Ve'ahavta
Financial Statements
December 31, 2022

Contents

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, 2022, 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, 2022, 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

June 7, 2023 — Licensed Public Accountants

Ve'ahavta
Statement of Financial Position
As at December 31, 2022

	2022	*2021*
Assets		
Current		
Cash	**445,761**	164,758
Accounts receivable	**203,698**	187,159
Sales tax recoverable	**27,373**	84,417
Prepaid expenses and deposits	**31,705**	50,430
Current portion of investments *(Note 3)*	**7,196,478**	4,637,512
	7,905,015	5,124,276
Investments *(Note 3)*	**100,000**	100,000
Capital assets *(Note 4)*	**753,846**	857,431
	8,758,861	6,081,707
Liabilities		
Current		
Accounts payable and accrued liabilities *(Note 5)*	**272,492**	245,383
Deferred contributions *(Note 6)*	**345,000**	701,465
Bank loan *(Note 7)*	**40,000**	40,000
	657,492	986,848
Deferred contributions related to capital assets *(Note 8)*	**329,486**	381,882
	986,978	1,368,730
Commitments *(Note 14)*		
Net assets		
Unrestricted *(Note 15)*	**299,883**	527,977
Reserve fund (Schedule)	**1,637,000**	650,000
Charitable fund (Schedule)	**5,735,000**	3,435,000
Endowment	**100,000**	100,000
	7,771,883	4,712,977
	8,758,861	6,081,707

Approved on behalf of the Board of Directors

e-Signed by Ron Haber
2023-06-09 14:06:43:43 GMT
Director

e-Signed by Leanne Spier
2023-06-05 22:05:04:04 GMT
Director

The accompanying notes are an integral part of these financial statements

Ve'ahavta
Statement of Operations
For the year ended December 31, 2022

	2022	*2021*
Revenues		
Donations *(Note 6), (Note 8), (Note 12)*	**5,977,295**	5,416,055
Government grants *(Note 9)*	**448,902**	452,092
Government assistance	**-**	318,131
Investment income	**96,508**	24,787
Gain (loss) on investments	**(293,984)**	30,120
	6,228,721	6,241,185
Program expenditures *(Note 10)*		
Mobile Jewish Response to Homelessness	**629,999**	457,914
Life Stabilization Program	**182,379**	188,515
Building Foundations for Women	**441,987**	299,353
Ve'ahavta Skills Academy	**399,146**	305,467
Recipe for Success	**312,666**	103,353
Upper Shelf	**271,104**	92,554
Volunteer Programs	**252,526**	255,715
My Toronto	**-**	1,978
	2,489,807	1,704,849
Administration	**358,343**	546,459
Fundraising	**321,665**	260,146
	3,169,815	2,511,454
Excess of revenue over expenses	**3,058,906**	3,729,731

The accompanying notes are an integral part of these financial statements

Ve'ahavta
Statement of Changes in Net Assets
For the year ended December 31, 2022

	Unrestricted	*Internally restricted (Schedule)*	*Endowment*	***2022***	*2021*
Net assets, beginning of year	527,977	4,085,000	100,000	4,712,977	983,246
Excess of revenue over expenses	3,058,906	-	-	3,058,906	3,729,731
Transfer to Reserve fund (Note 13)	(987,000)	987,000	-	-	-
Transfer to Charitable fund (Note 13)	(2,300,000)	2,300,000	-	-	-
Net assets, end of year	299,883	7,372,000	100,000	7,771,883	4,712,977

Ve'ahavta
Statement of Cash Flows
For the year ended December 31, 2022

	2022	*2021*
Cash provided by (used for) the following activities		
Operating		
Excess of revenue over expenses	**3,058,906**	3,729,731
Amortization	**123,351**	112,858
Amortization of deferred contributions related to capital assets	**(52,396)**	(40,411)
Change in fair value of investments	**(293,984)**	(30,123)
Loss on disposal of capital assets	**-**	14,251
	2,835,877	3,786,306
Changes in working capital accounts		
Accounts receivable	**(16,539)**	2,881
Sales tax recoverable	**57,044**	(70,803)
Prepaid expenses and deposits	**18,725**	7,671
Accounts payable and accrued liabilities	**27,108**	(82,544)
Deferred contributions	**(356,465)**	576,465
Deferred contributions related to capital assets	**-**	341,386
	2,565,750	4,561,362
Investing		
Purchase of capital assets	**(19,765)**	(898,480)
Purchase of investments	**(8,714,982)**	(4,593,267)
Proceeds on disposal of investments	**6,450,000**	650,000
	(2,284,747)	(4,841,747)
Increase in cash	**281,003**	(280,385)
Cash, beginning of year	**164,758**	445,143
Cash, end of year	**445,761**	164,758

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 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 charitable and fundraising programs. The costs of each program include the costs of personnel and other expenses that are directly related to providing the program. General support expenses are also incurred that are common to the programs and the administration of the Charity.

The Charity classifies expenses on the statement of operations by function and allocates general support costs based on the proportionate head cost 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 based on published prices. 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. The Charity has elected to carry all investments at fair value. 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 revenue 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.

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 revenue over expenses.

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

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 revenue 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. 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

	2022	*2021*
Term deposits	**1,612,000**	3,537,255
Jewish Foundation of Greater Toronto pooled investments	**5,684,478**	1,200,257
	7,296,478	4,737,512
Less: current portion	**7,196,478**	4,637,512
	100,000	100,000

The term deposits yield interest between 1.75% and 4.20% per annum and mature between September 2023 and December 2023.

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. The Charity's endowment assets are included in the investment with the Foundation.

The Foundation's investment portfolio at year end is allocated as follows: 51% pubic equities; 19% private and real assets; 16% cash and fixed income; and 15% hedge funds. In order to limit the exposure to the foreign currency exchange rate changes the Foundation utilizes foreign currency exchange forward contracts and carries them at fair value.

4. Capital assets

	Cost	Accumulated amortization	2022 Net book value	2021 Net book value
Automobiles	**101,284**	**55,619**	**45,665**	65,235
Furniture and fixtures	**85,487**	**-**	**85,487**	86,019
Office equipment	**35,659**	**32,799**	**2,860**	4,140
Leasehold improvements	**780,041**	**160,207**	**619,834**	702,037
	1,002,471	**248,625**	**753,846**	857,431

During the year, the Charity recorded amortization expense of $123,351 (2021 - $112,858) that was allocated to programs along with premises and other support costs discussed in Note 10.

5. Banking facility

The Charity has a demand revolving loan facility from Scotiabank in the amount of $150,000, bearing interest at prime plus 0.75%. The loan is secured by a general security agreement constituting a first ranking security on all property of the Charity. As at December 31, 2022, the Charity has drawn $Nil from the facility. In 2021, the Charity had a demand revolving loan facility from Royal Bank of Canada in the amount of $150,000, bearing interest at prime plus 2.95%. As at December 31, 2021, the Charity had drawn $Nil from the facility.

The Charity has nine business credit cards with a total credit limit of $40,000 (2021 - $40,000). Included in accounts payable and accrued liabilities at year end is the utilized amount of $24,297 (2021 - $5,615).

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:

	2022	2021
Balance, beginning of year	**701,465**	125,000
Amount received during the year	**345,000**	701,465
Less: Amount recognized as revenue during the year	**(701,465)**	(125,000)
Balance, end of year	**345,000**	701,465

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 repaid in full on or before the termination date of December 31, 2023. If this loan amount is not repaid by this date, the loan will be extended for a term of two years until December 31, 2025, with interest-only payments of 5% per annum due monthly.

8. Deferred contributions related to capital assets

	2022	*2021*
Beginning Balance	**381,882**	80,907
Additions	**-**	341,386
Less: recognized as revenue during the year	**(52,396)**	(40,411)
	329,486	381,882

9. Government grants

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

	2022	*2021*
City of Toronto - Ve'ahavta Skills Academy	**292,198**	240,932
City of Toronto – Life Stabilization Program	**132,000**	150,000
City of Toronto - Investing in Neighbourhoods Initiative	**24,704**	23,925
Ontario Trillium Foundation - BFW	**-**	21,100
SUAP - Other	**-**	16,135
	448,902	452,092

10. 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 are of salaries and benefits of $2,253,136 (2021 - $1,766,194) and premises and other support costs of $542,325 (2021 - $468,718) based on the amount of staff time spent on the functions, as follows:

	2022	*2021*
Building foundations for women	**378,901**	261,730
Volunteer programs	**243,529**	204,025
Ve'ahavta skills academy	**342,382**	290,998
Recipe for success	**231,272**	101,319
Life stabilization program	**180,763**	187,206
My Toronto	**-**	1,809
Mobile Jewish Response to Homeless	**534,743**	337,727
Fundraising	**286,649**	214,435
Upper Shelf	**238,879**	89,205
Administration	**358,343**	546,458
	2,795,461	2,234,912

11. 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.

12. 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 $69,780 (2021 - $3,125,898) donations received from a related party. The revenue was recorded at fair value at the date of transaction.

13. Interfund transfers

During the year, the Charity transferred amounts from unrestricted net assets to the internally restricted net asset. The amount of $962,000 (2021 - $212,245) was transferred to increase the amount set aside for times of difficulty or emergency, and $25,000 (2021 - $50,000) was transferred to support future capital maintenance.

During the year, the Charity transferred $2,300,000 (2021 - $3,435,000) from unrestricted operations to the Charitable fund.

14. 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:

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

15. Unrestricted net assets

The Charity plans to direct $200,000 of the closing unrestricted net asset balance at year end to reinvest in technology infrastructure to increase organizational capacity.

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 five parties (2021 - three parties) represent 86% (2021 - 63%) of the total accounts receivable balance at year end. Investments are concentrated with the two organization disclosed in Note 3.

Interest rate, foreign currency and other price risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. Changes in market interest rates may influence the cash flows associated with some financial assets and liabilities, known as cash flow risk, and on the fair value of other financial assets and liabilities, known as price risk.

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or foreign currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Charity is exposed to interest rate, foreign currency and other price risk in respect to its investment portfolio. The risk increased with the growth in the portfolio during the year. The Charity manages this risk by investing in a managed, diversified portfolio of securities with Foundation.

Liquidity risk

Liquidity risk is the risk that the Charity will encounter difficulty in meeting obligations associated with financial liabilities. The Charity’s exposure to liquidity risk is dependent on the sale of inventory, collection of accounts and notes receivable, purchasing commitments and obligations or raising funds to meet commitments and sustain operations.

Under agreement with the Foundation a notice period is required to liquidate investments that varies between 30 and 90 days following the end of the quarter in which the funds are requested. Liquidity risk has not changes significant during the year.

17. 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, 2022

	Reserve fund	*Charitable fund*	*2022 Total*
Funds, beginning of year	**650,000**	**3,435,000**	**4,085,000**
Interfund transfers *(Note 13)*	**987,000**	**2,300,000**	**3,287,000**
Fund balances, end of year	**1,637,000**	**5,735,000**	**7,372,000**

	Reserve fund	*Charitable fund*	*2021 Total*
Funds, beginning of year	387,755	-	487,755
Interfund transfers *(Note 13)*	262,245	3,435,000	3,697,245
Fund balances, end of year	650,000	3,435,000	4,185,000