

JEWISH FAMILY SERVICE CALGARY

FINANCIAL STATEMENTS

May 31, 2017

JEWISH FAMILY SERVICE CALGARY

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INDEPENDENT AUDITOR'S REPORT

To the Members of
Jewish Family Service Calgary

We have audited the accompanying financial statements of Jewish Family Service Calgary, which comprise the statement of financial position as at May 31, 2017, 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 audit. 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 auditors' 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 auditors consider internal control relevant to the Society'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 Society'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 in our audit is sufficient and appropriate to provide a basis for our audit opinion.

Basis for Qualified Opinion

In common with many charitable organizations, the Society derives revenue from the general public in the form of donations, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amount recorded in the records of the Society and we were not able to determine whether any adjustments might be necessary to contributions, excess of revenue over expenditures, current assets and net assets.

INDEPENDENT AUDITOR'S REPORT (Continued)

Qualified Opinion

Except as noted in the above paragraph, in our opinion, these financial statements present fairly, in all material respects, the financial position of the Society as at May 31, 2017 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.

Calgary, Alberta
August 21, 2017

Heil & Company
Professional Corporation
Chartered Professional Accountants

JEWISH FAMILY SERVICE CALGARY**STATEMENT OF FINANCIAL POSITION**

May 31,

2017

2016

ASSETS**CURRENT**

Cash and short-term investments (Note 2)

\$ 374,877 \$ 464,295

Accounts receivable (Note 3)

126,444 45,689

Prepaid expenses

19,739 20,396

521,060 530,380

PROPERTY AND EQUIPMENT (Note 4)4,467 6,381\$ 525,527 \$ 536,761

LIABILITIES**CURRENT**

Accounts payable and accrued liabilities

\$ 31,572 \$ 34,482

Deferred contributions (Note 6)

298,678 331,286

330,250 365,768

NET ASSETS**UNRESTRICTED**195,277 170,993\$ 525,527 \$ 536,761**APPROVED ON BEHALF OF THE BOARD:**_____
Director_____
Director

See Accompanying Notes

1.



JEWISH FAMILY SERVICE CALGARY**STATEMENT OF OPERATIONS**

For the year ended May 31,

2017

2016

REVENUES

| | | |
|-------------------------------------|------------------|------------------|
| Calgary Jewish Federation | \$ 264,222 | \$ 275,001 |
| Family & Community Support Services | 270,381 | 240,005 |
| United Way of Calgary | 270,979 | 290,596 |
| Other income, Schedule 1 | <u>1,070,144</u> | <u>1,028,423</u> |
| | 1,875,726 | 1,834,025 |

EXPENDITURES

| | | |
|----------------------------------|------------------|------------------|
| Administrative staff, Schedule 2 | 178,803 | 180,428 |
| Agency programs, Schedule 2 | 1,402,600 | 1,305,115 |
| Office, Schedule 2 | 187,404 | 220,486 |
| Professional, Schedule 2 | 71,574 | 102,255 |
| Amortization | 1,914 | 3,830 |
| Bad debts | - | 1,800 |
| GST | <u>9,147</u> | <u>9,810</u> |
| | <u>1,851,442</u> | <u>1,823,724</u> |

EXCESS OF REVENUES OVER EXPENDITURES FOR THE YEAR

| | | | |
|----|---------------|----|---------------|
| \$ | <u>24,284</u> | \$ | <u>10,301</u> |
|----|---------------|----|---------------|

JEWISH FAMILY SERVICE CALGARY**STATEMENT OF CHANGES IN NET ASSETS**

For the year ended May 31,

| | 2017 | 2016 |
|--|-------------------|-------------------|
| UNRESTRICTED, BEGINNING OF YEAR | \$ 170,993 | \$ 160,692 |
| Excess of revenues over expenditures for the year | <u>24,284</u> | <u>10,301</u> |
| UNRESTRICTED, END OF YEAR | <u>\$ 195,277</u> | <u>\$ 170,993</u> |

JEWISH FAMILY SERVICE CALGARY**STATEMENT OF CASH FLOWS**

For the year ended May 31,

2017

2016

CASH FLOWS FROM OPERATING ACTIVITIES

| | | |
|---|--------------------|--------------------|
| Cash received from funding, clients and other | \$ 1,762,363 | \$ 1,857,785 |
| Cash paid to client assistance, suppliers and employees | <u>(1,851,781)</u> | <u>(1,831,880)</u> |
| NET (DECREASE) INCREASE IN CASH AND SHORT-TERM INVESTMENTS | (89,418) | 25,905 |
| CASH AND SHORT-TERM INVESTMENTS, BEGINNING OF YEAR | <u>464,295</u> | <u>438,390</u> |
| CASH AND SHORT-TERM INVESTMENTS, END OF YEAR | <u>\$ 374,877</u> | <u>\$ 464,295</u> |

JEWISH FAMILY SERVICE CALGARY

NOTES TO FINANCIAL STATEMENTS

For the year ended May 31, 2017

PURPOSE OF THE SOCIETY

Jewish Family Service Calgary (the "Society") is a multi-function, holistic, social services agency that aims at improving the quality of life for members of the Jewish Community as well as the general community in the City of Calgary. The Society is committed to sound social work principles which conform to Jewish laws and traditions.

The Society's core program areas include clinical counselling, vocational services, services to seniors, resettlement of newcomers, basic needs support, homelessness, domestic violence and family life education. The Society is also committed to participating in new and innovative programs as directed by the Society's strategic plan.

The Society is governed by a volunteer board of directors and many of its programs are supported by volunteers.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements are prepared by management in accordance with Canadian accounting standards for not-for-profit organizations.

The significant accounting policies used are as follows:

(a) Cash

Cash consists of balances with financial institutions. These balances include unrestricted cash balances with RBC and ATB, Guaranteed Investment Certificates with RBC paying interest at 0.5% per annum, and bonds with State of Israel paying interest at 1.93% to 2.67% per annum. Also included in cash is the cash surrender value of a life insurance policy that jointly insures two individuals.

(b) Revenue recognition

The Society follows the deferral method of accounting for contributions. Externally 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 in the current period. Net investment income earned on endowments are included in net assets until the related expenses are incurred.

Unrestricted investment income is recognized as revenue when earned.

Fees for services are recognized as revenue when the services are provided.



JEWISH FAMILY SERVICE CALGARY

NOTES TO FINANCIAL STATEMENTS

For the year ended May 31, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Property and equipment

Property and equipment are recorded at cost. Contributed property and equipment are recorded at fair value at the date of contribution. Amortization is calculated using the declining balance method at the following annual rate:

| | |
|--------------------------|-----|
| Website and phone system | 30% |
|--------------------------|-----|

(d) Income tax

The Society is a registered charity and while registered, the Society is exempt from income tax and may issue tax deductible receipts to donors. Accordingly no income tax provision has been made in the accounts.

(e) Contributed services and goods

Volunteers contribute many hours per year to assist the Society in carrying out its service delivery activities. Due to the difficulty of determining their fair market value, contributed services are not recognized in the financial statements. Contributed goods that would not have been purchased by the Society are not recognized in the financial statements.

(f) Use of estimates

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organization requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reported period. These estimates are reviewed periodically and are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

JEWISH FAMILY SERVICE CALGARY

NOTES TO FINANCIAL STATEMENTS

For the year ended May 31, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Financial instruments

The Society follows the Canadian Institute of Chartered Accountants' accounting standards for private enterprises - Section 3856, Financial Instruments - to account for its financial instruments.

Measurement of financial instruments

The Society initially measures its financial assets and liabilities at fair value, except for certain non-arm's length transactions.

The Society subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in net income.

Financial assets measured at amortized cost include cash and short-term investments and accounts receivable.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

The entity designated no financial assets or financial liabilities to be measured at fair value.

The fair values of these financial instruments approximate their carrying values, unless otherwise noted.

Impairment

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in net income. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in net income.

Transaction costs

The Society recognizes its transaction costs in net income in the period incurred. However, financial instruments that will not be subsequently measured at fair value are adjusted by the transaction costs that are directly attributable to their origination, issuance or assumption.



JEWISH FAMILY SERVICE CALGARY**NOTES TO FINANCIAL STATEMENTS**For the year ended May 31, 2017

2. CASH AND SHORT-TERM INVESTMENTS

The Society's cash and short-term investments are as follows:

| | <u>2017</u> | <u>2016</u> |
|------------------------------------|-------------------|-------------------|
| Cash | \$ 239,347 | \$ 228,765 |
| Guaranteed investment certificates | 110,000 | 210,000 |
| State of Israel Bonds | <u>25,530</u> | <u>25,530</u> |
| | <u>\$ 374,877</u> | <u>\$ 464,295</u> |

The cashable guaranteed investment certificate matures on December 7, 2017 and pays interest at 0.5% per annum.

The State of Israel bonds mature 2018 and through 2020 and pay interest at rates of 1.93% to 2.67%.

3. ACCOUNTS RECEIVABLE

Included in accounts receivable are pledges for donations in the amount of \$83,875 (2016 - \$35,155) that have been recognized as revenue.

4. PROPERTY AND EQUIPMENT

| | <u>Cost</u> | <u>Accumulated amortization</u> | <u>2017 Net</u> | <u>2016 Net</u> |
|--------------------------|-------------|-------------------------------------|---------------------|---------------------|
| Website and phone system | \$ 10,211 | \$ 5,744 | \$ 4,467 | \$ 6,381 |

5. BANK INDEBTEDNESS

The Society has a credit agreement to a maximum amount of \$25,000 at 2.55% above prime and is renegotiable on an annual basis. Currently, the agreement is not in use.



JEWISH FAMILY SERVICE CALGARY

NOTES TO FINANCIAL STATEMENTS

For the year ended May 31, 2017

6. DEFERRED CONTRIBUTIONS

Deferred contributions represent the unused portion of funding received from donors.

The Brodsky Fund represents the unused portion of funds designated for the development of new programs.

The Casino Fund represents the unused portion of funds designated to support various administrative and program expenses as governed by the agreement with the Alberta Gaming and Liquor Commission.

The Community Initiatives Program (CIP) represents the unused portion of funds designated to fund outreach counsellors for older adults.

The Family & Community Support Services (FCSS) represents the pre-approved monthly funding received in advance for social services provided to the community.

The children initiatives are funded by individual donors and governed by agreements which define the purpose, annual spending limit and minimum balance requirements. As of May 31, 2017, the Society is in compliance with the requirements.

The families and seniors initiatives are funded by individual donors and governed by agreements which define the purpose, annual spending limit and minimum balance requirements. As of May 31, 2017, the Society is in compliance with the requirements.

Deferred contributions also include the unused portion of general funding received from organizations and individual donors to fund various initiatives undertaken by the Society to support the community.

Changes in the deferred contribution balances are as follows:

JEWISH FAMILY SERVICE CALGARY**NOTES TO FINANCIAL STATEMENTS**For the year ended May 31, 2017

6. DEFERRED CONTRIBUTIONS (Continued)

| | Balance, beginning of year | Contributions deferred | Revenue recognized | Balance, end of year | 2016 |
|---|----------------------------------|---------------------------|-----------------------|-------------------------|-------------------|
| Brodsky Fund | \$ 90,454 | \$ 1,240 | \$ 1,500 | \$ 90,194 | \$ 90,454 |
| Casino | 23,216 | - | 20,000 | 3,216 | 23,216 |
| CIP | 29,582 | - | 27,690 | 1,892 | 29,582 |
| FCSS | <u>22,074</u> | <u>264,880</u> | <u>264,881</u> | <u>22,073</u> | <u>22,074</u> |
| | <u>165,326</u> | <u>266,120</u> | <u>314,071</u> | <u>117,375</u> | <u>165,326</u> |
| Designated to children initiatives | 20,712 | 2,851 | 2,016 | 21,547 | 20,712 |
| Designated to families and seniors initiatives | 102,634 | 40,418 | 45,525 | 97,527 | 102,634 |
| General | <u>42,614</u> | <u>39,639</u> | <u>20,024</u> | <u>62,229</u> | <u>42,614</u> |
| | <u>165,960</u> | <u>82,908</u> | <u>67,565</u> | <u>181,303</u> | <u>165,960</u> |
| | <u>\$ 331,286</u> | <u>\$ 349,028</u> | <u>\$ 381,636</u> | <u>\$ 298,678</u> | <u>\$ 331,286</u> |

7. COMMITMENTS

The Society entered into a lease agreement to rent office space for a five year term maturing September 30, 2020. The Society is required to make annual rent and common cost payments estimated as follows:

| | |
|------|-------------------|
| 2018 | \$ 119,030 |
| 2019 | 119,030 |
| 2020 | 119,030 |
| 2021 | <u>39,680</u> |
| | <u>\$ 396,770</u> |



JEWISH FAMILY SERVICE CALGARY

NOTES TO FINANCIAL STATEMENTS

For the year ended May 31, 2017

8. COST ALLOCATIONS

Any cost allocation to agency programs does not include expenses incurred relative to office, professional fees, GST expense or amortization.

Administrative staff as indicated on Schedule 2 is directly related to general agency operations.

9. CAPITAL MANAGEMENT

In managing capital, the Society focuses on liquid resources available for operations. The Society's objective is to have sufficient liquid resources to continue operating despite adverse events with financial consequences and to provide it with flexibility to take advantage of opportunities that will advance its purposes. The need for sufficient liquid resources is considered in the preparation of an annual budget and in the monitoring of cash flows and actual operating results compared to the budget. The Society has an available line of credit of \$25,000 that could be used when sufficient cash flow is not available from operations to cover operating and capital expenditures. At year end, the Society has met its objective of having sufficient liquid resources to meet its current obligations.

Furthermore, the Society has implemented an operating reserve policy since 2016. The Society's long-term goal is to achieve an operating reserve that would sustain a minimum of three months and an ultimate target of six months of operating costs.

10. FINANCIAL INSTRUMENTS

The Society manages its exposure to the risks associated with financial instruments that have the potential to affect its operating and financial performance in accordance with its annual budget. The objective of the budget is to reduce volatility in cash flow. The board of directors monitor compliance with the budget on an on-going basis.

The Society is exposed to various risks through its financial instruments without being exposed to concentrations of risk. The following analysis provides a measure of the Society's risk exposure at year end:

(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. The Society is exposed to credit risk with its accounts receivable. The Society manages its exposure to credit risk by maintaining additional cash and other short-term investments.

Significantly all of the Society's cash and short-term investments are held at two recognized Canadian financial institutions. As a result, the Society is exposed to all of the risks associated with these two institutions. It is the directors' opinion that the exposure to credit risk is immaterial.



JEWISH FAMILY SERVICE CALGARY

NOTES TO FINANCIAL STATEMENTS

For the year ended May 31, 2017

10. FINANCIAL INSTRUMENTS (Continued)

(b) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The Society is mainly exposed to interest rate risk.

(c) Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Society is not exposed to currency risk.

(d) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Society is exposed to interest rate risk on its cash and short term investments. The Society manages its exposure to interest rate risk through closely monitoring prevailing interest rates available on investments similar to its holdings. It is the directors' opinion that the exposure to the interest rate risk is immaterial.

(e) Other price risk

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 currency risk or interest rate 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 Society is exposed to other price risk through its holding of State of Israel bonds which are traded on the open market. It is the directors' opinion that the exposure to the other price risk is immaterial.

(f) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Society is exposed to this risk mainly in respect of its accounts payable. The Society manages its exposure to liquidity risk by holding additional cash and other short-term investments. In addition, the Society has available the lending facility of \$25,000 as disclosed in Note 5. It is the directors' opinion that the exposure to the liquidity risk is immaterial.

11. COMPARATIVE FIGURES

Certain comparative figures have been reclassified from those previously presented to conform to the presentation of the 2017 financial statements.



JEWISH FAMILY SERVICE CALGARY**SCHEDULE 1 - OTHER INCOME**

For the year ended May 31,

| | 2017 | 2016 |
|---------------------------------------|---------------------|---------------------|
| Casino | \$ 19,999 | \$ 52,183 |
| Donations and memberships | 238,894 | 228,570 |
| Fees for services | 16,950 | 53,656 |
| Interest | 1,211 | 6,992 |
| Miscellaneous grants | 205,930 | 132,485 |
| Other income | 63,824 | 61,966 |
| Special events | 273,415 | 256,021 |
| Calgary Jewish Federation, donor plus | 3,307 | 3,748 |
| United Way, donor option | 4,781 | 4,310 |
| Claims Conference | <u>241,833</u> | <u>228,492</u> |
| | <u>\$ 1,070,144</u> | <u>\$ 1,028,423</u> |

JEWISH FAMILY SERVICE CALGARY**SCHEDULE 2 - EXPENDITURES**

For the year ended May 31,

2017

2016

ADMINISTRATIVE STAFFSalaries and benefits \$ 178,803 \$ 180,428**AGENCY PROGRAMS**

Claims conference expenses \$ 22,620 \$ 11,584

Program expenses 100,790 70,292

Salaries and benefits 1,039,568 1,103,034

Salaries and benefits claims conference 239,622 120,205\$ 1,402,600 \$ 1,305,115**OFFICE**

Equipment \$ 21,468 \$ 19,128

Insurance 8,186 9,186

Interest and bank charges 5,321 7,498

Office supplies 12,626 35,130

Rent 131,783 141,085

Telephone 8,020 8,459\$ 187,404 \$ 220,486**PROFESSIONAL**

Affiliations \$ 39,678 \$ 35,510

Organizational development 1,536 5,570

Professional development 339 -

Professional fees 18,829 42,258

Travel and meetings 11,192 18,917\$ 71,574 \$ 102,255