

**Ve'ahavta**  
**Financial Statements**  
*December 31, 2020*

# Ve'ahavta Contents

For the year ended December 31, 2020

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To the Board of Directors of Ve'ahavta:

## Opinion

We have audited the financial statements of Ve'ahavta (the "Organization"), which comprise the statement of financial position as at December 31, 2020, 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 Organization as at December 31, 2020, 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 Organization 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 Organization'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 Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization'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 Organization'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 Organization'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 Organization 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.

Mississauga, Ontario

April 16, 2021

*MNP LLP*

Chartered Professional Accountants

Licensed Public Accountants

**Ve'ahavta**  
**Statement of Financial Position**  
*As at December 31, 2020*

	<b>2020</b>	2019
<b>Assets</b>		
<b>Current</b>		
Cash	445,143	197,377
Accounts receivable	190,040	213,315
Prepaid expenses and deposits	58,101	6,209
Sales tax recoverable	13,614	6,914
Current portion of investments (Note 3)	664,124	-
	<b>1,371,022</b>	423,815
<b>Investments (Note 3)</b>	<b>100,000</b>	201,786
<b>Capital assets (Note 4)</b>	<b>86,059</b>	18,589
	<b>1,557,081</b>	644,190
<b>Liabilities</b>		
<b>Current</b>		
Accounts payable and accrued liabilities (Note 5)	327,928	212,137
Deferred contributions (Note 6)	125,000	9,433
Barter trade account	-	10,114
Bank loan (Note 7)	40,000	-
	<b>492,928</b>	231,684
<b>Deferred contributions related to capital assets (Note 8)</b>	<b>80,907</b>	-
	<b>573,835</b>	231,684
<b>Commitments (Note 14)</b>		
<b>Net assets</b>		
Unrestricted	495,491	75,506
Internally restricted	387,755	237,000
Endowment	100,000	100,000
	<b>983,246</b>	412,506
	<b>1,557,081</b>	644,190

Approved on behalf of the Board of Directors

E-SIGNED by Ron Haber  
 Director

E-SIGNED by Leanne Spier  
 Director

The accompanying notes are an integral part of these financial statements

**Ve'ahavta**  
**Statement of Operations**  
*For the year ended December 31, 2020*

	<b>2020</b>	2019
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<b>Revenues</b>		
Donations <i>(Note 8)</i>	<b>2,377,529</b>	2,056,811
Grants <i>(Note 9)</i>	<b>632,175</b>	567,572
Government assistance <i>(Note 10)</i>	<b>150,173</b>	-
Investment income	<b>14,456</b>	7,838
	<hr/> <b>3,174,333</b>	<hr/> 2,632,221
<hr/>		
<b>Program expenditures</b> <i>(Note 11)</i>		
Mobile Jewish Response to Homelessness	<b>506,769</b>	378,527
Building foundations for women	<b>393,378</b>	386,409
Ve'ahavta skills academy	<b>396,663</b>	341,489
My Toronto	<b>147,082</b>	157,602
Volunteer services	<b>301,440</b>	362,771
Meal box	<b>203,534</b>	202,140
	<hr/> <b>1,948,866</b>	<hr/> 1,828,938
<b>General and administration</b>	<b>284,844</b>	191,624
<b>Fundraising</b>	<b>369,883</b>	541,581
	<hr/> <b>2,603,593</b>	<hr/> 2,562,143
<hr/>		
<b>Excess of revenue over expenses</b>	<b>570,740</b>	70,078
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*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, 2020*

	<i>Unrestricted</i>	<i>Internally restricted</i>	<i>Endowment</i>	<b>2020</b>	<i>2019</i>
<b>Net assets, beginning of year</b>	<b>75,506</b>	<b>237,000</b>	<b>100,000</b>	<b>412,506</b>	342,428
<b>Excess of revenue over expenses</b>	<b>570,740</b>	-	-	<b>570,740</b>	70,078
<b>Interfund transfers (Note 13)</b>	<b>(150,755)</b>	<b>150,755</b>	-	-	-
<b>Net assets, end of year</b>	<b>495,491</b>	<b>387,755</b>	<b>100,000</b>	<b>983,246</b>	412,506

*The accompanying notes are an integral part of these financial statements*

**Ve'ahavta**  
**Statement of Cash Flows**  
*For the year ended December 31, 2020*

	<b>2020</b>	<b>2019</b>
<b>Cash provided by (used for) the following activities</b>		
<b>Operating</b>		
Excess of revenue over expenses	570,740	70,078
Amortization	15,714	3,553
Amortization of deferred contributions related to capital assets	(11,151)	-
Change in fair value of investments	(12,338)	(8,652)
	<b>562,965</b>	<b>64,979</b>
Changes in working capital accounts		
Accounts receivable	23,274	(95,039)
Sales tax recoverable	(6,700)	38,233
Prepaid expenses and deposits	(51,892)	10,668
Accounts payable and accrued liabilities	115,793	104,584
Deferred contributions	115,567	(83,724)
Barter trade account	(10,114)	(12,939)
Deferred contributions related to capital assets	92,058	-
	<b>840,951</b>	<b>26,762</b>
<b>Financing</b>		
Advances of bank loan	40,000	-
<b>Investing</b>		
Purchase of capital assets	(83,185)	(893)
Proceeds on disposal of capital assets	-	982
Purchase of investments	(650,000)	-
Proceeds on disposal of investments	100,000	-
	<b>(633,185)</b>	<b>89</b>
<b>Increase in cash</b>	<b>247,766</b>	<b>26,851</b>
<b>Cash, beginning of year</b>	<b>197,377</b>	<b>170,526</b>
<b>Cash, end of year</b>	<b>445,143</b>	<b>197,377</b>

*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 Organization 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 Organization 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 Organization's ongoing operations, program and administrative expenses.

Internally Restricted net assets have been restricted by the the Organization as a reserve fund based on a predetermined formula. These funds are set aside for times of difficulty or emergency.

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 Company 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 Organization's operations and would have otherwise been purchased.

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

Salaries and benefits	Allocated based on the estimated hours worked within 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.

	<b>Method</b>	<b>Rate</b>
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 its financial instruments when the Charity becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at their fair value.

At initial recognition, the Charity may irrevocably elect to subsequently measure any financial instrument at fair value.

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. Fair value is determined by evaluating the performance published market indices.

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

Other than the pooled investment in Jewish Foundation of Greater Toronto, which is carried at fair value, all financial assets are carried at amortized cost.

**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.

**Ve'ahavta**  
**Notes to the Financial Statements**  
*For the year ended December 31, 2020*

**3. Investments**

	<i>2020</i>	<i>2019</i>
Term deposits	<b>650,000</b>	100,000
Jewish Foundation of Greater Toronto pooled investments	<b>114,124</b>	101,786
	<b>764,124</b>	201,786
Less: current portion	<b>664,124</b>	-
	<b>100,000</b>	201,786

The Royal Bank of Canada term deposits are set to mature between January 2021 and December 2021, yielding interest at rates of 0.10% to 1.90% 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 Organization is entitled to its proportionate share of the Foundations investments, that include a mix of domestic and foreign equities and fixed income securities. The Organization's endowment is included in the investment with the Foundation.

**4. Capital assets**

	<i>Cost</i>	<i>Accumulated amortization</i>	<i>2020 Net book value</i>	<i>2019 Net book value</i>
Automobiles	<b>81,789</b>	<b>12,268</b>	<b>69,521</b>	-
Furniture and fixtures	<b>65,323</b>	<b>57,399</b>	<b>7,924</b>	10,124
Office equipment	<b>2,436</b>	<b>687</b>	<b>1,749</b>	620
Leasehold improvements	<b>9,805</b>	<b>2,940</b>	<b>6,865</b>	7,845
	<b>159,353</b>	<b>73,294</b>	<b>86,059</b>	18,589

During the year, the Organization recorded amortization expense of \$15,713 (2019 - \$3,553) that was allocated to programs along with premises and other support costs discussed in Note 11.

**Ve'ahavta**  
**Notes to the Financial Statements**  
*For the year ended December 31, 2020*

**5. Banking facility**

The Organization has a demand revolving loan facility from Royal Bank of Canada in the amount of \$150,000 (2019 - \$150,000), bearing interest at prime plus 2.95% (2019 - prime plus 2.95%). The loan is secured by a general security agreement constituting a first ranking security on all property of the Organization. As at December 31, 2020, the Organization has drawn \$Nil (2019 - \$Nil) from the facility.

The Organization has four business credit cards with a total credit limit of \$40,000 (2019 - \$40,000). Included in accounts payable and accrued liabilities at year end is the utilized amount of \$10,124 (2019 - \$26,929).

**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:

	2020	2019
Balance, beginning of year	9,433	93,157
Amount received during the year	757,175	508,448
Less: Amount recognized as revenue during the year	<b>(641,608)</b>	(592,172)
<hr/>		
Balance, end of year	<b>125,000</b>	9,433

**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 Organization repays at least 75% (\$30,000) of the principal amount on or before the termination date of December 31, 2022 ("Forgiveness Benefit"). If this loan amount is not repaid by this date, the Forgiveness Benefit will not be available to the Organization 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**

	2020
Amount received in the year	92,058
Less: recognized as revenue during the year	<b>(11,151)</b>
<hr/>	
	<b>80,907</b>

**9. Grants revenue**

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

	2020	2019
Ontario Trillium Foundation - BFW	190,500	233,356
Azrieli Grant - Volunteer	20,000	50,537
City of Toronto - Ve'ahavta Skills Academy	259,883	162,486
City of Toronto - Investing in Neighbourhoods Initiative	44,451	91,967
SUAP - Other	27,341	29,226
City of Toronto – Life Stabilization Program	90,000	-
<hr/>		
	<b>632,175</b>	567,572

**10. Government assistance**

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

**11. Allocation of expenses**

The Organization allocates its expenses by program. The costs that are directly related to each program have been presented in the Statement of Operations.

Included in functional expenditures is an allocation of salaries and benefits of \$1,625,657 (2019 - \$1,624,454) and premises and other support costs of \$283,142 (2019 - \$326,721) based on the amount of staff time spent on the functions, as follows:

	2020	2019
Building foundations for women	284,598	299,440
Volunteer services	266,914	301,345
Ve'ahavta skills academy	302,888	268,853
Meal box	192,687	137,795
My Toronto	115,427	131,063
MJRH	356,167	304,477
Other programs	89,176	60,269
Fundraising	300,942	447,933
	<b>1,908,799</b>	<b>1,951,175</b>

**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. Interfund transfers**

During the year, the Organization transferred \$150,755 (2019 - \$100,000) from unrestricted net assets to the internally restricted net assets to increase the amount set aside for times of difficulty or emergency.

**14. Commitments**

Subsequent to year-end, 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:

2021	68,292
2022	69,936
2023	71,266
2024	72,596
2025	73,926
Thereafter, to May 30, 2026	31,036

**15. 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 (2019 - four) represent 37% (2019 - 53%) of the total accounts receivable balance at year end. Investments are concentrated with the two organization disclosed in Note 3.

**16. Environmental Risk**

During the year, 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 Organization 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.

**17. Comparative figures**

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