish Federation of Greater Vancouver as at March 31, 2012, and its financial performance and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Report on Other Legal and Regulatory Requirements

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

June 21, 2012
Vancouver, B.C.

JEWISH FEDERATION OF GREATER VANCOUVER

STATEMENT OF FINANCIAL POSITION

March 31, 2012

	General Fund \$	Foundation Fund \$	2012 Total \$	2011 Total \$
ASSETS				
Cash	5,227,781	991,268	6,219,049	4,912,834
Pooled investments	-	30,742,800	30,742,800	27,907,808
State of Israel Bonds	-	446,826	446,826	441,627
Pledges receivable (Note 5)	1,743,424	-	1,743,424	1,601,024
Other receivables	236,785	14,606	251,391	163,109
Interfund advances (Note 6)	542,137	(542,137)	-	-
Prepaid expenses and allocations	219,520	-	219,520	57,203
Mortgages receivable (Note 7)	-	250,000	250,000	1,755,475
Property and equipment (Note 8)	45,980	-	45,980	67,082
	8,015,627	31,903,363	39,918,990	36,906,162
LIABILITIES				
Payables and accruals	1,102,398	-	1,102,398	1,127,145
Grants and allocations payable	-	194,550	194,550	297,000
Due to other charitable entities (Note 9)	535,387	-	535,387	146,212
Deferred revenue	1,279,267	-	1,279,267	603,944
	2,917,052	194,550	3,111,602	2,174,301
NET ASSETS				
Invested in property and equipment	45,980	-	45,980	67,082
Board designated (Note 10)	1,274,873	-	1,274,873	1,046,628
Externally restricted	-	28,824,531	28,824,531	26,976,647
Unrestricted	3,777,722	2,884,282	6,662,004	6,641,504
	5,098,575	31,708,813	36,807,388	34,731,861
	8,015,627	31,903,363	39,918,990	36,906,162

Approved by Directors:

JEWISH FEDERATION OF GREATER VANCOUVER

STATEMENT OF OPERATIONS

For the year ended March 31, 2012

	General Fund (12 Months) \$	Foundation Fund (12 Months) \$	2012 Total (12 Months) \$	2011 Total (7 Months) \$
Revenues				
Pledges				
Annual Campaign	7,141,733	-	7,141,733	7,328,978
Annual Campaign Plus	461,510	-	461,510	447,430
Provision for uncollectible pledges	(83,000)	-	(83,000)	(47,833)
	<u>7,520,243</u>	<u>-</u>	<u>7,520,243</u>	<u>7,728,575</u>
Miscellaneous donations	2,364,753	-	2,364,753	1,261,527
Contributions	-	1,859,481	1,859,481	459,965
Interest and dividends	35,042	968,087	1,003,129	497,523
Grant and other income (Note 12)	421,554	-	421,554	325,791
Gain on sale of investments	-	74,161	74,161	193,667
Unrealized gain (loss) in value of investments	-	(25,643)	(25,643)	1,128,890
	<u>10,341,592</u>	<u>2,876,086</u>	<u>13,217,678</u>	<u>11,595,938</u>
Expenditures				
Administration, Schedule 1	218,035	115,541	333,576	211,076
Fundraising, Schedule 2	1,535,660	173,311	1,708,971	1,180,572
	<u>1,753,695</u>	<u>288,852</u>	<u>2,042,547</u>	<u>1,391,648</u>
Excess of revenues over expenditures before allocations	<u>8,587,897</u>	<u>2,587,234</u>	<u>11,175,131</u>	<u>10,204,290</u>
Allocations				
Local agencies and programs				
Regular	5,187,822	-	5,187,822	2,697,925
Annual Campaign Plus	292,127	-	292,127	312,480
Israel and overseas agencies and programs (UIAC) (Note 13)				
Regular	2,395,005	-	2,395,005	1,011,639
Annual Campaign Plus	169,383	-	169,383	134,950
National allocations	503,373	-	503,373	265,888
Allocations from Board designated funds (Note 10)	(622,975)	-	(622,975)	(305,024)
Expenditures of Board designated funds (Note 10)	394,730	-	394,730	101,192
Foundation grants (Note 11)	-	780,139	780,139	697,101
	<u>8,319,465</u>	<u>780,139</u>	<u>9,099,604</u>	<u>4,916,151</u>
Excess of revenues over expenditures and allocations	<u>268,432</u>	<u>1,807,095</u>	<u>2,075,527</u>	<u>5,288,139</u>

JEWISH FEDERATION OF GREATER VANCOUVER

STATEMENT OF CHANGES IN NET ASSETS

For the year ended March 31, 2012

	General Fund	Board Designated Funds	Foundation Fund	2012	2011
	(12 months)	(12 months)	(12 months)	(12 months)	(7 months)
	\$	\$	\$	\$	\$
Net assets, beginning	3,824,633	1,046,628	29,860,600	34,731,861	29,443,722
Excess of revenues over expenditures and allocations	268,432	-	1,807,095	2,075,527	5,288,139
Interfund transfers (Note 6)	(41,118)	-	41,118	-	-
Transfer to Board Designated Funds (Note 10)	(228,245)	228,245	-	-	-
	-	-	-	-	-
Net assets, ending	3,823,702	1,274,873	31,708,813	36,807,388	34,731,861

JEWISH FEDERATION OF GREATER VANCOUVER

STATEMENT OF CASH FLOWS

For the year ended March 31, 2012

	2012 (12 Months) \$	2011 (7 Months) \$
Cash flows related to operating activities		
Excess of revenues over expenditures and allocations	2,075,527	5,288,139
Adjustments for items not affecting cash:		
Amortization	37,815	22,580
Unrealized loss (gain) in value of investments	25,643	(1,128,890)
	<u>2,138,985</u>	<u>4,181,829</u>
Changes in non-cash working capital:		
Pledges receivable	(142,400)	500,717
Other receivables	(88,282)	(60,481)
Prepaid expenses and allocations	(162,317)	23,497
Mortgages receivable	1,505,475	21,344
Payables and accruals	(24,747)	(12,647)
Grants and allocations payable	(102,450)	68,500
Due to other charitable entities	389,175	(10,891)
Deferred revenue	675,323	(1,426,187)
	<u>4,188,762</u>	<u>3,285,681</u>
Cash flows related to investing activities		
Purchase of pooled investments	(2,860,635)	(580,714)
Purchase of State of Israel Bonds	(63,979)	(218,600)
Proceeds on redemption of State of Israel Bonds	58,780	214,264
Purchase of property and equipment	(16,713)	(6,903)
	<u>(2,882,547)</u>	<u>(591,953)</u>
Net increase in cash	1,306,215	2,693,728
Cash, beginning	4,912,834	2,219,106
Cash, ending	6,219,049	4,912,834
Supplemental cash flow information:		
Interest received	828,154	412,940

JEWISH FEDERATION OF GREATER VANCOUVER

NOTES

For the year ended March 31, 2012

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 the *Income Tax Act*. 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 internally restricted contributions.
- (ii) The Jewish Community Foundation of Greater Vancouver Fund (the "Foundation") is the external fund of the Federation and reports resources which are used to meet the long-term needs of the Jewish community. 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 these funds.

Financial Assets and Financial Liabilities

The Society's designations are as follows:

Cash is designated as held for trading and is 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, due to other charitable entities and grants and allocations payable are classified as other financial liabilities and are measured at amortized cost.

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.

JEWISH FEDERATION OF GREATER VANCOUVER

NOTES

For the year ended March 31, 2012

Note 2 Significant Accounting Policies (continued)

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.

Contributed Services and Materials

A number of volunteers contribute a significant amount of their time and services to the Federation each year. Because of the difficulty in determining fair value, these contributed services are not recognized in the financial statements. The Federation records the fair value of contributed materials at the time of receipt, where such fair value is determinable, and would otherwise have been purchased. The Federation did not receive any such contributed materials.

Revenue Recognition

Pledge revenue is recognized on a campaign year basis. Revenues for the year ended March 31, 2012 are referred to as the revenues for the 2011/2012 campaign year. 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 years to which the pledges relate.

Miscellaneous donations are recognized when the pledges are made.

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.

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

The unrealized gain (loss) in the value of investments represents the change in the fair value of the pooled investments and bonds during the year.

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

The Foundation has received contributions in the form of long-term pledges, assignments of life insurance policies and bequest provisions. Pledges are recognized when the amount to be received can be reasonably estimated and ultimate collection is reasonably assured. Other contributions are recognized when received.

JEWISH FEDERATION OF GREATER VANCOUVER

NOTES

For the year ended March 31, 2012

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, pooled investments, State of Israel Bonds, pledges receivable, other receivables, mortgages receivable, payables and accruals, grants and allocations payable and due to other charitable entities. 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 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 values of which fluctuate as a result of changes in market prices. The portfolio is diversified so as to reduce exposure to market volatility.

Note 4 Capital Management

The Society's capital consists of the general and foundation fund net assets reported in the statement of financial position.

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 foundation funds to undue risk of loss or impairment, and with a reasonable expectation of return or capital appreciation based on the nature of the investments.

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 foundation funds are restricted for specific purposes by the contributors.

The Society was in compliance with these restrictions during the year.

JEWISH FEDERATION OF GREATER VANCOUVER

NOTES

For the year ended March 31, 2012

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:

	2012	2011
	\$	\$
Unrestricted pledges receivable by campaign year		
Current year	1,355,142	1,478,730
Prior years	505,356	333,259
	<u>1,860,498</u>	<u>1,811,989</u>
Restricted pledges receivable		
Annual Campaign Plus current year	175,979	46,719
Annual Campaign Plus prior years	26,676	3,322
	<u>2,063,153</u>	<u>1,862,030</u>
Less: Allowance for uncollectible pledges	(319,729)	(261,006)
Total pledges receivable	<u>1,743,424</u>	<u>1,601,024</u>

The total current year pledge receivables of \$1,531,121 (2011: \$1,525,449) are included in pledge revenue for the current year.

Note 6 Interfund Transfers and Advances

Interfund transfers are made from the Federation to the Foundation to cover the excess of expenditures over revenues in the Foundation. Interfund advances are non-interest bearing and without specific terms for repayment.

Note 7 Mortgages Receivable

The General Fund mortgage receivable included a loan made to an executive of the Federation, bearing interest at 3.0% per annum, and secured by real property. The loan was repaid during the year.

The Foundation Fund mortgages receivable include a loan of \$250,000 (2011: \$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.

The Foundation Fund included a previously bequested mortgage valued at \$1,500,000, bearing interest at 5.0% per annum and secured by real property. The loan was repaid during the year.

JEWISH FEDERATION OF GREATER VANCOUVER

NOTES

For the year ended March 31, 2012

Note 8 Property and Equipment

	Cost	Accumulated Amortization	2012 Net	2011 Net
	\$	\$	\$	\$
Leasehold improvements	97,570	83,165	14,405	29,526
Office equipment	49,677	40,106	9,571	10,053
Computer equipment	75,200	55,697	19,503	26,569
Computer software	7,167	4,666	2,501	934
	<u>229,614</u>	<u>183,634</u>	<u>45,980</u>	<u>67,082</u>

Note 9 Due to Other Charitable Entities

The balance represents contributions that are specifically designated to be forwarded to third party tax exempt organizations.

Note 10 Board Designated Net Assets

	2011	Allocations	Expenditures	2012
	\$	\$	\$	\$
Emergency Reserve Fund	350,000	-	-	350,000
Internally Restricted Funds	399,856	547,975	(387,230)	560,601
Overseas Emergency Reserve Fund	209,800	-	(7,500)	202,300
Special Purpose Fund	60,417	-	-	60,417
Local Allocation Reserve Fund	26,555	75,000	-	101,555
	<u>1,046,628</u>	<u>622,975</u>	<u>(394,730)</u>	<u>1,274,873</u>

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, transfers to the Internally Restricted Funds exceeded expenditures by \$160,745 (2011: \$160,082). Internally Restricted Funds are those held by the Federation for use in specific program areas administered by the Federation.

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 \$7,500 (2011: \$NIL) from this fund to support the African drought relief effort.

The purpose of the Special Purpose Fund is to provide resources for extraordinary operating or capital needs of the Federation.

JEWISH FEDERATION OF GREATER VANCOUVER

NOTES

For the year ended March 31, 2012

Note 10 Board Designated Net Assets (continued)

The purpose of the Local Allocation Reserve Fund is to provide a resource to address potential reduced campaigns in the future. During the year, \$75,000 (2011: \$26,555) was added to this fund from unused contingency funds budgeted by the Federation.

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

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

	Unrestricted \$	Designated \$	Institutional \$	Philanthropic \$	Total \$
Net assets, beginning	2,883,953	14,296,322	8,067,280	4,613,045	29,860,600
Contributions	11,759	1,590,233	31,597	225,892	1,859,481
Investment income	93,494	503,171	244,597	175,343	1,016,605
Expenditures	(27,678)	(117,237)	(60,343)	(42,476)	(247,734)
Foundation grants	(77,246)	(394,440)	(280,037)	(28,416)	(780,139)
Net assets, ending	<u>2,884,282</u>	<u>15,878,049</u>	<u>8,003,094</u>	<u>4,943,388</u>	<u>31,708,813</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 the 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 funds. The income which is earned on the capital provides the organizations with stable funding on a long term basis. In some cases, agreements with the charitable organizations 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 funds.

JEWISH FEDERATION OF GREATER VANCOUVER

NOTES

For the year ended March 31, 2012

Note 12 Grant and Other Income

	2012 (12 Months) \$	2011 (7 Months) \$
Event and other income	64,058	106,498
Grant income	46,310	25,084
Israel affairs grant	311,186	194,209
	<hr/> 421,554 <hr/>	<hr/> 325,791 <hr/>

Note 13 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 the year, \$311,186 (2011: \$194,209) of the amount allocated to Israel and overseas programs was used to fund the 2012 Israel Affairs Department expenditures.

Note 14 Comparative Figures

Certain 2011 comparative figures have been reclassified to conform with the financial statement presentation adopted for 2012.

JEWISH FEDERATION OF GREATER VANCOUVER

ADMINISTRATION

Schedule 1

For the year ended March 31, 2012

	General Fund (12 Months) \$	Foundation Fund (12 Months) \$	2012 Total (12 Months) \$	2011 Total (7 Months) \$
Office and miscellaneous	86,893	26,216	113,109	68,650
Program expenses	1,183	3,164	4,347	1,767
Salaries and personnel related expenses	129,959	86,161	216,120	140,659
	218,035	115,541	333,576	211,076

FUNDRAISING

Schedule 2

For the year ended March 31, 2012

	General Fund (12 Months) \$	Foundation Fund (12 Months) \$	2012 Total (12 Months) \$	2011 Total (7 Months) \$
Office and miscellaneous	601,339	39,324	640,663	456,565
Program expenses	204,088	4,745	208,833	224,584
Salaries and personnel related expenses	730,233	129,242	859,475	499,423
	1,535,660	173,311	1,708,971	1,180,572