

B'NAI BRITH FOUNDATION - DISTRICT 22
Financial Statements

December 31, 2019

INDEPENDENT AUDITOR'S REPORT

To the Members of B'nai Brith Foundation - District 22:

Qualified Opinion

We have audited the financial statements of B'nai Brith Foundation - District 22 (the Organization), which comprise the statement of financial position as at December 31, 2019, and the statement of operations, changes in net assets and of 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 Organization as at December 31, 2019, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

Basis for Qualified Opinion

In common with many not-for-profit organizations, the Organization derives revenues from donations and other fundraising activities, 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 Organization. Therefore, we were not able to determine whether any adjustments might be necessary to donations and fundraising revenue, excess or deficiency of revenues over expenses, and cash flows from operations for the year ended December 31, 2019 and 2018, current assets as at December 31, 2019 and 2018, and net assets as at January 1 and December 31 for both the 2019 and 2018 years. Our audit opinion on the financial statements for the year ended December 31, 2018 was modified 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 Organization 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.

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 ASNPO, 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 Organization'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 Organization or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibility 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 Organization'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 Organization'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 Organization 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.

Chartered Professional Accountants, Licensed Public Accountants

Toronto, Ontario

B'NAI BRITH FOUNDATION - DISTRICT 22**Statement of Financial Position****As at December 31, 2019**

	2019	2018
		(note 6)
Assets		
<i>Current</i>		
Cash	\$ -	\$ 14,714
Accounts receivable	\$ 83,617	\$ 83,930
	\$ 83,617	\$ 98,644
Liabilities		
<i>Current</i>		
Bank indebtedness	\$ 214	\$ -
Accounts payable and accrued liabilities (note 2)	\$ 90,265	\$ 97,734
	90,479	97,734
Net assets (deficit)	(6,862)	910
	\$ 83,617	\$ 98,644

Director

Director

(see accompanying notes)

B'NAI BRITH FOUNDATION - DISTRICT 22**Statement of Changes in Net Assets****Year ended December 31, 2019**

	2019	2018
Balance at beginning of year	\$ 910	\$ 910 (note 6)
Excess of expenses over revenue for year	(7,772)	-
Balance (deficit) at end of year	\$ (6,862)	\$ 910

(see accompanying notes)

B'NAI BRITH FOUNDATION - DISTRICT 22**Statement of Operations****Year ended December 31, 2019**

	2019	2018
	(note 6)	
Revenue		
Bingo	\$ 335,857	\$ 406,290
Expenses		
Bad debts	-	293
Bank charges and interest	1,338	842
Professional fees (recovered)	(2,079)	10,394
	(741)	11,529
Excess of revenue over expenses before distributions	336,598	394,761
Distributions		
Donations (note 3)	(344,370)	(394,761)
Excess of expenses over revenue for year	\$ (7,772)	\$ -

(see accompanying notes)

B'NAI BRITH FOUNDATION - DISTRICT 22**Statement of Cash Flows****Year ended December 31, 2019**

	2019	2018	
			(note 6)
Operating activities			
Excess of expenses over revenue for year	\$ (7,772)	\$ -	
Changes in non-cash operating items:			
Accounts receivable	313	(83,637)	
Accounts payable and accrued liabilities	(7,469)	97,734	
	(14,928)	14,097	
Increase (decrease) in cash	(14,928)	14,097	
Cash position at beginning of year	14,714	617	
Cash (bank indebtedness) position at end of year	\$ (214)	\$ 14,714	

(see accompanying notes)

B'NAI BRITH FOUNDATION - DISTRICT 22

Notes to Financial Statements

December 31, 2019

Purpose of Organization

The B'nai Brith Foundation - District 22 (the "Organization") was incorporated by Letters Patent Federally under the Canada Corporations Act without share capital on October 29, 1968. The Organization continued under the Canada Not-for-profit Corporations Act without share capital on October 27, 2015. The Organization is a not-for-profit organization and is a registered charity under the Income Tax Act (Canada).

The Organization's purpose is to donate funds to qualified donees involved with the protection of human rights, care of under-privileged, food banks, and care of the aged.

Basis of Presentation

The financial statements of the Organization have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.

1. Significant Accounting Policies

a) *Revenue recognition and expenses*

The Organization follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year the related expenses are incurred. Unrestricted contributions are recognized as revenue when they are received.

Bingo revenue and expenditures are recorded in the period in which they have been earned or incurred whether or not the transaction has been settled by receipt or payment. Profit is allocated at 76.5% to the Organization and 23.5% to the lodges that hold bingo licenses to be used for allowed charitable purposes. If the 23.5% allocation to the lodges are not used by the lodges by the end of the fiscal year, the unused portion is reallocated to the Organization as a donation. There is no operating agreement or equivalent for this arrangement.

b) *Donated services and materials*

Numerous individuals donate services and materials in the administration of the Organization and the implementation of its programs. Due to the difficulty in determining fair value of these contributions, they are not recorded in the financial statements.

c) *Use of estimates*

The preparation of the financial statements requires the Organization 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 reported period. Significant items subject to such estimates and assumptions include the valuation of accounts receivable and allowance for doubtful accounts and accounts payable and accrued liabilities. Actual results could differ from those estimates.

B'NAI BRITH FOUNDATION - DISTRICT 22

Notes to Financial Statements

December 31, 2019

1. Significant Accounting Policies - continued

d) *Impairment*

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in the statement of operations. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than 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 the statement of operations.

e) *Measurement of financial instruments*

The Organization initially measures its financial assets and liabilities at fair value. The Organization subsequently measures all its financial assets and financial liabilities at amortized cost. Financial assets measured at amortized cost include accounts receivable. Financial liabilities measured at amortized cost include bank indebtedness and accounts payable and accrued liabilities. The Organization has not designated any financial asset or financial liability to be measured at fair value.

2. Accounts Payable and Accrued Liabilities

Included in accounts payable and accrued liabilities is \$81,950 (2018 - \$87,340) owing to an organization which is related by virtue of common management.

3. Donations - Related Party Transactions

The Organization paid donations to an organization which is related by virtue of common management.

These transactions were recorded at the exchange amount, which was the amount of consideration established and agreed to by the related parties. These transactions occurred in the normal course of operations.

4. Income Taxes

The Organization is registered as a charitable organization and, accordingly, is not subject to income tax provided certain guidelines under the Income Tax Act (Canada) are complied with.

5. Financial Instruments

a) *Credit risk*

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Organization has credit risk relating to accounts receivable. The Organization works closely with related organizations to ensure that there is reasonable assurance over the collectability of the balance of accounts receivable. There has been no change to the risk exposure from 2018.

B'NAI BRITH FOUNDATION - DISTRICT 22

Notes to Financial Statements

December 31, 2019

5. Financial Instruments - continued

b) *Liquidity risk*

Liquidity risk is the risk that the Organization will encounter difficulty in meeting obligations associated with financial liabilities. The Organization is exposed to this risk mainly in respect of its accounts payable and accrued liabilities. The Organization expects to meet these obligations as they arise by generating sufficient revenues since spending is limited to the funding available. There has been no change to the risk exposure from 2018.

6. Comparative Information

The comparative figures represent the operations of the lottery account only. The previously reported comparative figure included an umbrella organization which has ceased operations.

7. Subsequent Event

Subsequent to the year end, there was a global outbreak of a novel corona virus identified as "COVID-19". On March 11, 2020, the World Health Organization declared a global pandemic. In order to combat spread of COVID-19 federal, provincial and municipal governments in Canada have enacted emergency measures. It is not possible to reliably estimate the duration and magnitude of these developments and the impact on the financial results and condition of the Organization.