

# **Calgary Jewish Community Council**

**Financial Statements  
August 31, 2018**



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## Independent Auditor's Report

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### To the Directors of Calgary Jewish Community Council

We have audited the accompanying financial statements of Calgary Jewish Community Council, which comprise the statement of financial position as at August 31, 2018 and the statements of operations and changes in net assets and 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 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.

### Auditor's 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 audit opinion.

### Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Calgary Jewish Community Council as at August 31, 2018 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

*BDO Canada LLP*

Chartered Professional Accountants

Calgary, Alberta  
November 26, 2018


# Calgary Jewish Community Council

## Statement of Financial Position

As at August 31

	General Fund \$	Capital Fund \$	2018 \$	2017 \$
<b>Assets</b>				
<b>Current assets</b>				
Cash	21,714	13,152	34,866	81,514
Prepaid expenses	-	-	-	12,543
Due (to) / from fund	(65,326)	65,326	-	-
	<u>(43,612)</u>	<u>78,478</u>	<u>34,866</u>	<u>94,057</u>
<b>Investments</b> (note 5)	-	555,519	555,519	586,464
<b>Land held for development</b>	-	1,784,725	1,784,725	1,784,725
<b>Property and equipment</b> (note 6)	-	68,667	68,667	31,410
	<u>-</u>	<u>2,408,911</u>	<u>2,408,911</u>	<u>2,402,599</u>
	<u>(43,612)</u>	<u>2,487,389</u>	<u>2,443,777</u>	<u>2,496,656</u>
<b>Liabilities</b>				
<b>Current liabilities</b>				
Accounts payable and accrued liabilities	5,000	37,085	42,085	21,950
Due to (from) Calgary Jewish Federation	(9,170)	197,104	187,934	14,738
Deferred contributions	-	-	-	12,250
	<u>(4,170)</u>	<u>234,189</u>	<u>230,019</u>	<u>48,938</u>
<b>Net assets (deficiency)</b>				
Internally restricted funds	-	2,253,200	2,253,200	2,474,098
Unrestricted	(39,442)	-	(39,442)	(26,380)
	<u>(39,442)</u>	<u>2,253,200</u>	<u>2,213,758</u>	<u>2,447,718</u>
	<u>(43,612)</u>	<u>2,487,389</u>	<u>2,443,777</u>	<u>2,496,656</u>

Approved on behalf of the Directors:

  
\_\_\_\_\_  
Director

  
\_\_\_\_\_  
Director

# Calgary Jewish Community Council

## Statement of Operations and Changes in Net Assets

For the years ended August 31

	General Fund \$	Capital Fund \$	2018 \$	2017 \$
<b>Revenue</b>				
Program revenue	36,207	-	36,207	29,554
Rental	-	80,000	80,000	-
Investment gains	-	23,562	23,562	25,290
	<u>36,207</u>	<u>103,562</u>	<u>139,769</u>	<u>54,844</u>
<b>Expenses</b>				
Administration (note 3)	6,809	8	6,817	17,049
Campus development project costs	-	174,585	174,585	183,157
Campus allocation (note 4)	-	125,209	125,209	200,000
Community program services	30,627	-	30,627	44,248
Administrative salaries and benefits	11,833	-	11,833	11,496
Property taxes	-	17,729	17,729	18,147
Amortization	-	6,928	6,928	6,526
	<u>49,269</u>	<u>324,459</u>	<u>373,728</u>	<u>480,623</u>
<b>Deficiency of revenue over expenses</b>	(13,062)	(220,897)	(233,959)	(425,779)
<b>Balance – Beginning of year</b>	(26,380)	2,474,097	2,447,717	2,873,497
<b>Balance – End of year</b>	<u>(39,442)</u>	<u>2,253,200</u>	<u>2,213,758</u>	<u>2,447,718</u>

# Calgary Jewish Community Council

## Statement of Cash Flows

For the years ended August 31

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	2018 \$	2017 \$
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
Deficiency of revenue over expenses	(233,959)	(425,779)
Item not affecting cash:		
Amortization	6,928	6,526
Changes in fair value of investments	(12,257)	2,038
Net change in non-cash working capital	193,624	(108,182)
	<u>(45,664)</u>	<u>(525,397)</u>
<b>Investing activities</b>		
Net proceeds on sale / maturity of investments	43,200	429,550
Purchase of property and equipment	(44,184)	(8,369)
	<u>(984)</u>	<u>421,181</u>
<b>Increase (decrease) in cash</b>	(46,648)	(104,216)
<b>Cash – Beginning of year</b>	<u>81,514</u>	<u>185,730</u>
<b>Cash – End of year</b>	<u>34,866</u>	<u>81,514</u>

# Calgary Jewish Community Council

## Notes to Financial Statements

August 31, 2018

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### 1 Purpose of the organization

The Calgary Jewish Community Council (the "Council") was formed in 1956 under the Societies Act of Alberta as a not-for-profit organization. As a not-for-profit organization, the Council is exempt from federal and provincial income taxes under Section 149 of the Income Tax Act

The Council's primary activity is the strengthening of the bond between Calgarians and the State of Israel. Toward that end, it engages in a variety of initiatives including advocacy, speakers and 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) Fund accounting

The Council uses the deferral method of accounting for contributions using the following funds:

##### i) General Fund

The general fund accounts for the revenues and expenditures, assets and liabilities related to program delivery and administrative activities.

##### ii) Capital Fund

The capital fund reports the assets, liabilities, revenue and expenses related to the Council's property and equipment, and land held for development.

The Council's Board of Directors (the "Board") has internally restricted the use of the principal and interest of the capital fund for the purchase and repair of property and equipment owned by the Council and the Calgary Jewish Centre. Approval must be obtained from the Board for the use of any of these funds.

#### b) Investments

Investments consist of government bonds, equities and mutual fund investments in publicly traded securities.

# Calgary Jewish Community Council

## Notes to Financial Statements

August 31, 2018

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### **c) Property and equipment**

Purchased property and equipment are recorded in the capital fund at cost. Contributed property and equipment are recorded in the fund at fair value at the date of the contribution. Amortization of the interest in the Mikveh is on a straight-line basis over the estimated useful life of 25 years, with the exception of the furnace which is being amortized over 10 years. Computers and other equipment are amortized on a straight-line basis over their estimated useful life of 4 -10 years, with no residual value.

### **d) Revenue recognition**

Contributions for the purchase of property and equipment are deferred and recognized as revenue on the same basis that the related assets are amortized. Other restricted contributions are deferred and recognized as revenue when the related expenditures are incurred. Unrestricted contributions are recorded when received.

Unrestricted investment income is recognized as revenue when earned. Unrealized gains and losses on investments are included in investment income in the statement of operations.

Program and event revenues are recognized when services are provided.

### **e) Contributed services**

Volunteers contribute time to assist the Council 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.

### **f) Foreign currency transactions**

Monetary assets and liabilities of the Council 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.

### **g) 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.

# Calgary Jewish Community Council

## Notes to Financial Statements

August 31, 2018

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### **h) Financial instruments**

Financial instruments are initially recorded 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 measured at fair value. The financial assets subsequently measured at amortized cost include cash and accounts receivable. The financial liabilities measured at amortized cost include accounts payable and accrued liabilities and due to affiliated agencies. 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.

### **3 Related party transactions**

Until June 2017, the Council exercised limited influence over the Calgary Jewish Community Campus Corporation (the "CJCCC"). Council had the ability to appoint the statutory members of the CJCCC and a minority of the CJCCC's Board of Directors. The statutory members of the CJCCC had the right to authorize the borrowing of money by the CJCCC or to authorize the sale or transfer of any interest of the CJCCC in real property. The Council did not exercise its right to appoint any statutory members in fiscal 2017. From June 2017 onwards, the Calgary Jewish Federation controls the CJCCC.

The CJCCC's financial activities were not consolidated into the Council's financial statements as it was the view of management that Council did not control the CJCCC's operations for either accounting or tax purposes. Financial statements of the CJCCC are available on request.

During the year, the Council paid overhead expenses of \$nil (2017 - \$10,000), included in administration expenses to the CJCCC. The Council also paid an allocation of \$125,209 (2017 - \$200,000) to the CJCCC (refer note 4).

These transactions are recorded at the exchange amount which is the agreed upon price between the transacting parties.

### **4 Campus allocation**

The Council allocated \$125,209 (2017 - \$200,000) to the Calgary Jewish Community Campus Corporation towards major renovations in fiscals 2018 and 2017 respectively.



# Calgary Jewish Community Council

## Notes to Financial Statements

August 31, 2018

### 5 Investments

	2018 \$	2017 \$
Gluskin Sheff & Associates – pooled funds	461,279	443,518
State of Israel bonds with interest rates ranging from 2.69% to 4% maturing between November 2018 and September 2020, including accrued interest of \$18,782 (2017 - \$38,415)	94,240	142,946
	<u>555,519</u>	<u>586,464</u>

### 6 Property and equipment

	2018		
	Cost \$	Accumulated amortization \$	Net book value \$
Interest in Mikveh	127,029	(111,151)	15,878
Computers and other equipment	198,850	(146,061)	52,789
	<u>325,879</u>	<u>(257,212)</u>	<u>68,667</u>
	2017		
	Cost \$	Accumulated amortization \$	Net book value \$
Interest in Mikveh	127,029	(107,867)	19,162
Computers and other equipment	154,665	(142,417)	12,248
	<u>281,694</u>	<u>(250,284)</u>	<u>31,410</u>

# Calgary Jewish Community Council

## Notes to Financial Statements

August 31, 2018

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### 7 Guarantee

The Council has provided a guarantee to the bank in support of the CJCCC's line of credit and term loan facilities, to a maximum of \$200,000. As of year-end, \$348,300 is outstanding.

### 8 Financial instrument risks

The Council is exposed to the following risks:

#### a) Interest risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Council is exposed to interest rate risk arising from the possibility that changes in interest rates will affect the amount of interest received on its cash and investments.

#### b) Market risk

There is a risk that changes in market prices affect the value of the Council's holdings of financial instruments. The Council is exposed to fluctuations in market prices of stocks and bonds. The financial instruments are professionally managed by two major Canadian financial institutions. These risks are mitigated by the Council's investment policies, which prescribe the asset mix of investments, including the amount of foreign content and credit rating of bond issuers.

### 9 Subsequent event

On September 1<sup>st</sup>, 2018, the Council amalgamated with the Calgary Jewish Federation. All assets and liabilities from the Council were amalgamated with those of the Federation. Following the amalgamation, the new amalgamated entity, the Calgary Jewish Federation, donated its land to the Calgary Jewish Community Campus Corporation. The donation of the land was made at its historic cost to the Calgary Jewish Community Council, of \$1.78m. In addition, investments of \$555,519 and property and equipment of \$41,244 were donated.

### 10 Prior year figures

Prior year figures have been restated to conform to current year classifications. There was no impact on the prior year's deficiency of revenue over expenses.