

Financial Statements of

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

Year ended December 31, 2018

# 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

### ***Qualified Opinion***

We have audited the financial statements of International Fellowship of Christians and Jews of Canada (the Entity), which comprise:

- the statement of financial position as at December 31, 2018
- the statement of operations for the year then ended
- the statement of changes in net assets for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, except for the possible effects of the matter described in the "***Basis for Qualified Opinion***" section of our auditor's report, the accompanying financial statements present fairly in all material respects, the financial position of the Entity as at December 31, 2018, and its results of operations, its changes in net assets and its cash flows for the year ended in accordance with Canadian accounting standards for not-for-profit organizations.

### ***Basis for Qualified Opinion***

In common with many charitable organizations, the Entity derives revenue from donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Entity.

Therefore, we were not able to determine whether any adjustments might be necessary to:

- the assets and net assets reported in the statements of financial position for the years ended December 31, 2018 and December 31, 2017
- the contributions revenue and excess of revenue over expenses reported in the statements of operations and changes in net assets for the years ended December 31, 2018 and December 31, 2017
- the excess of revenue over expenses reported in the statements of cash flows for the years ended December 31, 2018 and December 31, 2017

Our opinion on the financial statements for the year ended December 31, 2017 was qualified accordingly because of the possible effects of this limitation in scope.



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We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the **"Auditors' Responsibilities for the Audit of the Financial Statements"** section of our auditors' report.

We are independent of the Entity 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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

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

### ***Auditors' 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 the 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.



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- 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 Entity'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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Entity 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.
- 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.

*KPMG LLP*

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Chartered Professional Accountants, Licensed Public Accountants

Vaughan, Canada

June 12, 2019

# INTERNATIONAL FELLOWSHIP OF CHRISTIANS AND JEWS OF CANADA

Statement of Financial Position

December 31, 2018, with comparative information for 2017

	2018	2017
<b>Assets</b>		
Current assets:		
Cash and cash equivalents (note 2)	\$ 783,412	\$ 695,700
Prepaid expenses and deposits	212,112	237,498
	<u>995,524</u>	<u>933,198</u>
Capital assets (note 3)	17,128	19,453
	<u>\$ 1,012,652</u>	<u>\$ 952,651</u>

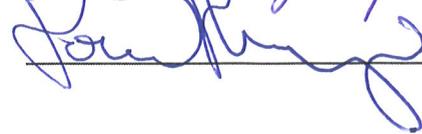
## Liabilities and Net Assets

Current liabilities:		
Accounts payable and accrued liabilities	\$ 356,034	\$ 383,286
Net assets:		
Unrestricted	639,490	549,912
Invested in capital assets	17,128	19,453
	<u>656,618</u>	<u>569,365</u>
Commitments (note 7)		
	<u>\$ 1,012,652</u>	<u>\$ 952,651</u>

See accompanying notes to financial statements.

On behalf of the Board:

  
\_\_\_\_\_  
Director

  
\_\_\_\_\_  
Director

# INTERNATIONAL FELLOWSHIP OF CHRISTIANS AND JEWS OF CANADA

## Statement of Operations

Year ended December 31, 2018, with comparative information for 2017

	2018	2017
Revenue:		
Contributions (note 5):		
Restricted	\$ 5,558,358	\$ 5,525,171
Unrestricted	5,159,191	5,261,074
	<u>10,717,549</u>	<u>10,786,245</u>
Expenses:		
Guardians of Israel (also known as Friends of Jerusalem)	2,133,396	2,836,706
Fundraising (note 6)	2,585,265	2,464,864
Isaiah 58	2,749,777	2,905,966
On Wings of Eagles	2,085,587	1,523,375
General and administration	903,526	829,767
Fellowship	172,745	165,357
	<u>10,630,296</u>	<u>10,726,035</u>
<b>Excess of revenue over expenses</b>	<b>\$ 87,253</b>	<b>\$ 60,210</b>

See accompanying notes to financial statements.

# INTERNATIONAL FELLOWSHIP OF CHRISTIANS AND JEWS OF CANADA

## Statement of Changes in Net Assets

Year ended December 31, 2018, with comparative information for 2017

			2018	2017
	Invested in capital asset	Unrestricted (note 4)	Total	Total
Net assets, beginning of year	\$ 19,452	\$ 549,913	\$ 569,365	\$ 509,155
Excess (deficiency) of revenue over expenses	(5,987)	93,240	87,253	60,210
Net investment in capital assets	3,663	(3,663)	-	-
<b>Balance, end of year</b>	<b>\$ 17,128</b>	<b>\$ 639,490</b>	<b>\$ 656,618</b>	<b>\$ 569,365</b>

See accompanying notes to financial statements.

# INTERNATIONAL FELLOWSHIP OF CHRISTIANS AND JEWS OF CANADA

## Statement of Cash Flows

Year ended December 31, 2018, with comparative information for 2017

	2018	2017
Cash provided by (used in):		
Operations:		
Excess of revenue over expenses	\$ 87,253	\$ 60,210
Item not involving cash:		
Amortization of capital assets	5,987	4,440
Changes in non-cash operating working capital:		
Decrease (increase) in prepaid expenses and deposits	25,387	(10,260)
(Decrease) increase in accounts payable and accrued liabilities	(27,252)	202,935
Decrease in deferred revenue	-	(9,292)
	<u>91,375</u>	<u>248,033</u>
Investments:		
Additions to capital assets	(3,663)	(15,888)
Increase in cash and cash equivalents	87,712	232,145
Cash and cash equivalents, beginning of year	695,700	463,555
Cash and cash equivalents, end of year	<u>\$ 783,412</u>	<u>\$ 695,700</u>

See accompanying notes to financial statements.

# INTERNATIONAL FELLOWSHIP OF CHRISTIANS AND JEWS OF CANADA

Notes to Financial Statements

Year ended December 31, 2018

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## **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 Accounting Standards for Not-For-Profit Organizations 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, 2018

## 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 methods and annual rates:

Asset	Basis	Rate
Computer	Declining balance	3 years
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:

	2018	2017
Cash and cash equivalents	\$ 367,856	\$ 445,239
Deposits in transit	415,556	250,461
	\$ 783,412	\$ 695,700

# INTERNATIONAL FELLOWSHIP OF CHRISTIANS AND JEWS OF CANADA

Notes to Financial Statements (continued)

Year ended December 31, 2018

### 3. Capital assets:

			2018		2017	
	Cost	Accumulated amortization	Net book value	Net book value		
Computer	\$ 2,327	\$ 388	\$ 1,939	\$ -		
Furniture and fixtures	12,081	9,215	2,866	4,592		
Leasehold improvements	22,846	10,523	12,323	14,861		
	\$ 37,254	\$ 20,126	\$ 17,128	\$ 19,453		

### 4. Invested in capital assets:

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

	2018		2017	
Capital assets	\$ 17,128	\$ 19,452		

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

	2018		2017	
Amortization	\$ 5,987	\$ 4,440		

(c) Net change in investment in capital assets:

	2018		2017	
Purchase of capital assets	\$ 3,663	\$ 15,888		

# INTERNATIONAL FELLOWSHIP OF CHRISTIANS AND JEWS OF CANADA

Notes to Financial Statements (continued)

Year ended December 31, 2018

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## 5. Investment income:

Contributions include investment income as follows:

	2018	2017
Unrestricted	\$ 7,413	\$ 7,246

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## 6. Fundraising expense:

Fundraising expense includes an allocation of payroll and benefit costs of \$429,731 (2017 - \$351,005) for employees whose duties include fundraising activities. \$116,666 (2017 - \$112,362) was also paid to a fundraising business used to make solicitations on behalf of the organization.

## 7. Commitments:

The Fellowship has renewed the lease for office premises. Minimum future payments required under this operating lease are as follows:

2019	\$ 49,600
2020	49,800
2021	51,600
2022	47,400
	\$ 198,400

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## 8. 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.

# INTERNATIONAL FELLOWSHIP OF CHRISTIANS AND JEWS OF CANADA

Notes to Financial Statements (continued)

Year ended December 31, 2018

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## **9. 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 a charity in Israel controlled by the IFCJ that carries out the programs on behalf of The Fellowship and the IFCJ. The Fellowship and the IFCJ have some common board members. While sharing a common purpose, IFCJ and The Fellowship operate independently and The Fellowship is not controlled by the IFCJ.