Ve'ahavta: The Canadian Jewish Humanitarian & Relief Committee
Financial Statements
Year ended December 31, 2013

LIPTON
Chartered Accountants

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Year ended December 31, 2013

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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, 2013 and the statements of operations and 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 positions of Ve'ahavta as at December 31, 2013, 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
June 9, 2014

Ve'ahavta: The Canadian Jewish Humanitarian & Relief Committee
Statement of Financial Position
As at December 31, 2013

		2013		2012
Assets				
Current				
Cash (Note 3a)	$	95,672	$	102,365
Short-term investments (Note 3b)		20,500		35,500
Accounts and pledges receivable		79,717		46,535
Barter credits		19,514		46,528
Sales taxes recoverable		31,967		39,001
Prepaid expenses and other assets		31,711		41,264
		279,081		311,193
Capital assets (Note 4)		48,473		56,004
	$	327,554	$	367,197
Liabilities				
Current				
Accounts payable and accrued liabilities	$	141,388	$	145,892
Deferred donations (Note 5)		35,095		50,500
		176,483		196,392
Bank loan facility (Note 6)				
Commitments (Note 7)				
Contingency (Note 11)				
Net Assets				
Unrestricted		141,071		170,805
Internally restricted		10,000		-
		151,071		170,805
	$	327,554	$	367,197

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 and Changes in Net Assets
Year ended December 31, 2013

	2013	2012
Revenue		
Donations	$ 936,415	$ 1,100,937
Donations in-kind	60,340	140,506
Starry Nights	496,141	475,947
Barter credits	72,658	83,000
	1,565,554	1,800,390
Expenses		
Projects expenses (Appendix I)	679,560	825,031
Salaries and benefits (Note 8)	474,071	521,514
Fundraising and education	216,758	241,827
Barter credit fees	8,826	9,226
Communications	11,813	12,756
Credit card charges	18,504	22,014
Insurance	8,903	7,657
Marketing and promotion	19,369	8,406
Office and general	25,701	32,134
Printing and postage	18,464	16,280
Professional fees	17,841	21,728
Occupancy costs (Note 8)	71,709	71,879
Amortization	13,769	15,947
	1,585,288	1,806,399
Deficiency of revenues over expenses	$ (19,734)	$ (6,009)
Net assets - beginning of year	170,805	176,814
Net assets - end of year	$ 151,071	$ 170,805

See accompanying notes to financial statements

Ve'ahavta: The Canadian Jewish Humanitarian & Relief Committee
Statement of Cash Flows
Year ended December 31, 2013

	2013	2012
Operating activities		
Deficiency of revenues over expenses	$ (19,734)	$ (6,009)
Items not affecting cash:		
Amortization	13,769	15,947
Decrease (increase) in barter credits	20,776	(23,803)
	14,811	(13,865)
Net changes in non-cash working capital (Note 9)	(36,504)	22,464
Cash flows provided by (used in) operating activities	(21,693)	8,599
Investing activities		
Purchase of short-term investments	-	(35,500)
Redemption of short-term investments	15,000	60,000
Cash flows provided by investing activities	15,000	24,500
Net change in cash position	(6,693)	33,099
Cash - beginning of year	102,365	69,266
Cash - end of year	$ 95,672	$ 102,365

See accompanying notes to financial statements

Ve'ahavta: The Canadian Jewish Humanitarian & Relief Committee
Appendix I - Schedule of Projects Expenses
Year ended December 31, 2013

	2013	2012
Donations in-kind	$ 60,340	$ 140,506
Crisis Response	27,444	-
East Africa	6,723	29,764
Guyana	88,051	161,283
Homeless	312,669	268,013
Israel	1,064	-
Kenora	30,058	-
Kinder Kits	63,413	89,414
Mindfulness without Borders	10	67,306
Scholarships and Grants	19,782	9,615
Ve’ahavta Street Academy	67,836	56,183
Zimbabwe	-	2,257
Uganda	-	690
Youth Development	2,170	-
	$ 679,560	$ 825,031

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 amortization, 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 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 donations. Restricted donations are recognized as revenue in the year in which the related expenses are incurred. Restricted donations for which the related expenses are not yet incurred are reported on the statement of financial position as deferred donations. Unrestricted donations 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 services and donations-in-kind

Ve'ahavta would not be able to carry out its projects without the services of many volunteers who donate a considerable number of hours. These volunteer hours are recorded as revenue at the fair value with the corresponding expense being allocated to the respective projects.

Donations-in-kind that have commercial substance are recorded at the fair value of the assets or services received.

(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 measures at amortized cost.

The financial assets include cash, short-term investments, and accounts and pledges receivable. The financial liabilities include the accounts payable and accrued liabilities.

(f) Barter credits

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

3. Cash and short-term investment

(a) The components of cash are as follows:

	2013	2012
Unrestricted cash	$ 71,197	$ 87,365
Externally restricted cash	14,475	15,000
Internally restricted cash	10,000	-
	$ 95,672	$ 102,365

Externally restricted cash and short-term investment are for funding of the projects for which restricted donations have been received.

(b) The short-term investment is restricted and also used as security for the bank loan facility (Note 6).

4. Capital assets

	Cost	Accumulated amortization	2013	2012
Office equipment and furniture	$ 75,181	$ 43,435	$ 31,746	$ 39,683
Computer hardware	74,500	62,003	12,497	10,278
Computer software	11,512	11,104	408	583
Automobile	18,730	14,908	3,822	5,460
	$ 179,923	$ 131,450	$ 48,473	$ 56,004

5. Deferred donations

	2013	2012
Deferred donations - beginning of year	$ 50,500	$ 65,500
Amount recognized as revenue during year	(387,734)	(587,498)
Restricted contributions received during year	372,329	572,498
	$ 35,095	$ 50,500

Capital assets amounting to $6,238 (2011- $8,359) were purchased using barter credits.

6. Bank loan facility

Ve'ahavta has a $15,500 (2012 - $15,500) demand loan facility with its bank which bears interest at the bank prime rate plus 2.95% (2012 - 2.95%) per annum. No amounts were utilized as at December 31, 2013 or 2012.

The loan is secured by the restricted short-term investment.

7. Commitments

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

2014	$ 76,700
2015	76,700
2016	19,200
	$ 172,600

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

8. Allocation of expenses

Ve'ahavta allocates its payroll expenses and occupancy costs to two functions, being general administrative expenses and projects. 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:

	2013	2012
Total salaries and benefits	$ 812,620	$ 821,785
Salaries allocated to projects	338,549	485,111
Percentage of salaries allocated to projects	41.66%	59.03%

	2013	2012
Total occupancy costs	$ 117,166	$ 113,879
Occupancy costs allocated to projects	45,457	42,000
Percentage of occupancy costs allocated to projects	38.80%	36.88%

9. Net changes in non-cash working capital

	2013	2012
Decrease (increase) in accounts and pledges receivable	$ (33,182)	$ 19,428
Decrease in sales tax recoverable	7,034	10,377
Decrease (increase) in prepaid expenses and other assets	9,553	(580)
Increase (decrease) in accounts payable and accrued liabilities	(4,504)	8,239
Decrease in deferred donations	(15,405)	(15,000)
	$ (36,504)	$ 22,464

10. Financial instruments

Ve'ahavta is exposed to credit risk with respect to the accounts and pledges receivable. Ve'ahavta assesses, on a continuous basis, accounts receivable on the basis of amounts it is virtually certain to receive.

11. Contingency

Ve'ahavta has a letter of guarantee with its bank in favour of the City of Toronto in the amount of $24,000.

12. Comparable figures

Certain figures in the 2012 financial statements have been reclassified to conform with the basis of presentation used in 2013.