Financial Statements of

INTERNATIONAL FELLOWSHIP OF CHRISTIANS AND JEWS OF CANADA

Year ended December 31, 2019

INTERNATIONAL FELLOWSHIP OF CHRISTIANS AND JEWS OF CANADA

Table of Contents

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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, 2019
- 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, 2019, 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 and fundraising, 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, 2019 and December 31, 2018
- 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, 2019 and December 31 2018
- the excess of revenue over expenses reported in the statements of cash flows for the years ended December 31, 2019 and December 31, 2018

Our opinion on the financial statements for the year ended December 31, 2019 was qualified accordingly because of the possible effects of this limitation in scope.

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

Chartered Professional Accountants, Licensed Public Accountants

Vaughan, Canada

June 10, 2020

INTERNATIONAL FELLOWSHIP OF CHRISTIANS AND JEWS OF CANADA

Statement of Financial Position

December 31, 2019, with comparative information for 2018

		2019		2018
Assets				
Current assets:				
Cash and cash equivalents (note 2)	$	659,715	$	783,412
Prepaid expenses and deposits		106,845		212,112
		766,560		995,524
Capital assets (note 3)		25,204		17,128
	$	791,764	$	1,012,652
Liabilities and Net Assets				
Current liabilities:				
Accounts payable and accrued liabilities	$	222,170	$	356,034
Net assets:				
Unrestricted		544,390		639,490
Invested in capital assets		25,204		17,128
		569,594		656,618
Commitments (note 7)				
Subsequent event (note 10)				
	$	791,764	$	1,012,652

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, 2019, with comparative information for 2018

	2019	2018
Revenue:		
Contributions (note 5):		
Restricted	$ 4,997,980	$ 5,558,358
Unrestricted	5,011,889	5,159,191
	10,009,869	10,717,549
Expenses:		
Guardians of Israel	1,947,452	2,133,396
Fundraising (note 6)	2,044,140	2,585,265
Isaiah 58	2,890,000	2,749,777
On Wings of Eagles	2,205,026	2,085,587
General and administration	874,259	903,526
Fellowship	136,016	172,745
	10,096,893	10,630,296
Excess (deficiency) of revenue over expenses	$ (87,024)	$ 87,253

See accompanying notes to financial statements.

INTERNATIONAL FELLOWSHIP OF CHRISTIANS AND JEWS OF CANADA

Statement of Changes in Net Assets

Year ended December 31, 2019, with comparative information for 2018

			2019	2018
	Invested in capital asset	Unrestricted	Total	Total
		(note 4)		
Net assets, beginning of year	$ 17,128	$ 639,490	$ 656,618	$ 569,365
Excess (deficiency) of revenue over expenses	(6,828)	(80,196)	(87,024)	87,253
Net investment in capital assets	14,904	(14,904)	-	-
Balance, end of year	$ 25,204	$ 544,390	$ 569,594	$ 656,618

See accompanying notes to financial statements.

INTERNATIONAL FELLOWSHIP OF CHRISTIANS AND JEWS OF CANADA

Statement of Cash Flows

Year ended December 31, 2019, with comparative information for 2018

	2019	2018
Cash provided by (used in):		
Operations:		
Excess (deficiency) of revenue over expenses	$ (87,024)	$ 87,253
Item not involving cash:		
Amortization of capital assets	6,828	5,987
Changes in non-cash operating working capital:		
Decrease in prepaid expenses and deposits	105,267	25,387
Increase (decrease) in accounts payable and accrued liabilities	(133,864)	(27,252)
	(108,793)	91,375
Investments:		
Additions to capital assets	(14,904)	(3,663)
Increase (decrease) in cash and cash equivalents	(123,697)	87,712
Cash and cash equivalents, beginning of year	783,412	695,700
Cash and cash equivalents, end of year	$ 659,715	$ 783,412

See accompanying notes to financial statements.

Nature of operations:

International Fellowship of Christians and Jews of Canada ("IFCJ Canada") 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 IFCJ Canada's statement of beliefs. IFCJ Canada 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:

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

(b) Revenue recognition:

IFCJ Canada 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.

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. IFCJ Canada 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	Straight-line	3 years
Furniture and fixtures	Straight-line	7 years
Leasehold improvements	Straight-line	5 years

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

2. Cash and cash equivalents:

	2019	2018
Cash and cash equivalents	$ 374,587	$ 367,856
Deposits in transit	285,128	415,556
	$ 659,715	$ 783,412

3. Capital assets:

						2019		2018
		Cost		Accumulated amortization		Net book value		Net book value
Computer	$	2,327	$	1,668	$	659	$	1,939
Furniture and fixtures		25,841		11,204		14,637		2,866
Leasehold improvements		23,989		14,081		9,908		12,323
	$	52,157	$	26,953	$	25,204	$	17,128

4. Invested in capital assets:

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

		2019		2018
Capital assets	$	25,204	$	17,128

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

		2019		2018
Amortization	$	6,828	$	5,987

(c) Net change in investment in capital assets:

		2019		2018
Purchase of capital assets	$	14,904	$	3,663

5. Investment income:

Contributions include investment income as follows:

		2019		2018
Unrestricted	$	8,091	$	7,413

6. Fundraising expense:

Fundraising expense includes an allocation of payroll and benefit costs of $327,966 (2018 - $429,731) for employees whose duties include fundraising activities. $82,882 (2018 - $116,666) was also paid to a fundraising business used to make solicitations on behalf of the organization.

7. Commitments:

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

2020	$	49,800
2021		51,600
2022		47,400
	$	148,800

8. Capital management:

In managing capital, IFCJ Canada focuses on liquid resources available for operations. IFCJ Canada'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.

9. Transactions with the International Fellowship of Christians & Jews, Inc.:

The individual who was involved in the establishment of the International Fellowship of Christians & Jews, Inc. ("IFCJ U.S.") was also involved in the establishment of IFCJ Canada and a charity in Israel controlled by the IFCJ U.S. that carries out the programs on behalf of IFCJ Canada and IFCJ U.S. While sharing a common purpose, IFCJ U.S. and IFCJ Canada operate independently and IFCJ Canada is not controlled by the IFCJ U.S.

IFCJ Canada has a management services agreement with IFCJ U.S. under which IFCJ U.S. provides fundraising, information technology and other services. The agreement expires in December 2024.

10. Subsequent event:

Subsequent to December 31, 2019 the COVID-19 outbreak was declared a pandemic by the World Health Organization. The situation is dynamic and the ultimate duration and magnitude of the impact on the economy and the financial impact on IFCJ Canada is not known at this time. These impacts could include potential future decreases in contributions, or cash flows.