

**JEWISH FAMILY SERVICES
FINANCIAL STATEMENTS
JUNE 30, 2019**

INDEPENDENT AUDITOR'S REPORT

To the members of Jewish Family Services

Qualified Opinion

We have audited the financial statements of Jewish Family Services (the "Society" or "JFS"), which comprise the statement of financial position as at June 30, 2019, and the statement of operations, statement of net assets and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Society as at June 30, 2019, and its financial performance and its cash flows for the year then ended in accordance with Canadian Accounting Standards for Not-for-Profit Organizations ("ASNFPPO").

Basis for Qualified Opinion

The Society 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 the Society. Consequently, we were unable to determine whether any adjustments might be necessary to donations, excess (deficit) of revenues over expenses, and net assets.

We conducted our audit in accordance with Canadian generally accepted auditing standards for not-for-profit organizations. 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 Society 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 qualified 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 ASNFPPO, 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 Society'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 Society or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Society'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 for not-for-profit organizations 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 for not-for-profit organizations, 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 Society'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 Society'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 Society 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.

Edmonton, Alberta
November 14, 2019

DeGraves Pallard & Associates LLP

CHARTERED ACCOUNTANTS



JEWISH FAMILY SERVICES
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED JUNE 30

	2019	2018
REVENUES (Schedule 1)		
Claims Conference (Note 10)	\$ 1,844,728	\$ 1,704,429
Fees for service	257,940	161,051
United Way	207,166	208,495
Azrieili Foundation (Note 10)	97,995	92,005
Family and Community Support Services	83,292	83,292
Casino	69,326	82,058
United Jewish Appeal	65,625	75,000
Other grants (Note 9)	18,000	19,000
Interest and other income	4,419	5,988
Jewish Immigrant Aid Services of Canada	400	-
	2,648,891	2,431,318
EXPENSES (Schedule 1)		
Wages and benefits	2,234,293	1,914,361
Programs and services	359,865	324,026
Facility occupancy (Note 7)	94,701	89,042
Office	26,443	19,923
Governance	24,489	22,122
Administrative	17,870	15,534
	2,757,661	2,385,008
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES BEFORE OTHER INCOME	(108,770)	46,310
OTHER INCOME		
Donations (Note 8)	59,878	67,902
Fundraising Events (Note 11)	5,664	9,717
	\$ 65,542	\$ 77,619
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	\$ (43,228)	\$ 123,929

See accompanying notes

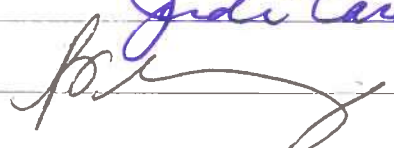


JEWISH FAMILY SERVICES
(Incorporated under the Societies Act of Alberta)
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30

	2019	2018
ASSETS		
CURRENT		
Cash	\$ 576,896	\$ 497,181
Casino account	55,107	16,558
Restricted reserves	44,930	44,460
Prepaid expenses	7,922	9,703
Accounts receivable	10,922	1,527
Goods and Services Tax recoverable	2,602	1,745
	<u>698,379</u>	<u>571,174</u>
PROPERTY (Note 3)	<u>4,843</u>	<u>13,145</u>
	<u>\$ 703,222</u>	<u>\$ 584,319</u>
LIABILITIES		
CURRENT		
Accounts payable	\$ 195,840	\$ 156,751
Source deductions payable	40,820	14,901
	<u>236,660</u>	<u>171,652</u>
DEFERRED REVENUE (Note 4)	293,985	188,288
LOAN PAYABLE (Note 5)	25,405	33,979
	<u>556,050</u>	<u>393,919</u>
<i>Commitments (Note 7)</i>		
NET ASSETS		
NET ASSETS (Statement 3)		
Restricted	147,172	190,400
	<u>\$ 703,222</u>	<u>\$ 584,319</u>

See accompanying notes

ON BEHALF OF THE BOARD

 Director
 Director

JEWISH FAMILY SERVICES
STATEMENT OF NET ASSETS
FOR THE YEAR ENDED JUNE 30

	RESTRICTED AND DESIGNATED RESERVES (Schedule 2)	UN- RESTRICTED RESERVES	2019 TOTAL
NET ASSETS, BEGINNING OF YEAR	\$ 190,400	\$ -	\$ 190,400
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES (Schedule 1, Statement 1)	2,242	(45,470)	(43,228)
TRANSFER OF CURRENT YEAR DEFICIT	(45,470)	45,470	-
NET ASSETS, END OF YEAR	\$ 147,172	\$ -	\$ 147,172

	RESTRICTED AND DESIGNATED RESERVES	UN- RESTRICTED RESERVES	2018 TOTAL
NET ASSETS, BEGINNING OF YEAR	\$ 96,071	\$ -	\$ 96,071
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES (Statement 1)	3,173	120,756	123,929
CONVERSION TO ENDOWMENT	(29,600)	-	(29,600)
TRANSFER OF CURRENT YEAR SURPLUS	120,756	(120,756)	-
NET ASSETS, END OF YEAR	\$ 190,400	\$ -	\$ 190,400

See accompanying notes

JEWISH FAMILY SERVICES
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30

	2019	2018
CASH PROVIDED BY (USED FOR)		
OPERATING ACTIVITIES		
Excess (deficiency) of revenue over expenses	\$ (43,228)	\$ 123,929
Amortization of property	8,302	8,303
	(34,926)	132,232
Net change in non-cash working capital accounts		
Decrease (increase) in accounts receivable	(9,395)	92,112
Decrease (increase) in Goods and Services Tax recoverable	(857)	3,509
Decrease (increase) in prepaid expenses	1,781	(505)
Increase in accounts payable	39,089	659
Increase (decrease) in source deductions payable	25,919	(2,125)
Increase in deferred revenue	105,697	83,792
	127,308	309,674
INVESTMENT ACTIVITIES		
Conversion of Shragge Reserve to an endowment	-	(29,600)
FINANCING ACTIVITIES		
Repayment of long term debt	(10,000)	-
Increase in interest payable	1,426	1,278
INCREASE IN CASH DURING THE YEAR	118,734	281,352
CASH, BEGINNING OF YEAR	558,199	276,847
CASH, END OF YEAR	\$ 676,933	\$ 558,199
CASH IS COMPRISED OF:		
Cash	\$ 576,896	\$ 497,181
Externally restricted cash	55,107	16,558
Internally restricted cash	44,930	44,460
	\$ 676,933	\$ 558,199

See accompanying notes

JEWISH FAMILY SERVICES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

1. STATUS AND PURPOSE OF ORGANIZATION

Jewish Family Services ("JFS" or the "Society") is based in Edmonton, Alberta operating for the benefit of the general community of Edmonton and surrounding areas. For some programs, its efforts are directed towards the Jewish community. Some of the services provided by the Society are therapeutic and bereavement counselling, employment support, senior advocacy services, newcomer services, volunteer support, community development, short term emergency financial support and provision of local cultural resource information.

Jewish Family Services is a non-profit organization incorporated under the Societies Act of Alberta and is exempt from income tax pursuant to the Income Tax Act of Canada. Jewish Family Services is registered as a charity with Canada Revenue Agency and is able to issue charitable donation receipts for income tax purposes.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION

These financial statements are prepared in accordance with Part III of the CICA Handbook - Accounting, which constitutes Canadian Accounting Standards for Not-for-Profit organizations in Canada.

The Society 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. Investment income is recognized as revenue when earned and gains or losses on investments are recognized annually whether or not realized.

Administration expenses are allocated to programs based on a review and assessment made by management. The allocation of these costs is performed according to the underlying resources used by each program.

PROPERTY

Leasehold improvements are recorded at cost and are amortized straight line over five years. Minor equipment purchases with a per item cost of less than \$20,000 are expensed in the year they are purchased.

DONATIONS

Cash donations are recognized as revenue when received. Donations in kind of goods that are used in the normal course of operations are recorded at fair market value when their fair market value can be reasonably estimated.

CONTRIBUTED SERVICES

Contributed services are not recorded in these financial statements. Volunteers contribute hours in carrying out governance and other activities of the Society. Due to the difficulty in determining their fair value, contributed volunteer services are not recognized in the financial statements.

JEWISH FAMILY SERVICES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

DESIGNATED RESERVES

CONTINGENCY RESERVE

The Contingency Reserve is to cover unbudgeted liabilities or general expenditures in the event that regular funding sources are inadequate. Board approval is required for any expenditures covered by the Contingency Reserve. The balance in the Contingency Reserve is not to exceed 25% of prior year non-project operational expenditures.

RELIEF RESERVE

The Relief Reserve is to be used to provide financial assistance to the Society's clientele.

RESTRICTED RESERVES

SIGMA ALPHA MU RESERVE

The Sigma Alpha Mu Reserve is to be used as scholarships for Jewish students attending the University of Alberta. The principal of the reserve is to remain intact and only the interest is to be used for scholarships.

DAVID AND CLARA MINTZ RESERVE

The David and Clara Mintz Reserve is to be used to help children attend Jewish summer camps.

LILLI AND EMANUEL SCHLESINGER RESERVE

The Lilli and Emanuel Schlesinger Reserve is to be used to support Jewish Family Services clients in need of practical assistance.

KEVURA RESERVE

The Kevura Reserve is to be used to assist with Jewish burial costs of Jewish persons.

FINANCIAL INSTRUMENTS

The Society's financial instruments consist of cash, accounts receivable, accounts payable and accrued liabilities and source deductions payable. The fair market value of these financial instruments approximate their carrying value due to the relatively short periods to maturity.

Unless otherwise noted, it is management's opinion that the Society is not exposed to significant interest, currency or credit risk arising from these financial instruments.

JEWISH FAMILY SERVICES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

3. PROPERTY

	2019		2018	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Leasehold improvements	\$ 41,513	\$ 36,670	\$ 41,513	\$ 28,368
Net book value	\$ 4,843		\$ 13,145	

During the year, the Society recorded amortization of \$8,302 (2018 - \$8,303) related to the leasehold improvements.

4. DEFERRED REVENUE

	BALANCE, JUNE 30, 2018	RECEIVED IN THE YEAR	RECOGNIZED AS REVENUE	BALANCE, JUNE 30, 2019
Claims Conference	\$ 147,898	\$ 1,928,767	\$ (1,844,728)	\$ 231,937
Unexpended casino funds	16,558	107,875	(69,326)	55,107
Prepaid fees for services	14,896	-	(14,896)	-
FCSS regular funding	6,941	6,941	(6,941)	6,941
Azrieli Foundation	1,995	-	(1,995)	-
	\$ 188,288	\$ 2,043,583	\$ (1,937,886)	\$ 293,985

5. LOAN PAYABLE

In February 2015, the Society received a loan from Meadowlark Real Estate Ltd. for the sum of \$30,000 for the purpose of leasehold improvements. On June 6, 2019, the Society made a payment of \$10,000 on the loan. The loan bears interest at prime plus 1% (2019 - 4.95%; 2018 - 4.45%) and must be repaid before February 29, 2020. During the year, interest expense on the loan was \$1,426 (2018 - \$1,278) and accrued interest included in the loan payable balance is \$5,405 (2018 - \$3,979).

6. LINE OF CREDIT

Effective May 17, 2018, the Society has access to an operating line of credit with a limit of \$250,000 with Alberta Social Enterprise Venture Fund Inc. The line of credit is repayable on demand with simple interest payable at 5.75% and has a term of five years. The line of credit has not been drawn upon by the Society as at June 30, 2019.

JEWISH FAMILY SERVICES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

7. LEASE COMMITMENT

The lease for the Society's office space expires on February 29, 2020 and the total obligation under the terms of the lease for the following year is as follows:

2020 \$ 50,847

8. DONATIONS

The Society has adopted Imagine Canada's Ethical Fundraising and Financial Accountability Code. During the year, the total donations for which receipts were issued for income tax purposes totaled \$48,025 (2018 - \$49,256).

9. OTHER GRANTS

During the year, JFS recognized funding from various sources to support their programs which included the following amounts:

	<u>2019</u>	<u>2018</u>
City of Edmonton	\$ 16,500	\$ 16,500
Other	1,500	2,500
	<u>\$ 18,000</u>	<u>\$ 19,000</u>

10. CLAIMS CONFERENCE

The City of Edmonton has been recognized as having a relatively high number of low income survivors of Nazi atrocities. The Conference on Jewish Material Claims Against Germany (the "Claims Conference") offered JFS a direct contract effective January, 2016 with a maximum annual operating budget of \$1.44 million. The Claims Conference has negotiated guaranteed funding from the German government until 2019 and expects the funding sources to continue for several years. JFS is providing services to clients ranging in ages from 70 to 95.

JFS has continued servicing additional clients as the Jewish community becomes more aware of the support services being provided under the Claim Conference funding model. During the year, revenue recognized from the Claims Conference was \$1,844,728 (2018 - \$1,704,429).

JFS also receives additional funding from the Azrieli Foundation which is to be used to supplement the funding received from the Claims Conference to provide services to low income survivors of Nazi atrocities. During the year, revenue recognized from the Azrieli Foundation was \$97,995 (2018 - \$92,005).

JEWISH FAMILY SERVICES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

11. FUNDRAISING EVENTS

During the year, the Society held fundraising events with participants donating funds to JFS.

	2019	2018
REVENUES	\$ 6,489	\$ 10,367
EXPENSES	(825)	(650)
EXCESS OF REVENUES OVER EXPENSES	\$ 5,664	\$ 9,717

12. RESTRICTED RESERVES

Restricted reserves that incurred expenses during the year are shown below:

	2019	2018
SIGMA ALPHA MU RESERVE		
REVENUE	\$ 923	\$ 1,556
EXPENSES	(1,200)	(1,500)
EXCESS (DEFICIT) OF REVENUES OVER EXPENSES (Schedule 2)	\$ (277)	\$ 56
DAVID AND CLARA MINTZ RESERVE		
REVENUE	\$ 1,246	\$ 1,187
EXPENSES	(250)	(1,000)
EXCESS OF REVENUES OVER EXPENSES (Schedule 2)	\$ 996	\$ 187

13. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the presentation adopted for the current year.

JEWISH FAMILY SERVICES
SCHEDULE OF REVENUES AND EXPENSES
FOR THE YEAR ENDED JUNE 30, 2019

	INTEGRITY COUNSELLING	COMMUNITY LINKS	EDMONTON HEALING CENTRE
REVENUES			
Claims Conference (Note 10)	\$ -	\$ -	\$ -
Fees for service	96,732	(1,127)	50,951
United Way	155,000	30,000	20,525
Azrieli Foundation	-	-	-
Family and Community Support Services	-	-	83,292
Casino	51,800	488	15,117
United Jewish Appeal	-	65,625	-
Other grants (Note 9)	-	-	-
Jewish Immigrant Aid Services of Canada	-	-	-
Interest and other income	-	-	-
	<u>303,532</u>	<u>94,986</u>	<u>169,885</u>
EXPENSES			
Wages and benefits	239,040	73,851	113,144
Programs and services	413	2,358	731
Facility occupancy (Note 7)	22,456	6,443	17,549
Office	1,490	246	492
Governance	-	-	-
Administrative	-	25	-
Administrative allocation	47,744	15,615	23,726
	<u>311,143</u>	<u>98,538</u>	<u>155,642</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES BEFORE OTHER INCOME (LOSSES)	<u>(7,611)</u>	<u>(3,552)</u>	<u>14,243</u>
OTHER INCOME			
Donations (Note 8)	-	7,517	10,308
Fundraising events (Note 11)	-	-	-
	<u>-</u>	<u>7,517</u>	<u>10,308</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	<u>\$ (7,611)</u>	<u>\$ 3,965</u>	<u>\$ 24,551</u>

SENIORS MAKING AGE-RELATED TRANSITIONS	HOME SUPPORT	ADMIN- ISTRATION	SUB-TOTAL	RESTRICTED (Schedule 2)	TOTAL
\$ -	\$ 1,844,728	\$ -	\$ 1,844,728	\$ -	\$ 1,844,728
34,111	56,794	✓ 100	257,940	-	257,940
-	-	✓ 1,641	207,166	-	207,166
-	97,995	-	97,995	-	97,995
-	-	-	83,292	-	83,292
380	-	✓ 1,540	69,326	-	69,326
-	-	-	65,625	-	65,625
1,500	-	✓ 16,500	18,000	-	18,000
-	-	1,127	1,127	3,292	4,419
-	-	-	400	-	400
35,991	1,999,517	20,908	2,645,599	3,292	2,648,891
62,268	1,546,566	195,201	2,234,293	-	2,234,293
8,082	352,440	953	358,415	1,450	359,865
3,941	20,306	24,006	94,701	-	94,701
328	339	23,548	26,443	-	26,443
-	2,563	21,926	24,489	-	24,489
-	465	17,380	17,870	-	17,870
13,625	146,858	(247,568)	-	-	-
88,244	2,069,537	35,446	2,756,211	1,450	2,757,661
(52,253)	(70,020)	(14,538)	(110,612)	1,842	(108,770)
7,525	21,299	12,830	59,478	400	59,878
-	-	5,664	5,664	-	5,664
7,525	21,299	18,494	65,142	400	65,542
\$ (44,728)	\$ (48,721)	\$ 3,956	\$ (45,470)	\$ 2,242	\$ (43,228)

JEWISH FAMILY SERVICES
SCHEDULE OF DESIGNATED AND RESTRICTED RESERVES
FOR THE YEAR ENDED JUNE 30, 2019

	<u>DESIGNATED</u>	
	<u>CONTINGENCY RESERVE</u>	<u>RELIEF RESERVE</u>
BALANCE OF RESERVES, BEGINNING OF YEAR	\$ 128,504	\$ 2,950
EXCESS (DEFICIT) OF REVENUES OVER EXPENSES	436	110
TRANSFER OF CURRENT YEAR SURPLUS	(45,470)	-
BALANCE OF RESERVES, END OF YEAR	\$ 83,470	\$ 3,060

RESTRICTED				
SIGMA ALPHA MU RESERVE (Note 12)	DAVID AND CLARA MINTZ RESERVE (Note 12)	LILLI AND EMANUEL SCHLESINGER RESERVE	KEVURA RESERVE	2019 TOTAL
\$ 24,868	\$ 18,397	\$ 14,513	\$ 1,168	\$ 190,400
(277)	996	522	455	2,242
-	-	-	-	(45,470)
\$ 24,591	\$ 19,393	\$ 15,035	\$ 1,623	\$ 147,172