

Financial Statements of

**INTERNATIONAL
FELLOWSHIP OF
CHRISTIANS AND JEWS OF
CANADA**

Year ended December 31, 2015

INTERNATIONAL FELLOWSHIP OF CHRISTIANS AND JEWS OF CANADA

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of International Fellowship of Christians and Jews of Canada

We have audited the accompanying financial statements of International Fellowship of Christians and Jews of Canada, which comprise the statement of financial position as at December 31, 2015, the statements of revenue and expenses, changes in net assets and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for private enterprises, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



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Basis for Qualified Audit Opinion

In common with many charitable organizations, the International Fellowship of Christians and Jews of Canada derives revenue from donations and fundraising, 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 Entity and we were not able to determine whether, as at or for the years ended December 31, 2015 and December 31, 2014, any adjustments might be necessary to contributions, excess of revenue over expenses, reported in the statement of revenue and expenses and current assets and net assets reported in the statement of financial position.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the International Fellowship of Christians and Jews of Canada as at December 31, 2015, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, slightly slanted style. Below the signature is a long, horizontal, slightly curved line that serves as a signature line.

Chartered Professional Accountants, Licensed Public Accountants

June 15, 2016

Toronto, Canada

INTERNATIONAL FELLOWSHIP OF CHRISTIANS AND JEWS OF CANADA

Statement of Financial Position

December 31, 2015, with comparative information for 2014

	2015	2014
Assets		
Current assets:		
Cash and cash equivalents (note 2)	\$ 552,640	\$ 516,177
Prepaid expenses and deposits	369,853	288,487
	<u>922,493</u>	<u>804,664</u>
Capital assets (note 3)	10,855	9,473
	<u>\$ 933,348</u>	<u>\$ 814,137</u>
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 97,038	\$ 77,068
Deferred revenue	74,627	-
	<u>171,665</u>	<u>77,068</u>
Net assets:		
Unrestricted	750,828	727,596
Invested in capital assets	10,855	9,473
	<u>761,683</u>	<u>737,069</u>
	<u>\$ 933,348</u>	<u>\$ 814,137</u>

See accompanying notes to financial statements.

On behalf of the Board:

 _____ Director

 _____ Director

INTERNATIONAL FELLOWSHIP OF CHRISTIANS AND JEWS OF CANADA

Statement of Revenue and Expenses

Year ended December 31, 2015, with comparative information for 2014

	2015	2014
Revenue:		
Contributions (note 5):		
Restricted	\$ 6,044,206	\$ 5,958,392
Unrestricted	4,439,172	3,758,449
	<u>10,483,378</u>	<u>9,716,841</u>
Expenses:		
Guardians of Israel (also known as Friends of Jerusalem)	3,251,656	2,707,533
Isaiah 58	2,500,000	2,326,675
Fundraising (note 6)	2,253,140	2,402,935
On Wings of Eagles	1,550,000	1,250,000
General and administration	720,457	634,364
Fellowship	183,511	53,646
	<u>10,458,764</u>	<u>9,375,153</u>
Excess of revenue over expenses	\$ 24,614	\$ 341,688

See accompanying notes to financial statements.

INTERNATIONAL FELLOWSHIP OF CHRISTIANS AND JEWS OF CANADA

Statement of Changes in Net Assets

Year ended December 31, 2015, with comparative information for 2014

			2015	2014
	Invested in capital asset	Unrestricted (note 4)	Total	Total
Net assets, beginning of year	\$ 9,473	\$ 727,596	\$ 737,069	\$ 395,381
Excess of revenue over expenses	(2,568)	27,182	24,614	341,688
Net investment in capital assets	3,950	(3,950)	-	-
Balance, end of year	\$ 10,855	\$ 750,828	\$ 761,683	\$ 737,069

See accompanying notes to financial statements.

INTERNATIONAL FELLOWSHIP OF CHRISTIANS AND JEWS OF CANADA

Statement of Cash Flows

Year ended December 31, 2015, with comparative information for 2014

	2015	2014
Cash provided by (used in):		
Operations:		
Excess of revenue over expenses	\$ 24,614	\$ 341,688
Items not involving cash:		
Amortization of capital assets	2,568	2,209
Change in non-cash operating working capital:		
(Increase) decrease in prepaid expenses and deposits	(81,366)	9,494
Increase (decrease) in accounts payable and accrued liabilities	19,970	(42,032)
Increase (decrease) in deferred revenue	74,627	(239,401)
	40,413	71,958
Investments:		
Additions to capital assets	(3,950)	(1,085)
Increase in cash and cash equivalents	36,463	70,873
Cash and cash equivalents, beginning of year	516,177	445,304
Cash and cash equivalents, end of year	\$ 552,640	\$ 516,177

See accompanying notes to financial statements.

INTERNATIONAL FELLOWSHIP OF CHRISTIANS AND JEWS OF CANADA

Notes to Financial Statements

Year ended December 31, 2015

Nature of operations:

International Fellowship of Christians and Jews of Canada ("The Fellowship") was incorporated as a not-for-profit organization without share capital in 1999 under the Canada Corporations Act and was continued under the Canada Not-for-Profit Corporations Act in 2014. Its objective is to advance, encourage and support Christians and Jews in the expression and practice of their respective faiths by facilitating and furthering an understanding and application of biblical doctrine and values in accordance with The Fellowship's statement of beliefs. The Fellowship is a registered charity under the Income Tax Act (Canada) and, accordingly, is exempt from income taxes, provided certain requirements of the Income Tax Act (Canada) are met.

1. Significant accounting policies:

These financial statements have been prepared by management in accordance with ASNPO in Part III of the CPA Canada Handbook.

(a) Cash and cash equivalents:

The Fellowship considers deposits in banks and short-term investments with original maturities of 90 days or less as cash and cash equivalents.

(b) Revenue recognition:

The Fellowship follows the deferral method of accounting for contributions which include donations and fundraising revenue. Unrestricted contributions are recognized when received. Externally restricted contributions are recognized as revenue in the year in which the related expenses are recognized. Donations are recognized on a cash basis. Investment income includes interest income and is recorded on the accrual basis. Externally restricted investment income earned in the year but related to expenses of a future year is deferred and recognized as revenue in the year in which the related expenses are recognized.

(c) Contributed material and services:

Because of the difficulty in determining the fair value of contributed materials and services, contributed services and materials are not recognized in these financial statements.

INTERNATIONAL FELLOWSHIP OF CHRISTIANS AND JEWS OF CANADA

Notes to Financial Statements (continued)

Year ended December 31, 2015

1. Significant accounting policies (continued):

(d) Use of estimates:

The preparation of financial statements 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 date of the financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates.

(e) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently measured at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Fellowship has not elected to carry any such financial instruments at fair value.

(f) Capital assets:

Purchased capital assets are recorded at cost. Amortization is provided using the following method and annual rates:

Asset	Basis	Rate
Furniture and fixtures	Straight-line	15%
Leasehold improvements	Straight-line	20%

When a capital asset no longer contributes to The Fellowship's ability to provide services, its carrying amount is written down to its residual value.

2. Cash and cash equivalents:

	2015	2014
Cash and cash equivalents	\$ 310,935	\$ 286,107
Deposits in transit	241,705	230,070
	\$ 552,640	\$ 516,177

INTERNATIONAL FELLOWSHIP OF CHRISTIANS AND JEWS OF CANADA

Notes to Financial Statements (continued)

Year ended December 31, 2015

3. Capital assets:

			2015		2014	
	Cost	Accumulated amortization	Net book value	Net book value		
Furniture and fixtures	\$ 12,081	\$ 4,038	\$ 8,043	\$ 5,537		
Leasehold improvements	5,623	2,811	2,812	3,936		
	\$ 17,704	\$ 6,849	\$ 10,855	\$ 9,473		

4. Invested in capital assets:

(a) Invested in capital assets is calculated as follows:

	2015		2014	
Capital assets	\$ 10,855	\$ 9,473		

(b) Change in net assets invested in capital assets is calculated as follows:

	2015		2014	
Amortization	\$ 2,568	\$ 2,209		

(c) Net change in investment in capital assets:

	2015		2014	
Purchase of capital assets	\$ 3,950	\$ 1,085		

INTERNATIONAL FELLOWSHIP OF CHRISTIANS AND JEWS OF CANADA

Notes to Financial Statements (continued)

Year ended December 31, 2015

5. Investment income:

Contributions include investment income as follows:

	2015	2014
Restricted	\$ 9,056	\$ 7,533
Unrestricted	9,790	10,371
	<u>\$ 18,846</u>	<u>\$ 17,904</u>

6. Fundraising expense:

Fundraising expense includes an allocation of payroll and benefit costs of \$289,190 for employees whose duties include fundraising activities. \$116,458 was also paid to a fundraising business used to make solicitations on behalf of the organization.

7. Financial instruments:

Capital management:

In managing capital, The Fellowship focuses on liquid resources available for operations. The Fellowship's objective is to have sufficient liquid resources to continue operating and to provide it with the flexibility to take advantage of opportunities that will advance its purpose. The need for sufficient liquid resources is considered in the preparation of an annual budget and in the monitoring of cash flows and actual operating results compared to budget.

8. Transactions with the International Fellowship of Christians and Jews:

The individual who was involved in the establishment of the International Fellowship of Christians and Jews ("IFCJ") was also involved in the establishment of The Fellowship and is president of the IFCJ and a director on the Board of Directors of The Fellowship. While sharing a common purpose, both entities operate independently and The Fellowship is not controlled by IFCJ.