

**Ve'ahavta: The Canadian Jewish Humanitarian & Relief Committee**  
**Financial Statements**  
**Year ended December 31, 2012**

**Ve'ahavta: The Canadian Jewish Humanitarian & Relief Committee  
Financial Statements  
Year ended December 31, 2012**

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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 positions as at December 31, 2012, December 31, 2011, and January 1, 2011 and the statements of operations and changes in net assets and cash flows for the years ended December 31, 2012 and 2011, 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, excess (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, 2012, December 31, 2011, and January 1, 2011, and its financial performance and its cash flows for the years ended December 31, 2012 and 2011, in accordance with Canadian accounting standards for not-for-profit organizations.

*Lipton LLP*

Chartered Accountants  
Licensed Public Accountants

Toronto, Ontario  
April 15, 2013

**Ve'ahavta: The Canadian Jewish Humanitarian & Relief Committee**  
**Statement of Financial Position**  
**As at December 31, 2012**

	2012	2011	As at January 1, 2011
<b>Assets</b>			
Current			
Cash	\$ 87,365	\$ 54,266	\$ 168,953
Cash - restricted	15,000	15,000	72,356
Short-term investments	-	9,500	100,000
Short-term investments - restricted	35,500	50,500	50,500
Accounts and pledges receivable	46,535	65,963	90,163
Barter credits	46,528	27,247	33,227
Sales taxes receivable	39,001	49,378	33,001
Prepaid expenses and other assets	41,264	40,684	25,157
	311,193	312,538	573,357
Capital assets (Note 4)	56,004	67,429	65,095
	\$ 367,197	\$ 379,967	\$ 638,452
<b>Liabilities</b>			
Current			
Accounts payable and accrued liabilities	\$ 145,892	\$ 137,653	\$ 75,122
Deferred donations (Note 5)	50,500	65,500	122,856
	196,392	203,153	197,978
Bank loan facilities (Note 6)			
Commitments (Note 7)			
<b>Net Assets</b>	170,805	176,814	440,474
	\$ 367,197	\$ 379,967	\$ 638,452

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, 2012**

	<b>2012</b>	<b>2011</b>
		(As restated, Note 11)
<b>Revenues</b>		
General donations	\$ 1,100,937	\$ 1,280,197
Donations-in-kind	140,506	350,436
Starry Nights	475,947	478,214
Barter credits	83,000	87,599
	<b>1,800,390</b>	<b>2,196,446</b>
<b>Expenses</b>		
Projects expenses (Appendix I)	1,106,858	1,506,429
Salaries and benefits (Note 8)	280,424	274,904
Fundraising and education	201,090	427,823
Barter credit fees	9,226	11,373
Communications	12,756	17,771
Credit card charges	22,014	23,437
Insurance	7,657	5,415
Office and general	16,501	18,474
Printing and postage	16,280	17,112
Professional fees	45,541	64,163
Occupancy costs (Note 8)	71,879	70,618
Travel and promotion	226	5,222
Amortization	15,947	17,365
	<b>1,806,399</b>	<b>2,460,106</b>
Deficiency of revenues over expenses	(6,009)	(263,660)
Net assets - beginning of year	176,814	440,474
<b>Net assets - end of year</b>	<b>\$ 170,805</b>	<b>\$ 176,814</b>

See accompanying notes to financial statements

**Ve'ahavta: The Canadian Jewish Humanitarian & Relief Committee**  
**Statement of Cash Flows**  
**Year ended December 31, 2012**

	<b>2012</b>	<b>2011</b>
<b>Operating activities</b>		
Deficiency of revenues over expenses	\$ (6,009)	\$ (263,660)
Items not affecting cash:		
Amortization	15,947	17,365
	9,938	(246,295)
Changes in non-cash working capital (Note 9)	(1,339)	(4,908)
Cash flows provided by (used in) operating activities	8,599	(251,203)
<b>Investing activities</b>		
Purchase of capital assets (Note 9)	-	(11,340)
Purchase of short-term investments	(35,500)	(60,000)
Redemption of short-term investments	60,000	150,500
Cash flows provided by investing activities	24,500	79,160
Net change in cash position	33,099	(172,043)
Cash - beginning of year	69,266	241,309
<b>Cash - end of year</b>	<b>\$ 102,365</b>	<b>\$ 69,266</b>

See accompanying notes to financial statements

**Ve'ahavta: The Canadian Jewish Humanitarian & Relief Committee**  
**Notes to Financial Statements**  
**Year ended December 31, 2012**

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**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 amount 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, accrued liabilities, and salary and occupancy cost allocations to projects.

(b) Capital assets

Property and equipment are stated at cost less accumulated amortization. Amortization is provided for over the estimated useful life 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: The Canadian Jewish Humanitarian & Relief Committee**  
**Notes to Financial Statements**  
**Year ended December 31, 2012**

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**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. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

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. Impact of the change in the basis of accounting**

The Corporation has elected to apply the standards in Part III of the CICA Accounting Handbook in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO").

The financial statements for the year ended December 31, 2012 were prepared in accordance with the accounting principles and provisions set out in FIRST-TIME ADOPTION, Section 1501, for first-time adopters of this basis of accounting.

As there was no impact on the statement of financial position, statements of operations and the changes in net assets, or statement of cash flows relating to the adoption of accounting ASNPO, the statement of financial position as at the transition date, January 1, 2011, based on ASNPO has not changed from January 1, 2011 based on previous standards.

**Ve'ahavta: The Canadian Jewish Humanitarian & Relief Committee**  
**Notes to Financial Statements**  
**Year ended December 31, 2012**

**4. Property and equipment**

	Cost	Accumulated amortization	2012	2011	As at January 1, 2011
Office equipment and furniture	\$ 75,181	\$ 35,498	\$ 39,683	\$ 49,604	\$ 42,528
Computer hardware	68,262	57,984	10,278	9,192	10,669
Computer software	11,512	10,929	583	832	754
Automobile	18,730	13,270	5,460	7,801	11,144
	<b>\$ 173,685</b>	<b>\$ 117,681</b>	<b>\$ 56,004</b>	<b>\$ 67,429</b>	<b>\$ 65,095</b>

**5. Deferred donations**

	2012	2011
Deferred donations, beginning of year	\$ 65,500	\$ 122,856
Amount recognized as revenue during year	(587,498)	(737,415)
Restricted contributions received during year	572,498	680,059
	<b>\$ 50,500</b>	<b>\$ 65,500</b>

**6. Bank loan facilities**

Ve'ahavta has a \$15,500 (2011 - \$60,000) demand loan facility with its bank which bears interest at the bank prime rate plus 2.95% (2011- 1.95%) per annum. No amounts were utilized as at December 31, 2012 or 2011.

The loan is secured by Ve'ahavta's short-term investments, including the restricted short-term investments.

**7. Commitments**

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

2013	\$ 76,700
2014	76,700
2015	76,700
2016	19,200
	<b>\$ 249,300</b>

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

**Ve'ahavta: The Canadian Jewish Humanitarian & Relief Committee**  
**Notes to Financial Statements**  
**Year ended December 31, 2012**

**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:

	2012	2011
<b>Total salaries and benefits</b>	\$ 814,785	\$ 881,767
Salaries allocated to projects	591,360	618,423
Percentage of salaries allocated to projects	72.58%	70.13%

	2012	2011
<b>Total occupancy costs</b>	\$ 113,879	\$ 112,018
Occupancy costs allocated to projects	42,000	41,400
Percentage of occupancy costs allocated to projects	36.88%	36.96%

**9. Changes in non-cash working capital**

	2012	2011
Decrease in accounts and pledges receivable	\$ 19,428	\$ 24,200
Increase in barter credits	(23,803)	(2,379)
Decrease (increase) in sales tax receivable	10,377	(16,377)
Increase in prepaid expenses and other assets	(580)	(15,527)
Increase in accounts payable and accrued liabilities	8,239	62,531
Decrease in deferred donations	(15,000)	(57,356)
	\$ (1,339)	\$ (4,908)

Capital assets amounting to \$4,522 (2011- \$8,359) were purchased using barter credits.

**10. Financial instruments**

Credit risk

Ve'ahavta is exposed to credit risk with respect to the accounts and pledges receivable. The accounts and pledges receivable were received soon after the fiscal year-end, Ve'ahavta assesses, on a continuous basis, accounts receivable on the basis of amounts it is virtually certain to receive.

**Ve'ahavta: The Canadian Jewish Humanitarian & Relief Committee**  
**Notes to Financial Statements**  
**Year ended December 31, 2012**

**11. Restatement of prior year results**

The comparative figures have been restated to reflect the following:

- (i) The change in accounting policy in occupancy costs allocation to specific project expenses. Occupancy costs allocation to specific projects results in providing more reliable and relevant information to the users of the financial statements.
- (ii) Certain comparative figures were reclassified to conform with the current year's presentation.

The effects of the restatement and reclassification on the Statement of Operations and Appendix I - Schedule of Project Expenses for the year ended December 31, 2011 that are presented for comparative purposes are as follows:

	As previously reported	Effect of restatement (i)	Effect of reclassification (ii)	As restated
<b>Statement of Operations and Changes in Net Assets:</b>				
Occupancy costs	\$ 104,805	\$ (41,400)	\$ 7,213	\$ 70,618
Office and general	25,687		(7,213)	18,474
<b>Appendix I - Schedule of Project Expenses:</b>				
East Africa	\$ 67,549	\$ 3,208		\$ 70,757
Guyana	127,502	4,292		131,794
Haiti	75,422	1,649		77,071
Homeless	226,275	18,404		244,679
Israel	18,668	137		18,805
Kinder Kits	172,295	13,242		185,537
Zimbabwe	25,871	468		26,339

**Ve'ahavta: The Canadian Jewish Humanitarian & Relief Committee**  
**Appendix I - Schedule of Projects Expenses**  
**Year ended December 31, 2012**

	2012	2011 (As restated, Note 11)
Donations-in-kind	\$ 140,506	\$ 350,436
Crisis Response	-	44,085
East Africa	29,764	70,757
Guyana	161,283	131,794
Haiti	-	77,071
Homeless	268,013	244,679
Israel	-	18,805
Kinder Kits	89,414	185,537
Mindfulness without Borders	67,306	111,069
Scholarships and Grants	9,615	5,670
Starry Nights	281,827	203,974
Ve'ahavta Street Academy	56,183	36,213
Zimbabwe	2,257	26,339
Uganda	690	-
	<b>\$ 1,106,858</b>	<b>\$ 1,506,429</b>