
INDEPENDENT AUDITOR'S REPORT

To the Directors of
Jewish National Fund of Canada
(Keren Kayemeth Le'Israel) Inc.

We have audited the accompanying financial statements of **Jewish National Fund of Canada (Keren Kayemeth Le'Israel) Inc.**, which comprise the statement of financial position as at December 31, 2017, and the statements of changes in net assets, revenues and expenses and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the organization's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

INDEPENDENT AUDITOR'S REPORT (cont'd.)

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion

Jewish National Fund of Canada (Keren Kayemeth Le'Israel) Inc. derives revenue from contributions, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the organization and we were not able to determine whether adjustments might be necessary to receipts from contributions, excess of revenues over expenses for the year, assets and net assets.

Qualified Opinion

In our opinion, except for the effects of adjustments, if any, which we might have determined to be necessary had the receipts from contributions referred to in the basis for qualified opinion been susceptible to satisfactory audit tests, these financial statements present fairly, in all material respects, the financial position of the organization as at December 31, 2017 and the changes in net assets, revenues and expenses, and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

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Montréal, Québec
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JEWISH NATIONAL FUND OF CANADA
 (KEREN KAYEMETH LE'ISRAEL) INC.
 STATEMENT OF FINANCIAL POSITION
 AS AT DECEMBER 31, 2017

	2017	2016
ASSETS		
<i>Current</i>		
Cash	\$ 11,228,507	\$ 8,205,288
Investments held by third party (Note 3)	9,310,894	8,316,690
State of Israel bonds (Note 4)	80,710	59,930
Sales tax receivable	272,225	303,279
Loan receivable (Note 5)	1,003,461	2,231,568
Prepaid expenses and sundry assets	212,483	56,333
Current portion of balance of sale receivable (Note 8)	<u>816,625</u>	<u>792,904</u>
	22,924,905	19,965,992
Life insurance policies (Note 6)	264,016	260,311
Loan receivable (Note 7)	280,000	280,000
Balance of sale receivable (Note 8)	2,599,771	3,416,396
Investments in real estate (Note 9)	10,176,000	10,981,500
Property and equipment (Note 10)	106,656	123,444
Intangible assets (net of accumulated amortization of \$338,859; 2016 - \$329,833)	<u>53,817</u>	<u>62,844</u>
	<u>\$ 36,405,165</u>	<u>\$ 35,090,487</u>
LIABILITIES		
<i>Current</i>		
Accounts payable and sundry liabilities (Note 11)	\$ 286,348	\$ 306,109
Salaries and vacation payable	<u>127,901</u>	<u>301,938</u>
	414,249	608,047
Provision for retirement pay	<u>54,655</u>	<u>173,878</u>
	468,904	781,925
NET ASSETS		
Unrestricted	\$ 35,936,261	\$ 34,308,562
	<u>\$ 36,405,165</u>	<u>\$ 35,090,487</u>

APPROVED ON BEHALF OF THE DIRECTORS:

Member

Member

See accompanying notes

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JEWISH NATIONAL FUND OF CANADA
(KEREN KAYEMETH LE'ISRAEL) INC.
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2017

	2017	2016
Balance, beginning of year	\$ 34,308,562	\$ 22,673,228
Excess of revenues over expenses for the year	<u>1,627,699</u>	<u>11,635,334</u>
Balance, end of year	<u>\$ 35,936,261</u>	<u>\$ 34,308,562</u>

DISCLOSED
PURSUANT TO
THE ATIA
A-2023-174060

**JEWISH NATIONAL FUND OF CANADA
(KEREN KAYEMETH LE'ISRAEL) INC.
STATEMENT OF REVENUES AND EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2017**

	2017	2016
Revenues		
Receipts from contributions	\$ 12,619,114	\$ 28,835,706
Investment Income, including increase in fair value of investments	858,727	225,477
Increase in cash surrender value of life insurance policies	3,705	3,732
Interest income from balance of sale receivable (Note 8)	115,795	-
Receipt from life insurance policy	<u>200,000</u>	<u>-</u>
	13,797,341	29,064,915
Fundraising expenses (Note 12)	<u>3,462,823</u>	<u>3,402,863</u>
Excess of revenues over fundraising expenses	<u>10,334,518</u>	<u>25,662,052</u>
Expenses		
General and administrative	2,076,072	2,954,551
Amortization	<u>32,693</u>	<u>38,914</u>
	<u>2,108,765</u>	<u>2,993,465</u>
Excess of revenues over expenses before undernoted items	<u>8,225,753</u>	<u>22,668,587</u>
Charitable activities	<u>5,701,573</u>	<u>11,033,253</u>
Impairment of investments in real estate	<u>896,481</u>	<u>-</u>
Excess of revenues over expenses for the year	<u>\$ 1,627,699</u>	<u>\$ 11,635,334</u>

**JEWISH NATIONAL FUND OF CANADA
(KEREN KAYEMETH LE'ISRAEL) INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2017**

	2017	2016
Operating activities		
Excess of revenues over expenses for the year	\$ 1,627,699	\$ 11,635,334
Adjustments for		
Amortization	32,693	38,914
(Increase) decrease in fair value of investments	(208,653)	326,741
Increase in cash surrender value of life insurance policies	(3,705)	(3,732)
Impairment of investments in real estate	<u>896,481</u>	-
	2,344,515	11,997,257
Net change in non-cash working capital items		
Decrease (increase) in sales tax receivable	31,054	(39,211)
(Increase) decrease in prepaid expenses and sundry assets	(156,150)	8,099
(Decrease) increase in accounts payable and sundry liabilities	(19,761)	16,154
(Decrease) increase in salaries and vacation payable	(174,037)	114,021
Decrease in provision for retirement pay	<u>(119,223)</u>	<u>(209,942)</u>
Cash provided by operating activities	<u>1,906,398</u>	<u>11,886,378</u>
Investing activities		
(Increase) decrease in State of Israel bonds	(20,780)	2,536
Increase in investments in real estate	<u>(90,981)</u>	-
Proceeds from sale of investments in real estate	-	460,000
Increase in investments held by third party	<u>(785,551)</u>	<u>(573,444)</u>
Decrease (increase) in balance of sale receivable	792,904	(4,209,300)
Increase in life insurance policies	-	(93,692)
Purchase of property and equipment	(6,878)	(8,865)
Increase in loan receivable	<u>(1,771,893)</u>	<u>(1,617,662)</u>
Repayment of loan receivable	<u>3,000,000</u>	<u>1,353</u>
Cash provided by (used in) investing activities	<u>1,116,821</u>	<u>(6,039,074)</u>
Increase in cash		
Cash, beginning of year	3,023,219	5,847,304
Cash, end of year	<u>\$ 11,228,507</u>	<u>\$ 8,205,288</u>

**JEWISH NATIONAL FUND OF CANADA
(KEREN KAYEMETH LE'ISRAEL) INC.
NOTES TO THE FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2017**

1. Purpose of the organization

Jewish National Fund of Canada (Keren Kayemeth Le'Israel) Inc. raises funds from various Canadian sources. These funds are used for charitable purposes in Israel through various agency arrangements with the organization. The organization is incorporated under the Canada Not-for-profit Corporations Act (NFP Act) and is a registered charity under the Income Tax Act.

2. Significant accounting policies

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the CICA Handbook and include the following significant accounting policies:

(a) Measurement uncertainty

The preparation of financial statements in accordance 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, disclosures of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reported period. These estimates are reviewed periodically, and as adjustments become necessary they are reported in the excess of revenues over expenses in the period in which they become known.

Estimates made by management include the impairment of loan receivable and balance of sale receivable, useful life of property and equipment, salary and vacation payable accruals, provision for retirement pay, the allocation of salaries and compensation costs, and the valuation of investments in real estate. Actual results could differ from those estimates.

(b) Financial instruments

(i) Measurement of financial instruments

The organization initially measures its financial assets and financial liabilities at fair value. Subsequent thereto, its financial assets and financial liabilities are measured at amortized cost, except for its investments held by third party, State of Israel bonds, and cash surrender value of life insurance policies, which are subsequently measured at fair value. Changes in fair value are recognized in the excess of revenues over expenses for the year.

Financial assets measured at amortized cost include cash, sales tax receivable, loan receivable and balance of sale receivable.

Financial liabilities measured at amortized cost include accounts payable and sundry liabilities, salaries and vacation payable, and provision for retirement pay.

**JEWISH NATIONAL FUND OF CANADA
(KEREN KAYEMETH LE'ISRAEL) INC.
NOTES TO THE FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2017**

2. Significant accounting policies (cont'd.)

(b) Financial instruments (cont'd.)

(ii) Impairment

Financial assets measured at amortized cost are tested for impairment when there are indicators of possible impairment. The amount of the write-down is recognized in the excess of revenues over expenses for the year. 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 excess of revenues over expenses for the year.

(c) Revenue recognition

The organization follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received. Pledges are recognized as revenue when collectability is reasonably assured. Bequests are recognized as revenue when assets donated can be reasonably identified and measured. Gifts in kind in the form of investments and life insurance policies are recognized as revenue when assets donated can be reasonably identified and measured.

(d) Balance of sale receivable

Balance of sale receivable is recorded at the face amount of the contract less any impairment.

Interest income is recorded when collectability is assured. The balance of sale receivable is impaired when in the opinion of management there is a reasonable doubt as to the ultimate collectability of any principal or interest.

(e) Investments in real estate

The organization follows the cost method of accounting for real estate. Any costs incurred to maintain or improve the properties have been added to the cost. These assets are tested for impairment when there is an indication that an impairment might exist.

**JEWISH NATIONAL FUND OF CANADA
(KEREN KAYEMETH LE'ISRAEL) INC.
NOTES TO THE FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2017**

2. Significant accounting policies (cont'd.)

(f) Property and equipment

Property and equipment are recorded at cost and are being amortized over their estimated useful lives. The annual amortization rates and methods are as follows:

Furniture and fixtures	20% declining balance
Data processing equipment	20% declining balance

Amortization of leasehold improvements is recorded over the remaining term of the lease. The average term of the leases is 5 years.

(g) Intangible assets

Intangible assets are recorded at cost and are being amortized over their estimated useful lives. The annual amortization rate and method is as follows:

Software	20% declining balance
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(h) Allocation of expenses

Compensation costs that are directly attributable to fundraising activities are allocated to fundraising expenses. The amount of compensation costs allocated is based on the time spent by the employees on fundraising activities.

3. Investments held by third party

These investments are held and administered by the Jewish Community Foundation of Montréal.

4. State of Israel bonds

State of Israel bonds have been adjusted to fair market value. The bonds mature at various dates from January 2018 to June 2023 and bear interest at an average rate of approximately 4.42% (2016 - 2.93%) per annum. Approximately \$6,500 (U.S. \$6,300) (2016 - \$6,500 (U.S. \$6,300)) of State of Israel Bonds are denominated in U.S. currency.

5. Loan receivable

The loan receivable is non-interest bearing.

**JEWISH NATIONAL FUND OF CANADA
(KEREN KAYEMETH LE'ISRAEL) INC.
NOTES TO THE FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2017**

6. Life insurance policies

The amount includes insurance policies having a cash surrender value of \$170,000 (2016 - \$167,000) net of loans to finance premiums. The face value of all the insurance policies, net of outstanding loans of approximately \$99,000 (2016 - \$92,000), is \$1,986,000 (2016 - \$2,202,000).

7. Loan receivable

This loan receivable is from a 24(1) 24(1) and was advanced as part of his It is non-interest bearing and will be repaid from the proceeds of an insurance policy on his life. The life insurance policy has been assigned to the organization as security.

8. Balance of sale receivable

In 2016, a property having a value of \$8,418,600 was donated to the organization and sold in the same year. The organization provided the buyer a balance of sale subject to a mortgage secured against the property.

The balance of sale receivable, bears interest at 3% per annum, repayable in quarterly installments of \$227,175 combining principal and interest, maturing in December 2021.

\$ 3,416,396

Less current portion

816,625

Due beyond one year

\$ 2,599,771

9. Investments in real estate

During the year, the organization became responsible to pay for all the expenses and costs related to two of the properties. As at year-end, recorded as investments in real estate, are three properties donated in a prior year, of which, one property the donor maintains use thereof for a time, during which period the donor pays for all expenses and costs related thereto.

**JEWISH NATIONAL FUND OF CANADA
(KEREN KAYEMETH LE'ISRAEL) INC.
NOTES TO THE FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2017**

10. Property and equipment

	2017		2016	
	Cost	Accumulated amortization	Net	Net
Furniture and fixtures	\$ 568,830	\$ 529,677	\$ 39,153	\$ 48,303
Data processing equipment	1,032,808	981,404	51,404	57,208
Leasehold improvements	49,541	33,442	16,099	17,933
	\$ 1,651,179	\$ 1,544,523	\$ 106,656	\$ 123,444

11. Accounts payable and sundry liabilities

Included in accounts payable and sundry liabilities are approximately \$26,000 (2016 - \$29,000) of payroll deductions.

12. Fundraising expenses

Included in fundraising expenses are allocated salaries and other compensation costs of \$1,133,000 (2016 - \$1,036,000).

13. Subsequent event

Subsequent to the year end, the organization entered into an agreement to sell one of its investments in real estate in June 2018 for a total consideration of \$4,400,000 before any selling costs.

14. Income taxes

The organization is classified as tax-exempt under Federal and Provincial income tax laws. Consequently, no provision for income taxes has been reflected in the accompanying financial statements.

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**JEWISH NATIONAL FUND OF CANADA
(KEREN KAYEMETH LE'ISRAEL) INC.
NOTES TO THE FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2017**

15. Commitments

The minimum rentals payable under long-term operating leases, exclusive of certain operating costs for which the organization is responsible, are approximately as follows:

2018	\$ 125,000
2019	109,000
2020	103,000
2021	74,000
2022	40,000
Subsequent years.	<u>147,000</u>
	<u>\$ 598,000</u>

16. Financial instruments

Interest rate risk

The organization is exposed to changes in interest rates, which could adversely impact expected returns from the organization's investments held by third party and State of Israel bonds.

Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The organization is exposed to credit risk as a result of its balance of sale receivable.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The organization is exposed to market risk as a result of its investments held by third party and State of Israel bonds.

INDEPENDENT AUDITOR'S REPORT

To the Directors of
Jewish National Fund of Canada
(Keren Kayemeth Le'Israel) Inc.

Qualified Opinion

We have audited the financial statements of **Jewish National Fund of Canada (Keren Kayemeth Le'Israel) Inc.**, which comprise the statement of financial position as at December 31, 2018, and the statements of changes in net assets, revenues and expenses 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 **Jewish National Fund of Canada (Keren Kayemeth Le'Israel) Inc.** as at December 31, 2018 and the 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

The organization's activities in its jointly controlled operations is shown in the financial statement as charitable activities - jointly controlled operations. As the jointly controlled operations commenced on June 1, 2018, audited financial information was not available and accordingly, we were unable to determine whether any adjustments were necessary in respect of the organization's share of assets and liabilities that it controls or its share of revenue and expenses incurred by the jointly controlled operations and the elements making up the statement of changes in equity and the cash flow statement.

In common with many not-for-profit organizations, the organization derives revenue from certain contributions the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the organization and we were not able to determine whether adjustments might be necessary to receipts from contributions, excess of revenues over expenses for the year, assets and net assets.

INDEPENDENT AUDITOR'S REPORT

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 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 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 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 organization's internal control.

INDEPENDENT AUDITOR'S REPORT

- 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.

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Montréal, Québec
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**JEWISH NATIONAL FUND OF CANADA
(KEREN KAYEMETH LE'ISRAEL) INC.
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2018**

	2018	2017
ASSETS		
Current		
Cash	\$ 5,696,196	\$ 11,228,507
Investments held by third parties (Note 3)	<u>13,917,953</u>	9,310,894
State of Israel bonds (Note 4)	76,782	80,710
Accounts receivable (Note 5)	555,925	272,225
Loan receivable	-	1,003,461
Prepaid expenses and sundry assets	29,802	212,483
Current portion of balance of sale receivable (Note 8)	<u>841,060</u>	<u>816,625</u>
	21,117,718	22,924,905
Life insurance policies (Note 6)	267,402	264,016
Loan receivable (Note 7)	280,000	280,000
Balance of sale receivable (Note 8)	1,758,711	2,599,771
Investments in real estate (Note 9)	6,430,219	10,176,000
Property and equipment (Note 10)	99,669	106,656
Intangible assets (net of accumulated amortization of \$349,623; 2017 - \$338,859)	<u>43,054</u>	<u>53,817</u>
	<u>\$ 29,996,773</u>	<u>\$ 36,405,165</u>
LIABILITIES		
Current		
Accounts payable and sundry liabilities (Note 11)	\$ 113,648	\$ 286,348
Salaries and vacation payable	<u>160,722</u>	<u>182,556</u>
	274,370	468,904
NET ASSETS		
Unrestricted		
	<u>\$ 29,722,403</u>	<u>35,936,261</u>
	<u>\$ 29,996,773</u>	<u>\$ 36,405,165</u>

APPROVED ON BEHALF OF THE DIRECTORS:

Member

Member

See accompanying notes

**JEWISH NATIONAL FUND OF CANADA
(KEREN KAYEMETH LE'ISRAEL) INC.
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2018**

	2018	2017
Balance, beginning of year	\$ 35,936,261	\$ 34,308,562
(Deficiency) excess of revenues over expenses for the year after charitable activities	<u>(6,213,858)</u>	1,627,699
Balance, end of year	<u>\$ 29,722,403</u>	<u>\$ 35,936,261</u>

DISCLOSED
PURSUANT TO
THE ATIA
A-2023-174060

See accompanying notes

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**JEWISH NATIONAL FUND OF CANADA
(KEREN KAYEMETH LE'ISRAEL) INC.
STATEMENT OF REVENUES AND EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2018**

	2018	2017
Revenues		
Receipts from contributions	\$ 11,562,343	\$ 12,619,114
Increase in cash surrender value of life insurance policies	3,386	3,705
Investment income	1,183,000	650,074
Interest income from balance of sale receivable (Note 8)	92,074	115,795
Receipt from life insurance policy	-	200,000
	<u>12,840,803</u>	<u>13,588,688</u>
Fundraising expenses (Note 12)	<u>3,073,156</u>	<u>3,462,823</u>
Excess of revenues over fundraising expenses	<u>9,767,647</u>	<u>10,125,865</u>
Expenses		
General and administrative	3,569,306	2,076,072
Amortization	31,925	32,693
	<u>3,601,231</u>	<u>2,108,765</u>
Excess of revenues over expenses before undenoted items	<u>6,166,416</u>	<u>8,017,100</u>
Loss on disposition of investments in real estate	<u>(35,808)</u>	<u>-</u>
Recovery of (impairment) of investments in real estate	<u>229,237</u>	<u>(896,481)</u>
Loan receivable adjustment related to shared expenses	<u>(516,949)</u>	<u>-</u>
Unrealized (loss) gain on fair value adjustment of investments held by third party	<u>(1,447,343)</u>	<u>208,653</u>
Excess of revenues over expenses before charitable activities	<u>4,395,553</u>	<u>7,329,272</u>
Charitable activities - jointly controlled operations (Note 13)	<u>6,601,722</u>	<u>5,193,163</u>
Charitable activities	<u>4,007,689</u>	<u>508,410</u>
(Deficiency) excess of revenues over expenses for the year after charitable activities	<u>\$ (6,213,858)</u>	<u>\$ 1,627,699</u>

**JEWISH NATIONAL FUND OF CANADA
(KEREN KAYEMETH LE'ISRAEL) INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2018**

	2018	2017
Operating activities		
(Deficiency) excess of revenues over expenses for the year	\$ (6,213,858)	\$ 1,627,699
Adjustments for		
Amortization	31,925	32,693
Decrease (increase) in fair value of investments held by third parties	1,447,343	(208,653)
Increase in cash surrender value of life insurance policies	(3,386)	(3,705)
(Reversal of) impairment of investments in real estate	(229,237)	896,481
Loss on disposition of investments in real estate	35,808	-
Loan receivable adjustment related to shared expenses	<u>516,949</u>	<u>-</u>
	<u>(4,414,456)</u>	<u>2,344,515</u>
Net change in non-cash working capital items		
(Increase) decrease in accounts receivable	(283,700)	31,054
Decrease (increase) in prepaid expenses and sundry assets	182,681	(156,150)
Decrease in accounts payable and sundry liabilities	(172,699)	(19,760)
Decrease in salaries and vacation payable	<u>(21,834)</u>	<u>(293,261)</u>
	<u>(4,710,008)</u>	<u>1,906,398</u>
Investing activities		
Decrease (increase) in State of Israel bonds	3,928	(20,780)
Increase in investments in real estate	<u>(248,982)</u>	<u>(90,981)</u>
Net proceeds from sale of investments in real estate	4,188,192	-
Increase in investments held by third party	<u>(6,054,403)</u>	<u>(785,551)</u>
Decrease in balance of sale receivable	816,625	792,904
Purchase of property and equipment	<u>(14,175)</u>	<u>(6,878)</u>
Increase in loan receivable	-	(1,771,893)
Repayment of loan receivable	<u>486,512</u>	<u>3,000,000</u>
	<u>(822,303)</u>	<u>1,116,821</u>
(Decrease) increase in cash	(5,532,311)	3,023,219
Cash, beginning of year	11,228,507	8,205,288
Cash, end of year	\$ 5,696,196	\$ 11,228,507

**JEWISH NATIONAL FUND OF CANADA
(KEREN KAYEMETH LE'ISRAEL) INC.
NOTES TO THE FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2018**

1. Purpose of the organization

Jewish National Fund of Canada (Keren Kayemeth Le'Israel) Inc. raises funds from various Canadian sources. These funds are used for charitable purposes in Israel through various arrangements with the organization. The organization is incorporated under the Canada Not-for-profit Corporations Act (NFP Act) and is a registered charity under the Income Tax Act.

2. Significant accounting policies

The organization follows accounting principles generally accepted in Canada in preparing its financial statements. The significant accounting policies used are as follows:

(a) Measurement uncertainty

The preparation of financial statements in accordance 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, disclosures of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reported period. These estimates are reviewed periodically, and as adjustments become necessary they are reported in the excess of revenues over expenses in the period in which they become known.

Estimates made by management include the impairment of loans receivable and balance of sale receivable, useful life of property and equipment, salary and vacation payable accruals, provision for retirement pay, the allocation of salaries and compensation costs, and the valuation of investments in real estate. Actual results could differ from those estimates.

(b) Financial instruments

(i) Measurement of financial instruments

The organization initially measures its financial assets and financial liabilities at fair value. Subsequent thereto, its financial assets and financial liabilities are measured at amortized cost, except for its investments held by third parties, State of Israel bonds, and cash surrender value of life insurance policies, which are subsequently measured at fair value. Changes in fair value are recognized in the excess of revenues over expenses for the year.

Financial assets measured at amortized cost include cash, accounts receivable, loan receivable and balance of sale receivable.

Financial liabilities measured at amortized cost include accounts payable and sundry liabilities and salaries and vacation payable.

**JEWISH NATIONAL FUND OF CANADA
(KEREN KAYEMETH LE'ISRAEL) INC.
NOTES TO THE FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2018**

2. Significant accounting policies (cont'd.)

(b) Financial instruments (cont'd.)

(ii) Impairment

Financial assets measured at amortized cost are tested for impairment when there are indicators of possible impairment. The amount of the write-down is recognized in the excess of revenues over expenses for the year. 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 excess of revenues over expenses for the year.

(c) Revenue recognition

The organization follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received. Pledges are recognized as revenue when collectability is reasonably assured. Bequests are recognized as revenue when assets donated can be reasonably identified and measured. Gifts in kind in the form of investments and life insurance policies are recognized as revenue when assets donated can be reasonably identified and measured.

(d) Balance of sale receivable

Balance of sale receivable is recorded at the face amount of the contract less any impairment.

Interest income is recorded when collectability is assured. The balance of sale receivable is impaired when in the opinion of management there is a reasonable doubt as to the ultimate collectability of any principal or interest.

(e) Investments in real estate

The organization follows the cost method of accounting for real estate. Any costs incurred to maintain or improve the properties have been added to the cost. These assets are tested for impairment when there is an indication that an impairment might exist.

**JEWISH NATIONAL FUND OF CANADA
(KEREN KAYEMETH LE'ISRAEL) INC.
NOTES TO THE FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2018**

2. Significant accounting policies (cont'd.)

(f) Property and equipment

Property and equipment are recorded at cost and are being amortized over their estimated useful lives. The annual amortization rates and methods are as follows:

Furniture and fixtures	20% declining balance
Data processing equipment	20% declining balance

Amortization of leasehold improvements is recorded over the remaining term of the lease. The average term of a lease is five years.

(g) Intangible assets

Intangible assets are recorded at cost and are being amortized over their estimated useful lives. The annual amortization rate and method is as follows:

Software	20% declining balance
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(h) Allocation of expenses

Compensation costs that are directly attributable to fundraising activities are allocated to fundraising expenses. The amount of compensation costs allocated is based on the time spent by the employees on fundraising activities.

(i) Jointly controlled operations

The organization conducts jointly controlled operations with Keren Kayemeth Le'Israel in Israel. The organization records on the balance sheet its share of assets it controls and its share of liabilities incurred and on the income statement, its share of revenue earned and its share of expenses incurred by the joint arrangement.

3. Investments held by third parties

These investments are held and administered by the Jewish Community Foundation of Montréal and the Jewish Community Foundation of Greater Toronto.

4. State of Israel bonds

State of Israel bonds have been adjusted to fair market value. The bonds mature at various dates from February 2019 to June 2023 and bear interest at an average rate of approximately 5.10% (2017 - 4.42%) per annum. Approximately \$2,600 (U.S. \$2,500) (2017 - \$6,500 (U.S. \$6,300)) of State of Israel Bonds are denominated in U.S. currency.

**JEWISH NATIONAL FUND OF CANADA
(KEREN KAYEMETH LE'ISRAEL) INC.
NOTES TO THE FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2018**

5. Accounts receivable

	<u>2018</u>	<u>2017</u>
Sales taxes receivable	\$ 255,791	\$ 272,091
Other receivables	<u>300,134</u>	<u>134</u>
	<u><u>\$ 555,925</u></u>	<u><u>\$ 272,225</u></u>

6. Life insurance policies

This includes insurance policies having a cash surrender value of \$174,000 (2017 - \$170,000) net of loans to finance premiums. The face value of all the insurance policies is \$2,000,000 (2017 - \$1,986,000), which is net of outstanding loans of approximately \$107,000 (2017 - \$99,000).

7. Loan receivable

This loan receivable from a 24(1) was advanced as part of his 24(1). It is non-interest bearing and will be repaid from the proceeds of an insurance policy on his life. The life insurance policy has been assigned to the organization as security.

8. Balance of sale receivable

In 2016, a property having a value of \$8,418,600 was donated to the organization and sold in the same year. The organization provided the buyer a balance of sale subject to a mortgage secured against the property.

The balance of sale receivable, bears interest at 3% per annum, repayable in quarterly installments of \$227,175 combining principal and interest, maturing in December 2021	\$ 2,599,771
Less current portion	<u>841,060</u>
Due beyond one year	<u><u>\$ 1,758,711</u></u>

9. Investments in real estate

The organization is responsible to pay for all the expenses and costs related to its properties. Costs of \$314,745 (2017 - \$90,981) were capitalized during the year.

**JEWISH NATIONAL FUND OF CANADA
(KEREN KAYEMETH LE'ISRAEL) INC.
NOTES TO THE FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2018**

10. Property and equipment

	2018		2017	
	Cost	Accumulated amortization	Net	Net
Furniture and fixtures	\$ 568,830	\$ 537,507	\$ 31,323	\$ 39,153
Data processing equipment	1,046,983	993,103	53,880	51,404
Leasehold improvements	<u>49,541</u>	<u>35,075</u>	<u>14,466</u>	<u>16,099</u>
	\$ 1,665,354	\$ 1,565,685	\$ 99,669	\$ 106,656

11. Accounts payable and sundry liabilities

Included in accounts payable and sundry liabilities are approximately \$25,000 (2017 - \$26,000) of payroll deductions.

12. Fundraising expenses

Included in fundraising expenses are allocated salaries and other compensation costs of approximately \$1,045,000 (2017 - \$1,133,000).

13. Charitable activities - jointly controlled operations

The amount represents funds transferred to the jointly controlled operations in Israel in the year.

14. Subsequent event

Subsequent to the year end, the organization sold one of its investments in real estate, with a net book value of approximately \$3,166,000, for net proceeds of approximately \$3,530,000.

15. Income taxes

The organization is classified as tax-exempt under Federal and Provincial income tax laws. Consequently, no provision for income taxes has been reflected in the accompanying financial statements.

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**JEWISH NATIONAL FUND OF CANADA
(KEREN KAYEMETH LE'ISRAEL) INC.
NOTES TO THE FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2018**

16. Commitments

The minimum rentals payable under long-term operating leases, exclusive of certain operating costs for which the organization is responsible, are approximately as follows:

2019	\$ 118,000
2020	113,000
2021	84,000
2022	44,000
2023	41,000
Subsequent years	<u>106,000</u>
	<u>\$ 506,000</u>

17. Financial instruments

Interest rate risk

The organization is exposed to changes in interest rates, which could adversely impact expected returns from the organization's investments held by third party and State of Israel bonds.

Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The organization is exposed to credit risk as a result of its balance of sale receivable.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The organization is exposed to market risk as a result of its investments held by third party and State of Israel bonds.

18. Comparative amounts

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year. The changes do not affect prior year excess of revenues over expenses after charitable activities.

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INDEPENDENT AUDITOR'S REPORT

To the Directors of
Jewish National Fund of Canada Inc.

Qualified Opinion

We have audited the financial statements of **Jewish National Fund of Canada Inc.**, which comprise the statement of financial position as at December 31, 2019, and the statements of changes in net assets, revenues and expenses 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 **Jewish National Fund of Canada Inc.** as at December 31, 2019 and the 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, the organization derives revenue from certain contributions the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the organization and we were not able to determine whether adjustments might be necessary to receipts from contributions, excess of revenues over expenses for the year, assets and net assets.

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.

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INDEPENDENT AUDITOR'S REPORT (cont'd.)

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 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 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 organization's internal control.

INDEPENDENT AUDITOR'S REPORT (cont'd.)

- 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.

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Montréal, Québec
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JEWISH NATIONAL FUND OF CANADA INC.
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2019

	2019	2018
ASSETS		
Current		
Cash	\$ 6,615,973	\$ 6,323,709
Investments held by third parties (Note 4)	12,186,387	13,917,953
State of Israel bonds (Note 5)	58,689	76,782
Accounts receivable (Note 6)	1,242,042	555,925
Prepaid expenses and sundry assets	38,397	29,802
Current portion of balance of sale receivable (Note 9)	<u>866,261</u>	<u>841,060</u>
	21,007,749	21,745,231
Life insurance policies (Note 7)	269,529	267,402
Loan receivable (Note 8)	280,000	280,000
Balance of sale receivable (Note 9)	892,448	1,758,711
Investments in real estate (Note 10)	3,123,605	6,430,219
Property and equipment (Note 11)	82,778	99,669
Intangible assets (net of accumulated amortization of \$358,315; 2018 - \$349,623)	<u>35,176</u>	<u>43,054</u>
	<u>\$ 25,691,285</u>	<u>\$ 30,624,286</u>
LIABILITIES		
Current		
Accounts payable and sundry liabilities (Note 12)	\$ 1,223,841	\$ 113,648
Salaries and vacation payable	<u>150,319</u>	<u>160,722</u>
	1,374,160	274,370
NET ASSETS		
Unrestricted	<u>24,317,125</u>	<u>30,349,916</u>
	<u>\$ 25,691,285</u>	<u>\$ 30,624,286</u>

APPROVED ON BEHALF OF THE DIRECTORS:

Member

Member

See accompanying notes

JEWISH NATIONAL FUND OF CANADA INC.
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2019

	2019	2018
Balance, as previously stated	\$ 29,722,403	\$ 35,936,261
Prior period adjustment (Note 13)	<u>627,513</u>	<u>749,311</u>
Balance, beginning of year, as restated	30,349,916	36,685,572
Deficiency of revenues over expenses for the year after charitable activities	<u>(6,032,791)</u>	<u>(6,335,656)</u>
Balance, end of year	<u>\$ 24,317,125</u>	<u>\$ 30,349,916</u>

JEWISH NATIONAL FUND OF CANADA INC.
STATEMENT OF REVENUES AND EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2019

	2019	2018
Revenues		
Receipts from contributions	\$ 11,759,383	\$ 11,562,343
Increase in cash surrender value of life insurance policies	2,127	3,386
Investment income	398,603	1,183,000
Interest income from balance of sale receivable (Note 9)	<u>67,637</u>	<u>92,074</u>
	12,227,750	12,840,803
Fundraising expenses (Note 14)	<u>2,832,291</u>	<u>3,073,156</u>
Excess of revenues over fundraising expenses	<u>9,395,459</u>	<u>9,767,647</u>
Expenses		
General and administrative	3,886,285	3,569,793
Amortization	<u>27,374</u>	<u>31,925</u>
	<u>3,913,659</u>	<u>3,601,718</u>
Excess of revenues over expenses before undernoted items	5,481,800	6,165,929
Gain (loss) on disposition of investments in real estate	363,869	(35,808)
(Impairment) recovery of investments in real estate	(192,762)	229,237
Loan receivable adjustment related to shared expenses	-	(516,949)
Unrealized gain (loss) on fair value adjustment of investments held by third party	<u>871,000</u>	<u>(1,447,343)</u>
Excess of revenues over expenses before charitable activities	6,523,907	4,395,066
Charitable activities - jointly controlled operations (Note 15)	9,254,628	6,723,033
Charitable activities	<u>3,302,070</u>	<u>4,007,689</u>
Deficiency of revenues over expenses for the year after charitable activities	<u>\$ (6,032,791)</u>	<u>\$ (6,335,656)</u>

JEWISH NATIONAL FUND OF CANADA INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2019

	2019	2018
Operating activities		
Deficiency of revenues over expenses for the year	\$ (6,032,791)	\$ (6,335,656)
Adjustments for		
Amortization	27,374	31,925
(Acrease) decrease in fair value of investments held by third parties	(871,000)	1,447,343
Increase in cash surrender value of life insurance policies	(2,127)	(3,386)
Impairment (reversal) of investments in real estate	192,762	(229,237)
(Gain) loss on disposition of investments in real estate	(363,869)	35,808
Loan receivable adjustment related to shared expenses	-	516,949
	<u>(7,049,651)</u>	<u>(4,536,254)</u>
Net change in non-cash working capital items		
Increase in accounts receivable	(686,117)	(283,700)
(Acrease) decrease in prepaid expenses and sundry assets	(8,595)	182,681
Increase (decrease) in accounts payable and sundry liabilities	1,110,193	(172,699)
Decrease in salaries and vacation payable	(10,403)	(21,834)
	<u>(6,644,573)</u>	<u>(4,831,806)</u>
Investing activities		
Decrease in State of Israel bonds	18,093	3,928
Increase in investments in real estate	(52,367)	(248,982)
Net proceeds from sale of investments in real estate	3,530,088	4,188,192
Decrease (increase) in investments held by third party	2,602,566	(6,054,403)
Decrease in balance of sale receivable	841,062	816,625
Purchase of property and equipment	(1,790)	(14,175)
Purchase of intangible assets	(815)	-
Repayment of loan receivable	-	486,512
	<u>6,936,837</u>	<u>(822,303)</u>
Increase (decrease) in cash	292,264	(5,654,109)
Cash, beginning of year	6,323,709	11,977,818
Cash, end of year	\$ 6,615,973	\$ 6,323,709

See accompanying notes

JEWISH NATIONAL FUND OF CANADA INC.
NOTES TO THE FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2019

1. Purpose of the organization

Jewish National Fund of Canada Inc. raises funds from various Canadian sources. These funds are used for charitable purposes in Israel through various arrangements with the organization. The organization is incorporated under the Canada Not-for-profit Corporations Act (NFP Act) and is a registered charity under the Income Tax Act.

The organization is classified as tax-exempt under Federal and Provincial income tax laws. Consequently, no provision for income taxes has been reflected in the accompanying financial statements.

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3. Significant accounting policies

The organization applies the Canadian accounting standards for not-for-profit organizations.

(a) Measurement uncertainty

The preparation of financial statements in accordance 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, disclosures of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reported period. These estimates are reviewed periodically, and as adjustments become necessary they are reported in the excess of revenues over expenses in the period in which they become known.

Estimates made by management include the impairment of loan receivable and balance of sale receivable, useful life of property and equipment, salary and vacation payable accruals, the allocation of salaries and compensation costs, and the valuation of investments in real estate. Actual results could differ from those estimates.

JEWISH NATIONAL FUND OF CANADA INC.
NOTES TO THE FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2019

3. Significant accounting policies (cont'd.)

(b) Financial instruments

(i) Measurement of financial instruments

The organization initially measures its financial assets and financial liabilities at fair value. Subsequent thereto, its financial assets and financial liabilities are measured at amortized cost, except for its investments held by third parties, State of Israel bonds, and cash surrender value of life insurance policies, which are subsequently measured at fair value. Changes in fair value are recognized in the excess of revenues over expenses for the year.

Financial assets measured at amortized cost include cash, accounts receivable (net of sales taxes), loan receivable and balance of sale receivable.

Financial liabilities measured at amortized cost include accounts payable and sundry liabilities and salaries and vacation payable.

(ii) Impairment

Financial assets measured at amortized cost are tested for impairment when there are indicators of possible impairment. The amount of the write-down is recognized in the excess of revenues over expenses for the year. 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 excess of revenues over expenses for the year.

(c) Revenue recognition

The organization follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received. Pledges are recognized as revenue when collectability is assured. Bequests are recognized as revenue when assets donated can be reasonably identified and measured. Gifts in kind in the form of investments and life insurance policies are recognized as revenue when assets donated can be reasonably identified and measured.

(d) Balance of sale receivable

Balance of sale receivable is recorded at the face amount of the contract less any impairment.

Interest income is recorded when collectability is assured. The balance of sale receivable is impaired when in the opinion of management there is a reasonable doubt as to the ultimate collectability of any principal or interest.

JEWISH NATIONAL FUND OF CANADA INC.
NOTES TO THE FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2019

3. Significant accounting policies (cont'd.)

(e) Investments in real estate

The organization follows the cost method of accounting for real estate. Any costs incurred to maintain or improve the properties have been added to the cost. These assets are tested for impairment when there is an indication that an impairment might exist.

(f) Property and equipment

Property and equipment are recorded at cost and are being amortized over their estimated useful lives. The annual amortization rates and methods are as follows:

Furniture and fixtures	20% declining balance
Data processing equipment	20% declining balance

Amortization of leasehold improvements is recorded over the remaining term of the lease. The average term of a lease is five years.

(g) Intangible assets

Intangible assets are recorded at cost and are being amortized over their estimated useful lives. The annual amortization rate and method is as follows:

Software	20% declining balance
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(h) Allocation of expenses

Compensation costs that are directly attributable to fundraising activities are allocated to fundraising expenses. The amount of compensation costs allocated is based on the time spent by the employees on fundraising activities.

(i) Jointly controlled operations

The organization conducts jointly controlled operations with Keren Kayemeth Le'Israel in Israel. The organization records on the balance sheet its share of assets it controls and its share of liabilities incurred and on the income statement, its share of revenue earned and its share of expenses incurred by the joint arrangement.

4. Investments held by third parties

These investments are held and administered by the Jewish Community Foundation of Montréal and the Jewish Community Foundation of Greater Toronto.

JEWISH NATIONAL FUND OF CANADA INC.
NOTES TO THE FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2019

5. State of Israel bonds

State of Israel bonds have been adjusted to fair market value. The bonds mature at various dates from November 2020 to May 2024 and bear interest at an average rate of approximately 4.89% (2018 - 5.10%) per annum. Approximately \$2,600 (U.S. \$2,500) (2018 - \$2,600 (U.S. \$2,500)) of State of Israel Bonds are denominated in U.S. currency.

6. Accounts receivable

	2019	2018
Sales taxes receivable	\$ 229,803	\$ 255,791
Other receivables	<u>1,012,239</u>	<u>300,134</u>
	<u>\$ 1,242,042</u>	<u>\$ 555,925</u>

7. Life insurance policies

This includes insurance policies having a cash surrender value of \$176,000 (2018 - \$174,000) net of loans to finance premiums. The face value of all the insurance policies is \$1,966,000 (2018 - \$2,000,000), which is net of outstanding loans of approximately \$115,000 (2018 - \$107,000).

8. Loan receivable

This loan receivable from a 24(1) was advanced as part of his 24(1). It is non-interest bearing and will be repaid from the proceeds of an insurance policy on his life. The life insurance policy has been assigned to the organization as security.

9. Balance of sale receivable

In 2016, a property having a value of \$8,418,600 was donated to the organization and sold in the same year. The organization provided the buyer a balance of sale subject to a mortgage secured against the property.

The balance of sale receivable, bears interest at 3% per annum, repayable in quarterly installments of \$227,175 combining principal and interest, maturing in December 2021	\$ 1,758,709
Less current portion	<u>866,261</u>
Due beyond one year	<u>\$ 892,448</u>

JEWISH NATIONAL FUND OF CANADA INC.
NOTES TO THE FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2019

10. Investments in real estate

The organization is responsible to pay for all the expenses and costs related to its properties. Costs of \$52,367 (2018 - \$314,745) were capitalized during the year.

11. Property and equipment

	2019	2018		
	Cost	Accumulated amortization	Net	Net
Furniture and fixtures	\$ 568,888	\$ 543,777	\$ 25,111	\$ 31,323
Data processing equipment	1,048,715	1,004,052	44,663	53,880
Leasehold improvements	<u>49,541</u>	<u>36,537</u>	<u>13,004</u>	<u>14,466</u>
	<u><u>\$ 1,667,144</u></u>	<u><u>\$ 1,584,366</u></u>	<u><u>\$ 82,778</u></u>	<u><u>\$ 99,669</u></u>

12. Accounts payable and sundry liabilities

Included in accounts payable and sundry liabilities are approximately \$30,000 (2018 - \$25,000) of payroll deductions.

13. Prior period adjustment

In the prior year, the financial information relating to the organization's activities in its jointly controlled operations was not available and accordingly, the financial statements did not reflect the activities of these operations.

During the year, financial information of the jointly controlled operations became available which resulted in an adjustment in the amount of charitable activities - jointly controlled operations that was incurred in the prior year.

The adjustment resulted in an increase in the deficiency of revenues over expenses after charitable activities for the year 2018 of \$121,798.

Also, the adjustment resulted in a decrease in the deficiency of revenues over expenses after charitable activities for the years prior to 2018 by \$749,311.

These adjustments have been recorded as a prior period adjustment, which increased the opening balance of net assets as at January 1, 2019 and January 1, 2018 by \$627,513 and \$749,311, respectively.

14. Fundraising expenses

Included in fundraising expenses are allocated salaries and other compensation costs of approximately \$1,135,000 (2018 - \$1,045,000).

JEWISH NATIONAL FUND OF CANADA INC.
NOTES TO THE FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2019

15. Charitable activities - jointly controlled operations

The amount represents the organization's share of expenditures incurred by the jointly controlled operations in Israel in the year.

16. Subsequent events

(i) **COVID-19 pandemic**

On March 11, 2020, the World Health Organization categorized COVID-19 as a pandemic. The potential economic effects within the entity's environment and in the global markets, possible disruption in supply chains, and measures being introduced at various levels of government to curtail the spread of the virus (such as travel restrictions, closures of non-essential municipal and private operations, imposition of quarantines and social distancing) could have a material impact on the entity's operations. The extent of the impact of this outbreak and related containment measures on the entity's operations cannot be reliably estimated at this time.

The organization has taken out several measures to mitigate the impact of the crisis on its operations and has received government assistance under the Temporary Wage Subsidy and the Canada Emergency Wage Subsidy.

(ii) **Sale of investment in real estate**

Subsequent to the year end, the organization sold its remaining investment in real estate, with a net book value of approximately \$3,124,000, for net proceeds of approximately \$3,124,000.

17. Commitments

The minimum rentals payable under long-term operating leases, exclusive of certain operating costs for which the organization is responsible, are approximately as follows:

2020	\$ 246,000
2021	134,000
2022	40,000
2023	36,000
2024	36,000
Subsequent years	<u>51,000</u>
	\$ <u>543,000</u>

JEWISH NATIONAL FUND OF CANADA INC.
NOTES TO THE FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2019

18. Financial instruments

Interest rate risk

The organization is exposed to changes in interest rates, which could adversely impact expected returns from the organization's investments held by third party and State of Israel bonds.

Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The organization is exposed to credit risk as a result of its balance of sale receivable.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The organization is exposed to market risk as a result of its investments held by third party and State of Israel bonds.

19. Comparative amounts

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year. The changes do not affect prior year excess of revenues over expenses after charitable activities.

INDEPENDENT AUDITOR'S REPORT

To the Directors of
Jewish National Fund of Canada Inc.

Qualified Opinion

We have audited the financial statements of **Jewish National Fund of Canada Inc.**, which comprise the statement of financial position as at December 31, 2020, and the statements of changes in net assets, revenues and expenses 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 **Jewish National Fund of Canada Inc.**, as at December 31, 2020 and the 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, the organization derives revenue from certain contributions the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the organization and we were not able to determine whether adjustments might be necessary to receipts from contributions, excess of revenues over expenses for the year, assets and net assets.

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.

INDEPENDENT AUDITOR'S REPORT (cont'd.)

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 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 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 organization's internal control.

INDEPENDENT AUDITOR'S REPORT (cont'd.)

- 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.

24(1)

Montréal, Québec
24(1)

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JEWISH NATIONAL FUND OF CANADA INC.
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2020

	2020	2019
ASSETS		
Current		
Cash	\$ 8,772,085	\$ 6,615,973
Investments held by third parties (Note 5)	14,850,560	12,186,387
State of Israel bonds (Note 6)	55,767	58,689
Accounts receivable (Note 7)	1,564,602	1,242,042
Prepaid expenses and sundry assets	44,805	38,397
Current portion of balance of sale receivable (Note 10)	<u>892,486</u>	<u>866,261</u>
	26,180,305	21,007,749
Life insurance policies (Note 8)	275,638	269,529
Loan receivable (Note 9)	280,000	280,000
Balance of sale receivable (Note 10)	-	892,448
Investment in real estate	-	3,123,605
Property and equipment (Note 11)	73,542	82,778
Intangible assets (net of accumulated amortization of \$365,350; 2019 - \$358,315)	<u>28,141</u>	<u>35,176</u>
	<u>\$ 26,837,626</u>	<u>\$ 25,691,285</u>
LIABILITIES		
Current		
Accounts payable and sundry liabilities (Note 12)	\$ 64,713	\$ 1,223,841
Salaries and vacation payable	<u>221,780</u>	<u>150,319</u>
	286,493	1,374,160
NET ASSETS		
Unrestricted	<u>26,551,133</u>	<u>24,317,125</u>
	<u>\$ 26,837,626</u>	<u>\$ 25,691,285</u>

APPROVED ON BEHALF OF THE DIRECTORS:

-24(1) _____ *Member*
 - _____ *Member*

See accompanying notes

JEWISH NATIONAL FUND OF CANADA INC.
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2020

	2020	2019
Balance, beginning of year	\$ 24,317,125	\$ 30,349,916
Excess (deficiency) of revenues over expenses for the year after charitable activities	<u>2,234,008</u>	<u>(6,032,791)</u>
Balance, end of year	<u>\$ 26,551,133</u>	<u>\$ 24,317,125</u>

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JEWISH NATIONAL FUND OF CANADA INC.
STATEMENT OF REVENUES AND EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020

	2020	2019
Revenues		
Receipts from contributions	\$ 6,782,634	\$ 11,759,383
Increase in cash surrender value of life insurance policies	6,108	2,127
Investment income	518,824	398,603
Interest income from balance of sale receivable (Note 10)	42,476	67,637
Government assistance (Note 15)	<u>932,346</u>	-
	8,282,388	12,227,750
Fundraising expenses (Note 13)	<u>1,044,979</u>	<u>2,811,923</u>
Excess of revenues over fundraising expenses	<u>7,237,409</u>	<u>9,415,827</u>
Expenses		
General and administrative	3,037,432	3,906,653
Amortization	<u>22,972</u>	<u>27,374</u>
	3,060,404	3,934,027
Excess of revenues over expenses before undernoted items	4,177,005	5,481,800
(Loss) gain on disposition of investment in real estate	(11,218)	363,869
Impairment of investment in real estate	-	(192,762)
Unrealized gain on fair value adjustment of investments held by third party	<u>824,809</u>	<u>871,000</u>
Excess of revenues over expenses before charitable activities	4,990,596	6,523,907
Charitable activities - jointly controlled operations (Note 14)	(417,950)	(9,254,628)
Charitable activities	<u>(2,338,638)</u>	<u>(3,302,070)</u>
Excess (deficiency) of revenues over expenses for the year after charitable activities	<u>\$ 2,234,008</u>	<u>\$ (6,032,791)</u>

JEWISH NATIONAL FUND OF CANADA INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2020

	2020	2019
Operating activities		
Excess (deficiency) of revenues over expenses for the year	\$ 2,234,008	\$ (6,032,791)
Adjustments for		
Amortization	22,972	27,374
Increase in fair value of investments held by third parties	(824,809)	(871,000)
Increase in cash surrender value of life insurance policies	(6,108)	(2,127)
Impairment of investments in real estate	-	192,762
Loss (gain) on disposition of investments in real estate	<u>11,218</u>	<u>(363,869)</u>
Net change in non-cash working capital items	<u>1,437,281</u>	<u>(7,049,651)</u>
Increase in accounts receivable	(322,560)	(686,117)
Increase in prepaid expenses and sundry assets	(6,408)	(8,595)
(Decrease) increase in accounts payable and sundry liabilities	<u>(1,159,129)</u>	<u>1,110,193</u>
Increase (decrease) in salaries and vacation payable	<u>71,461</u>	<u>(10,403)</u>
Cash provided by (used in) operating activities	<u>20,645</u>	<u>(6,644,573)</u>
Investing activities		
Decrease in State of Israel bonds	2,922	18,093
Increase in investments in real estate	-	(52,367)
Net proceeds from sale of investments in real estate	3,112,387	3,530,088
(Increase) decrease in investments held by third party	<u>(1,839,364)</u>	<u>2,602,566</u>
Decrease in balance of sale receivable	866,223	841,062
Purchase of property and equipment	(6,701)	(1,790)
Purchase of intangible assets	-	(815)
Cash provided by investing activities	<u>2,135,467</u>	<u>6,936,837</u>
Increase in cash	<u>2,156,112</u>	<u>292,264</u>
Cash, beginning of year	<u>6,615,973</u>	<u>6,323,709</u>
Cash, end of year	<u>\$ 8,772,085</u>	<u>\$ 6,615,973</u>

JEWISH NATIONAL FUND OF CANADA INC.
NOTES TO THE FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2020

1. Purpose of the organization

Jewish National Fund of Canada Inc. raises funds from various Canadian sources. These funds are used for charitable purposes in Israel through various arrangements with the organization. The organization is incorporated under the Canada Not-for-profit Corporations Act (NFP Act) and is a registered charity under the Income Tax Act.

The organization is classified as tax-exempt under Federal and Provincial income tax laws. Consequently, no provision for income taxes has been reflected in the accompanying financial statements.

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3. Impact of COVID-19 pandemic

On March 11, 2020, the World Health Organization categorized COVID-19 as a pandemic. The potential economic effects within the entity's environment and in the global markets, possible disruption in supply chains, and measures being introduced at various levels of government to curtail the spread of the virus (such as travel restrictions, closures of non-essential municipal and private operations, imposition of quarantines and social distancing) could have a material impact on the entity's operations.

The pandemic has had a negative effect on its operations and revenue commencing in March 2020. The financial impact of the pandemic resulted in a drop in revenues for the periods of March 2020 to December 2020.

In order to mitigate the impact of the crisis on its operations, the company applied for the Temporary Wage Subsidy, Canada Emergency Wage Subsidy and Canada Emergency Rent Subsidy government relief measures, for which it was eligible. As of December 31, 2020, the company has claimed \$932,346 in government assistance for the period of March 2020 to December 2020 as described in Note 15.

JEWISH NATIONAL FUND OF CANADA INC.
NOTES TO THE FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2020

4. Significant accounting policies

The organization applies the Canadian accounting standards for not-for-profit organizations.

(a) Measurement uncertainty

The preparation of financial statements in accordance 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, disclosures of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reported period. These estimates are reviewed periodically, and as adjustments become necessary they are reported in the excess of revenues over expenses in the period in which they become known.

Estimates made by management include the impairment of loan receivable and balance of sale receivable, useful life of property and equipment, salary and vacation payable accruals, the allocation of salaries and compensation costs, and the valuation of investments in real estate. Actual results could differ from those estimates.

(b) Financial instruments

(i) Measurement of financial instruments

The organization initially measures its financial assets and financial liabilities at fair value. Subsequent thereto, its financial assets and financial liabilities are measured at amortized cost, except for its investments held by third parties, State of Israel bonds, and cash surrender value of life insurance policies, which are subsequently measured at fair value. Changes in fair value are recognized in the excess of revenues over expenses for the year.

Financial assets measured at amortized cost include cash, accounts receivable (net of sales taxes), loan receivable and balance of sale receivable.

Financial liabilities measured at amortized cost include accounts payable and sundry liabilities and salaries and vacation payable.

(ii) Impairment

Financial assets measured at amortized cost are tested for impairment when there are indicators of possible impairment. The amount of the write-down is recognized in the excess of revenues over expenses for the year. 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 excess of revenues over expenses for the year.

JEWISH NATIONAL FUND OF CANADA INC.
NOTES TO THE FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2020

4. Significant accounting policies (cont'd.)

(c) Revenue recognition

The organization follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received. Pledges are recognized as revenue when collectability is assured. Bequests are recognized as revenue when assets donated can be reasonably identified and measured. Gifts in kind in the form of investments and life insurance policies are recognized as revenue when assets donated can be reasonably identified and measured.

(d) Balance of sale receivable

Balance of sale receivable is recorded at the face amount of the contract less any impairment.

Interest income is recorded when collectability is assured. The balance of sale receivable is impaired when in the opinion of management there is a reasonable doubt as to the ultimate collectability of any principal or interest.

(e) Investment in real estate

The organization follows the cost method of accounting for real estate. Any costs incurred to maintain or improve the properties have been added to the cost. These assets are tested for impairment when there is an indication that an impairment might exist.

(f) Cash surrender value of life insurance

Cash surrender value of life insurance is recorded as the amount currently available, plus the deferred surrender charges which are available to the organization in the future, provided the policy is held for a minimum time period, as stipulated in the insurance contract.

(g) Property and equipment

Property and equipment are recorded at cost and are being amortized over their estimated useful lives. The annual amortization rates and methods are as follows:

Furniture and fixtures	20% declining balance
Data processing equipment	20% declining balance

Amortization of leasehold improvements is recorded over the remaining term of the lease. The average term of a lease is five years.

(h) Intangible assets

Intangible assets are recorded at cost and are being amortized over their estimated useful lives. The annual amortization rate and method is as follows:

Software	20% declining balance
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JEWISH NATIONAL FUND OF CANADA INC.
NOTES TO THE FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2020

4. Significant accounting policies (cont'd.)

(i) Allocation of expenses

Compensation costs that are directly attributable to fundraising activities are allocated to fundraising expenses. The amount of compensation costs allocated is based on the time spent by the employees on fundraising activities.

(j) Government assistance

Government and other grants related to property and equipment are accounted for as deferred government assistance and amortized on the same basis as the related property and equipment. Operating grants are accounted for as revenue when earned.

(k) Jointly controlled operations

The organization conducts jointly controlled operations with Keren Kayemeth Le'Israel in Israel. The organization records on the balance sheet its share of assets it controls and its share of liabilities incurred and on the income statement, its share of revenue earned and its share of expenses incurred by the joint arrangement.

5. Investments held by third parties

These investments are held and administered by the Jewish Community Foundation of Montréal and the Jewish Community Foundation of Greater Toronto.

6. State of Israel bonds

State of Israel bonds have been adjusted to fair market value. The bonds mature at various dates from December 2021 to May 2025 and bear interest at an average rate of approximately 4.94% (2019 - 4.89%) per annum. Approximately \$2,600 (U.S. \$2,500) (2019 - \$2,600 (U.S. \$2,500)) of State of Israel Bonds are denominated in U.S. currency.

7. Accounts receivable

	<u>2020</u>	<u>2019</u>
Sales taxes receivable	\$ 353,621	\$ 229,803
Other receivables	1,048,189	1,012,239
Government assistance receivable (Note 15)	<u>162,792</u>	-
	<u>\$ 1,564,602</u>	<u>\$ 1,242,042</u>

JEWISH NATIONAL FUND OF CANADA INC.
NOTES TO THE FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2020

8. Life insurance policies

This includes insurance policies having a cash surrender value of \$182,000 (2019 - \$176,000) net of loans to finance premiums. The face value of all the insurance policies is \$1,872,000 (2019 - \$1,996,000), which is net of outstanding loans of approximately \$57,000 (2019 - \$115,000).

9. Loan receivable

This loan receivable from a 24(1) was advanced as part of his 24(1). It is non-interest bearing and will be repaid from the proceeds of an insurance policy on his life. The life insurance policy has been assigned to the organization as security.

10. Balance of sale receivable

In 2016, a property having a value of \$8,418,600 was donated to the organization and sold in the same year. The organization provided the buyer a balance of sale subject to a mortgage secured against the property.

The balance of sale receivable, bears interest at 3% per annum, repayable in quarterly installments of \$227,175 combining principal and interest, maturing in December 2021

\$ 892,486

Less current portion 892,486

Due beyond one year \$ -

11. Property and equipment

	2020		2019	
	Cost	Accumulated amortization	Net	Net
Furniture and fixtures	\$ 568,888	\$ 548,799	\$ 20,089	\$ 25,111
Leasehold improvements	49,541	37,849	11,692	13,004
Data processing equipment	<u>1,055,416</u>	<u>1,013,655</u>	<u>41,761</u>	<u>44,663</u>
	<u>\$ 1,673,845</u>	<u>\$ 1,600,303</u>	<u>\$ 73,542</u>	<u>\$ 82,778</u>

12. Accounts payable and sundry liabilities

Included in accounts payable and sundry liabilities are approximately \$43,000 (2019 - \$30,000) of payroll deductions.

JEWISH NATIONAL FUND OF CANADA INC.
NOTES TO THE FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2020

13. Fundraising expenses

Included in fundraising expenses are allocated salaries and other compensation costs of approximately \$936,000 (2019 - \$1,135,000).

14. Charitable activities - jointly controlled operations

The amount represents the organization's share of expenditures incurred by the jointly controlled operations in Israel in the year.

15. Government assistance

The organization has applied and received government assistance under the Canada Emergency Wage Subsidy (CEWS) and the Temporary Wage Subsidy (TWS) programs which helps businesses by subsidizing a portion of the employees' wages during the COVID-19 pandemic. To be eligible, the organization must remain open, continue to pay salary and other remunerations to eligible employees and experience a decrease in gross revenues. Management has determined that the organization meets the criteria under CEWS and TWS and has recorded a combined amount of \$873,109 for the periods between March and December 2020, as revenue, of which \$103,555 is recorded in accounts receivable at year-end.

The organization has also applied for government assistance under the Canada Emergency Rent Subsidy (CERS) program which helps Canadian businesses, non-profit organizations, or charities who have seen a drop in revenue during the COVID-19 pandemic cover part of their commercial rent or property expenses. Management has determined that the organization meets the criteria under CERS and has recorded an amount of \$59,237 for the periods between October and December 2020, as revenue, of which \$59,237 is recorded in accounts receivable at year-end.

16. Commitments

The minimum rentals payable under long-term operating leases, exclusive of certain operating costs for which the organization is responsible, are approximately as follows:

2021	\$ 201,000
2022	63,000
2023	60,000
2024	60,000
2025	60,000
Subsequent years	<u>25,000</u>
	\$ <u>469,000</u>

JEWISH NATIONAL FUND OF CANADA INC.
NOTES TO THE FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2020

17. Financial instruments

Interest rate risk

The organization is exposed to changes in interest rates, which could adversely impact expected returns from the organization's investments held by third party and State of Israel bonds.

Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The organization is exposed to credit risk as a result of its balance of sale receivable.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The organization is exposed to market risk as a result of its investments held by third party and State of Israel bonds.

18. Comparative amounts

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year. The changes do not affect prior year excess of revenues over expenses after charitable activities.

INDEPENDENT AUDITOR'S REPORT

To the Directors of
Jewish National Fund of Canada Inc.

Qualified Opinion

We have audited the financial statements of **Jewish National Fund of Canada Inc.**, which comprise the statement of financial position as at December 31, 2021, and the statements of changes in net assets, revenues and expenses 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 **Jewish National Fund of Canada Inc.** as at December 31, 2021 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.

Basis for Qualified Opinion

In common with many not-for-profit organizations, the organization derives revenue from certain contributions the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the organization and we were not able to determine whether adjustments might be necessary to receipts from contributions, excess of revenues over expenses for the year, assets and net assets.

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.

INDEPENDENT AUDITOR'S REPORT (cont'd.)

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 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 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 organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

INDEPENDENT AUDITOR'S REPORT (cont'd.)

- 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.

24(1)

Montréal, Québec
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JEWISH NATIONAL FUND OF CANADA INC.
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2021

	2021	2020
ASSETS		
Current		
Cash	\$ 10,493,990	\$ 8,772,085
Investments held by third parties (Note 6)	21,943,018	14,850,560
State of Israel bonds (Note 7)	64,880	55,767
Accounts receivable (Note 8)	779,216	1,564,602
Prepaid expenses and sundry assets	16,722	44,805
Balance of sale receivable	-	892,486
	<u>33,297,826</u>	26,180,305
Life insurance policies (Note 9)	283,874	275,638
Loan receivable (Note 10)	280,000	280,000
Property and equipment (Note 11)	59,994	73,542
Intangible assets (net of accumulated amortization of \$370,978; 2020 - \$365,350)	22,513	28,141
	<u>\$ 33,944,207</u>	<u>\$ 26,837,626</u>
LIABILITIES		
Current		
Accounts payable and sundry liabilities (Note 12)	\$ 129,372	\$ 64,713
Salaries and vacation payable	151,428	221,780
Deferred contributions (Note 13)	9,754,550	5,510,585
	<u>10,035,350</u>	5,797,078
NET ASSETS		
Unrestricted	<u>23,908,857</u>	<u>21,040,548</u>
	<u><u>\$ 33,944,207</u></u>	<u><u>\$ 26,837,626</u></u>

APPROVED ON BEHALF OF THE DIRECTORS:

Member

Member

See accompanying notes

JEWISH NATIONAL FUND OF CANADA INC.
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2021

	2021	2020
Balance, as previously stated	\$ 26,551,133	\$ 24,317,125
Prior period adjustment (Note 3)	<u>(5,510,585)</u>	<u>(6,766,732)</u>
Balance, beginning of year, as restated	21,040,548	17,550,393
Excess of revenues over expenses for the year after charitable activities	<u>2,868,309</u>	<u>3,490,155</u>
Balance, end of year	<u>\$ 23,908,857</u>	<u>\$ 21,040,548</u>

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See accompanying notes

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JEWISH NATIONAL FUND OF CANADA INC.
STATEMENT OF REVENUES AND EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021

	2021	2020
Revenues		
Receipts from contributions	\$ 12,822,264	\$ 6,782,634
Receipts from contributions deferred (Note 13)	(7,752,314)	(1,082,491)
Deferred contributions recognized (Note 13)	3,508,349	2,338,638
Increase in cash surrender value of life insurance policies	8,236	6,108
Investment income	1,193,626	518,824
Interest income from balance of sale receivable	16,213	42,476
Government assistance (Note 14)	<u>692,297</u>	<u>932,346</u>
	10,488,671	9,538,535
Fundraising expenses (Note 15)		
	<u>1,529,016</u>	<u>1,044,979</u>
Excess of revenues over fundraising expenses		
	<u>8,959,655</u>	<u>8,493,556</u>
Expenses		
General and administrative	3,236,714	3,037,432
Amortization	<u>19,176</u>	<u>22,972</u>
	<u>3,255,890</u>	<u>3,060,404</u>
Excess of revenues over expenses before undernoted items		
	5,703,765	5,433,152
Expenses incurred on sale of investment in real estate		
	(83,223)	(11,218)
Unrealized gain on fair value adjustment of investments held by third party		
	<u>756,116</u>	<u>824,809</u>
Excess of revenues over expenses before charitable activities		
	6,376,658	6,246,743
Charitable activities - jointly controlled operations		
	-	(417,950)
Charitable activities		
	<u>(3,508,349)</u>	<u>(2,338,638)</u>
Excess of revenues over expenses for the year after charitable activities		
	<u>\$ 2,868,309</u>	<u>\$ 3,490,155</u>

See accompanying notes

JEWISH NATIONAL FUND OF CANADA INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2021

	2021	2020
Operating activities		
Excess of revenues over expenses for the year	\$ 2,868,309	\$ 3,490,155
Adjustments for		
Amortization	19,176	22,972
Increase in fair value of investments held by third parties	(756,116)	(824,809)
Increase in cash surrender value of life insurance policies	(8,236)	(6,108)
Loss on disposition of investments in real estate	83,223	11,218
Non-cash increase in investments in real estate	<u>(3,424,000)</u>	-
	(1,217,644)	2,693,428
Net change in non-cash working capital items		
Decrease (increase) in accounts receivable	785,386	(322,560)
Decrease (increase) in prepaid expenses and sundry assets	28,083	(6,408)
Increase (decrease) in accounts payable and sundry liabilities	64,658	(1,159,129)
(Decrease) increase in salaries and vacation payable	(70,352)	71,461
Increase (decrease) in deferred contributions	<u>4,243,966</u>	<u>(1,256,147)</u>
Cash provided by operating activities	<u>3,834,097</u>	<u>20,645</u>
Investing activities		
(Increase) decrease in State of Israel bonds	(9,113)	2,922
Net proceeds from sale of investments in real estate	3,340,777	3,112,387
Increase in investments held by third party	<u>(6,336,342)</u>	<u>(1,839,364)</u>
Decrease in balance of sale receivable	892,486	866,223
Purchase of property and equipment	-	(6,701)
Cash (used in) provided by investing activities	<u>(2,112,192)</u>	<u>2,135,467</u>
Increase in cash	1,721,905	2,156,112
Cash, beginning of year	<u>8,772,085</u>	<u>6,615,973</u>
Cash, end of year	<u>\$ 10,493,990</u>	<u>\$ 8,772,085</u>

See accompanying notes

JEWISH NATIONAL FUND OF CANADA INC.
NOTES TO THE FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2021

1. Purpose of the organization

Jewish National Fund of Canada Inc. raises funds from various Canadian sources. These funds are used for charitable purposes in Israel through various arrangements with the organization. The organization is incorporated under the Canada Not-for-profit Corporations Act (NFP Act) and is a registered charity under the Income Tax Act.

The organization is classified as tax-exempt under Federal and Provincial income tax laws. Consequently, no provision for income taxes has been reflected in the accompanying financial statements.

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Prior period adjustment

The organization follows the deferral method of accounting for contributions which requires contributions intended for specific projects (restricted contributions) to be recognized as revenue in the year in which the related project costs are incurred.

In prior years, certain restricted contributions were recorded as revenue in the year the contributions were received rather than deferring the contributions and recording the revenue only when the related project costs were incurred.

For years prior to 2020, there was a decrease in the excess of revenues over expenses for the year after charitable activities of \$6,766,732 which has been recorded as a decrease in the opening net assets balance as at December 31, 2019 of \$6,766,732.

As a result of the change, for the year ended 2020, there was an increase in the excess of revenues over expenses for the year after charitable activities of \$1,256,147 and deferred contribution of \$5,510,585 and a decrease in the opening net assets balance as at December 31, 2020 of \$5,510,585.

JEWISH NATIONAL FUND OF CANADA INC.
NOTES TO THE FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2021

4. Impact of COVID-19 pandemic

On March 11, 2020, the World Health Organization categorized COVID-19 as a pandemic. The potential economic effects within the entity's environment and in the global markets, possible disruption in supply chains, and measures being introduced at various levels of government to curtail the spread of the virus (such as travel restrictions, closures of non-essential municipal and private operations, imposition of quarantines and social distancing) have had a material impact on the entity's operations.

In order to mitigate the impact of the crisis on its operations, the organization applied for the Canada Emergency Wage Subsidy, which was subsequently replaced by the Canada Recovery Hiring Program (CRHP), and the Canada Emergency Rent Subsidy government relief measures, for which it was eligible. The organization has claimed \$692,297 in government assistance for the year ended December 31, 2021 as described in Note 14.

5. Significant accounting policies

The organization applies the Canadian accounting standards for not-for-profit organizations.

(a) Measurement uncertainty

The preparation of financial statements in accordance 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, disclosures of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reported period. These estimates are reviewed periodically, and as adjustments become necessary, they are reported in the excess of revenues over expenses in the period in which they become known.

Estimates made by management include the impairment of loan receivable, useful life of property and equipment, salary and vacation payable accruals, deferred contributions calculation and the allocation of salaries and compensation costs. Actual results could differ from those estimates.

(b) Financial instruments

(i) Measurement of financial instruments

The organization initially measures its financial assets and financial liabilities at fair value. Subsequent thereto, its financial assets and financial liabilities are measured at amortized cost, except for its investments held by third parties, State of Israel bonds, and cash surrender value of life insurance policies, which are subsequently measured at fair value. Changes in fair value are recognized in the excess of revenues over expenses for the year.

Financial assets measured at amortized cost include cash, accounts receivable (net of sales taxes), loan receivable and balance of sale receivable.

Financial liabilities measured at amortized cost include accounts payable and sundry liabilities, and salaries and vacation payable.

JEWISH NATIONAL FUND OF CANADA INC.
NOTES TO THE FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2021

5. Significant accounting policies (cont'd.)

(b) Financial instruments (cont'd.)

(ii) Impairment

Financial assets measured at amortized cost are tested for impairment when there are indicators of possible impairment. The amount of the write-down is recognized in the excess of revenues over expenses for the year. 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 excess of revenues over expenses for the year.

(c) Revenue recognition

The organization follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related project costs are incurred. Unrestricted contributions are recognized as revenue when received. Pledges are recognized as revenue when collectability is assured. Bequests are recognized as revenue when assets donated can be reasonably identified and measured. Gifts in kind in the form of investments and life insurance policies are recognized as revenue when assets donated can be reasonably identified and measured.

(d) Balance of sale receivable

Balance of sale receivable is recorded at the face amount of the contract less any impairment.

Interest income is recorded when collectability is assured. The balance of sale receivable is impaired when in the opinion of management there is a reasonable doubt as to the ultimate collectability of any principal or interest.

(e) Cash surrender value of life insurance

Cash surrender value of life insurance is recorded as the amount currently available, plus the deferred surrender charges which are available to the organization in the future, provided the policy is held for a minimum period, as stipulated in the insurance contract.

JEWISH NATIONAL FUND OF CANADA INC.
NOTES TO THE FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2021

5. Significant accounting policies (cont'd.)

(f) Property and equipment

Property and equipment are recorded at cost and are being amortized over their estimated useful lives. The annual amortization rates and methods are as follows:

Furniture and fixtures	20% declining balance
Data processing equipment	20% declining balance

Amortization of leasehold improvements is recorded over the remaining term of the lease. The average term of a lease is five years.

(g) Intangible assets

Intangible assets are recorded at cost and are being amortized over their estimated useful lives. The annual amortization rate and method is as follows:

Software	20% declining balance
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(h) Allocation of expenses

Compensation costs that are directly attributable to fundraising activities are allocated to fundraising expenses. The amount of compensation costs allocated is based on the time spent by the employees on fundraising activities.

(i) Government assistance

Government and other grants related to property and equipment are accounted for as deferred government assistance and amortized on the same basis as the related property and equipment. Operating grants are accounted for as revenue when earned.

(j) Jointly controlled operations

Prior to January 1, 2021, the organization conducted jointly controlled operations with Keren Kayemeth Le'Israel in Israel. The organization records on the balance sheet its share of assets it controls and its share of liabilities incurred and on the income statement, its share of revenue earned, and its share of expenses incurred by the joint arrangement.

6. Investments held by third parties

These investments are held and administered by the Jewish Community Foundation of Montréal and the Jewish Community Foundation of Greater Toronto.

JEWISH NATIONAL FUND OF CANADA INC.
NOTES TO THE FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2021

7. State of Israel bonds

State of Israel bonds have been adjusted to fair market value. The bonds mature at various dates from June 2022 to December 2026 and bear interest at an average rate of approximately 4.64% (2020 - 4.94%) per annum. As at year end, no state of Israel bonds were denominated in U.S. currency (2020 - approximately \$2,600; U.S. \$2,500).

8. Accounts receivable

	2021	2020
Sales taxes receivable	\$ 432,506	\$ 353,621
Other receivables	342,474	1,048,189
Government assistance receivable (Note 14)	4,236	162,792
	<hr/>	<hr/>
	\$ 779,216	\$ 1,564,602

9. Life insurance policies

This includes insurance policies having a cash surrender value of \$190,000 (2020 - \$182,000) net of loans to finance premiums. The face value of all the insurance policies is \$1,743,000 (2020 - \$1,738,000), which is net of outstanding loans of approximately \$63,000 (2020 - \$57,000).

10. Loan receivable

This loan receivable from a 24(1) was advanced as part of his 24(1). It is non-interest bearing and will be repaid from the proceeds of an insurance policy on his life, the premiums for which are being paid by the 24(1). The life insurance policy has been assigned to the organization as security.

11. Property and equipment

	2021	2020		
	Cost	Accumulated amortization	Net	Net
Furniture and fixtures	\$ 568,888	\$ 552,817	\$ 16,071	\$ 20,089
Leasehold improvements	49,541	39,027	10,514	11,692
Data processing equipment	<hr/>	<hr/>	<hr/>	<hr/>
	1,055,416	1,022,007	33,409	41,761
	<hr/>	<hr/>	<hr/>	<hr/>
	\$ 1,673,845	\$ 1,613,851	\$ 59,994	\$ 73,542

JEWISH NATIONAL FUND OF CANADA INC.
NOTES TO THE FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2021

12. Accounts payable and sundry liabilities

Included in accounts payable and sundry liabilities are approximately \$48,000 (2020 - \$43,000) of payroll deductions.

13. Deferred contributions

Deferred contributions represent externally restricted donations for charitable purposes that have been received but not recognized as the related project costs have not been incurred. The changes in the deferred contributions balance are as follows:

	<u>2021</u>	<u>2020</u>
Deferred contributions, beginning of the year	\$ 5,510,585	\$ 6,766,732
Externally restricted contributions received and deferred during the year	7,752,314	1,082,491
Externally restricted contributions recognized as revenue during the year	<u>(3,508,349)</u>	<u>(2,338,638)</u>
Deferred contributions, end of the year	<u>\$ 9,754,550</u>	<u>\$ 5,510,585</u>

14. Government assistance

The organization has applied and received government assistance under the Canada Emergency Wage Subsidy (CEWS) program, which was subsequently replaced by the Canada Recovery Hiring Program (CRHP), which helps businesses by subsidizing a portion of the employees' wages during the COVID-19 pandemic. To be eligible, the organization must remain open, continue to pay salary and other remunerations to eligible employees and experience a decrease in gross revenues. Management has determined that the organization meets the criteria under CEWS and CRHP and has recorded an aggregate amount of \$563,628 (2020 - \$873,109) as revenue during the year, of which \$4,236 (2020 - \$103,555) is recorded in accounts receivable at year-end.

The organization has also applied for government assistance under the Canada Emergency Rent Subsidy (CERS) program which helps Canadian businesses, non-profit organizations, or charities who have seen a drop in revenue during the COVID-19 pandemic cover part of their commercial rent or property expenses. Management has determined that the organization meets the criteria under CERS and has recorded an amount of \$128,669 (2020 - \$59,237) as revenue during the year.

15. Fundraising expenses

Included in fundraising expenses are allocated salaries and other compensation costs of approximately \$1,172,000 (2020 - \$936,000).

JEWISH NATIONAL FUND OF CANADA INC.
NOTES TO THE FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2021

16. Commitments

The minimum rentals payable under long-term operating leases, exclusive of certain operating costs for which the organization is responsible, are approximately as follows:

2022	\$ 249,000
2023	238,000
2024	231,000
2025	222,000
2026	<u>146,000</u>
	 <u>\$ 1,086,000</u>

17. Financial instruments

Interest rate risk

The organization is exposed to changes in interest rates, which could adversely impact expected returns from the organization's investments held by third party and State of Israel bonds.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The organization is exposed to market risk because of its investments held by third party and State of Israel bonds.

INDEPENDENT AUDITOR'S REPORT

To the Directors of
Jewish National Fund Of Canada Inc.

Qualified Opinion

We have audited the financial statements of **Jewish National Fund of Canada Inc.**, which comprise the statement of financial position as at December 31, 2022, and the statements of changes in net assets, revenues and expenses 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 **Jewish National Fund of Canada Inc.** as at December 31, 2022 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.

Basis for Qualified Opinion

In common with many not-for-profit organizations, the organization derives revenue from certain contributions the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the organization and we were not able to determine whether adjustments might be necessary to receipts from contributions, excess of revenues over expenses for the year, assets and net assets.

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.

INDEPENDENT AUDITOR'S REPORT (cont'd.)

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 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 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 organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

INDEPENDENT AUDITOR'S REPORT (cont'd.)

- 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.

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JEWISH NATIONAL FUND OF CANADA INC.
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2022

	2022	2021
ASSETS		
Current		
Cash	\$ 7,854,429	\$ 10,493,990
Investments held by third parties (Note 4)	22,670,635	21,943,018
State of Israel bonds (Note 5)	59,044	64,880
Accounts receivable (Note 6)	624,439	779,216
Prepaid expenses and sundry assets	<u>22,237</u>	<u>16,722</u>
	31,230,784	33,297,826
Life insurance policies (Note 7)	295,117	283,874
Loan receivable (Note 8)	280,000	280,000
Property and equipment (Note 9)	49,040	59,994
Intangible assets (net of accumulated amortization of \$375,481; 2021 - \$370,978)	<u>18,010</u>	<u>22,513</u>
	<u><u>\$ 31,872,951</u></u>	<u><u>\$ 33,944,207</u></u>
LIABILITIES		
Current		
Accounts payable and sundry liabilities (Note 10)	\$ 87,750	\$ 129,372
Salaries and vacation payable	187,570	151,428
Deferred contributions (Note 11)	<u>10,714,451</u>	<u>9,754,550</u>
	10,989,771	10,035,350
NET ASSETS		
Unrestricted	<u><u>20,883,180</u></u>	<u><u>23,908,857</u></u>
	<u><u>\$ 31,872,951</u></u>	<u><u>\$ 33,944,207</u></u>

APPROVED ON BEHALF OF THE DIRECTORS:

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Member

Member

See accompanying notes

JEWISH NATIONAL FUND OF CANADA INC.
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2022

	2022	2021
Balance, beginning of year	\$ 23,908,857	\$ 21,040,548
Excess (deficiency) of revenues over expenses for the year after charitable activities	<u>(3,025,677)</u>	2,868,309
Balance, end of year	<u>\$ 20,883,180</u>	<u>\$ 23,908,857</u>

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JEWISH NATIONAL FUND OF CANADA INC.
STATEMENT OF REVENUES AND EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022

	2022	2021
Revenues		
Receipts from contributions	\$ 13,193,030	12,822,264
Deferred contributions recognized (Note 11)	6,192,867	3,508,349
Receipts from contributions deferred (Note 11)	(7,152,768)	(7,752,314)
Increase in cash surrender value of life insurance policies	11,243	8,236
Investment income including realized gains and losses	384,586	1,193,626
Interest income from balance of sale receivable	-	16,213
Government assistance (Note 12)	-	692,297
	<u>12,628,958</u>	<u>10,488,671</u>
Fundraising expenses (Note 13)	3,877,942	1,529,016
Excess of revenues over fundraising expenses	<u>8,751,016</u>	<u>8,959,655</u>
Expenses		
General and administrative	3,936,763	3,236,714
Amortization	15,457	19,176
	<u>3,952,220</u>	<u>3,255,890</u>
Excess of revenues over expenses before undemoted items	4,798,796	5,703,765
Expenses incurred on sale of investment in real estate	-	(83,223)
Unrealized gain (loss) on fair value adjustment of investments held by third party	(1,631,606)	756,116
Excess of revenues over expenses for the year before charitable activities	3,167,190	6,376,658
Charitable activities	(6,192,867)	(3,508,349)
Excess (deficiency) of revenues over expenses for the year after charitable activities	<u>\$ (3,025,677)</u>	<u>\$ 2,868,309</u>

See accompanying notes

JEWISH NATIONAL FUND OF CANADA INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2022

	2022	2021
Operating activities		
Excess (deficiency) of revenues over expenses for the year	\$ (3,025,677)	\$ 2,868,309
Adjustments for		
Amortization	15,457	19,176
Decrease (increase) in fair value of investments held by third parties	1,631,606	(756,116)
Increase in cash surrender value of life insurance policies	(11,243)	(8,236)
Loss on disposition of investments in real estate	-	83,223
Non-cash increase in investments in real estate	-	<u>(3,424,000)</u>
Net change in non-cash working capital items	<u>(1,389,857)</u>	(1,217,644)
Decrease in accounts receivable	154,777	785,386
(Increase) decrease in prepaid expenses and sundry assets	(5,515)	28,083
(Decrease) increase in accounts payable and sundry liabilities	(41,622)	64,658
Increase (decrease) in salaries and vacation payable	36,142	(70,352)
Increase in deferred contributions	<u>959,901</u>	4,243,966
Cash (used in) provided by operating activities	<u>(286,174)</u>	3,834,097
Investing activities		
Decrease (increase) in State of Israel bonds	5,836	(9,113)
Net proceeds from sale of investments in real estate	-	3,340,777
Increase in investments held by third party	<u>(2,359,223)</u>	(6,336,342)
Decrease in balance of sale receivable	-	<u>892,486</u>
Cash used in investing activities	<u>(2,353,387)</u>	(2,112,192)
(Decrease) increase in cash	<u>(2,639,561)</u>	1,721,905
Cash, beginning of year	10,493,990	8,772,085
Cash, end of year	\$ 7,854,429	\$ 10,493,990

See accompanying notes

JEWISH NATIONAL FUND OF CANADA INC.
NOTES TO THE FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2022

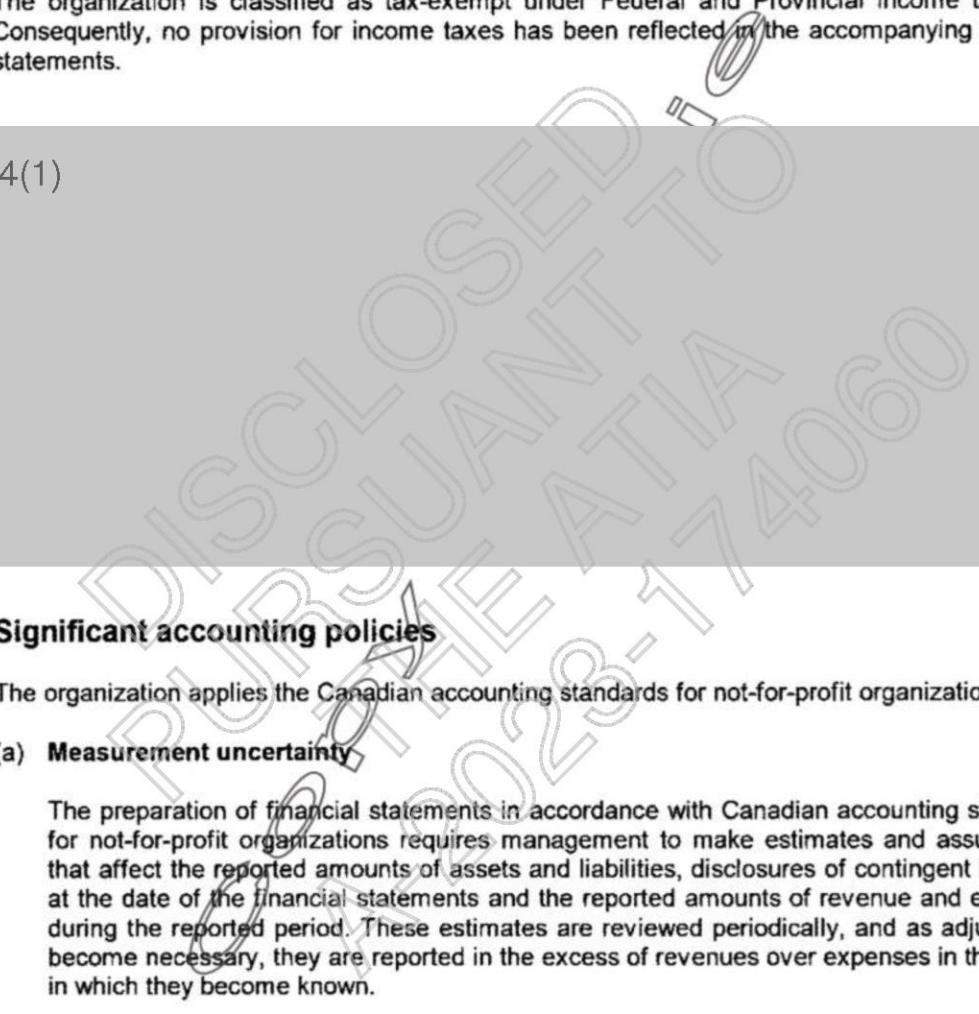
1. Purpose of the organization

Jewish National Fund of Canada Inc. raises funds from various Canadian sources. These funds are used for charitable purposes in Israel through various arrangements with the organization. The organization is incorporated under the Canada Not-for-profit Corporations Act (NFP Act) and is a registered charity under the Income Tax Act.

The organization is classified as tax-exempt under Federal and Provincial income tax laws. Consequently, no provision for income taxes has been reflected in the accompanying financial statements.

2.

24(1)



3. Significant accounting policies

The organization applies the Canadian accounting standards for not-for-profit organizations.

(a) Measurement uncertainty

The preparation of financial statements in accordance 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, disclosures of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reported period. These estimates are reviewed periodically, and as adjustments become necessary, they are reported in the excess of revenues over expenses in the period in which they become known.

Estimates made by management include the impairment of loan receivable, useful life of property and equipment, salary and vacation payable accruals, deferred contributions calculation and the allocation of salaries and compensation costs. Actual results could differ from those estimates.

JEWISH NATIONAL FUND OF CANADA INC.
NOTES TO THE FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2022

3. Significant accounting policies (cont'd.)

(b) Financial instruments

(i) Measurement of financial instruments

The organization initially measures its financial assets and financial liabilities at fair value. Subsequent thereto, its financial assets and financial liabilities are measured at amortized cost, except for its investments held by third parties, State of Israel bonds, and cash surrender value of life insurance policies, which are subsequently measured at fair value. Changes in fair value are recognized in the excess of revenues over expenses for the year.

Financial assets measured at amortized cost include cash, accounts receivable (net of sales taxes receivable) and loan receivable.

Financial liabilities measured at amortized cost include accounts payable and sundry liabilities (net of government remittances), and salaries and vacation payable.

(ii) Impairment

Financial assets measured at amortized cost are tested for impairment when there are indicators of possible impairment. The amount of the write-down is recognized in the excess of revenues over expenses for the year. 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 excess of revenues over expenses for the year.

(c) Revenue recognition

The organization follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related project costs are incurred. Unrestricted contributions are recognized as revenue when received. Pledges are recognized as revenue when collectability is assured. Bequests are recognized as revenue when assets donated can be reasonably identified and measured. Gifts in kind in the form of investments and life insurance policies are recognized as revenue when assets donated can be reasonably identified and measured.

(d) Balance of sale receivable

Balance of sale receivable is recorded at the face amount of the contract less any impairment.

Interest income is recorded when collectability is assured. The balance of sale receivable is impaired when in the opinion of management there is a reasonable doubt as to the ultimate collectability of any principal or interest.

JEWISH NATIONAL FUND OF CANADA INC.
NOTES TO THE FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2022

3. Significant accounting policies (cont'd.)

(e) Cash surrender value of life insurance

Cash surrender value of life insurance is recorded as the amount currently available, plus the deferred surrender charges which are available to the organization in the future, provided the policy is held for a minimum period, as stipulated in the insurance contract.

(f) Property and equipment

Property and equipment are recorded at cost and are being amortized over their estimated useful lives. The annual amortization rates and methods are as follows:

Furniture and fixtures	20% declining balance
Data processing equipment	20% declining balance

Amortization of leasehold improvements is recorded over the remaining term of the lease. The average term of a lease is five years.

(g) Intangible assets

Intangible assets are recorded at cost and are being amortized over their estimated useful lives. The annual amortization rate and method is as follows:

Software	20% declining balance
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(h) Allocation of expenses

Compensation costs that are directly attributable to fundraising activities are allocated to fundraising expenses. The amount of compensation costs allocated is based on the time spent by the employees on fundraising activities.

(i) Government assistance

Government and other grants related to property and equipment are accounted for as deferred government assistance and amortized on the same basis as the related property and equipment. Operating grants are accounted for as revenue when earned.

4. Investments held by third parties

These investments are held and administered by the Jewish Community Foundation of Montréal and the Jewish Community Foundation of Greater Toronto.

5. State of Israel bonds

State of Israel bonds have been adjusted to fair market value. The bonds mature at various dates from January 2023 to December 2026 (2021 - June 2022 to December 2026) and bear interest at an average rate of approximately 3.36% (2021 - 4.64%) per annum.

JEWISH NATIONAL FUND OF CANADA INC.
NOTES TO THE FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2022

6. Accounts receivable

	2022	2021
Sales taxes receivable	\$ 221,090	\$ 432,506
Other receivables	403,349	342,474
Government assistance receivable	-	4,236
	\$ 624,439	\$ 779,216

7. Life insurance policies

This includes insurance policies having a cash surrender value of approximately \$201,000 (2021 - \$190,000) net of loans to finance premiums. The face value including any paid up additions of all the insurance policies is approximately \$1,741,000 (2021 - \$1,743,000), which is net of outstanding loans of approximately \$66,000 (2021 - \$63,000).

8. Loan receivable

This loan receivable from a 24(1) was advanced as part of his 24(1). It is non-interest bearing and will be repaid from the proceeds of an insurance policy on his life, the premiums for which are being paid by the 24(1). The life insurance policy has been assigned to the organization as security.

9. Property and equipment

	2022		2021	
	Cost	Accumulated amortization	Net	Net
Furniture and fixtures	\$ 568,888	\$ 556,031	\$ 12,857	\$ 16,071
Leasehold improvements	49,541	40,085	9,456	10,514
Data processing equipment	1,055,416	1,028,689	26,727	33,409
	\$ 1,673,845	\$ 1,624,805	\$ 49,040	\$ 59,994

10. Accounts payable and sundry liabilities

Included in accounts payable and sundry liabilities are approximately \$48,000 (2021 - \$48,000) of payroll deductions.

JEWISH NATIONAL FUND OF CANADA INC.
NOTES TO THE FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2022

11. Deferred contributions

Deferred contributions represent externally restricted donations for charitable purposes that have been received but not recognized as the related project costs have not been incurred. The changes in the deferred contributions balance are as follows:

	2022	2021
Deferred contributions, beginning of the year	\$ 9,754,550	\$ 5,510,585
Externally restricted contributions received and deferred during the year	7,152,768	7,752,314
Externally restricted contributions recognized as revenue during the year	(6,192,867)	(3,508,349)
Deferred contributions, end of the year	\$ 10,714,451	\$ 9,754,550

12. Government assistance

The organization had received government assistance under the Canada Emergency Wage Subsidy (CEWS) program, which was subsequently replaced by the Canada Recovery Hiring Program (CRHP), which helps businesses by subsidizing a portion of the employees' wages during the COVID-19 pandemic. To be eligible, the organization must remain open, continue to pay salary and other remunerations to eligible employees and experience a decrease in gross revenues. Management had determined that the organization meets the criteria under CEWS and CRHP and had recorded an aggregate amount of \$Nil (2021 - \$563,628) as revenue during the year, of which \$Nil (2021 - \$4,236) is recorded in accounts receivable at year-end.

The organization had also applied for government assistance under the Canada Emergency Rent Subsidy (CERS) program which helps Canadian businesses, non-profit organizations, or charities who have seen a drop in revenue during the COVID-19 pandemic cover part of their commercial rent or property expenses. Management had determined that the organization meets the criteria under CERS and has recorded an amount of \$Nil (2021 - \$128,669) as revenue during the year.

13. Fundraising expenses

Included in fundraising expenses are allocated salaries and other compensation costs of approximately \$1,334,000 (2021 - \$1,172,000).

JEWISH NATIONAL FUND OF CANADA INC.
NOTES TO THE FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2022

14. Commitments

The minimum rentals payable under long-term operating leases, exclusive of certain operating costs for which the organization is responsible, are approximately as follows:

2023	\$ 247,000
2024	232,000
2025	223,000
2026	<u>146,000</u>
	<u>\$ 848,000</u>

15. Financial instruments

Interest rate risk

The organization is exposed to changes in interest rates, which could adversely impact expected returns from the organization's investments held by third party and State of Israel bonds.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The organization is exposed to market risk because of its investments held by third party and State of Israel bonds.