Ve'ahavta: The Canadian Jewish Humanitarian & Relief Committee
Financial Statements
Year ended December 31, 2016

LIPTON
Chartered Accountants

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Year ended December 31, 2016

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Independent Auditors' Report

To the Board of Directors of
Ve'ahavta: The Canadian Jewish Humanitarian & Relief Committee

Report on the Financial Statements

We have audited the accompanying financial statements of Ve'ahavta: The Canadian Jewish Humanitarian & Relief Committee ("Ve'ahavta"), which comprise the statement of financial position as at December 31, 2016 and the statement of operations, 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. 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.

Independent Auditors' Report (continued)

Basis for Qualified Opinion

Ve'ahavta derives revenue from donations in common with many not-for-profit organizations and requires contributed services to sustain operations. Ve'ahavta's accounting policy choice is to record the fair value of contributed services which would have otherwise been purchased in the normal course of operations. The completeness of both cash donations and contributed services is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues and contributed services was limited to the amounts recorded in the records of Ve'ahavta and we were not able to determine whether any adjustments might be necessary to donations revenue, contributed goods and services, excess of revenues over expenses and net assets.

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 Ve'ahavta as at December 31, 2016, and the results of operations and its cash flows for the year then ended, in accordance with Canadian accounting standards for not-for-profit organizations.

Lipton LLP

Chartered Professional Accountants
Licensed Public Accountants

Toronto, Ontario
May 25, 2017

Ve'ahavta: The Canadian Jewish Humanitarian & Relief Committee
Statement of Financial Position
As at December 31, 2016

		2016		2015
Assets				
Current				
Cash (Note 4)	$	307,794	$	149,826
Barter trade account (Note 5)		19,520		-
Accounts and pledges receivable		79,937		95,385
Sales taxes recoverable		48,183		35,798
Prepaid expenses and other assets		17,038		48,590
		472,472		329,599
Capital assets (Note 6)		22,978		29,333
	$	495,450	$	358,932
Liabilities				
Current				
Accounts payable and accrued liabilities	$	139,269	$	145,460
Barter trade account (Note 5)		-		10,602
Deferred contributions (Note 7)		186,063		100,595
		325,332		256,657
Bank facility (Note 8)				
Commitments (Note 9)				
Net Assets				
Unrestricted		101,118		92,275
Internally restricted (Note 3)		69,000		10,000
		170,118		102,275
	$	495,450	$	358,932

See accompanying notes to financial statements

Approved on behalf of the Board of Directors:

Director

Director

Ve'ahavta: The Canadian Jewish Humanitarian & Relief Committee
Statement of Operations
Year ended December 31, 2016

	2016	2015
Revenues		
Donations	$ 1,878,913	$ 1,653,091
Government grants	365,900	334,460
Contributed goods and services	178,618	138,190
Investment income grant	3,778	11,791
	2,427,209	2,137,532
Expenses		
Programs expenses	1,185,152	964,018
Salaries and benefits (Note 10)	643,955	608,838
Fundraising and education	256,142	255,529
Barter credit fees	10,026	8,701
Communications	7,781	7,722
Credit card charges	23,739	28,189
Insurance	8,982	8,586
Marketing and promotion	46,051	45,709
Office and general	36,380	34,553
Printing and postage	12,784	20,107
Professional fees	38,746	60,003
Occupancy costs (Note 10)	83,273	83,722
Uncollectible donations	-	10,000
Amortization	6,355	6,622
	2,359,366	2,142,299
Excess (deficiency) of revenues over expenses before the undernoted	67,843	(4,767)
Loss on disposal of assets	-	(12,204)
Excess (deficiency) of revenues over expenses	$ 67,843	$ (16,971)

Program expenses	**2016**	**2015**
Homeless	$ 386,579	$ 319,332
Ve'ahavta Street Academy	348,230	258,820
Community engagement	218,181	73,868
Impact India	68,589	25,159
Kenora	61,234	128,130
Creative writing program	44,449	91,242
Crisis Response	37,261	42,713
Other	16,076	14,234
Kulam	4,553	10,520
	$ 1,185,152	$ 964,018

See accompanying notes to financial statements

Ve'ahavta: The Canadian Jewish Humanitarian & Relief Committee
Statement of Changes in Net Assets
Year ended December 31, 2016

	Unrestricted	Internally Restricted (Note 3)	Total
Net assets - January 1, 2015	$ 109,246	$ 10,000	$ 119,246
Deficiency of revenues over expenses	(16,971)	-	(16,971)
Net assets - December 31, 2015	92,275	10,000	102,275
Excess of revenues over expenses	67,843	-	67,843
Transfer to internally restricted net assets	(59,000)	59,000	-
Net assets - December 31, 2016	$ 101,118	$ 69,000	$ 170,118

See accompanying notes to financial statements

Ve'ahavta: The Canadian Jewish Humanitarian & Relief Committee
Statement of Cash Flows
Year ended December 31, 2016

	2016	2015
Operating activities		
Excess (deficiency) of revenues over expenses	$ 67,843	$ (16,971)
Item not affecting cash:		
Loan converted to donation	-	(95,000)
Loss on disposal of assets	-	12,204
Amortization	6,355	6,622
	74,198	(93,145)
Net changes in non-cash working capital (Note 11)	83,770	(16,917)
Cash flows provided by (used in) operating activities	157,968	(110,062)
Investing activities		
Purchase of capital assets	-	(8,724)
Proceeds from disposal of capital assets	-	2,000
Redemption of short-term investments	-	21,284
Cash flows provided by investing activities	-	14,560
Net change in cash	157,968	(95,502)
Cash - beginning of year	149,826	245,328
Cash - end of year (Note 4)	$ 307,794	$ 149,826

See accompanying notes to financial statements

1. Purpose of the organization

The purpose of Ve'ahavta: The Canadian Jewish Humanitarian & Relief Committee ("Ve'ahavta"), a registered charity, is to engage in activism and efforts to help the Jewish and non-Jewish world in the areas of relief and humanitarian assistance. Ve'ahavta is incorporated under the Canada Corporations Act, as a not-for-profit organization as described in Section 149(l)(1) of the Income Tax Act, and is not subject to Federal or Provincial income taxes.

2. Significant accounting policies

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

(a) Management estimates

The preparation of these financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the current period. These estimates are reviewed periodically and adjustments are made to income as appropriate in the year they become known. Significant management estimates include useful lives of capital assets, contributed goods and services, accrued liabilities, and salary and occupancy cost allocations to projects.

(b) Capital assets

Capital assets are stated at cost less accumulated amortization. Amortization is provided for over the estimated useful lives of the assets on the declining balance basis using the following rates:

Office equipment and furniture	20%
Computer hardware	30%
Computer software	30%
Automobile	30%

(c) Revenue recognition

Ve'ahavta follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Restricted contributions for which the related expenses are not yet incurred are reported on the statement of financial position as deferred contributions. Unrestricted contributions are recognized as revenue in the year received or receivable.

Pledges receivable are recognized only if the amount to be received can be reasonably estimated and collection is reasonably assured. Ve'ahavta does not recognize pledges due past 90 days.

2. Significant accounting policies (continued)

(d) Contributed goods and services

(i) Contributed goods

Contributed goods are recorded as revenue at fair value with the corresponding expense being allocated to the respective program. Ve'ahavta only recognizes contributed goods when the fair value can be reasonably estimated and the goods would have otherwise been purchased in the normal course of operations.

(ii) Contributed services

Ve'ahavta would not be able to carry out its projects without the services of volunteers who contribute a considerable number of hours. These volunteer hours are recorded as revenue at fair value, with the corresponding expense being allocated to the respective projects. Ve'ahavta only recognizes volunteer hours relating to projects and not those related to administrative services. This policy is based on the assessment that the services received in respect to project initiatives are those which would have otherwise been required to conduct activities in the normal course of operations.

(e) Financial instruments

Ve'ahavta initially measures its financial assets and financial liabilities at fair value. All its financial assets and financial liabilities are subsequently measured at amortized cost.

The financial assets include cash and accounts and pledges receivable. The financial liabilities include the accounts payable and accrued liabilities.

(f) Barter credits

Barter credits represent credits with the Barter Network Ltd. that can be used in exchange for goods and services but cannot be exchanged for cash. Administration fees related to the exchange are recorded in the period the exchange takes place.

3. Internal restrictions

During the year, the Board of Directors resolved to build up and maintain a reserve fund. For 2016, the contribution to the reserve fund is to be calculated at $25,000 plus fifty percent of the year end surplus, aggregating $59,000. The accumulated reserve balance at December 31, 2016 is $69,000 (2015 - $10,000). Ve'ahavta may not use these internally restricted funds without the approval of the Board of Directors.

4. Cash

The components of cash are as follows:

	2016	2015
Unrestricted cash	$ 52,731	$ 39,231
Cash reserved for deferred contributions	186,063	100,595
Internally restricted cash	69,000	10,000
	$ 307,794	$ 149,826

5. Barter trade account

	2016	2015
Barter trade account - beginning of year	$ (10,602)	(5,326)
Donations received	104,319	83,180
Expenses incurred	(74,197)	(88,456)
	$ 19,520	$ (10,602)

6. Capital assets

	Cost	Accumulated amortization	2016	2015
Office equipment and furniture	$ 77,178	$ 57,615	$ 19,563	$ 24,455
Computer hardware	3,945	1,598	2,347	3,353
Computer software	13,071	12,003	1,068	1,525
	$ 94,194	$ 71,216	$ 22,978	$ 29,333

7. Deferred contributions

	2016	2015
Deferred contributions - beginning of year	$ 100,595	$ 42,714
Restricted contributions received during year	854,024	710,780
Amount recognized as revenue during year	(768,556)	(652,899)
	$ 186,063	$ 100,595

8. Bank facility

Ve'ahavta has a $15,500 (2015 - $15,500) demand loan facility with its bank which bears interest at the bank's prime rate plus 2.95% (2015 - 2.95%) per annum. No amounts were utilized as at December 31, 2016 or 2015.

The loan is secured by a general security agreement constituting a first ranking security on all property of Ve'ahavta.

9. Commitments

The following is a summary of Ve'ahavta's minimum operating lease obligations due in future fiscal years:

	Building	Equipment	Total
2017	$ 74,200	$ 11,666	$ 84,410
2018	74,200	7,747	80,491
2019	74,200	3,863	77,692
2020	74,200	3,492	77,692
Thereafter	18,550	2,037	20,587
	$ 315,350	$ 28,805	$ 340,872

In addition, Ve'ahavta is required to pay certain other occupancy costs for their building lease.

10. Allocation of expenses

Ve'ahavta allocates its payroll expenses and occupancy costs to two functions: general administrative expenses and program expenses. Payroll and occupancy costs are allocated by identifying the appropriate basis of allocation, using actual hours and square footage respectively, and applying that basis consistently each year. Allocations are as follows:

	2016	2015
Total salaries and benefits	$ 1,238,211	$ 1,034,375
Salaries and benefits allocated to projects	594,256	425,537
Percentage of salaries and benefits allocated to programs	47.99%	41.14%

	2016	2015
Total occupancy costs	$ 127,916	$ 126,087
Occupancy costs allocated to projects	44,643	42,365
Percentage of occupancy costs allocated to programs	34.90%	33.60%

11. Net changes in non-cash working capital

	2016	2015
Decrease (increase) in accounts and pledges receivable	$ 15,448	$ (56,155)
Increase in sales taxes recoverable	(12,385)	(2,510)
Decrease (increase) in prepaid expenses and other assets	31,552	(22,491)
Increase (decrease) in accounts payable and accrued liabilities	(6,191)	1,082
Increase (decrease) in barter trade account	(30,122)	5,276
Increase in deferred contributions	85,468	57,881
	$ 83,770	$ (16,917)

12. Financial instruments

Ve'ahavta is exposed to the following risks through its financial instruments:

(a) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Ve'ahavta is exposed to credit risk with respect to the accounts and pledges receivable. Ve'ahavta assesses on a continuous basis, accounts and pledges receivable on the basis of amounts it is virtually certain to receive. Accounts and pledges receivable are presented net of an allowance of $Nil (2015 - $Nil).

(b) Liquidity risk

Liquidity risk is the risk of being unable to meet cash requirements or to fund obligations as they become due. Ve'ahavta is exposed to liquidity risk with respect to the accounts payable and accrued liabilities. Amounts owing are generally repaid within 30 days; and as such, management does not believe its exposure to liquidity risk is significant.

13. Comparative figures

Certain figures in the 2015 financial statements have been reclassified to conform with the basis of presentation used in 2016.