Ve'ahavta
Financial Statements
December 31, 2019

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For the year ended December 31, 2019

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Independent Auditor's Report

To the Board of Directors of Ve'ahavta:

We have audited the financial statements of Ve'ahavta (the "Organization"), which comprise the statement of financial position as at December 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 Organization as at December 31, 2019, 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.

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 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.

Other Matter

The financial statements of the Organization for the year ended December 31, 2018 were audited by another auditor who expressed a modified opinion on those statements on May 28, 2019 related to revenue, excess of revenue over expenses and cashflows from operating activities for the year ended December 31, 2018 and current assets and net assets as at December 31, 2018.

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 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 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.

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.

MNP LLP

Mississauga, Ontario

Chartered Professional Accountants

June 1, 2020

Licensed Public Accountants

Ve'ahavta
Statement of Financial Position
As at December 31, 2019

	2019	2018
Assets		
Current		
Cash	**197,377**	170,526
Accounts receivable	**213,315**	118,278
Prepaid expenses and deposits	**6,209**	16,877
Sales tax recoverable	**6,914**	45,147
	423,815	350,828
Investments *(Note 3)*	**201,786**	193,134
Capital assets *(Note 4)*	**18,589**	22,230
	644,190	566,192
Liabilities		
Current		
Accounts payable and accrued liabilities *(Note 5)*	**212,137**	107,554
Deferred contributions *(Note 6)*	**9,433**	93,157
Barter trade account *(Note 7)*	**10,114**	23,053
	231,684	223,764
Commitments *(Note 12)*		
Net assets		
Unrestricted	**75,506**	205,428
Internally restricted	**237,000**	137,000
Endowment	**100,000**	-
	412,506	342,428
	644,190	566,192

Approved on behalf of the Board of Directors

Director

Director

The accompanying notes are an integral part of these financial statements

Ve'ahavta
Statement of Operations
For the year ended December 31, 2019

	2019	2018 (Note 13)
Revenues		
Donations	**2,076,335**	1,954,485
Grants *(Note 8)*	**548,048**	428,630
Investment income	**7,838**	4,882
Contributed materials	**-**	57,083
	2,632,221	2,445,080
Program expenditures *(Note 9)*		
Building foundations for women	**386,409**	315,994
MJRH	**378,527**	365,692
Volunteer services	**362,771**	215,697
Ve'ahavta skills academy	**341,489**	332,624
Meal box	**202,140**	171,139
My Toronto	**157,602**	252,468
Crisis response	**-**	17,324
Other programs	**-**	23,814
	1,828,938	1,694,752
General and administration	**191,624**	234,687
Fundraising	**541,581**	529,382
	2,562,143	2,458,821
Excess (deficiency) of revenue over expenses	**70,078**	(13,741)

The accompanying notes are an integral part of these financial statements

	Unrestricted	*Internally restricted*	*Endowment*	*2019*	*2018*
Net assets, beginning of year	**205,428**	**137,000**	**-**	**342,428**	356,169
Excess (deficiency) of revenue over expenses	**70,078**	**-**	**-**	**70,078**	(13,741)
Interfund transfers (Note 11)	**(200,000)**	**100,000**	**100,000**	**-**	-
Net assets, end of year	**75,506**	**237,000**	**100,000**	**412,506**	342,428

The accompanying notes are an integral part of these financial statements

Ve'ahavta
Statement of Cash Flows
For the year ended December 31, 2019

	2019	2018
Cash provided by (used for) the following activities		
Operating		
Excess (deficiency) of revenue over expenses	**70,078**	(13,741)
Amortization	**3,553**	5,502
Loss in disposal of capital assets	**-**	2,880
Change in fair value of investments	**(8,652)**	2,402
	64,979	(2,957)
Changes in working capital accounts		
Accounts receivable	**(95,039)**	4,657
Sales tax recoverable	**38,233**	(7,574)
Prepaid expenses and deposits	**10,668**	447
Accounts payable and accrued liabilities	**104,584**	(6,452)
Deferred contributions	**(83,724)**	(120,643)
Barter trade account	**(12,939)**	41,146
	26,762	(91,376)
Investing		
Purchase of investments	**-**	(100,000)
Purchase of capital assets	**(893)**	(10,846)
Proceeds on disposal of capital assets	**982**	-
Receipt of interest earned on investments	**-**	28,314
	89	(82,532)
Increase (decrease) in cash	**26,851**	(173,908)
Cash, beginning of year	**170,526**	344,434
Cash, end of year	**197,377**	170,526

The accompanying notes are an integral part of these financial statements

1. Purpose of the organization

Ve'ahavta (the “Organization”) is a corporation subject to the Canada Not-For-Profit Corporations Act. The Organization provides programming to assist people affected by poverty and homelessness build the confidence and skills needed to prepare for the workforce while engaging the public in meaningful volunteer work. The Organization is a registered charitable organization under the Incme Tax Act and is exempt from income taxes.

2. Significant accounting policies

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations set out in Part III of the CPA Canada Handbook - Accounting, as issued by the Accounting Standards Board in Canada and include the following significant accounting policies:

Fund accounting

The Organization follows the deferral method of accounting for contributions and reports using fund accounting.

Unrestricted net assets account for the Organization's ongoing operations, program and administrative expenses.

Internally Restricted net assets have been restricted by the The Organization as a reserve fund based on a predetermined formula. These funds are set aside for times of difficulty or emergency.

Endowment fund includes assets that must be maintained indefinitely to generate investment income for the organization to use.

Revenue recognition

The Organization 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.

Restricted investment income is recognized as revenue in the year in which the related expenses are incurred. Unrestricted investment income is recognized as revenue when earned.

Contributed materials and services

Contribution of materials and services are recognized both as contributions and expenses in the statement of operations when a fair value can be reasonably estimated and when the materials and services are used in the normal course of the Organization's operations and would have otherwise been purchased.

The Organization benefits from the receipt of volunteers time and efforts. Due to the difficulty in establishing the fair value of volunteered time, it is not recognized in the financail statements.

Allocation of expenses

The Organization engages in various education, human development and fundraising programs. The costs of each program include the costs of personnel, premises and other expenses that are directly related to providing the program. The Organization also incurs a number of general support expenses that are common to the administration of the Organization and each of its programs.

The Organization classifies expenses on the statement of operations by function and allocates costs by identifying an appropriate basis of allocation and applying it on a consistent basis. The Organization allocates certain expenses on the following basis:

Salaries and benefits	Allocated based on the estimated hours worked within each function
Administrative, occupancy, professional fees and amortization costs	Allocated based on the proportionate head count of each function

2. Significant accounting policies *(Continued from previous page)*

Capital assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution plus all costs directly attributable to the acquisition.

Amortization is provided using the declining balance method at rates intended to amortize the cost of assets over their estimated useful lives.

	Method	Rate
Furniture and fixtures	declining balance	20 %
Office equipment	declining balance	20 %
Leasehold improvements	straight-line	10 years

Barter trade account

The barter trade account represents credits with the Barter Network Ltd. that can be used to acquire goods and services but cannot be exchanged for cash. Account credits are recognized as revenue when contributed to the organization. Items acquired on the Barter Network Ltd are recognized as received. Administration fees related to the account are recorded in the period they occur.

Financial instruments

The Organization recognizes its financial instruments when the Organization becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at their fair value.

At initial recognition, the Organization may irrevocably elect to subsequently measure any financial instrument at fair value.

The Organization subsequently measures investments in equity instruments quoted in an active market and all derivative instruments, except those designated in a qualifying hedging relationship. Fair value is determined by evaluating the performance published market indices.

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in the excess of revenues over expenses for the current period. Conversely, transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

Other than the pooled investment in Jewish Foundation of Greater Toronto, which is carried at fair value, all financial assets are carried at amortized cost.

Measurement uncertainty (use of estimates)

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 amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period.

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization is based on the useful lives of capital assets.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in excess of revenues over expenses in the periods in which they become known.

3. Investments

	2019	*2018*
RBC Term deposit	**100,000**	100,000
Jewish Foundation of Greater Toronto pooled investments	**101,786**	93,134
	201,786	193,134

The RBC term deposit is set to mature on January 28, 2021 and yields interest at a rate of 1.9% per annum.

The Jewish Foundation of Great Toronto (the "Foundation"), operating as part of UJA Federation of Greater Toronto, is a community foundation that among other things manages the investment of funds on behalf of other parties. The Organization is entitled to its proportionate share of the Foundations investments, that include a mix of domestic and foreign equities and fixed income securities. The Organization's endowment is included in the investment with the Foundation.

4. Capital assets

	Cost	***Accumulated amortization***	***2019 Net book value***	*2018 Net book value*
Furniture and fixtures	**65,323**	**55,199**	**10,124**	11,539
Office equipment	**1,041**	**421**	**620**	1,866
Leasehold improvements	**9,805**	**1,960**	**7,845**	8,825
	76,169	**57,580**	**18,589**	22,230

5. Banking facility

The Organization has a demand revolving loan facility from Royal Bank of Canada in the amount of $150,000 (2018 - $15,500), bearing interest at prime plus 2.95% (2018 - prime plus 2.95%). The loan is secured by a general security agreement constituting a first ranking security on all property of the Organization. As at December 31, 2019, the Organization has drawn $Nil (2018 - $Nil) from the facility.

The Organization also has four business credit cards with a total amount available of $40,000 (2018 - $nil). At Dec , 2019 the credit cards had a total balance of $26,929 (2018 - $Nil).

6. Deferred contributions

Deferred contributions represents restricted contributions received in advance for expenditures that are provided in future years. Changes in the deferred contribution balance are as follows:

	2019	*2018*
Balance, beginning of year	**93,157**	213,800
Amount received during the year	**508,448**	280,210
Less: Amount recognized as revenue during the year	**(592,172)**	(400,853)
Balance, end of year	**9,433**	93,157

7. Barter trade account

	2019	*2018*
Barter trade account - beginning of year	**23,053**	(18,093)
Donations received	**(54,806)**	(95,610)
Expenses incurred	**41,867**	136,756
Barter trade account - end of year	**10,114**	23,053

8. Grants revenue

The following is a summary of Ve'ahavta's grants revenue:

	2019	*2018*
Ontario Trillium Foundation - BFW	**233,356**	264,340
Azrieli Grant - BFW	**50,537**	-
City of Toronto - Ve'ahavta Skills Academy	**162,486**	89,541
City of Toronto - Investing in Neighbourhoods Initiative	**72,443**	-
SUAP - Other	**29,226**	62,719
Other grant revenue	**-**	12,030
	548,048	428,630

9. Allocation of expenses

The Organization allocates its expenses by program. The costs that are directly related to each program have been presented in the Statement of Operations.

Included in functional expenditures is an allocation of salaries and benefits of $1,624,454 (2018 - $1,069,060) and premises and other support costs of $326,721 (2018 - $795,686) based on the amount of staff time spent on the functions, as follows:

	2019	*2018*
Building foundations for women	**299,440**	209,897
Volunteer services	**301,345**	317,539
Ve'ahavta skills academy	**268,853**	286,250
Meal box	**137,795**	71,915
My Toronto	**131,063**	197,549
MJRH	**304,477**	304,258
Other programs	**60,269**	-
Fundraising	**447,933**	477,338
	1,951,175	1,864,746

10. Income taxes

The Organization is registered as a charitable organization under the *Income Tax Act* (the “Act”) and as such is exempt from income taxes and is able to issue donation receipts for income tax purposes. In order to maintain its status as a registered charity under the Act, the Organization must meet certain requirements within the Act. In the opinion of management, these requirements have been met.

11. Interfund transfers

The Organization transferred $100,000 from unrestricted net assets to the internally restricted net assets, represented by $50,000 transferred for the current year and $50,000 for the prior year where a transfer had not occured.

In addition, during the year the terms of a 2014 contribution had been clarified as an endowment and $100,000 was transferred from unrestricted net assets to recognize it as such.

12. Commitments

The Organization has entered into an operating lease agreement on April 1, 2016 for the premises which expires on March 31, 2021. Minimum annual rentals (exclusive of the requirement to pay taxes, insurance and maintenance costs) are as follows:

2020	83,846
2021	20,961
	104,807

13. Financial instruments

The Organization, as part of its operations, carries a number of financial instruments. It is management's opinion that the Organization is not exposed to significant interest, currency, credit, liquidity or other price risks arising from these financial instruments except as otherwise disclosed.

Credit concentration

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. Financial instruments that potentially subject the Organization to concentrations of credit risk consist primarily of accounts receivable and investments. The pledges receivable from four parties represent 53% of the total accounts receivable balance at year end. The credit risk with respect to investments held at year end represent approximately 50% related to a term deposit with a large federally regulated bank and 50% related to investments held by the Foundation.

14. Correction to the prior period

During the year the Organization determined that the fair value of the contributed services of volunteers could not be reliably measured and, thus, did not meet the revenue recognition requirement for contributed services. The correction of the error reduced revenue previously reported for the year ended December 31, 2018 by $167,582. The offsetting expense previously reported were reduced by $167,582 as follows:

MJRH	$70,306
Ve'ahavta skills academy	5,512
Meal box	33,625
Voulnteer services	48,695
My Toronto	9,444

There was no net impact on the deficiency of revenue over expenses for the year ended December 31, 2018 or net assets at December 31, 2018.

15. Subsequent event

Subsequent to year-end, there was a global outbreak of COVID-19 (coronavirus), which has had a significant impact on businesses and organizations through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Organization as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus. While the extent of the impact is unknown, the Organization's ability to generate revenue and deliver its objectives may be negatively impacted.

16. Comparative figures

Certain comparative figures have been reclassified to conform with current year presentation.