

Financial Statements of

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

Year ended December 31, 2021

# 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, 2021
- 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, 2021, and its results of operations, its changes in net assets and its cash flows for the year then 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 as at December 31, 2021 and December 31, 2020
- the contributions revenue and excess of revenue over expenses reported in the statements of operations for the years ended December 31, 2021 and December 31, 2020
- the net assets, at the beginning and end of the year, reporting in the statements of changes in net assets for the years ended December 31, 2021 and December 31, 2020
- the excess of revenue over expenses reported in the statements of cash flows for the years ended December 31, 2021 and December 31, 2020



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Our opinion on the financial statements for the year ended December 31, 2020 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*

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Chartered Professional Accountants, Licensed Public Accountants

Vaughan, Canada

June 8, 2022

# INTERNATIONAL FELLOWSHIP OF CHRISTIANS AND JEWS OF CANADA

Statement of Financial Position

December 31, 2021, with comparative information for 2020

	2021	2020
<b>Assets</b>		
Current assets:		
Cash and cash equivalents (note 2)	\$ 2,512,469	\$ 1,499,715
Prepaid expenses and deposits	229,819	108,375
	<u>2,742,288</u>	<u>1,608,090</u>
Capital assets (note 3)	17,170	26,961
	<u>\$ 2,759,458</u>	<u>\$ 1,635,051</u>

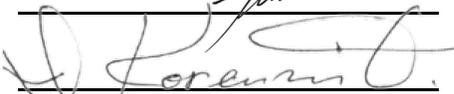
## Liabilities and Net Assets

Current liabilities:		
Accounts payable and accrued liabilities	\$ 660,219	\$ 217,992
Deferred revenue (note 4)	92,172	20,000
	<u>752,391</u>	<u>237,992</u>
Net assets:		
Unrestricted	1,109,897	930,098
Invested in capital assets	17,170	26,961
Reserve fund	880,000	440,000
	<u>2,007,067</u>	<u>1,397,059</u>
Commitments (note 9)		
	<u>\$ 2,759,458</u>	<u>\$ 1,635,051</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, 2021, with comparative information for 2020

	2021	2020
Revenue:		
Contributions:		
Restricted	\$ 6,412,156	\$ 5,294,197
Unrestricted (note 7)	6,750,528	6,243,080
	<u>13,162,684</u>	<u>11,537,277</u>
Expenses:		
Guardians of Israel	4,578,004	3,042,346
Fundraising (note 8)	2,867,451	2,257,859
Isaiah 58	2,650,223	2,549,999
On Wings of Eagles	1,637,996	1,982,641
General and administration	704,502	826,380
Fellowship	79,502	50,587
Education Outreach (note 11)	34,998	-
	<u>12,552,676</u>	<u>10,709,812</u>
Excess of revenue over expenses	<u>\$ 610,008</u>	<u>\$ 827,465</u>

See accompanying notes to financial statements.

# INTERNATIONAL FELLOWSHIP OF CHRISTIANS AND JEWS OF CANADA

## Statement of Changes in Net Assets

Year ended December 31, 2021, with comparative information for 2020

					2021	2020
	Invested in capital assets (note 5)	Internally restricted reserve funds	Unrestricted	Total	Total	
Net assets, beginning of year	\$ 26,961	\$ 440,000	\$ 930,098	\$ 1,397,059	\$ 569,594	
Excess (deficiency) of revenue over expenses	(9,791)	-	619,799	610,008	827,465	
Net investment in capital assets	-	-	-	-	-	
Interfund transfer (note 6)	-	440,000	(440,000)	-	-	
<b>Balance, end of year</b>	<b>\$ 17,170</b>	<b>\$ 880,000</b>	<b>\$ 1,109,897</b>	<b>\$ 2,007,067</b>	<b>\$ 1,397,059</b>	

See accompanying notes to financial statements.

# INTERNATIONAL FELLOWSHIP OF CHRISTIANS AND JEWS OF CANADA

## Statement of Cash Flows

Year ended December 31, 2021, with comparative information for 2020

	2021	2020
Cash provided by (used in):		
Operations:		
Excess of revenue over expenses	\$ 610,008	\$ 827,465
Item not involving cash:		
Amortization of capital assets	9,791	8,773
Changes in non-cash operating working capital:		
Prepaid expenses and deposits	(121,444)	(1,530)
Accounts payable and accrued liabilities	442,227	(4,178)
Deferred revenue	72,172	20,000
	<u>1,012,754</u>	<u>850,530</u>
Investments:		
Additions to capital assets	-	(10,530)
Increase in cash and cash equivalents	1,012,754	840,000
Cash and cash equivalents, beginning of year	1,499,715	659,715
Cash and cash equivalents, end of year	<u>\$ 2,512,469</u>	<u>\$ 1,499,715</u>

See accompanying notes to financial statements.

# INTERNATIONAL FELLOWSHIP OF CHRISTIANS AND JEWS OF CANADA

Notes to Financial Statements

Year ended December 31, 2021

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## **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.

# INTERNATIONAL FELLOWSHIP OF CHRISTIANS AND JEWS OF CANADA

Notes to Financial Statements (continued)

Year ended December 31, 2021

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## 1. Significant accounting policies (continued):

### (d) Capital assets:

Capital assets are stated at cost, less accumulated amortization. Amortization is provided using the straight-line method and following annual rates:

Asset	Rate
Computer	3 years
Furniture and fixtures	7 years
Leasehold improvements	5 years

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### (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.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, IFCJ Canada determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount IFCJ Canada expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future year, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

# INTERNATIONAL FELLOWSHIP OF CHRISTIANS AND JEWS OF CANADA

Notes to Financial Statements (continued)

Year ended December 31, 2021

## 1. Significant accounting policies (continued):

(f) 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.

## 2. Cash and cash equivalents:

	2021	2020
Cash and cash equivalents	\$ 2,094,566	\$ 1,065,566
Deposits in transit	417,903	434,149
	<b>\$ 2,512,469</b>	<b>\$ 1,499,715</b>

## 3. Capital assets:

	2021		2020	
	Cost	Accumulated amortization	Net book value	Net book value
Computer	\$ 12,857	\$ 7,592	\$ 5,265	\$ 8,775
Furniture and fixtures	25,841	16,497	9,344	11,952
Leasehold improvements	23,989	21,428	2,561	6,234
	<b>\$ 62,687</b>	<b>\$ 45,517</b>	<b>\$ 17,170</b>	<b>\$ 26,961</b>

## 4. Deferred revenue:

Deferred revenue represents donations received for Education Outreach, Guardians of Israel Program and Isaiah 58 Program. Donations are recorded as deferred revenue until the related expenses have been incurred.

# INTERNATIONAL FELLOWSHIP OF CHRISTIANS AND JEWS OF CANADA

Notes to Financial Statements (continued)

Year ended December 31, 2021

## 5. Invested in capital assets:

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

	2021	2020
Capital assets	\$ 17,170	\$ 26,961

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

	2021	2020
Amortization	\$ 9,791	\$ 8,773

(c) Net change in investment in capital assets:

	2021	2020
Purchase of capital assets	\$ -	\$ 10,530

## 6. Interfund transfer:

In April 2021, the Board of Directors approved the transfer of \$440,000 (2020 - \$440,000) reserved for the purpose of ensuring business continuity.

## 7. Investment income:

Contributions include investment income as follows:

	2021	2020
Unrestricted	\$ 40	\$ 1,449

# INTERNATIONAL FELLOWSHIP OF CHRISTIANS AND JEWS OF CANADA

Notes to Financial Statements (continued)

Year ended December 31, 2021

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## 8. Fundraising:

Fundraising expense includes an allocation of payroll and benefit costs of \$375,158 (2020 - \$251,903) for employees whose duties include fundraising activities. In addition, \$94,628 (2020 - \$110,302) was paid to a fundraising business used to make solicitations on behalf of IFCJ Canada.

## 9. Commitments:

IFCJ Canada leases its premises under an agreement which expires on November 30, 2022. Minimum future payments required under the operating lease for 2022 are \$47,000.

## 10. Capital management and risk:

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.

## 11. Relationship with the International Fellowship of Christians & Jews, Inc. (IFCJ U.S.):

IFCJ Canada and IFCJ U.S. have a common founder and share a common mission and purpose. Two individuals who sit on the IFCJ Canada Board, comprising a minority of the Board, also hold senior positions within IFCJ U.S. One of these individuals also holds a position on the board of a charity in Israel which carries out charitable programs on behalf of IFCJ Canada and IFCJ U.S. in accordance with written agreements.

IFCJ Canada has a management services agreement with IFCJ U.S. under which IFCJ U.S. provides fundraising consulting, information technology and other services. The agreement expires in December 2024. In accordance with a separate contract for services, IFCJ Canada transferred \$34,998 (2020 - nil) paid by IFCJ Canada to IFCJ U.S. to carry out the Education Outreach program on its behalf but under IFCJ Canada's direction and control.