Ve'ahavta: The Canadian Jewish Humanitarian & Relief Committee
Financial Statements
Year ended December 31, 2015

LIPTON
Chartered Accountants

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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 statements of financial position as at December 31, 2015 and the statements 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.

Basis for Qualified Opinion

In common with many charitable organizations, Ve'ahavta derives revenue from donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues 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, deficiency of revenues over expenses and net assets.

Independent Auditors' Report (continued)

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, 2015, and its financial performance 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 10, 2016

Ve'ahavta: The Canadian Jewish Humanitarian & Relief Committee
Statement of Financial Position
As at December 31, 2015

	2015	2014
Assets		
Current		
Cash (Note 3)	$ 149,826	$ 245,328
Short-term investments	-	21,284
Accounts and pledges receivable	95,385	39,230
Sales taxes recoverable	35,798	33,288
Prepaid expenses and other assets	48,590	26,099
	329,599	365,229
Capital assets (Note 5)	29,333	41,435
	$ 358,932	$ 406,664
Liabilities		
Current		
Accounts payable and accrued liabilities	$ 145,460	$ 144,378
Barter trade account (Note 4)	10,602	5,326
Loans payable	-	95,000
Deferred contributions (Note 6)	100,595	42,714
	256,657	287,418
Bank facility (Note 7)		
Commitments (Note 8)		
Net Assets		
Unrestricted	92,275	109,246
Internally restricted	10,000	10,000
	102,275	119,246
	$ 358,932	$ 406,664

See accompanying notes to financial statements

These financial statements are 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, 2015

	2015	2014
Revenues		
Donations	$ 1,141,639	$ 1,001,643
Starry Nights event	511,452	467,648
Government grants	334,460	111,691
Contributed goods and services	138,190	48,499
Investment income grant	11,791	-
	2,137,532	1,629,481
Expenses		
Programs expenses	964,018	647,641
Salaries and benefits (Note 9)	608,838	538,148
Fundraising and education	255,529	212,008
Barter credit fees	8,701	10,776
Communications	7,722	12,057
Credit card charges	28,189	18,316
Insurance	8,586	8,657
Marketing and promotion	45,709	59,621
Office and general	34,553	35,544
Printing and postage	20,107	17,938
Professional fees	60,003	18,200
Occupancy costs (Note 9)	83,722	70,552
Uncollectible donations	10,000	-
Amortization	6,622	11,848
	2,142,299	1,661,306
Deficiency of revenues over expenses before the undernoted	(4,767)	(31,825)
Loss on disposal of assets	(12,204)	-
Deficiency of revenues over expenses	$ (16,971)	$ (31,825)

Program expenses	**2015**	**2014**
Homeless	$ 319,332	$ 249,851
Ve'ahavta Street Academy	258,820	133,693
Kenora	128,130	103,106
Creative writing program	91,242	67,041
Community engagement	73,868	62,197
Crisis Response	42,713	-
Impact India	25,159	-
Other	14,234	
Kulam	10,520	5,108
Kinder Kits	-	25,022
Guyana	-	1,623
	$ 964,018	$ 647,641

See accompanying notes to financial statements

Ve'ahavta: The Canadian Jewish Humanitarian & Relief Committee
Statement of Changes in Net Assets
Year ended December 31, 2015

	Unrestricted	Internally Restricted	Total
Net assets - January 1, 2014	$ 141,071	$ 10,000	$ 151,071
Deficiency of revenues over expenses	(31,825)	-	(31,825)
Net assets - December 31, 2014	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

See accompanying notes to financial statements

Ve'ahavta: The Canadian Jewish Humanitarian & Relief Committee
Statement of Cash Flows
Year ended December 31, 2015

	2015	2014
Operating activities		
Deficiency of revenues over expenses	$ (16,971)	$ (31,825)
Item not affecting cash:		
Loan converted to donation	(95,000)	-
Loss on disposal of assets	12,204	-
Amortization	6,622	11,848
	(93,145)	(19,977)
Net changes in non-cash working capital (Note 10)	(16,917)	76,196
Cash flows provided by (used in) operating activities	(110,062)	56,219
Financing activities		
Proceeds from loans payable	-	95,000
Cash flows provided by financing activities	-	95,000
Investing activities		
Purchase of capital assets	(8,724)	(779)
Proceeds from disposal of capital assets	2,000	-
Purchase of short-term investments	-	(21,284)
Redemption of short-term investments	21,284	20,500
Cash flows provided by (used in) investing activities	14,560	(1,563)
Net change in cash	(95,502)	149,656
Cash - beginning of year	245,328	95,672
Cash - end of year (Note 3)	$ 149,826	$ 245,328

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 standard 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, fair value of donations in kind (i.e. volunteer hours), 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.

(g) Changes in accounting estimates

In 2015, resources became available to reasonably estimate the fair value of volunteer services. This change in estimate has been applied on a prospective basis and the change in estimate has resulted in an increase to revenue and expenses of $73,000 for the year ended December 31, 2015.

3. Cash

The components of cash are as follows:

	2015	2014
Unrestricted cash	$ 39,231	$ 192,614
Externally restricted cash for deferred contributions	100,595	42,714
Internally restricted cash	10,000	10,000
	$ 149,826	$ 245,328

4. Barter trade account

	2015	2014
Barter trade account - beginning of year	$ (5,326)	19,514
Donations received	83,180	88,798
Expenses incurred	(88,456)	(113,638)
	$ (10,602)	$ (5,326)

5. Capital assets

	Cost	Accumulated amortization	2015	2014
Office equipment and furniture	$ 77,178	$ 52,723	$ 24,455	$ 29,726
Computer hardware	3,945	592	3,353	8,748
Computer software	13,071	11,546	1,525	286
Automobile	-	-	-	2,675
	$ 94,194	$ 64,861	$ 29,333	$ 41,435

6. Deferred contributions

	2015	2014
Deferred contributions - beginning of year	$ 42,714	$ 35,095
Restricted contributions received during year	710,780	450,906
Amount recognized as revenue during year	(652,899)	(443,287)
	$ 100,595	$ 42,714

Deferred contributions as at December 31, 2015 includes $18,635 (2014 - $21,009) in government grants received for which expenses were not incurred.

7. Bank facility

Ve'ahavta has a $15,500 (2014 - $15,500) demand loan facility with its bank which bears interest at the bank's prime rate plus 2.95% (2014 - 2.95%) per annum. No amounts were utilized as at December 31, 2015 or 2014.

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

8. Commitments

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

	Building	Equipment	Total
2016	$ 72,875	$ 10,568	$ 83,443
2017	74,200	10,210	84,410
2018	74,200	6,291	80,491
2019	74,200	3,492	77,692
2020	74,200	3,492	77,692
Thereafter	18,550	2,037	20,587
	$ 388,225	$ 36,090	$ 424,315

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

9. 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:

	2015	2014
Total salaries and benefits	$ 1,034,375	$ 872,516
Salaries and benefits allocated to projects	425,537	334,368
Percentage of salaries and benefits allocated to programs	41.14%	38.32%

	2015	2014
Total occupancy costs	$ 126,087	$ 123,238
Occupancy costs allocated to projects	42,365	52,686
Percentage of occupancy costs allocated to programs	33.60%	42.75%

10. Net changes in non-cash working capital

	2015	2014
Decrease (increase) in accounts and pledges receivable	$ (56,155)	$ 40,487
Increase in sales taxes recoverable	(2,510)	(1,321)
Decrease (increase) in prepaid expenses and other assets	(22,491)	5,612
Increase in accounts payable and accrued liabilities	1,082	2,990
Increase in barter trade account	5,276	20,809
Increase in deferred contributions	57,881	7,619
	$ (16,917)	$ 76,196

11. 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.

(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 credit risk is significant.

12. Comparative figures

Certain figures in the 2014 financial statements have been reclassified to conform with the basis of presentation used in 2015.