

International Fellowship of Christians and Jews of Canada

Financial Statements

For the Year Ended December 31, 2023



INDEPENDENT AUDITOR'S 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 "Organization" or "IFCJ Canada"), 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 the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the IFCJ Canada as at December 31, 2023, and results of its operations 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 not-for-profit organizations, IFCJ Canada derives revenue from donations and fundraising, the completeness of which are not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of IFCJ Canada. Therefore, we were not able to determine whether any adjustments might be necessary to donor contributions, excess of revenues over expenses, and cash flows from operations for the years ended December 31, 2023 and 2022, current assets as at December 31, 2023 and 2022, and net assets as at January 1 and December 31 for both the 2023 and 2022 years. The predecessor auditor's opinion on the financial statements for the year ended December 31, 2022 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 *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the IFCJ Canada 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 qualified opinion.

Other Matter

The financial statements of IFCJ Canada for the year ended December 31, 2022, were audited by another auditor who expressed a qualified opinion on those statements on June 12, 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.

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In preparing the financial statements, management is responsible for assessing the IFCJ Canada'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 IFCJ Canada or to cease operations, or has no realistic alternative but to do so.

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

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 auditor's 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 IFCJ Canada'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 IFCJ Canada'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 IFCJ Canada 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.

RSM Canada LLP

Chartered Professional Accountants
Licensed Public Accountants
June 13, 2024
Toronto, Ontario

International Fellowship of Christians and Jews of Canada
Statement of Financial Position
As at December 31, 2023

	2023	2022
Assets		
Current		
Cash	\$ 2,669,334	\$ 1,573,993
Other receivables	8,527	65,000
Prepaid expenses	277,198	395,333
	2,955,059	2,034,326
Capital assets (Note 3)	589,950	181,406
	\$ 3,545,009	\$ 2,215,732

Liabilities and Net Assets

Current		
Accounts payable and accrued liabilities	\$ 679,010	\$ 661,195
Deferred contributions (Note 4)	35,002	35,002
Current portion of deferred tenant inducement	24,845	-
	738,857	696,197
Deferred tenant inducement	222,032	-
	960,889	696,197

Net Assets

Invested in capital assets (Note 5)	366,337	181,406
Internally restricted reserve fund	880,000	880,000
Unrestricted	1,337,783	458,129
	2,584,120	1,519,535
	\$ 3,545,009	\$ 2,215,732

Commitments (Note 8)

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<p>Approved by the Board _____ Director</p>	<p>_____ Director</p>

International Fellowship of Christians and Jews of Canada
Statement of Operations
Year Ended December 31, 2023

	2023	2022
Revenue		
Donor contributions		
Restricted (Note 4)	\$ 7,456,084	\$ 6,746,787
Unrestricted	7,846,602	7,322,374
Operating grant (Note 10)	402,330	400,787
Interest income	52,094	36,321
	15,757,110	14,506,269
Expenses		
Program expenses		
Guardians of Israel	5,021,003	4,363,466
Isaiah 58	2,650,000	3,310,000
On Wings of Eagles	1,645,729	1,903,433
Fellowship	53,975	15,492
Education Outreach Program	20,000	-
	9,390,707	9,592,391
Other expenses		
Fundraising (Note 7)	4,005,755	4,105,731
Management and administration	1,296,063	1,295,679
	5,301,818	5,401,410
	14,692,525	14,993,801
Excess (deficiency) of revenue over expenses	\$ 1,064,585	\$ (487,532)

International Fellowship of Christians and Jews of Canada
Statement of Changes in Net Assets
Year Ended December 31, 2023

	Invested in capital assets	Internally restricted reserve funds	Unrestricted	2023 Total	2022 Total
Net assets, beginning of year	\$ 181,406	\$ 880,000	\$ 458,129	\$ 1,519,535	\$ 2,007,067
Excess (deficiency) of revenue over expenses	(88,971)	-	1,153,556	1,064,585	(487,532)
Interfund transfer - net tenant inducement	(223,613)	-	223,613	-	-
Interfund transfer - purchase of capital assets	497,515	-	(497,515)	-	-
Net assets, end of year	\$ 366,337	\$ 880,000	\$ 1,337,783	\$ 2,584,120	\$ 1,519,535

International Fellowship of Christians and Jews of Canada
Statement of Cash Flows
Year Ended December 31, 2023

	2023	2022
Cash provided by (used in)		
Operations		
Excess (deficiency) of revenue over expenses	\$ 1,064,585	\$ (487,532)
Items not affecting cash		
Amortization of capital assets	88,971	12,386
Amortization of tenant inducement	(24,845)	-
Difference between actual rent and accounting rent	23,264	-
Tenant inducement paid by landlord	248,458	-
	1,400,433	(475,146)
Net changes in non-cash operating working capital		
Other receivables	56,473	(65,000)
Prepaid expenses and deposits	118,135	(165,514)
Accounts payable and accrued liabilities	17,815	976
Deferred revenue	-	(57,170)
	1,592,856	(761,854)
Investing		
Additions to capital assets	(497,515)	(176,622)
Increase (decrease) in cash	1,095,341	(938,476)
Cash, beginning of year	1,573,993	2,512,469
Cash, end of year	\$ 2,669,334	\$ 1,573,993

1. 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 objectives are to advance, encourage and support Christians and Jews in their faith practices by promoting biblical doctrine and values in accordance with IFCJ Canada's statement of beliefs, and to relieve human suffering and economic hardships through initiatives that testify to God's word and promise. 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.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. Outlined below are those policies considered particularly significant for IFCJ Canada.

Revenue Recognition

IFCJ Canada follows the deferral method of accounting for contributions, which include donations and operating grants. Unrestricted contributions are recognized when received. Externally restricted contributions are recognized as revenue in the year in which the related expenses are recognized.

Revenues other than contributions, including investment income, are recognized when they are earned and collectibility is reasonably assured.

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.

Internally Restricted Reserve Fund

The Board of Directors created an internally restricted reserve fund in 2021 to cover operating costs and planned charitable program disbursements. In April 2021 the Board approved an increase in the reserve to \$880,000.

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Capital Assets

Capital assets are recorded at cost less accumulated amortization. When conditions indicate a capital asset's value is impaired, it will be written down to its fair value or replacement cost, with the write-down recorded as an expense. Write-downs will not be reversed. Amortization is provided on a straight-line basis over the estimated useful lives of the assets, as follows:

<u>Asset</u>	<u>Rate</u>
Computer software	3 years
Computer	3 years
Furniture and fixtures	7 years
Leasehold improvements	Term of lease

Deferred Tenant Inducement

Leases are accounted for as operating leases and rent expense is recorded in the statement of operations on a straight-line basis over the term of the related lease. The excess of the straight-line rent expense over the rental payments as stipulated under the lease agreement is recorded to deferred tenant inducement, which will be reduced as the actual rent exceeds the smoothed rent.

Amounts paid by the landlord for leasehold improvements are also recorded as deferred tenant inducement and taken into income at the same rate as the leasehold improvements are amortized.

Allocation of Expenses

The costs of program and supporting service activities have been summarized on a functional basis in the statement operations. Operating expenses directly identified with a functional area are charged to that area. Payroll expenses which affect more than one area are allocated based on management estimates relating to time spent and employee job description.

Financial Instruments

IFCJ Canada initially measures its financial assets and liabilities at fair value. IFCJ Canada subsequently measures its financial assets and financial liabilities at cost or amortized cost.

Financial assets measured at amortized cost include cash and other receivables. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

Financial assets measured at cost or amortized cost are tested for impairment when there are indicators of impairment. The amount of a write-down, if any, is recognized in the excess of revenue over expenses. Reversals of impairment are recorded to the extent that the value has increased, up to the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in excess of revenue over expenses.

International Fellowship of Christians and Jews of Canada
Notes to Financial Statements
December 31, 2023

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Use of Estimates

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations 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 statement of financial position date and the reported amounts of revenues and expenditures for the year then ended. Estimates are used when accounting for amortization and expense allocations. Actual results could differ from management's best estimates as additional information becomes available in the future.

3. CAPITAL ASSETS

	Cost	Accumulated Amortization	Net 2023	Net 2022
Computer	\$ 49,698	\$ 25,821	\$ 23,877	\$ 23,234
Furniture and fixtures	184,525	41,199	143,326	133,692
Computer software	65,690	14,573	51,117	24,480
Leasehold improvements	436,912	65,282	371,630	-
	\$ 736,825	\$ 146,875	\$ 589,950	\$ 181,406

4. DEFERRED CONTRIBUTIONS

Deferred contributions consist of funding received for which the related expenditures have not yet been made. It is anticipated these funds will be utilized in the subsequent year.

	2023	2022
Balance, beginning of year	\$ 35,002	\$ 92,172
Restricted contributions received	7,456,084	6,689,617
Contributions recognized as revenue	(7,456,084)	(6,746,787)
	\$ 35,002	\$ 35,002

5. INVESTED IN CAPITAL ASSETS

Invested in capital assets is comprised of the following:

	2023	2022
Capital assets	\$ 589,950	\$ 181,406
Unamortized tenant inducement	(223,613)	-
	\$ 366,337	\$ 181,406

International Fellowship of Christians and Jews of Canada
Notes to Financial Statements
December 31, 2023

6. DEFINED CONTRIBUTION EMPLOYEE BENEFIT PLAN

IFCJ Canada sponsors a defined contribution retirement plan for full time employees, matching employee contributions to a maximum of 5% of annual salary. IFCJ Canada contributed \$30,088 (2022 - \$20,208) to employee plans during the year.

7. FUNDRAISING

Fundraising expense includes an allocation of payroll and benefit costs of \$424,879 (2022 - \$491,849) for employees whose duties include fundraising activities. \$172,050 (2022 - \$166,072) was paid to a fundraising business used to make solicitations on behalf of IFCJ Canada. Fundraising costs also include TV airtime and production, printing, postage and a post office lockbox.

8. COMMITMENTS

IFCJ Canada leases its premises under an agreement which expires on December 31, 2032. Minimum future payments required under the operating lease are as follows:

2024	\$	176,071
2025		181,045
2026		186,018
2027		190,992
2028		195,966
Thereafter		833,600
		<hr/>
		\$ 1,763,692
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9. FINANCIAL RISK 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.

There were no changes in the risks from the previous year end.

10. 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. During the year, IFCJ U.S. provided an operating grant of \$402,330 (2022 - \$400,787) to IFCJ Canada.

11. COMPARATIVE FIGURES

Certain comparative revenue and expenses figures have been reclassified to conform with the current year presentation.