



KEHILLAT BETH ISRAEL CONGREGATION

Financial Statements
For The Year Ended June 30, 2021

KEHILLAT BETH ISRAEL CONGREGATION

INDEX TO FINANCIAL STATEMENTS

JUNE 30, 2021

	Page
Independent auditor's report	1 - 3
Statement of financial position	4 - 5
Statement of changes in net assets	6
Statement of operations	7
Statement of cash flows	8
Notes to financial statements	9 - 14



1.

INDEPENDENT AUDITOR'S REPORT

To the members of
Kehillat Beth Israel Congregation

Opinion

We have audited the financial statements of Kehillat Beth Israel Congregation (the Congregation), which comprise the statement of financial position as at June 30, 2021, and the statements of changes in net assets, operations 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 Congregation as at June 30, 2021, 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 Congregation 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 Congregation'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 Congregation or to cease operations, or has no realistic alternative but to do so.

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

~~GGFL~~ur

Chartered Professional Accountants, Licensed Public Accountants

Ottawa,

October 8, 2021.

KEHILLAT BETH ISRAEL CONGREGATION

STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2021

	Operating Fund	Capital Fund	Special Purpose Funds	2021 Total	2020 Total
ASSETS					
Current					
Cash	\$ 160,770	\$ 121,881	\$ 30,852	\$ 313,503	\$ 509,031
Term deposit	-	-	125,377	125,377	-
Accounts receivable	44,490	-	-	44,490	23,317
Inventory	9,392	-	10,305	19,697	10,527
Prepaid expenses	4,486	-	-	4,486	27,317
Due from Capital Fund (note 5)	121,881	-	-	121,881	376,632
Due from Operating Fund (note 5)	-	-	59,682	59,682	-
	341,019	121,881	226,216	689,116	946,824
Capital assets (note 4)	-	413,063	-	413,063	424,445
Long-term					
Investments - managed funds	-	7,691,530	648,948	8,340,478	7,246,462
Note receivable (note 6)	63,833	-	-	63,833	65,333
	63,833	7,691,530	648,948	8,404,311	7,311,795
	\$ 404,852	\$ 8,226,474	\$ 875,164	\$ 9,506,490	\$ 8,683,064

Approved on behalf of the board:

director

director



KEHILLAT BETH ISRAEL CONGREGATION

STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2021

	Operating Fund	Capital Fund	Special Purpose Funds	2021 Total	2020 Total
LIABILITIES					
Current					
Accounts payable and accrued liabilities	\$ 66,311	\$ -	\$ -	\$ 66,311	\$ 59,295
Deferred revenue	75,514	-	-	75,514	72,455
Due to Operating Fund (note 5)	-	121,881	-	121,881	234,356
Due to Special Purpose Funds (note 5)	59,682	-	-	59,682	142,276
	201,507	121,881	-	323,388	508,382
Contingencies (notes 7 and 8)					
NET ASSETS					
Unrestricted	203,345	7,637,167	-	7,840,512	6,958,662
Invested in capital assets	-	413,063	-	413,063	424,445
Internally restricted	-	-	726,491	726,491	615,403
Externally restricted	-	54,363	148,673	203,036	176,172
	203,345	8,104,593	875,164	9,183,102	8,174,682
	\$ 404,852	\$ 8,226,474	\$ 875,164	\$ 9,506,490	\$ 8,683,064

KEHILLAT BETH ISRAEL CONGREGATION
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2021

	Operating Fund	Capital Fund	Special Purpose Funds	2021 Total	2020 Total
Net assets, beginning of year	\$ (23,854)	\$ 7,454,837	\$ 743,699	\$ 8,174,682	\$ 8,217,194
Net result for the year	(41,169)	918,124	131,465	1,008,420	(42,512)
Interfund transfers	268,368	(268,368)	-	-	-
Net assets, end of year	<u>\$ 203,345</u>	<u>\$ 8,104,593</u>	<u>\$ 875,164</u>	<u>\$ 9,183,102</u>	<u>\$ 8,174,682</u>

KEHILLAT BETH ISRAEL CONGREGATION

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED JUNE 30, 2021

	Operating Fund	Capital Fund	Special Purpose Funds	2021 Total	2020 Total
Revenue					
Annual dues	\$ 838,945	\$ -	\$ -	\$ 838,945	\$ 968,946
Donations	138,807	21,354	264,643	424,804	330,016
Investment	23,804	1,020,949	88,134	1,132,887	(16,177)
Gift shop	-	-	-	-	6,969
Programs and Kiddushim	65,017	-	7,521	72,538	204,156
Rental	30,675	-	-	30,675	57,376
	1,097,248	1,042,303	360,298	2,499,849	1,551,286
Expenses					
Amortization	-	19,008	-	19,008	17,483
Bank charges and interest	18,978	-	-	18,978	22,984
Donation of Torah	-	-	-	-	9,000
Insurance	23,955	-	-	23,955	21,407
Investment management fees	841	34,856	3,012	38,709	35,945
Maintenance and repairs	43,887	70,315	-	114,202	111,617
Membership fees and dues - USCJ	27,500	-	-	27,500	25,000
Office expenses	112,692	-	-	112,692	87,912
Professional fees	22,339	-	-	22,339	23,889
Programs and Kiddushim	19,928	-	187,109	207,037	266,547
Salaries and benefits	799,727	-	38,712	838,439	883,823
Travel	2,924	-	-	2,924	4,234
Utilities	65,646	-	-	65,646	83,957
	1,138,417	124,179	228,833	1,491,429	1,593,798
Net result for the year	\$ (41,169)	\$ 918,124	\$ 131,465	\$ 1,008,420	\$ (42,512)

KEHILLAT BETH ISRAEL CONGREGATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2021

	2021	2020
CASH PROVIDED BY (USED IN)		
Operating activities		
Net result for the year	\$ 1,008,420	\$ (42,512)
Donation of Torah	-	9,000
Amortization	19,008	17,483
Unrealized (gain) loss on investments	(1,132,724)	25,068
Management fees	38,709	35,945
Changes in operating net assets		
Accounts receivable	(21,172)	38,191
Inventory	(9,170)	340
Prepaid expenses	22,831	(26,772)
Accounts payable and accrued liabilities	7,012	3,303
Deferred revenue	3,060	(35,229)
	<hr/>	<hr/>
	(64,026)	24,817
Investing activities		
Purchase of investments - managed funds	-	(100,000)
Purchase of computer system	(4,778)	(1,942)
Purchase of security system	(2,847)	-
Repayment of note receivable	1,500	-
	<hr/>	<hr/>
	(6,125)	(101,942)
Decrease in cash and cash equivalents	<hr/>	<hr/>
	(70,151)	(77,125)
Cash and cash equivalents, beginning of year	<hr/>	<hr/>
	509,031	586,156
Cash and cash equivalents, end of year	<hr/>	<hr/>
	\$ 438,880	\$ 509,031
Represented by:		
Cash	\$ 313,503	\$ 509,031
Term deposit	125,377	-
	<hr/>	<hr/>
	\$ 438,880	\$ 509,031

KEHILLAT BETH ISRAEL CONGREGATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

1. Purpose of the Congregation

Kehillat Beth Israel Congregation was incorporated without share capital under the Canada Not-for-profit Corporations Act and is a registered charity exempt from income taxes under the *Income Tax Act*. The primary purpose of the Congregation is to provide religious, spiritual, education, social and cultural services to adherents of the Jewish faith.

2. Significant accounting policies

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

Purpose of the funds

The Operating fund reports the assets, liabilities, revenues and expenditures related to the general operations of the Congregation.

The Capital fund reports the assets, liabilities, revenue and expenditures related to the investment of the net proceeds arising from a predecessor Congregation's sale of capital assets, as well as the Congregation's capital assets situated at 1400 Coldrey Avenue.

The Special purpose funds report the assets, liabilities, revenue and expenditures of the externally and internally restricted funds of the Congregation.

Cash and cash equivalents

Cash and cash equivalents can include cash on hand, balances with financial institutions (net of temporary overdrafts) and short-term highly liquid investments. Cash and cash equivalents include amounts that are externally restricted as indicated in the statement of cash flows.

KEHILLAT BETH ISRAEL CONGREGATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

2. Significant accounting policies (continued)

Revenue recognition

The Congregation follows the restricted fund method of accounting for contributions. Restricted contributions related to particular funds are recognized as revenue in the relevant restricted fund. Restricted contributions for which there is no related restricted fund are deferred and recognized as revenue of the operating fund when the related restrictions have been met. Unrestricted contributions are recognized as revenues in the operating fund.

Annual dues, programs and kiddushim, and rental revenue are recognized over the terms of the periods as they become due, representative of the time pattern in which the benefits are utilized.

Investment revenue is recognized in accordance with the financial instruments accounting policy.

Inventory

Inventory is valued at the lower of cost and net realizable value with cost being determined on a first-in, first-out basis. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of sale.

Capital assets

Land is recorded at cost. The Congregation holds a collection of holy scrolls, prayer books and library related to the Jewish Faith. These assets are recorded at cost and no amortization has been recorded due to the permanent nature of these items. Amortization of depreciable capital assets are recorded at the following rates:

Computer hardware	5 years straight line
Computer software	5 years straight line
Security equipment	20 years straight line

KEHILLAT BETH ISRAEL CONGREGATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

2. Significant accounting policies (continued)

Financial instruments

Measurement of financial instruments

The Congregation initially measures its financial assets and liabilities at fair value. The Congregation 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 result.

Impairment

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the writedown is recognized in net income.

Transaction costs

Transaction costs are recognized 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.

Contributed services

Volunteers' contributed services are not recognized in the financial statements because of the difficulty in determining their fair value.

Donations in kind are recorded at fair value.

Use of estimates

The preparation of financial statements in accordance 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 as at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the period in which they become known.

KEHILLAT BETH ISRAEL CONGREGATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

3. Financial instruments

Risks and concentrations

The Congregation is exposed to various risks through its financial instruments. The following analysis provides a measure of the Congregation's risk exposure and concentrations at June 30, 2021.

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 Congregation's main credit risks relate to its note receivable. The Congregation provides credit to its clients in the normal course of operations.

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 Congregation is mainly exposed to currency and interest rate risk.

The Congregation is exposed to market risk on its managed fund investments. The funds are held with an external organization to manage the investment holdings. The organization which holds the investments has adopted investment policies, standards, and procedures to control the amount of risk to which it is exposed. Concentration risk is not believed to be a significant risk given the diversified investment holdings.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Congregation's currency risks relate to its foreign investment holdings. As at June 30, 2021, cash of \$1,154 (2020 - \$1,945) is denominated in US dollars and converted to Canadian dollars. Additionally, the Congregation holds investments in a managed fund that is exposed to currency risk. The investment fund includes holdings of non-Canadian bonds and equities and targets these holdings range between 23% - 43% of the total portfolio.

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 Congregation is exposed to interest rate risk on its investment holdings.



KEHILLAT BETH ISRAEL CONGREGATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

4. Capital assets

	2021	Accumulated Amortization	Net Book Value
	Cost		
Building, paving and fence	\$ 1,192,187	\$ 1,192,187	\$ -
Holy scrolls, prayer books, library	62,386	-	62,386
Land	310,024	-	310,024
Computer hardware	8,721	3,332	5,389
Computer software	78,046	62,436	15,610
Security equipment	24,567	4,913	19,654
	<hr/>	<hr/>	<hr/>
	\$ 1,675,931	\$ 1,262,868	\$ 413,063

	2020	Accumulated Amortization	Net Book Value
	Cost		
Building, paving and fence	\$ 1,192,187	\$ 1,192,187	\$ -
Holy scrolls, prayer books, library	62,386	-	62,386
Land	310,024	-	310,024
Computer hardware	3,942	1,588	2,354
Computer software	78,046	46,827	31,219
Security equipment	21,720	3,258	18,462
	<hr/>	<hr/>	<hr/>
	\$ 1,668,305	\$ 1,243,860	\$ 424,445

In the prior year, a Torah was donated as a gift in kind to an unrelated organization. The cost and approximate fair market value of the Torah totalled \$9,000.

5. Interfund advances

Interfund advances are non-interest bearing with no specified terms of repayment.

6. Note receivable

The note receivable is non-interest bearing and due on October 8, 2023. The note is secured by a mortgage on the property at 15 Chartwell Avenue.

7. Contingent liability

Should the Congregation cease to operate as a Jewish religious entity, then the net assets of the Congregation shall be donated in full to the Ottawa Jewish Community Foundation.



KEHILLAT BETH ISRAEL CONGREGATION**NOTES TO FINANCIAL STATEMENTS****JUNE 30, 2021**

8. Contingent gain**Jewish Memorial Gardens**

Any monies accumulated in the Jewish Memorial Gardens Capital Reserve Fund in excess of \$250,000 is to be distributed to the member synagogues in proportion to each member's share of the total number of Lots sold since January 1, 2010. The balance of the Capital Reserve Fund at June 30, 2021 was not in excess of \$250,000.

The amount that the Congregation is entitled to recover was \$445,739 as of June 30, 2021, which represents 45% of the total lots sold. Any amount recovered in the future will be recorded as income in the fiscal year it is received.

9. COVID-19

The Congregation has, and continues to experience changes in its operations as a result of the COVID-19 pandemic, which includes a decrease in members ability to pay dues and donate additional funds. The Congregation applied to receive \$3,885 (2020 - \$9,865) under the 10% Temporary Wage Subsidy program, which was a government assistance program implemented to assist with the cost of salaries and benefits. This balance is included in accounts receivable at year end and is recognized as a reduction of the salaries and benefits expenses.

The Board is uncertain of the effects of these changes on its financial statements and believes that any disturbance may be temporary; however, there is uncertainty about the length and overall impact of the disturbance. The potential effect on the Congregation's operations is too uncertain to be estimated at this time.