Ve'ahavta
Financial Statements
December 31, 2021

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Independent Auditor's Report

To the Board of Directors of Ve'ahavta:

Opinion

We have audited the financial statements of Ve'ahavta (the "Charity"), which comprise the statement of financial position as at December 31, 2021, 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 Charity as at December 31, 2021, 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 Charity 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 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 Charity’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 Charity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Charity’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 Charity'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 Charity'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 Charity 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

April 21, 2022

Licensed Public Accountants

Ve'ahavta
Statement of Financial Position
As at December 31, 2021

	2021	*2020*
Assets		
Current		
Cash	**164,758**	445,143
Accounts receivable	**187,159**	190,040
Sales tax recoverable	**84,417**	13,614
Prepaid expenses and deposits	**50,430**	58,101
Current portion of investments *(Note 3)*	**565,131**	664,124
	1,051,895	1,371,022
Investments *(Note 3)*	**4,172,381**	100,000
Capital assets *(Note 4)*	**857,431**	86,059
	6,081,707	1,557,081
Liabilities		
Current		
Accounts payable and accrued liabilities *(Note 5)*	**245,383**	327,928
Deferred contributions *(Note 6)*	**701,465**	125,000
	946,848	452,928
Bank loan *(Note 7)*	**40,000**	40,000
Deferred contributions related to capital assets *(Note 8)*	**381,882**	80,907
	1,368,730	573,835
Commitments *(Note 15)*		
Net assets		
Unrestricted	**527,977**	495,491
Reserve fund (Schedule)	**650,000**	387,755
Charitable fund (Schedule)	**3,435,000**	-
Endowment	**100,000**	100,000
	4,712,977	983,246
	6,081,707	1,557,081

Approved on behalf of the Board of Directors

e-Signed by Ron Haber
2022-04-21 19:14:35:35 GMT
Director

e-Signed by Leanne Spier
2022-04-21 18:35:48:48 GMT
Director

The accompanying notes are an integral part of these financial statements

Ve'ahavta
Statement of Operations
For the year ended December 31, 2021

	2021	*2020*
Revenues		
Donations *(Note 6), (Note 8), (Note 13)*	**5,351,055**	2,377,529
Grants *(Note 9)*	**517,092**	632,175
Government assistance *(Note 10)*	**318,131**	150,173
Investment income	**54,907**	14,456
	6,241,185	3,174,333
Program expenditures *(Note 11)*		
Mobile Jewish Response to Homelessness	**567,822**	552,931
Building foundations for women	**394,563**	435,943
Ve'ahavta skills academy	**411,727**	442,218
Recipe for success	**81,055**	54,918
Volunteer services	**328,577**	339,242
Upper shelf	**114,720**	-
Life Stabilization Program	**311,081**	204,927
My Toronto	**1,978**	169,443
	2,211,523	2,199,622
Fundraising	**299,931**	403,971
	2,511,454	2,603,593
Excess of revenue over expenses	**3,729,731**	570,740

Ve'ahavta
Statement of Changes in Net Assets
For the year ended December 31, 2021

	Unrestricted	*Internally restricted (Schedule)*	*Endowment*	*2021*	*2020*
Net assets, beginning of year	495,491	387,755	100,000	983,246	412,506
Excess of revenue over expenses	3,729,731	-	-	3,729,731	570,740
Transfer to Reserve fund (Note 13)	(262,245)	262,245	-	-	-
Transfer to Charitable fund (Note 13)	(3,435,000)	3,435,000	-	-	-
Net assets, end of year	527,977	4,085,000	100,000	4,712,977	983,246

The accompanying notes are an integral part of these financial statements

Ve'ahavta
Statement of Cash Flows
For the year ended December 31, 2021

	2021	*2020*
Cash provided by (used for) the following activities		
Operating		
Excess of revenue over expenses	**3,729,731**	570,740
Amortization	**112,858**	15,714
Amortization of deferred contributions related to capital assets	**(40,411)**	(11,151)
Amortization of deferred contributions	**(125,000)**	(641,608)
Change in fair value of investments	**(30,123)**	(12,338)
Loss on disposal of capital assets	**14,251**	-
	3,661,306	(78,643)
Changes in working capital accounts		
Accounts receivable	**2,881**	23,274
Sales tax recoverable	**(70,803)**	(6,700)
Prepaid expenses and deposits	**7,671**	(51,892)
Accounts payable and accrued liabilities	**(82,544)**	115,793
Deferred contributions received	**701,465**	757,175
Barter trade account	**-**	(10,114)
Deferred contributions related to capital assets	**341,386**	92,058
	4,561,362	840,951
Financing		
Advances of bank loan	**-**	40,000
Investing		
Purchase of capital assets	**(898,480)**	(83,185)
Purchase of investments	**(4,593,267)**	(650,000)
Proceeds on disposal of investments	**650,000**	100,000
	(4,841,747)	(633,185)
Increase in cash	**(280,385)**	247,766
Cash, beginning of year	**445,143**	197,377
Cash, end of year	**164,758**	445,143

The accompanying notes are an integral part of these financial statements

1. Purpose of the organization

Ve'ahavta (the “Charity”) is a corporation subject to the Canada Not-For-Profit Corporations Act. The Charity 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 Charity is a registered charitable organization under the Income 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 Charity follows the deferral method of accounting for contributions and reports using fund accounting.

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

Internally restricted net assets consist of the Reserve fund and Charitable fund.

The Charity has established an internally restricted Reserve fund to provide for capital maintenance and protection against times of difficulty or emergency.

The Charitable fund was internally established as long-term capital to enable growth of the Charity’s operations into new cities. Investment income generated by the capital may be used at management’s discretion and is recognized in unrestricted operations.

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

Revenue recognition

The Charity 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.

Contributions related to capital assets are deferred and amortized into revenue at a rate corresponding with the amortization rate for the related capital 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.

Government assistance

Government grants and assistance are recognized where there is a reasonable assurance that the grants and assistance will be received and conditions will be complied with. Government grants and assistance are recognized in revenue over the periods in which the Charity recognizes expenses which the grants and assistance are intended to compensate.

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 Charity's operations and would have otherwise been purchased.

The Charity 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 financial statements.

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

Allocation of expenses

The Charity 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 Charity also incurs a number of general support expenses that are common to the administration of the Charity and each of its programs.

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

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

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
Automobiles	declining balance	30 %
Furniture and fixtures	declining balance	20 %
Office equipment	declining balance	20 %
Leasehold improvements	straight-line	lease term

Financial instruments

The Charity recognizes financial instruments when the Charity becomes party to the contractual provisions of the financial instrument.

Arm's length financial instruments

Financial instruments originated/acquired or issued/assumed in an arm’s length transaction (“arm’s length financial instruments”) are initially recorded at their fair value.

At initial recognition, the Charity may irrevocably elect to subsequently measure any arm’s length financial instrument at fair value. The Charity has made such an election during the year.

The Charity subsequently measures investments in equity instruments quoted in an active market and all derivative instruments, except those designated in a qualifying hedging relationship or that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, at fair value. Fair value is determined by evaluating the performance published market indices. Investments in equity instruments not quoted in an active market and derivatives that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, are subsequently measured at cost less impairment. All other financial assets and liabilities are subsequently measured at amortized cost.

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 excess of revenues over expenses. Conversely, transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

Financial asset impairment

The Charity assesses impairment of all its financial assets measured at cost or amortized cost. The Charity groups assets for impairment testing under certain circumstances. When there is an indication of impairment, the Charity determines whether it has resulted in a significant adverse change in the expected timing or amount of future cash flows during the year.

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

The Charity reduces the carrying amount of any impaired financial assets to the highest of: the present value of cash flows expected to be generated by holding the assets; the amount that could be realized by selling the assets at the statement of financial position date; and the amount expected to be realized by exercising any rights to collateral held against those assets.

Any impairment, which is not considered temporary, is included in current year excess of revenues over expenses.

The Charity reverses impairment losses on financial assets when there is a decrease in impairment and the decrease can be objectively related to an event occurring after the impairment loss was recognized. The amount of the reversal is recognized in excess of revenues over expenses in the year the reversal occurs.

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 and pledges receivables are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Pooled investments are carried at their estimated fair value. 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

	2021	*2020*
Term deposits	**3,537,255**	650,000
Jewish Foundation of Greater Toronto pooled investments	**1,200,257**	114,124
	4,737,512	764,124
Less: current portion	**565,131**	664,124
	4,172,381	100,000

The Royal Bank of Canada term deposits are set to mature between May 2022 and January 2023, yielding interest at rates of 0.25% to 0.80% 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 Charity is entitled to its proportionate share of the Foundations investments, that include a mix of domestic and foreign equities and fixed income securities. The Charity's endowment is included in the investment with the Foundation.

4. Capital assets

	Cost	Accumulated amortization	2021 Net book value	2020 Net book value
Automobiles	**101,284**	**36,049**	**65,235**	69,521
Furniture and fixtures	**86,380**	**361**	**86,019**	7,924
Office equipment	**15,894**	**11,754**	**4,140**	1,749
Leasehold improvements	**780,041**	**78,004**	**702,037**	6,865
	983,599	**126,168**	**857,431**	86,059

During the year, the Charity recorded amortization expense of $112,858 (2020 - $15,714) that was allocated to programs along with premises and other support costs discussed in Note 11.

5. Banking facility

The Charity has a demand revolving loan facility from Royal Bank of Canada in the amount of $150,000 (2020 - $150,000), bearing interest at prime plus 2.95% (2020 - prime plus 2.95%). The loan is secured by a general security agreement constituting a first ranking security on all property of the Charity. As at December 31, 2021, the Charity has drawn $Nil (2020 - $Nil) from the facility.

The Charity has four business credit cards with a total credit limit of $40,000 (2020 - $40,000). Included in accounts payable and accrued liabilities at year end is the utilized amount of $5,615 (2020 - $10,124).

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:

	2021	2020
Balance, beginning of year	**125,000**	9,433
Amount received during the year	**701,465**	757,175
Less: Amount recognized as revenue during the year	**(125,000)**	(641,608)
Balance, end of year	**701,465**	125,000

7. Bank loan

Bank loan in the amount of $40,000, non-interest bearing, received under the Canada Emergency Business Account program. The loan shall be considered repaid in full if the Charity repays at least 75% ($30,000) of the principal amount on or before the termination date of December 31, 2023 ("Forgiveness Benefit"). If this loan amount is not repaid by this date, the Forgiveness Benefit will not be available to the Charity and the loan will be extended for a term of three years until December 31, 2025, with interest-only payments of 5% per annum due monthly.

8. Deferred contributions related to capital assets

	2021	2020
Beginning Balance	**80,907**	92,058
Additions	**341,386**	92,058
Less: recognized as revenue during the year	**(40,411)**	(11,151)
	381,882	80,907

9. Grants revenue

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

	2021	*2020*
City of Toronto - Ve'ahavta Skills Academy	**240,932**	259,883
City of Toronto – Life Stabilization Program	**150,000**	90,000
Azrieli Grant - Volunteer	**65,000**	20,000
City of Toronto - Investing in Neighbourhoods Initiative	**23,925**	44,451
Ontario Trillium Foundation - BFW	**21,100**	190,500
SUAP - Other	**16,135**	27,341
	517,092	632,175

10. Government subsidy

The Charity has received government assistance in the form of the temporary Canada Emergency Wage Subsidy (CEWS) related to COVID-19 in the amount of $285,375 (2020 - $150,173).

The Government of Canada announced the Canada Emergency Rent Subsidy (CERS) program in November 2020. CERS provides a rent subsidy of up to 65% of rent paid to eligible entities based on certain criteria, including demonstration of revenue declines as a result of COVID-19. The subsidy is retroactive to September 27, 2020. The qualification and application of CERS is being assessed over multiple four-week application period segments. The Charity has received government assistance in the form of the CERS in the amount of $32,756 (2020 - $Nil).

11. Allocation of expenses

The Charity allocates its expenses by program. The costs related to each program have been presented in the Statement of Operations.

Included in functional expenditures is an allocation of salaries and benefits of $1,766,192 (2020 - $1,753,033) and premises and other support costs of $468,718 (2020 - $351,433) based on the amount of staff time spent on the functions, as follows:

	2021	*2020*
Building foundations for women	**356,940**	321,233
Volunteer services	**276,886**	300,156
Ve'ahavta skills academy	**397,259**	342,097
Recipe for success	**79,021**	43,480
Life stabilization program	**309,771**	237,351
My Toronto	**1,809**	133,881
MJRH	**447,634**	395,986
Fundraising	**254,220**	330,281
Upper Shelf	**111,371**	-
	2,234,911	2,104,465

12. Income taxes

The Charity 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 Charity must meet certain requirements within the Act. In the opinion of management, these requirements have been met.

13. Related party transactions

Related parties include directors and senior management of the Charity, their immediate family and the entities they control. Included in revenue for the current year are $3,000,000 (2020 - Nil) donations received from a related party. The revenue was recorded at fair value at the date of transaction.

14. Interfund transfers

During the year, the Charity transferred amounts from unrestricted net assets to the internally restricted net asset. The amount of $212,245 (2020 - $150,755) was transferred to increase the amount set aside for times of difficulty or emergency, and $50,000 was transferred to support future capital maintenance.

During the year, the Charity received $3,435,000 in gifts designated for the Charitable fund. Interest earned in the fund will be used for the purpose of expanding the Charity to additional cities in the future.

15. Commitments

The Charity has entered into an operating lease agreement on February 10, 2021 for the premises which expires on May 30, 2026. Minimum annual rentals (Exclusive of the requirement to pay taxes, insurance and maintenance costs) are as follows:

2022	69,826
2023	71,156
2024	72,486
2025	73,816
2026	37,240

16. Financial instruments

The Charity, as part of its operations, carries a number of financial instruments. It is management's opinion that the Charity 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 Charity to concentrations of credit risk consist primarily of accounts receivable and investments. The pledges receivable from three parties (2020 - three represent 63% (2020 - 37%) of the total accounts receivable balance at year end. Investments are concentrated with the two organization disclosed in Note 3.

17. Environmental Risk

There was a global outbreak of COVID-19 (coronavirus), which has had a significant impact on businesses through 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 what the extent of the impact the COVID-19 outbreak may have on the Charity 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.

18. Comparative figures

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

Ve'ahavta

Schedule of Internally Restricted Funds

For the year ended December 31, 2021

	Reserve fund	*Charitable fund*	*2021 Total*
Funds, beginning of year	**387,755**	**-**	**387,755**
Interfund transfers *(Note 14)*	**262,245**	**3,435,000**	**3,697,245**
Fund balances, end of year	**650,000**	**3,435,000**	**4,085,000**

	Reserve fund	*Charitable fund*	*2020 Total*
Funds, beginning of year	237,000	-	237,000
Interfund transfers *(Note 14)*	150,755	-	150,755
Fund balances, end of year	387,755	-	387,755