

Jewish Family and Child Service of Greater Toronto

Financial statements

March 31, 2020

INDEPENDENT AUDITOR'S REPORT

To the Members of Jewish Family and Child Service of Greater Toronto

Opinion

We have audited the financial statements of Jewish Family and Child Service of Greater Toronto, (the "Agency"), which comprise the balance sheet as at March 31, 2020 and the statements of operations and 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 Agency as at March 31, 2020, and its results of 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 Agency 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.

Other Matter

The financial statements of Jewish Family and Child Service for the year ended March 31, 2019, were audited by another firm of Chartered Professional Accountants who expressed an unmodified opinion on those financial statements on June 25, 2019.

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 Agency'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 Agency or to cease operations, or has no realistic alternative but to do so.

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

RSM Canada LLP

Chartered Professional Accountants
Licensed Public Accountants
June 29, 2020
Toronto, Ontario

Jewish Family and Child Service of Greater Toronto

Balance sheet

[in Canadian dollars]

As at March 31

	2020		2019	
	Operating Fund	Trusts and Bequests Funds	Total	Total
	\$	\$	\$	\$
Assets				
Current				
Cash	3,439,600	1,133,608	4,573,208	4,158,277
Accounts receivable [note 10]	730,747	104,851	835,598	990,750
Prepaid expenses	213,618	—	213,618	118,764
Investments [note 3]	—	2,869,737	2,869,737	2,992,819
Total current assets	4,383,965	4,108,196	8,492,161	8,260,610
Capital assets, net [note 4]	955,725	—	955,725	917,132
	5,339,690	4,108,196	9,447,886	9,177,742
Liabilities and net assets				
Current				
Accounts payable and accrued liabilities	1,404,877	141,249	1,546,126	1,480,159
Externally restricted and deferred contributions [note 5]	3,062,766	2,521,404	5,584,170	5,449,480
Total current liabilities	4,467,643	2,662,653	7,130,296	6,929,639
Contingencies and commitments [notes 9 and 11]				
Covid-19 [note 14]				
Net assets				
Unrestricted	872,047	734,442	1,606,489	1,509,139
Internally restricted	—	711,101	711,101	738,964
Total net assets	872,047	1,445,543	2,317,590	2,248,103
	5,339,690	4,108,196	9,447,886	9,177,742

See accompanying notes

Approved by:


Director


Director

Jewish Family and Child Service of Greater Toronto

Statement of operations and changes in net assets

[in Canadian dollars]

Year ended March 31

	2020		2019
	Operating Fund	Trusts and Bequests Funds	Total
	\$	\$	\$
Revenues			
Ministry of Children, Community and Social Services and Ministry of Health and Long-Term Care	10,701,567	—	10,701,567
UJA Jewish Federation of Greater Toronto	5,092,307	—	5,092,307
United Way	1,765,947	—	1,765,947
Direct Donations [note 6]	3,800,267	180,565	3,980,832
Claims Conference [note 12]	459,430	—	459,430
The Regional Municipality of York	380,584	—	380,584
Fees from clients	264,546	—	264,546
Investment loss [note 6]	—	(40,414)	(40,414)
Other income	583,779	—	583,779
	23,048,427	140,151	23,188,578
Expenses			
Salaries and employee benefits [note 7]	13,687,213	—	13,687,213
Direct costs for the care of children	2,410,438	—	2,410,438
Direct financial assistance to clients	1,756,197	—	1,756,197
Program support	2,688,193	—	2,688,193
Other clients' assistance and beneficiaries	1,651,717	65,294	1,717,011
Other programs	594,832	—	594,832
Amortization of capital assets	265,207	—	265,207
	23,053,797	65,294	23,119,091
Excess (deficiency) of revenues over expenses for the year	(5,370)	74,857	69,487
Net assets, beginning of year	833,453	1,414,650	2,248,103
Interfund transfers, net [note 8]	43,964	(43,964)	—
Net assets, end of year	872,047	1,445,543	2,317,590

See accompanying notes

Jewish Family and Child Service of Greater Toronto

Statement of cash flows

[in Canadian dollars]

Year ended March 31

	2020		2019	
	Operating Fund	Trusts and Bequests Funds	Total	Total
	\$	\$	\$	\$
Operating activities				
Excess (deficiency) of revenues over expenses for the year	(5,370)	74,857	69,487	(50,317)
Add (deduct) items not affecting cash				
Amortization of capital assets	265,207	—	265,207	285,966
Amortization of deferred capital contributions	—	—	—	(28,065)
Unrealized (gain) loss on investments	—	73,540	73,540	(25,729)
Unrealized (gain) loss on investments allocated to the externally restricted and deferred contributions	—	130,936	130,936	(63,968)
	259,837	279,333	539,170	117,887
Changes in non-cash working capital balances related to operations				
Accounts receivable	211,076	(55,924)	155,152	449,826
Prepaid expenses	(94,854)	—	(94,854)	(15,140)
Accounts payable and accrued liabilities	(1,880)	67,847	65,967	(172,692)
Externally restricted and deferred contributions	185,387	(50,697)	134,690	1,824,615
Due from Trusts and Bequests Funds (due to Operating Fund)	43,964	(43,964)	—	—
Cash provided by (used in) operating activities	603,530	196,595	800,125	2,204,496
Investing activities				
Proceeds from sale of investments	—	146,097	146,097	85,465
Purchase of investments	—	(227,491)	(227,491)	(130,716)
Purchase of capital assets	(303,800)	—	(303,800)	(124,040)
Cash used in investing activities	(303,800)	(81,394)	(385,194)	(169,291)
Net increase (decrease) in cash during the year	299,730	115,201	414,931	2,035,205
Cash, beginning of year	3,139,870	1,018,407	4,158,277	2,123,072
Cash, end of year	3,439,600	1,133,608	4,573,208	4,158,277

See accompanying notes

Jewish Family and Child Service of Greater Toronto

Notes to financial statements

March 31, 2020

1. Description

Jewish Family and Child Service of Greater Toronto [the "Agency"] was established to support and promote the healthy development of individuals, families and communities in the Greater Toronto Area through prevention, protection, counselling, education and advocacy services within the context of Jewish values. The Agency is incorporated without share capital under the laws of Ontario. The Agency is a charitable organization under subsection 149(1) of the *Income Tax Act* (Canada) and is exempt from income taxes.

2. Summary of significant accounting policies

These financial statements are prepared in accordance with Part III of the *CPA Canada Handbook – Accounting*, which sets out generally accepted accounting principles for not-for-profit organizations in Canada and includes the significant accounting policies summarized below:

Fund accounting

The Agency uses the following funds: the Operating Fund and the Trusts and Bequests Funds. The purpose of the Operating Fund is to provide ongoing services and programs of the Agency, while the Trusts and Bequests Funds are used for supplementary client needs and designated programs and projects.

Revenue recognition

The Agency follows the deferral method of accounting for contributions, which include grants, bequests and other donations. Grants and bequests are recorded in the accounts when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Other donations are recorded when received, since pledges are not legally enforceable claims. Unrestricted contributions are recognized as revenue of the appropriate fund when initially recorded in the accounts. Externally restricted contributions are deferred when initially recorded in the accounts and recognized as revenue in the year in which the related expenses are recognized.

Restricted contributions for the purchase of capital assets that will be amortized are deferred and recognized as revenue on the same basis as the amortization expense related to the acquired capital assets.

Claims Conference revenue is recorded in the accounts when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Fees from clients are recognized when services have been provided.

Investment income, which consists of interest, dividends, income distributions from pooled funds, and realized and unrealized gains and losses, is recorded in the statement of operations and changes in net assets, except to the extent that it is externally restricted, in which case it is added to or deducted from the restricted balances.

Allocation of expenses

Expenses, other than salaries and benefits, directly related to functions are allocated to each function. General support and other costs are not allocated.

Contributed volunteer services and materials

The work of the Agency is dependent on the volunteer services of many members and others. The nature and amount of volunteer services and materials received are not reflected in these financial statements because of the difficulty of determining their fair value.

Notes to financial statements

March 31, 2020

Financial instruments

Investments are recorded at fair value. Transactions are recorded on a trade date basis and transaction costs are expensed as incurred.

Other financial instruments, including cash, accounts receivable and accounts payable and accrued liabilities, are initially recorded at their fair value and are subsequently measured at amortized cost, net of provisions for impairment.

Capital assets

On April 1, 2019, the Agency prospectively adopted the new accounting standards for capital assets held by not-for-profit organizations. As a result, when conditions indicate a capital asset's carrying value is impaired, it will be written down to its fair value or replacement cost, with the write-down recorded as an expense. Write-downs will not be reversed.

Purchased capital assets are recorded at acquisition cost. Contributed capital assets are capitalized at fair value at the date of contribution. Amortization is provided on a straight-line basis over the estimated useful lives of the assets as follows:

Building	20 years
Furniture, fixtures and other equipment	5 years
Computer equipment	3 years
Leasehold improvements	Over the term of the lease

Foreign currency translation

Revenue and expense items denominated in foreign currencies are translated into Canadian dollars at exchange rates prevailing at the transaction date. Monetary assets and liabilities that are denominated in foreign currencies are translated into Canadian dollars at the year-end exchange rates. Gains or losses resulting from foreign currency transactions are included in the statement of operations and changes in net assets. Gains or losses related to investments are accounted for consistent with investment income.

Employee benefits

Defined contribution plan accounting is applied to the multi-employer defined benefit plan, whereby contributions are expensed on an accrual basis, as the Agency has insufficient information to apply defined benefit plan accounting.

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 balance sheet date and the reported amounts of revenues and expenditures from the year then ended. Estimates are used when accounting for amortization, expense allocations and accrued liabilities. Actual results could differ from management's best estimates as additional information becomes available in the future.

Jewish Family and Child Service of Greater Toronto

Notes to financial statements

March 31, 2020

3. Investments

Investments consist of the following:

	2020	2019
	\$	\$
Government of Canada bond	135,550	138,626
Money Market Fund	58,312	27,780
Canadian Bond Funds	1,081,013	1,115,573
Canadian Equity Fund	594,652	818,070
Global Equity Funds	1,000,210	892,770
	2,869,737	2,992,819

Investments in pooled funds have been allocated to the appropriate asset classes. The Government of Canada bond matures on June 1, 2023 and bears interest at 8%, paid semi-annually.

4. Capital assets

Capital assets consist of the following:

	2020		
	Cost	Accumulated amortization	Net book value
	\$	\$	\$
Land	51,612	-	51,612
Building	913,657	876,056	37,601
Furniture, fixtures and other equipment	287,720	204,538	83,182
Computer equipment	1,240,161	1,019,373	220,788
Leasehold improvements	848,049	285,507	562,542
	3,341,199	2,385,476	955,725

	2019		
	Cost	Accumulated amortization	Net book value
	\$	\$	\$
Land	51,612	—	51,612
Building	913,657	840,695	72,962
Furniture, fixtures and other equipment	287,720	171,422	116,298
Computer equipment	1,166,810	955,390	211,420
Leasehold improvements	801,270	336,430	464,840
	3,221,069	2,303,937	917,132

Fully amortized capital assets not in use with both cost and accumulated amortization totaling \$183,668 [2019 – \$80,594] were written off during the year.

Jewish Family and Child Service of Greater Toronto

Notes to financial statements

March 31, 2020

5. Externally restricted and deferred contributions

- [a] Deferred contributions reported in the Operating Fund represent externally restricted operating funding received in the current year relating to the subsequent year.
- [b] Externally restricted contributions reported in the Trusts and Bequests Funds represent unspent externally restricted contributions for special purposes designated by the donors.
- [c] Externally restricted and deferred contributions are calculated as follows:

	2020 \$	2019 \$
Operating Fund		
Balance, beginning of year	2,877,379	1,090,182
Deferred contributions received	2,586,101	2,691,777
Deferred contributions recorded as revenue	(2,400,714)	(904,580)
Balance, end of year	3,062,766	2,877,379
Trusts and Bequests Funds		
Balance, beginning of year	2,572,101	2,470,715
Externally restricted contributions received [note 6]	100,502	26,510
Externally restricted contributions recorded as revenue [note 6]	(75,117)	(80,539)
Investment income (loss) allocated to externally restricted contributions [note 6]	(76,082)	155,415
Balance, end of year	2,521,404	2,572,101
	5,584,170	5,449,480

6. Income from Trusts and Bequests Funds

Income from the Trusts and Bequests Funds is reported as follows:

	2020		
	Investment loss \$	Bequests and donations \$	Total \$
Total	(116,496)	205,950	89,454
Transfers from externally restricted and deferred contributions [note 5[c]]	-	75,117	75,117
Transfers to externally restricted and deferred contributions [note 5[c]]	76,082	(100,502)	(24,421)
Amount recognized as revenue	(40,414)	180,565	140,151

Jewish Family and Child Service of Greater Toronto

Notes to financial statements

March 31, 2020

	2019		
	Investment income	Bequests and donations	Total
	\$	\$	\$
Total	222,209	150,571	372,780
Transfers from externally restricted and deferred contributions <i>[note 5(c)]</i>	-	80,539	80,539
Transfers to externally restricted and deferred contributions <i>[note 5(c)]</i>	(155,415)	(26,510)	(181,925)
Amount recognized as revenue	66,794	204,600	271,394

7. Salaries and employee benefits

The Agency's employees are members of the Ontario Municipal Employees' Retirement System ["OMERS"], which is a multi-employer pension plan. The Agency makes contributions to OMERS on behalf of most of its employees. The plan is a defined benefit plan, which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay. Employees and employers jointly contribute to the plan in equal amounts.

The contributions expensed in the current year amounted to \$1,119,196 [2019 – \$1,104,287]. These amounts are included in salaries and employee benefits in the statement of operations and changes in net assets.

The most recent valuation for financial reporting purposes completed by OMERS as at December 31, 2019 disclosed net assets available for defined benefits of \$103 billion with defined benefits accrued pension obligations of \$106.4 billion, resulting in a deficit of \$3.4 billion.

8. Interfund transfers

Net transfers of \$43,964 [2019 – \$76,030] were made from the Trusts and Bequests Funds to the Operating Fund for funding special programs and direct financial assistance to clients *[note 15]*.

9. Contingencies

The Agency is, in the normal course of operations, subject to legal claims. Management is satisfied that the Agency has appropriate insurance coverage in place and, therefore, none of the current ongoing claims is expected to have a material impact on the Agency's financial position.

10. Financial instruments

The Agency is exposed to various financial risks through transactions from its financial instruments.

Foreign currency risk

The Agency is exposed to foreign currency risk with respect to its investments denominated in foreign currencies, including the underlying investments of its pooled funds denominated in foreign currencies, because of fluctuations in the relative value of foreign currencies against the Canadian dollar.

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Notes to financial statements

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Credit risk

The Agency is exposed to credit risk in connection with its accounts receivable and its short-term and fixed income investments because of the risk that one party to the financial instrument may cause a financial loss for the other party by failing to discharge an obligation.

Approximately 77% [2019 – 76%] of the accounts receivable balance is due from five [2019 – four] sources. Subsequent to year-end, more than 87% [2019 – 61%] of the accounts receivable balance has been collected.

Interest rate risk

The Agency is exposed to interest rate risk with respect to its investments in its short-term and fixed income investments because the fair value will fluctuate due to changes in market interest rates.

Liquidity risk

Liquidity risk is the risk that the Agency may encounter difficulty in meeting obligations in connection with its financial liabilities.

Other price risk

The Agency is exposed to other price risk through changes in market prices [other than changes arising from interest rate risk or foreign currency risk] in connection with its investments in equity securities and pooled funds.

11. Commitments

The Agency has obligations under operating leases for the rental of office space.

The future minimum annual lease commitments required under the current occupancy agreement are approximately as follows:

2021	\$146,000
2022	90,000
2023	78,000
2024	84,000
2025	84,000
	<u>\$482,000</u>

12. Contributions from the Conference on Jewish Material Claims

The Contributions from the Conference on Jewish Material Claims included a grant in the amount of \$276,696 from Fund SO54 – HSEAP. These funds were applied exclusively for the purpose for which they were granted and consisted solely of amounts paid out to clients or on behalf of clients for emergency financial assistance.

13. Comparative balances

Certain of the prior year balances have been restated to conform with the current year presentation.

Notes to financial statements

March 31, 2020

14. COVID-19

On March 11, 2020, the World Health Organization assessed the coronavirus outbreak (COVID-19) as a pandemic. In Canada, the Government of Ontario declared an emergency under s 7.0.1 (1) of the Emergency Management and Civil Protection Act on March 17, 2020 with respect to COVID-19. As of the date of these financial statements, the extent to which COVID-19 impacts the Agency's results will depend on future developments, which are highly uncertain and cannot be predicted and dependent upon new information which may emerge concerning the severity of COVID-19 and actions taken to contain this or its impact, among others.

15. Reconciliation of excess (deficiency) of revenues over expenses

The following reconciliation is provided to disclose the differences between these financial statements, which have been prepared in accordance with Canadian accounting standards for not-for-profit organizations, and the Agency's internal operating statements, which have been prepared in accordance with the reporting requirements of the Agency's various funding organizations.

	2020	2019
	\$	\$
Excess (deficiency) of revenues over expenses before the following	(5,371)	209,890
Amortization of deferred capital contributions	-	(28,065)
Amortization of capital assets	265,206	285,966
Additions to capital assets funded from operations	(303,799)	(124,040)
Interfund transfers, net <i>[note 9]</i>	43,964	76,030
Excess of revenues over expenses per internal operating statements	—	—