

JEWISH COMMUNITY CENTRE
Financial Statements
Year Ended August 31, 2020

JEWISH COMMUNITY CENTRE

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Year Ended August 31, 2020

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INDEPENDENT AUDITOR'S REPORT

To the Members of Jewish Community Centre

Opinion

We have audited the financial statements of Jewish Community Centre (the Organization), which comprise the statement of financial position as at August 31, 2020, and the statements of revenues and expenditures, 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 Organization as at August 31, 2020, and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

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 Organization in accordance with 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 the financial statements in accordance with ASNPO, 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 Organization'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 Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization's financial reporting process.

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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.

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 Organization'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 Organization'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 Organization 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.

Edmonton, Alberta
November 29, 2020

Rutwind Brar LLP
Rutwind Brar LLP
Chartered Professional Accountants

JEWISH COMMUNITY CENTRE

Statement of Financial Position

August 31, 2020

	2020	2019
ASSETS		
CURRENT		
Cash - general	\$ 111,052	\$ 25,147
Cash - restricted (Note 5)	4,111	21,140
Term deposit - restricted (Note 6)	5,201,459	5,374,344
Accounts receivable (Note 7)	74,695	67,056
Prepaid expenses	10,072	14,611
	5,401,389	5,502,298
PROPERTY AND EQUIPMENT (Note 8)	7,059	8,971
INVESTMENTS - RESTRICTED (Note 9)	314,332	-
TOTAL ASSETS	\$ 5,722,780	\$ 5,511,269
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable	\$ 5,952	\$ 7,535
Due to related parties (Note 11)	100,000	-
Maccabi fund	32,061	18,046
	138,013	25,581
LONG TERM DEBT (Note 10)	40,000	-
TOTAL LIABILITIES	178,013	25,581
NET ASSETS		
Unrestricted Fund	(53,651)	14,902
Restricted Fund	5,591,359	5,461,815
Capital Asset Fund	7,059	8,971
	5,544,767	5,485,688
TOTAL LIABILITIES AND NET ASSETS	\$ 5,722,780	\$ 5,511,269

JEWISH COMMUNITY CENTRE
Statement of Revenues and Expenditures
Year Ended August 31, 2020

	2020	2019
REVENUES	\$ 62,631	\$ 63,593
EXPENDITURES		
Building expenses (Schedule 1)	129,531	122,066
Youth programs	18,860	23,716
Administration	4,433	5,754
	152,824	151,536
DEFICIENCY OF REVENUES OVER EXPENDITURES FROM OPERATIONS	(90,193)	(87,943)
OTHER INCOME		
Interest income	138,779	113,299
Investment income	7,811	-
	146,590	113,299
OPERATING INCOME	56,397	25,356
FUNDED BY ALLOCATION FROM RELATED ORGANIZATION (Note 11)	2,682	12,807
EXCESS OF REVENUES OVER EXPENDITURES	\$ 59,079	\$ 38,163

JEWISH COMMUNITY CENTRE

Statement of Changes in Net Assets

Year Ended August 31, 2020

	Unrestricted Fund	Restricted Fund	Capital Asset Fund	2020	2019
NET ASSETS - BEGINNING OF YEAR	\$ 14,902	\$ 5,461,815	\$ 8,971	\$ 5,485,688	\$ 5,447,525
EXCESS OF REVENUES OVER EXPENDITURES	(66,271)	129,544	(4,194)	59,079	38,163
PURCHASE OF CAPITAL ASSETS	(2,282)	-	2,282	-	-
NET ASSETS - END OF YEAR	\$ (53,651)	\$ 5,591,359	\$ 7,059	\$ 5,544,767	\$ 5,485,688

JEWISH COMMUNITY CENTRE

Statement of Cash Flows Year Ended August 31, 2020

	2020	2019
OPERATING ACTIVITIES		
Excess of revenues over expenditures	\$ 59,079	\$ 38,163
Items not affecting cash:		
Amortization of property and equipment	4,194	4,924
Unrealized gain on investments	(6,811)	-
	56,462	43,087
Changes in non-cash working capital:		
Accounts receivable	(7,639)	61,190
Accounts payable	(1,583)	(13,578)
Prepaid expenses	4,539	(2,278)
Maccabi fund	14,015	10,435
	9,332	55,769
Cash flow from operating activities	65,794	98,856
INVESTING ACTIVITIES		
Purchase of property and equipment	(2,283)	(3,670)
Purchase of investments	(307,521)	-
Proceeds on maturity of term deposits	300,000	-
Purchase of term deposits	(127,114)	(67,129)
Cash flow used by investing activities	(136,918)	(70,799)
FINANCING ACTIVITIES		
Advances from (to) related parties	100,000	(101,036)
Proceeds from long term financing	40,000	-
Cash flow from (used by) financing activities	140,000	(101,036)
INCREASE (DECREASE) IN CASH FLOW	68,876	(72,979)
Cash - beginning of year	46,287	119,266
CASH - END OF YEAR	\$ 115,163	\$ 46,287
CASH FLOWS SUPPLEMENTARY INFORMATION		
Interest received	\$ 138,779	\$ 113,299
CASH CONSISTS OF:		
Cash - general	\$ 111,052	\$ 25,147
Cash - restricted	4,111	21,140
	\$ 115,163	\$ 46,287

JEWISH COMMUNITY CENTRE
Schedule of Building Revenues and Expenditures (Schedule 1)
Year Ended August 31, 2020

	2020	2019
BUILDING REVENUES		
Rental revenue	\$ 45,456	\$ 46,846
Rental revenue in kind	15,000	15,000
Donations	2,175	1,747
	<u>62,631</u>	<u>63,593</u>
TOTAL BUILDING REVENUES	\$ 62,631	\$ 63,593
BUILDING EXPENDITURES		
Rent and storage	\$ 79,421	\$ 73,288
Professional fees	15,633	6,390
Allocations in kind to community organizations (Schedule 2)	15,000	15,000
Insurance	6,292	6,109
Telephone	5,256	6,258
Furniture and equipment - amortization expense	4,194	4,924
Janitorial Supplies / Fees	3,400	2,975
Repairs and maintenance - general	315	4,540
Miscellaneous	20	1,306
Building Committee	-	1,276
	<u>129,531</u>	<u>122,066</u>
TOTAL BUILDING EXPENDITURES	\$ 129,531	\$ 122,066

JEWISH COMMUNITY CENTRE

Schedule of Allocations in Kind to Community Organizations (Schedule 2)

Year Ended August 31, 2020

	2020	2019
Other Community Organizations	\$ 10,000	\$ 10,000
Edmonton Jewish Community Charitable Foundation	5,000	5,000
	\$ 15,000	\$ 15,000

JEWISH COMMUNITY CENTRE

Notes to Financial Statements

Year Ended August 31, 2020

1. BASIS OF PRESENTATION

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

2. PURPOSE OF THE ORGANIZATION

Jewish Community Centre (the "Organization") is a not-for-profit organization incorporated provincially under the Societies Act of Alberta. As a registered charity the Organization is exempt from the payment of income tax under Section 149(1) of the Income Tax Act.

The Organization operates to provide administered and co-ordinated community programs, services and activities relating to cultural, educational and religious programs.

3. FINANCIAL POSITION OF THE ORGANIZATION

The accompanying financial statements have been prepared on the going concern assumption that the Organization will be able to realize assets and discharge liabilities in the normal course of activities for the foreseeable future.

Continuation of operations at current levels is dependent upon the Organization maintaining successful fund-raising activities, securing additional funding from support agencies, and reducing or maintaining operating expenditures at current levels.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cash and cash equivalents

Cash balances are composed of both restricted and unrestricted funds. The funds classified as restricted are designated to the Restricted Fund and the Capital Asset Fund. Casino funds are included in the Restricted Fund and can only be spent on expenditures approved in accordance with the Casino licence. The remaining funds in the Restricted Fund are held in highly liquid investment vehicles until such time as the Building Planning Committee decides on the future facility needs of the community.

Highly liquid investments with maturities of one year or less at date of purchase are classified as cash equivalents.

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4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Property and equipment

Property and equipment is stated at cost or deemed cost less accumulated amortization and is amortized over its estimated useful life on a declining balance basis at the following rates and methods:

Computer equipment	55% declining balance method
Furniture and fixtures	20% declining balance method

The Organization regularly reviews its property and equipment to eliminate obsolete items. Government grants are treated as a reduction of property and equipment cost.

Property and equipment acquired during the year but not placed into use are not amortized until they are placed into use.

Goods and Services Tax

Goods and service tax on materials and services are recoverable at 50% as a rebate. The unrecoverable portion is recorded as an expense with the rebate treated as a receivable.

Revenue recognition

Jewish Community Centre follows the deferral method of accounting for contributions.

Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Endowment contributions are recognized as direct increases in net assets.

Government grants

Government grants are recorded when there is a reasonable assurance that the Organization has complied with and will continue to comply with, all the necessary conditions to obtain the grants.

Contributed services

The operations of the Organization depend on both the contribution of time by volunteers and donated materials from various sources. The fair value of donated materials and services cannot be reasonably determined and are therefore not reflected in these financial statements.

Measurement uncertainty

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

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JEWISH COMMUNITY CENTRE

Notes to Financial Statements

Year Ended August 31, 2020

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments

The Organization's financial instruments consist of cash, term deposits, guaranteed investment certificates, accounts receivable, accounts payable and accrued liabilities. Unless otherwise noted, it is management's opinion that the Organization is not exposed to significant interest, currency or credit risks arising from financial instruments. The fair values of these instruments approximate their carrying values.

5. CASH - RESTRICTED

	<u>2020</u>	<u>2019</u>
Restricted Funds - Casino	\$ 4,111	\$ 21,140

6. TERM DEPOSITS - RESTRICTED

	<u>2020</u>	<u>2019</u>
<u>Term Deposits - Building</u>		
Term deposit bearing interest at 2.89% (2019 - 2.51%), payable on maturity, maturing on January 31, 2021	\$ 2,621,926	\$ 2,557,727
Term deposit bearing interest at 2.50%, payable on maturity, maturing on April 1, 2021	2,579,533	2,516,617
Term deposit bearing interest at 2.35%, payable on maturity, maturing on April 1, 2020	-	200,000
Term deposit bearing interest at 1.25%, payable on maturity, maturing on April 1, 2020	-	100,000
	<u>\$ 5,201,459</u>	<u>\$ 5,374,344</u>

7. ACCOUNTS RECEIVABLE

	<u>2020</u>	<u>2019</u>
Interest receivable	\$ 71,458	\$ 66,331
Other receivables	2,654	-
PSB rebate receivable	583	725
	<u>\$ 74,695</u>	<u>\$ 67,056</u>

JEWISH COMMUNITY CENTRE

Notes to Financial Statements

Year Ended August 31, 2020

8. PROPERTY AND EQUIPMENT

	Cost	Accumulated amortization	2020 Net book value	2019 Net book value
Computer equipment	\$ 19,405	\$ 15,471	\$ 3,934	\$ 5,065
Furniture and fixtures	20,695	17,570	3,125	3,906
	\$ 40,100	\$ 33,041	\$ 7,059	\$ 8,971

9. INVESTMENTS - RESTRICTED

	2020	2019
Scotia Trust Investments	\$ 307,521	\$ -
	307,521	-
Unrealized market value differential	6,811	-
	\$ 314,332	\$ -

Investments for which there are quoted prices in an active market are carried at fair value. Unrealized gains or losses are reported as part of net income. Investments for which there is not an active market are carried at amortized cost except when it is established that their value is impaired. Impairment losses, or reversal of previously recognized impairment losses, are reported as part of net income.

10. LONG TERM DEBT

In July 2020, the Organization applied for and received the \$40,000 Canada Emergency Business Account (CEBA) loan from the Government of Canada. CEBA was launched to ensure small businesses have access to the capital required to see them through the current challenges, and better position them to quickly return to providing services to their communities and creating employment.

CEBA is interest free to December 31, 2022. The remaining balance is then converted to a 3-year term loan at an interest rate of 5% per annum. If the balance of the loan is fully repaid on or before December 31, 2022, it will result in loan forgiveness of 25% or \$10,000.

11. RELATED PARTIES

The following is a summary of the Organization's related party transactions:

	2020	2019
<u>Related party transactions:</u>		
Jewish Federation of Edmonton		
Rent	\$ 30,864	\$ 30,864

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JEWISH COMMUNITY CENTRE

Notes to Financial Statements

Year Ended August 31, 2020

11. RELATED PARTIES (continued)

	<u>2020</u>	<u>2019</u>
<u>Related party transactions: (continued)</u>		
<u>Jewish Federation of Edmonton (continued)</u>		
Funded by allocations from related organizations	<u>(2,682)</u>	<u>12,807</u>
	<u>\$ 28,182</u>	<u>\$ 43,671</u>

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Related party balances:

Jewish Federation of Edmonton	<u>\$ 100,000</u>	<u>\$ -</u>
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Amounts due to the Jewish Federation of Edmonton are non-interest bearing and have no set repayment terms. These amounts represent a loan advanced to the related party during the 2020 fiscal period that will be repaid with interest earned on term deposits.

12. FINANCIAL INSTRUMENTS

The Organization is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the Organization's risk exposure and concentration as of August 31, 2020.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Organization is exposed to this risk mainly in respect of its receipt of funds from its customers and accounts payable.

Unless otherwise noted, it is management's opinion that the Organization is not exposed to significant other price risks arising from these financial instruments.

13. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation.

14. SUBSEQUENT EVENTS

Subsequent to year end, the outbreak of the novel strain of coronavirus, specifically identified as "COVID-19", has resulted in worldwide emergency measures to combat the spread of the virus. These measures, which include self-quarantine periods, have caused disruption to businesses globally, which are resulting in an economic slowdown. The duration and impact of the COVID-19 outbreak is unknown at this time, including measures implemented by governments and central banks. It is not possible to reliably estimate the length of effect of these developments, including the impact on the financial results of the Jewish Community Centre in future periods.