Calgary Jewish Federation

Financial Statements
August 31, 2019

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Independent Auditor's Report

To the Board of Directors of Calgary Jewish Federation

Opinion

We have audited the financial statements of Calgary Jewish Federation (the "Federation"), which comprise the statement of financial position as at August 31, 2019, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Federation as at August 31, 2019, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Federation in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, 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.

In preparing the financial statements, management is responsible for assessing the Federation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Federation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Federation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Federation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Federation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

BDO Canada LLP

Chartered Professional Accountants

Calgary, Alberta
December 2, 2019

Calgary Jewish Federation

Statement of Financial Position

As at August 31

	2019 $	2018 $ (Note 15)
Assets		
Current assets		
Cash and cash equivalents	989,601	1,579,125
Restricted cash (note 2b)	75,821	22,992
Accounts receivable (note 7)	131,343	9,240
Loan to related party (note 10)	250,000	250,000
Prepaid expenses	72,457	36,597
	1,519,222	1,897,954
Investments (State of Israel Bonds)	392,323	486,384
Land held for development	-	1,784,725
Property and equipment (note 3)	82,781	132,099
	1,994,326	4,301,162
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	216,678	182,895
Deferred revenue (note 4)	908,235	897,006
	1,124,913	1,079,901
Deferred contributions (note 5)	578,363	473,511
	1,703,276	1,553,412
Net assets		
Unrestricted	39,354	114,564
Internally restricted (note 12)	151,696	2,533,186
Endowment contribution (note 6)	100,000	100,000
	291,050	2,747,750
	1,994,326	4,301,162

Approved on behalf of the Directors:

Director

Director

Calgary Jewish Federation

Statement of Operations

For the years ended August 31

	2019 $	2018 $ (Note 15)
Revenue		
Annual campaign donations	2,562,481	2,657,511
Program revenue (schedule A)	183,728	191,279
Council program revenue	-	36,207
Event fees and Life and Legacy revenue	33,085	13,172
Rental revenue	-	80,000
Grants, donations and other fundraising (note 9)	288,976	358,872
Investment income and foreign exchange differences - net	8,434	-
Council investment gains	-	23,562
Amortization of deferred contribution property and equipment	2,350	2,350
	3,079,054	3,362,953
Expenses		
Agency funding (note 8)	1,749,527	1,843,596
Salaries and benefits (note 13)	601,411	746,197
Community program direct service costs (note 10; schedule A)	429,581	506,779
Council program expenses	-	30,627
Administration (note 10)	205,707	208,456
Campaign and Life and Legacy direct costs (note 10)	55,176	57,838
Investment income and foreign exchange differences - net	-	36,542
Property taxes	-	17,729
Campus development project costs	98,798	174,585
Campus allocation	-	125,209
Amortization of property and equipment	14,064	14,464
	3,154,264	3,762,022
Deficiency of revenue over expenses before extraordinary item	(75,210)	(399,069)
Extraordinary item – amalgamation donation (note 14)	(2,381,490)	-
Deficiency of revenue over expenses	(2,456,700)	(399,069)

Calgary Jewish Federation

Statement of Changes in Net Assets

For the years ended August 31

2019	Total	Unrestricted	Internally Restricted	Endowment
Opening balance	2,747,750	114,564	2,533,186	100,000
Deficiency of revenue over expenses	(2,456,700)	(75,210)	(2,381,490)	-
Closing balance	291,050	39,354	151,696	100,000

2018 (Note 15)	Total	Unrestricted	Internally Restricted	Endowment
Opening balance	3,146,819	292,736	2,754,083	100,000
Deficiency of revenue over expenses	(399,069)	(178,172)	(220,897)	-
Closing balance	2,747,750	114,564	2,533,186	100,000

Calgary Jewish Federation

Statement of Cash Flows

For the years ended August 31

	2019 $	2018 $ (Note 15)
Cash provided by (used in)		
Operating activities		
Excess (deficiency) of revenue over expenses	(2,456,700)	(399,069)
Item not affecting cash		
Amortization of property and equipment	14,064	14,464
Amortization of property and equipment deferred contribution	(2,350)	(2,350)
Usage of grant from deferred contributions	(98,798)	-
Change in fair value of investments	(179)	5,504
Amalgamation donation	2,381,488	-
Net change in non-cash working capital	(112,951)	(25,071)
	(275,426)	(406,522)
Investing activities		
Changes in restricted cash	(52,829)	(22,220)
Property and equipment	(5,990)	(44,184)
Changes in long-term investments	-	18,150
	(58,819)	(48,254)
Financing activities		
Deferred capital contribution	206,000	352,090
	206,000	352,090
Increase (decrease) in cash and equivalents	(128,245)	(102,686)
Amalgamation cash and cash equivalents donated	(461,279)	-
Cash and equivalents – Beginning of year	1,579,125	1,681,811
Cash and equivalents – End of year	989,601	1,579,125

1 Purpose of the organization

The Calgary Jewish Federation (the "Federation") was formed on December 11, 2009 under the Societies Act of Alberta as a registered charitable public foundation. On September 1st 2018, the Calgary Jewish Community Council (the "Council") amalgamated with the Federation (note 14). As a registered charitable foundation under Section 149 (1) of the Income Tax Act, the Federation is exempt from income taxes.

The Federation is the community's central funding, planning and coordinating body. The Federation proudly funds vital programs and services through the annual United Jewish Appeal ("UJA") Campaign and allocates resources according to a strategic plan based on Jewish communal needs and priorities. The Federation offers programming as approved by the Canada Revenue Agency. The Federation operations include the Kashrut program, the community Mikveh program and the Hillel programs at the two Calgary Universities. The programs conducted by the Federation have specific emphasis on leadership development, outreach and Holocaust education.

2 Significant accounting policies

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO"). These financial statements have, in management's opinion, been properly prepared within the framework of the accounting policies summarized as follows:

a) Revenue recognition

Calgary Jewish Federation follows the deferral method of accounting. Restricted contributions for operating purposes are recognized as revenue in the year in which the related expenses are incurred. Restricted contributions for the purchase of property and equipment are deferred and recognized as revenue on the same basis that the related assets are amortized. Unrestricted contributions are recognized as revenue when received.

Investment income is recorded when earned. Donations are recorded upon receipt and pledges are not recognized. Revenue from fees for programs and event fees are recognized when services are provided.

b) Restricted cash

Restricted cash represents funds which can only be used for eligible expenses as determined by the Alberta Gaming And Liquor Commission, being proceeds from a casino.

c) Property and equipment

Purchased property and equipment are recorded at cost. Contributed property and equipment are recorded at fair value at the date of the contribution. Amortization is recorded on a straight-line basis as follows:

Asset category	
Computer software	3 – 10 years
Computer hardware	4 years
Equipment and furniture	5 – 10 years
Interest in Mikveh	10 – 25 years

d) Contributed materials and services

Donated materials and services are recorded in the financial statements at market value when fair market value can be reasonably estimated and the materials and services would otherwise have been purchased. Volunteers contribute time to assist the Federation in carrying out its services and delivery of its activities. Due to the difficulty of determining their fair value, contributed services are not recorded in the financial statements.

e) Controlled organizations

Federation accounts for not-for-profit organizations, over which it exercises control, by providing disclosure of key information for those organizations (Note 10).

f) Investments

Investments consist of government bonds. The investments will mature between December 1, 2019 and December 1, 2026 and bear interest at rates from 2.12% - 3.66%.

g) Financial instruments

The Federation initially measures its financial assets and liabilities at fair value. Subsequently, financial instruments are recorded at cost or amortized cost with the exception of equities traded in an active market, which are recorded at fair value, and any financial instruments designated as being recorded at fair value. The financial assets subsequently measured at amortized cost include cash, cash equivalents, restricted cash and accounts receivable. The financial liabilities measured at amortized cost include accounts payable and accrued liabilities. Investments are designated as being measured at fair value.

Financial instruments, except those recorded at fair value, are tested for impairment when changes in circumstances indicate that the asset could be impaired.

h) Foreign currency transactions

Monetary assets and liabilities of the Federation which are denominated in foreign currencies are translated at year-end exchange rates. Revenue and expenses are translated at the rates of exchange in effect at their transaction dates. The resulting gains or losses are included in operations.

i) Use of estimates

The preparation of financial statements in conformity with ASNPO 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. By their nature, these estimates are subject to measurement uncertainty. The effect of changes in such estimates on the financial statements in future periods could be significant.

3 Property and equipment

	2019		
	Cost $	**Accumulated amortization** $	**Net book value** $
Computer software	75,364	19,469	55,895
Computer hardware	11,556	2,305	9,251
Equipment and furniture	5,980	1,047	4,933
Interest in Mikveh	15,878	3,176	12,702
	108,778	25,997	82,781

	2018		
	Cost $	**Accumulated amortization** $	**Net book value** $
Computer software	75,364	11,932	63,432
Computer hardware	115,845	110,279	5,566
Equipment and furniture	60,687	13,464	47,223
Interest in Mikveh	127,029	111,151	15,878
	378,925	246,826	132,099

4 Deferred revenue

	2019 $	2018 $
Steven Blitz Estate deferred revenue	671,198	730,384
Leadership development project	37,304	37,973
Deferred UJA pledges	7,500	10,000
Deferred afterschool / IBP bursary fund	12,830	12,830
Deferred IBP revenue endowment (note 6)	9,944	6,284
Deferred Casino funding	75,821	22,992
Deferred Lion of Judah project funds	23,620	23,479
Deferred Anne Frank Library fund	12,120	12,210
Deferred Holocaust and Outreach	31,021	20,976
Deferred miscellaneous funds	26,877	19,878
	908,235	897,006

5 Deferred contributions

Deferred contributions consist of unspent funds designated by the donor for capital projects. $50,000 (2018 - $50,000) has been set aside for the development of a program that encourages endowments and $510,934 (2018 - $403,732) for the development of a Jewish campus. During 2016, the Federation received $23,500 from the provincial government towards new database software, which was implemented in 2017. This balance is $17,429 at year-end (2018 - $19,779).

6 Endowment contribution

During fiscal 2015, $100,000 was contributed by a donor for the purpose of providing subsidies as part of the Integrated Bursary Program ("IBP"). The donor requested that the funds be invested in State of Israel Bonds. Income from the investment is to be paid out as needed, to IBP recipients as determined by the donor's eligibility criteria.

7 Accounts receivable

Accounts receivable includes GST receivable of $3,331 (2018 - $1,094), miscellaneous receivables of $13,427 (2018 - $8,146) and an amount owing from the Calgary Jewish Community Campus Corporation ("CJCCC") of $114,585 (2018 – $nil).

8 Agency funding

The Federation funded agencies during the year as follows:

	2019 $	2018 $
United Israel Appeal of Canada – domestic & overseas	220,830	225,090
United Israel Appeal of Canada – Jewish Agency for Israel core	152,000	152,000
United Israel Appeal of Canada – Israel projects	42,500	41,109
Calgary Jewish Community Campus Corporation – programming	132,960	166,200
Calgary Jewish Community Campus Corporation – living room commitment	373,500	377,000
Calgary Jewish Community Campus Corporation – integrated bursary	37,524	33,540
Jewish Family Services – programming	209,844	262,300
Calgary Jewish Academy – programming	80,000	100,000
Calgary Jewish Academy - integrated bursary	297,400	306,704
Akiva Academy – programming	22,400	28,000
Akiva Academy – integrated bursary	102,604	105,801
Camp BB-Riback– integrated bursary	47,710	25,728
Calgary Kollel – programming	12,800	16,000
Other donor directed	17,455	4,124
	1,749,527	1,843,596

9 Grants, donations and other fundraising

	2019 $	2018 $
Donations and deferred donations recognized	167,656	312,577
Provincial grant revenue recognition	98,798	-
Casino funds revenue recognition	22,522	46,295
	288,976	358,872

10 Controlled organization

The Federation effectively controls the resources of the CJCCC, by virtue of holding the majority of the Board of Director positions. Formerly, the Calgary Jewish Centre ("JCC"), it was formed in 1983 under the Calgary Jewish Centre Act. CJCCC is a registered charity under the Income Tax Act and therefore is exempt from income taxes. The purpose of the CJCCC is to serve the recreational, fitness, social and cultural needs of both the Calgary Jewish community and the community at large. Continued operation of the CJCCC is dependent on the ongoing financial support of its members and the annual allocations from the Calgary Jewish Federation.

Except as noted elsewhere, the Federation was involved in the following transactions with the CJCCC:

a) During the year, the Federation paid overhead recoveries of $70,000 (2018 - $69,000) to the CJCCC.

b) The Federation allocated funding to the CJCCC as per note 8, for programming, the living room commitment and the integrated bursary program for memberships and summer camp.

c) Included in the accounts receivable balance is $114,585 (2018 - $36,155 in accounts payable) owed from (to) the CJCCC. At year-end, there is an amount receivable from the CJCCC of $250,000, which was advanced towards capital expenditures. This loan is unsecured, does not bear interest and has no repayment terms.

These transactions are in the normal course of operations and are recorded at the exchange amount, which is the agreed upon amount between the two parties.

The CJCCC has not been consolidated into the Federation's financial statements, but their financial statements are available upon request. The financial summary of the CJCCC as at August 31, 2019 and 2018 for the years then ended is as follows:

	2019 $	2018 $
Financial position		
Total assets	15,977,109	4,737,015
Total liabilities	3,992,070	4,088,484
Total net assets	11,985,039	648,531
Results of operations		
Total revenues	5,185,591	4,326,143
Total expenses	4,635,186	4,412,485
Extraordinary item – insurance recoveries	156,103	-
Excess of revenues over expenses	706,508	(86,342)
Cash flows		
Cash flow from operating activities	895,287	14,890
Cash flow from investing activities	(1,006,808)	(797,777)
Cash flow from financing activities	84,365	236,501
Increase (decrease) in cash and cash equivalents	(27,156)	(546,386)

11 Commitments

The Federation has committed to allocate a total of $1,385,860 to qualified local donees in fiscal 2020, from its UJA fundraising campaign to be held in the fall of 2019. In addition, funds to be paid to national and overseas donees through December 31, 2019 are $124,857, with the remaining amount to August 31, 2020 to be determined at the December national board meeting.

12 Internally restricted net assets

The Federation Board passed a motion in fiscal 2013 to create a reserve fund for surpluses from Asper or March of the Living, entitled: "Holocaust and Human Rights Education Program Reserve Fund". As of year-end, this fund has accumulated $27,903.

In fiscal 2015, due to low demand on the Calgary flood funds collected, the Board passed a motion to create a "Federation Fund for Emergencies" with the residual from the Calgary flood funds. The total in this fund at year-end is $57,083 (2018 - $57,083).

During fiscal 2016, the Federation received a donation of $220,000 from the Estate of Steven Blitz. The Board passed a motion to internally restrict these funds as follows: $135,000 towards an Operating Reserve, to serve as a "rainy day" fund, ($128,290 was used in the current fiscal year to effect the amalgamation donation - note 13); $25,000 towards a Technology Reserve to assist with the database replacement project in fiscal 2017 (this was utilized during the 2017 fiscal year); $60,000 towards a Capacity Building Reserve.

Internally restricted net assets of $2,253,200 were amalgamated into Federation on September 1, 2018, and donated to the CJCCC (see note 14).

13 Charitable fundraising disclosures

As required under Section 7(2) of the Charitable Fundraising Regulation, the following amounts are disclosed:

	2019 $	2018 $
Remuneration to employees whose principal duties involve fundraising	148,636	176,507

14 Significant event

Effective September 1, 2018, the Federation amalgamated with the Council.

As this transaction was between related parties with no change in beneficial ownership in the combined entity, the financial statements of the prior period have been restated to reflect the financial position and results of operations as if the entities have been combined since their inception. Both organizations previously prepared financial statements in accordance with Canadian accounting standards for not-for-profit organizations.

The balances of the amalgamated entity were accounted for at the carrying value of the amalgamated organizations. The balances of the amalgamated organization as of September 1, 2018 were the following:

Current assets	1,897,954
Investments	486,384
Net capital assets	1,916,824
Total assets	**4,301,162**
Current liabilities	(182,895)
Deferred revenue	(897,006)
Deferred contributions	(473,511)
Total liabilities	**(1,553,412)**
Net assets - Unrestricted	(114,564)
Net assets - Internally restricted	(2,533,186)
Endowment Contribution for IBP	(100,000)
Net assets	**(2,747,750)**
Total liabilities and Net assets	**(4,301,162)**

15 Prior year figures

Prior year figures have been restated to conform to current year classifications. The prior year figures were revised to incorporate those of Council prior to the amalgamation, as if they had always been amalgamated.

Calgary Jewish Federation

Schedule A

Program Operations
(unaudited)
For the years ended August 31

	2019			2018		
	Gross revenue $	**Direct costs $**	**Net revenue (loss) before administrative and other indirect costs $**	**Gross revenue $**	**Direct costs $**	**Net revenue (loss) before administrative and other indirect costs $**
Kashrut program	-	20,000	(20,000)	-	20,000	(20,000)
Community Mikveh program	4,403	17,057	(12,654)	6,680	16,598	(9,918)
Emerging Gen program	21,583	71,466	(49,883)	16,115	53,974	(37,859)
Community Chaplain program	-	12,817	(12,817)	-	15,984	(15,984)
Holocaust public education program	28,884	74,151	(45,267)	95,483	185,448	(89,965)
Community outreach program	128,858	234,090	(105,232)	73,001	214,775	(141,774)
	183,728	429,581	(245,853)	191,279	506,779	(315,500)