VE'AHAVTA

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

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FOR THE YEAR ENDED DECEMBER 31, 2023

CONTENTS

KLASNER, SOLOMON AND PARTNERS LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Ve'ahavta

Opinion

We have audited the financial statements of Ve'ahavta (the "Charity"), which comprise the statement of financial position as at December 31, 2023, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to 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 Charity as at December 31, 2023, 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 Charity 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 the Charity for the year ended December 31, 2022, were audited by another auditor who expressed an unmodified opinion on those statements on June 7, 2023.

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

Those charged with governance are responsible for overseeing the Charity's financial reporting process.

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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 auditors' 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 Charity'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 Charity'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 Charity 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.

Klasner, Solomon and Partners LLP

Markham, Ontario
April 16, 2024

Chartered Professional Accountants
Licensed Public Accountants

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VE'AHAVTA
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2023

	2023	2022 (note 15)
ASSETS		
Current		
Cash	$ 247,712	$ 445,761
Accounts receivable	220,855	203,698
Sales tax recoverable	66,017	27,373
Prepaid expenses	70,486	31,705
Current portion of investments (note 3)	7,398,936	7,196,478
	8,004,006	7,905,015
Investments (note 3)	100,000	100,000
Capital assets (note 4)	644,789	753,846
	$ 8,748,795	$ 8,758,861
LIABILITIES		
Current		
Accounts payable and accrued liabilities (note 5)	$ 191,122	$ 272,492
Deferred contributions (note 6)	36,230	345,000
Bank loan	-	40,000
	227,352	657,492
Deferred contributions related to capital assets (note 7)	282,942	329,486
	510,294	986,978
NET ASSETS		
Unrestricted	1,266,501	299,883
Reserve fund (Schedule)	1,137,000	1,637,000
Charitable fund (Schedule)	5,735,000	5,735,000
Endowment	100,000	100,000
	8,238,501	7,771,883
	$ 8,748,795	$ 8,758,861

The accompanying notes form an integral part of these financial statements.

Commitment and subsequent event (note 12 and 14)

Approved by the Board

_______________ Director Stephen Ronald Haber Director

VE'AHAVTA
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2023

	Unrestricted	Internally restricted (Schedule)	Endowment	Total 2023	Total 2022 (note 15)
Net assets, beginning of year	$ 299,883	$7,372,000	$ 100,000	$7,771,883	$4,712,977
Excess of revenue over expenses	466,618	-	-	466,618	3,058,906
Transfer from Reserve fund	500,000	(500,000)	-	-	-
Net assets, end of year	$1,266,501	$6,872,000	$ 100,000	$8,238,501	$7,771,883

The accompanying notes form an integral part of these financial statements.

VE'AHAVTA
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2023

	2023	2022 (note 15)
Revenue		
Donations (note 6, 7 and 10)	$ 2,784,019	$ 5,977,295
Government grants (note 8)	502,378	448,902
Investment income	544,916	96,508
Unrealized gain (loss) on investments	96,733	(293,984)
	3,928,046	6,228,721
Program expenditures (note 11)		
Mobile Jewish Response to Homelessness	690,005	629,999
Life Stabilization Program	261,583	182,379
Building Foundations for Women	412,800	441,987
Ve'ahavta Skills Academy	401,931	399,146
Recipe for Success	388,103	312,666
Upper Shelf	296,416	271,104
Volunteer Programs	190,807	252,526
	2,641,645	2,489,807
Expansion	165,323	-
Administration	381,300	319,718
Fundraising	273,160	360,290
	3,461,428	3,169,815
Excess of revenue over expenses	$ 466,618	$ 3,058,906

The accompanying notes form an integral part of these financial statements.

VE'AHAVTA
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2023

	2023	2022 (note 15)
Cash flows from operating activities:		
Excess of revenue over expense	$ 466,618	$ 3,058,906
Items not affecting cash:		
Amortization	110,245	123,351
Amortization of deferred contributions related to capital assets	(46,544)	(52,396)
Change in fair value of investments	(96,733)	293,984
	433,586	3,423,845
Changes in non-cash working capital		
Accounts receivable	(17,157)	(16,539)
Sales tax recoverable	(38,644)	57,044
Prepaid expenses	(38,781)	18,725
Accounts payable and accrued liabilities	(81,370)	27,108
Deferred contributions	(308,770)	(356,465)
	(484,722)	(270,127)
Cash flows (used in) provided by operating activities	(51,136)	3,153,718
Cash flows from investing activities:		
Purchase of capital assets	(1,188)	(19,765)
Purchase of investments	(1,131,871)	(9,302,950)
Proceeds on disposal of investments	1,026,146	6,450,000
Cash flows used in investing activities	(106,913)	(2,872,715)
Cash flows from Financing activities:		
Repayment of bank loan	(40,000)	-
Cash flows used in financing activities	(40,000)	-
Net (decrease) increase in cash during the year	(198,049)	281,003
Cash, beginning of year	445,761	164,758
Cash, end of year	$ 247,712	$ 445,761

The accompanying notes form 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 Charity 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 Charity is a registered charitable organization under the Income Tax Act and is exempt from income taxes.

2. Summary of accounting policies

Basis of accounting

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO). The significant accounting policies are as follows:

Fund accounting

The Charity follows the deferral method of accounting for contributions and reports using fund accounting.

Unrestricted net assets for the Charity's ongoing operations, program and administrative expenses.

Internally restricted net assets consist of the Reserve fund and Charitable fund.

The Charity has established an internally restricted Reserve fund to provide for capital maintenance and protection against times of difficulty or emergency.

The Charitable fund was internally established as long-term capital to enable growth of the Charity's operations into new cities. Investment income generated by the capital may be used at management's discretion and is recognized in unrestricted operations.

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 the 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 in revenue over the periods in which the Charity recognizes expenses which the grants and assistance are intended to compensate.

2. Summary of accounting policies (continued)

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 Charity's operations and would have otherwise been purchased.

The Charity 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.

Allocation of expenses

The Charity engages in various charitable and fundraising programs. The costs of each program include the costs of personnel and other expenses that are directly related to providing the program. General support expenses are also incurred that are common to the programs and the administration of the Charity.

The Charity classifies expenses on the statement of operations by function and allocates general support costs based on the proportionate head cost of each function.

Capital assets

Purchased capital assets are recorded at cost less accumulated amortization. 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 a method and rates intended to amortize the cost of assets over their estimated useful lives as follows:

Asset	Method	Rate
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 financial instruments when the Charity becomes party to the contractual provisions of the financial instrument.

2. Summary of accounting policies (continued)

Arm's length financial instruments

Financial instruments originated/acquired or issued/assumed in an arm's length transaction ("arm's length financial instruments") are initially recorded at their fair value.

At initial recognition, the Charity may irrevocably elect to subsequently measure any arm's length financial instrument at fair value. The Charity has made such an election during the year.

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 or that linked to, and must be settled by delivery of, unquoted equity instruments of another entity, at fair value. Fair value is determined based on the published prices. Investments in equity instruments not quoted in an active market and derivatives that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, are subsequently measured at cost less impairment. The Charity has elected to carry all investments at fair value. All other financial assets and liabilities are subsequently measured at amortized cost.

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

Financial asset impairment

The Charity assesses impairment of all its financial assets measured at cost or amortized cost. The Charity groups assets for impairment testing under certain circumstances. When there is an indication of impairment, the Charity determines whether it has resulted in a significant adverse change in the expected timing or amount of future cash flows during the year.

The Charity reduces the carrying amount of any impaired financial assets to the highest of: the present value of cash flows expected to be generated by holding the assets; the amount that could be realized by selling the assets at the statement of financial position date; and the amount expected to be realized by exercising any rights to collateral held against those assets.

Any impairment, which is not considered temporary, is included in current year excess of revenue over expenses.

The Charity reverses impairment losses on financial assets when there is a decrease in impairment and the decrease can be objectively related to an event occurring after the impairment loss was recognized. The amount of the reversal is recognized in excess of revenue over expenses in the year the reversal occurs.

2. Summary of accounting policies (continued)

Measurement uncertainty

The preparation of financial statements in conformity with Canadian accounting standards for non-for-profit organizations 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 amounts of revenue and expenses during the year. Significant items subject to such estimates and assumptions include allowance for doubtful accounts, useful lives of long-lived assets, accrued liabilities, impairment assessments of long-lived assets, the allocation of expenses to the various departments and financial instruments. Actual results could differ from these estimates. These estimates are reviewed periodically and adjustments are made to to excess of revenue over expenses in the year they become known.

Impairment of long-lived assets

The Charity's long-lived assets consist of capital assets. These assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is assessed by comparison of the carrying amount of an asset to future undiscounted cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured as the amount by which the carrying amount of the assets exceeds the fair value of the assets.

3. Investments

	2023	2022 (note 15)
Term deposits	$ 1,475,658	$ 1,612,000
Jewish Foundation of Greater Toronto pooled investments	6,023,278	5,684,478
	7,498,936	7,296,478
Less: current portion	(7,398,936)	(7,196,478)
	$ 100,000	$ 100,000

The term deposits yield interest between 2.25% to 4.75% per annum and mature between May 2024 and December 2024.

The Jewish Foundation of Greater Toronto (the "Foundation"), operating as part of UJA Federation of Greater Toronto, is a community foundation that among other things manages the investment of fund on behalf of other parties. The Charity is entitled to its proportionate share of the Foundations investments. The Charity's endowment assets are included in the investment with the Foundation.

The Foundation's investment portfolio at year-end is allocated as follows: 52% public equities; 16% private and real assets; 17% cash and fixed income; and 15% hedge funds.

4. Capital assets

	Cost	Accumulated Amortization	2023 Net	2022 Net (note 15)
Automobiles	$ 101,284	$ 68,936	$ 32,348	$ 45,665
Furniture and fixtures	85,487	36,247	49,240	61,551
Office equipment	36,847	19,675	17,172	26,796
Leasehold improvements	780,041	234,012	546,029	619,834
	$ 1,003,659	$ 358,870	$ 644,789	$ 753,846

During the year, the Charity recorded amortization expense of $110,245 (2022 - $123,351) that was allocated to programs along with premises and other support costs discussed in Note 11.

5. Bank facility

The Charity has a demand revolving loan facility from Scoitabank in the amount of $150,000, bearing interest at prime plus 0.75%. As at December 31, 2023, the Charity has drawn $nil (2022 - $nil) from the facility. The Charity has business credit card limit of $40,000. Included in accounts payable and accrued liabilities at year-end is the utilized amount of $16,373 (2022 - $24,297)

The facilities are secured by a general security agreement constituting a first ranking security on all property of the Charity and pledged security of term deposits in the amount of $190,000.

The borrowing facility is subject to certain reporting requirements which were met at year-end.

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:

	2023	2022 (note 15)
Balance, beginning of year	$ 345,000	$ 701,465
Amount received during the year	36,230	345,000
Less: Amount recognized as revenue during the year	(345,000)	(701,465)
Balance, end of year	$ 36,230	$ 345,000

7. Deferred contributions related to capital assets

		2023		2022 (note 15)
Beginning balance	$	329,486	$	381,882
Less: recognized as revenue during the year		(46,544)		(52,396)
	$	282,942	$	329,486

8. Government grants

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

		2023		2022 (note 15)
City of Toronto - Ve'ahavta Skills Academy	$	244,519	$	292,198
City of Toronto - Life Stabilization Program		183,000		132,000
City of Toronto - Investing in Neighbourhoods Initiative		26,774		24,704
Government of Canada - Community Services Recovery Fund		48,085		-
	$	502,378	$	448,902

9. 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.

10. Related party transactions

Related parties include directors and senior management of the Charity, their immediate family and the entities they control. Included in revenue for the current year are $69,814 (2022 - $69,780) donations received from a related party. The revenue was recorded at fair value at the date of transaction.

11.Allocation of expenses

The Charity allocates its expenses by program. The costs related to each program have been presented in the Statement of Operations.

Included in functional expenditures are salaries and benefits of $2,516,359 (2022 - $2,253,136) and premises and other support costs of $451,435 (2022 - $542,325) based on the amount of staff time spent on the functions, as follows:

	2023	2022 (note 15)
Mobile Jewish Responses to Homelessness	$ 605,412	$ 534,743
Life Stabilization Program	257,735	180,763
Building Foundations for Women	368,966	378,901
Ve'ahavta Skills Academy	359,463	342,382
Recipe for Success	247,258	231,272
Upper Shelf	232,264	238,879
Volunteer Programs	181,171	243,529
Expansion	165,323	-
Administration	286,076	358,343
Fundraising	264,126	286,649
	$ 2,967,794	$ 2,795,461

12. Commitment

Under the terms of operating leases for premises, the Charity is committed to minimum annual leases as follows:

2024	$ 64,245
2025	65,422
2026	27,463
	$ 157,130

13. 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.

(i) 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. Financial instruments that potentially subject the Charity to concentrations of credit risk consist primarily of accounts receivable and investments. The pledges receivable from six parties (2022 - five parties) represent 46% (2022 - 86%) of the total accounts receivable balance at year-end. Investments are concentrated with the two organizations disclosed in Note 3.

(ii) Interest rate, foreign currency and other price risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. Changes in market interest rates may influence the cash flows associated with some financial assets and liabilities, known as cash flow risk, and on the fair value of other financial assets and liabilities, known as price risk.

Foreign currency risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

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 interest rate risk or foreign currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments trade in the market.

The Charity is exposed to interest rate, foreign currency and other price risk in respect to its investment portfolio. The risk increased with the growth in the portfolio during the year. The Charity manages this risk by investing in a managed, diversified portfolio of securities with Foundation.

(iii) Liquidity risk

Liquidity risk is the risk that the Charity will encounter difficulty in meeting the obligations associated with its financial liabilities. The Charity's exposure to liquidity risk is dependent on collection of accounts receivable, purchasing commitments and obligations or raising funds to meet commitments and sustain operations.

Under agreement with the Foundation a notice period is required to liquidate investments that varies between 30 and 90 days following the end of the quarter in which the funds are requested. Liquidity risk has not changed significantly during the year.

14. Subsequent event

The Charity has requested to change the fiscal year-end from December 31 to March 31. The request has been approved by the Board and the Canada Revenue Agency.

15. Comparative figures

Certain comparative figures have been reclassified to conform with the financial statement presentation adopted for 2023.

Comparative figures were audited by another auditor who issued an unmodified opinion on June 7, 2023.

VE'AHAVTA
SCHEDULE OF INTERNALLY RESTRICTED FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2023

	Reserve Fund	Charitable Fund	2023 Total
Fund balances, beginning of year	$ 1,637,000	$ 5,735,000	$ 7,372,000
Interfund transfer	(500,000)	-	(500,000)
Fund balances, end of year	$ 1,137,000	$ 5,735,000	$ 6,872,000

	Reserve Fund	Charitable Fund	2022 Total
Fund balances, beginning of year	$ 650,000	$ 3,435,000	$ 4,085,000
Interfund transfer	987,000	2,300,000	3,287,000
Fund balances, end of year	$ 1,637,000	$ 5,735,000	$ 7,372,000