

JEWISH HERITAGE CENTRE OF WESTERN CANADA INC.
INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT
FINANCIAL STATEMENTS
AUGUST 31, 2022

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INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT

To the Board of Directors of Jewish Heritage Centre of Western Canada Inc.:

We have reviewed the accompanying financial statements of Jewish Heritage Centre of Western Canada Inc. that comprise the statement of financial position as at August 31, 2022, and the statements of operations, changes in net assets 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.

Practitioner's Responsibility

Our responsibility is to express a conclusion on the accompanying financial statements based on our review. We conducted our review in accordance with Canadian generally accepted standards for review engagements, which require us to comply with relevant ethical requirements.

A review of financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, we do not express an audit opinion on these financial statements.

Basis for Qualified Conclusion

Jewish Heritage Centre maintain records of its archive and collections where we have been unable to determine the fair value of these items. Therefore, due to this limitation in scope, we are unable to determine whether any adjustments might be necessary to the statement of financial position, statements of operations, changes in net assets and cash flows for the year ended August 31, 2022. In this respect only, the financial statements are not in accordance with Canadian accounting standards for not-for-profit organizations. Our conclusion on the financial statements for the year ended August 31, 2021, was modified accordingly because of the possible effects of this limitation in scope.

Qualified Conclusion

Based on our review, except for the possible effects of the matter described in the *Basis for Qualified Conclusion* paragraph, nothing has come to our attention that causes us to believe that the accompanying financial information does not present fairly, in all material respects, the financial position of Jewish Heritage Centre of Western Canada Inc. as at August 31, 2022 in accordance with Canadian accounting standards for not-for-profit organizations.

Winnipeg, Manitoba
December 12, 2022

Fort Group
CHARTERED PROFESSIONAL
ACCOUNTANTS INC.

**JEWISH HERITAGE CENTRE OF WESTERN CANADA INC.
STATEMENT OF FINANCIAL POSITION
AUGUST 31, 2022**

	<u>2022</u>	<u>2021</u>
ASSETS		
CURRENT ASSETS		
Cash	\$ 572,516	451,216
Grants receivable	1,120	3,411
Accounts receivable (Note 4)	<u>1,411</u>	<u>5,601</u>
	575,047	460,228
ARCHIVES AND COLLECTIONS (Note 5)	<u>55,114</u>	<u>55,114</u>
	<u>\$ 630,161</u>	<u>515,342</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 5,130	4,329
Deferred revenues (Note 6)	<u>75,770</u>	<u>-</u>
	80,900	4,329
LONG-TERM DEBT (Note 7)	<u>40,000</u>	<u>40,000</u>
	<u>120,900</u>	<u>44,329</u>
NET ASSETS		
Unrestricted	454,147	415,899
Invested in archives and collections	<u>55,114</u>	<u>55,114</u>
	<u>509,261</u>	<u>471,013</u>
	<u>\$ 630,161</u>	<u>515,342</u>

**JEWISH HERITAGE CENTRE OF WESTERN CANADA INC.
STATEMENT OF CHANGES IN NET ASSETS
YEAR ENDED AUGUST 31, 2022**

	<u>Unrestricted</u>	<u>Invested in Archives and Collections</u>	<u>2022 Total</u>	<u>2021 Total</u>
NET ASSETS, BEGINNING OF YEAR	\$ 415,899	55,114	471,013	333,856
Excess of revenues over expenses	<u>38,248</u>	<u>-</u>	<u>38,248</u>	<u>137,157</u>
NET ASSETS, END OF YEAR	<u>\$ 454,147</u>	<u>55,114</u>	<u>509,261</u>	<u>471,013</u>

JEWISH HERITAGE CENTRE OF WESTERN CANADA INC.
STATEMENT OF OPERATIONS
YEAR ENDED AUGUST 31, 2022

	<u>2022</u>	<u>2021</u>
REVENUES		
Jewish Federation of Winnipeg	\$ 80,800	77,000
Jewish Foundation of Manitoba Endowment (Note 8)	82,318	71,857
Grants (Note 9)	30,700	56,752
Kanee Lectures	107,020	48,638
Donations	4,934	23,419
Holocaust Education Symposium	250	17,000
The Freeman Family Legacy Fund	-	5,400
Holocaust Education Centre income (Note 6)	78,891	5,400
Book sales	1,024	3,512
Archives	1,238	2,816
Projects and other income	5,560	1,476
Interest income	4,013	232
	<u>396,748</u>	<u>313,502</u>
EXPENSES		
Advertising and promotion	886	446
Archives	5,048	16,785
Capital improvements	1,380	480
Insurance	2,466	2,443
Interest and bank charges	2,614	1,979
Memberships and licences	165	423
Office	5,624	6,090
Professional fees	60,589	18,720
Projects (Note 11)	89,254	16,942
Rental	63,175	64,390
Salaries and wages	162,560	153,957
	<u>393,761</u>	<u>282,655</u>
EXCESS OF REVENUES OVER EXPENSES BEFORE OTHER INCOME	2,987	30,847
OTHER INCOME		
Canada Emergency Wage Subsidy (Note 10)	6,850	63,596
Canada Emergency Business Account forgivable portion (Note 7)	-	10,000
Canada Emergency Rent Subsidy (Note 11)	3,020	32,714
Tourism and Hospitality Recovery Program (Note 10)	25,391	-
	<u>35,261</u>	<u>106,310</u>
EXCESS OF REVENUES OVER EXPENSES	<u>\$ 38,248</u>	<u>137,157</u>

**JEWISH HERITAGE CENTRE OF WESTERN CANADA INC.
STATEMENT OF CASH FLOWS
YEAR ENDED AUGUST 31, 2022**

	<u>2022</u>	<u>2021</u>
CASH PROVIDED BY (USED IN):		
OPERATING ACTIVITIES		
Excess of revenues over expenses	\$ 38,248	137,157
Add: Items not involving cash		
Canada Emergency Business Account forgivable portion	-	(10,000)
	38,248	127,157
Changes in non-cash working capital items:		
Grants receivable	2,291	27,998
Accounts receivable	4,190	3,594
Accounts payable and accrued liabilities	801	(7,196)
Deferred revenues	75,770	-
	121,300	151,553
FINANCING ACTIVITIES		
Proceeds from long-term debt	-	20,000
	-	20,000
CHANGE IN CASH	121,300	171,553
CASH, BEGINNING OF YEAR	451,216	279,663
CASH, END OF YEAR	\$ 572,516	451,216

JEWISH HERITAGE CENTRE OF WESTERN CANADA INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2022

1. ACCOUNTING ENTITY

Jewish Heritage Centre of Western Canada Inc. ("Organization") is a not-for-profit organization incorporated provincially under the Corporations Act of Manitoba. As a registered charity the Organization is exempt from paying income taxes under Section 149(1) of the Income Tax Act.

The Organization's mandate is to acquire, interpret, convey and share the history, experiences, achievements, culture and religious life of the Jewish people of Western Canada by establishing and maintaining a Holocaust Education Centre.

2. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

An underlying assumption of the preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations is that the Organization will continue for the foreseeable future and will be able to realize its assets and discharge liabilities in the normal course of operations.

The financial statements include the following significant accounting policies:

(a) Archives and collections

Archives and collections are stated at cost and are not amortized. Contributed archives and collections are recorded at fair value, where practical, as determined by an independent appraiser at the date of contribution.

(b) Tangible capital assets

In 2019, the Organization adopted a change in accounting policy to expense equipment purchases as allowed under ASNPO. Management believes this new policy is preferable given the limited purchases that are capital in nature and size of the Organization. All previous equipment were fully amortized in prior years.

In 2022, equipment for \$1,380 was purchased and expensed under capital improvements (2021 - \$480).

(c) Revenue Recognition

The Organization follows the deferral method of accounting for contributions (grants and donations). Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when they are received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Grants, donations, fees, and other revenue are recognized for the period to which it relates and when received or receivable. Interest income is recognized when earned.

The Canada Emergency Wage Subsidy ("CEWS") is recognized as revenue for the corresponding period for which eligible employee remuneration is paid and the claim has been filed.

The Tourism and Hospitality Recovery Program ("THRP") is recognized as revenue for the corresponding period for which eligible employee remuneration is paid and the claim has been filed.

The Canada Emergency Rent Subsidy ("CERS") is recognized as revenue for the corresponding period for which eligible property-related expenses have been incurred.

**JEWISH HERITAGE CENTRE OF WESTERN CANADA INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2022**

2. ACCOUNTING POLICIES (continued)

(d) Contributed Services

Contributed services which would otherwise be paid for by the Organization are recorded at fair market value when provided. Contributed services by volunteers are not recognized in the financial statements.

(e) Financial Instruments

Financial instruments held by the Organization include cash, grant receivable (excluding GST receivable), accounts receivable, accounts payable and accrued liabilities. The Organization initially measures its financial instruments at fair value when the asset or liability is first recognized. The Organization subsequently measures its financial instruments at amortized cost. Amortized cost is the amount at which the financial instrument is measured at initial recognition less principal repayments, plus or minus the cumulative of any difference between that initial amount and the maturity amount, and minus any reduction for impairment.

(f) Accounting Estimates

The preparation of the financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Estimates include amounts payable for services not billed yet at the time these financial statements were approved. Actual results may differ from estimates.

3. CASH

The Organization has access to a line of credit of \$25,000 bearing interest at the Royal Bank of Canada prime plus 2% per annum (6,70% at August 31, 2022) and is due on demand. At August 31, 2022, the outstanding balance is \$Nil (2021 - \$Nil).

The line of credit is secured by a general security agreement constituting a first ranking security interest on all property of the organization as collateral.

4. ACCOUNTS RECEIVABLE

	<u>2022</u>	<u>2021</u>
GST receivable	\$ 1,411	858
Canada Emergency Wage Subsidy receivable	-	3,321
Canada Emergency Rent Subsidy receivable	-	1,422
	<u>\$ 1,411</u>	<u>5,601</u>

5. ARCHIVES AND COLLECTIONS

The Organization has an extensive archival collection including over 70,000 photographs, 500 taped interviews and many archival documents. This collection also includes many books related to genealogy as well as the Holocaust, collections of family trees, and a collection of newspaper dating back to 1910 which includes information on birth announcements, weddings, obituaries and much more. Also included are photographs of the cemetery stones from all Jewish cemeteries in Manitoba and a large collection of artifacts from their past.

JEWISH HERITAGE CENTRE OF WESTERN CANADA INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2022

6. DEFERRED REVENUES

During the year, the Organization received grants for the renovation of the Holocaust Education Centre. Unexpended amounts have been deferred until the related expenses are incurred.

	<u>2022</u>
Opening balance	\$ -
Amount received	154,661
Revenue recognized	<u>(78,891)</u>
Ending balance	<u>\$ 75,770</u>

7. LONG-TERM DEBT

	<u>2022</u>	<u>2021</u>
Canada Emergency Business Account, interest free, with a limit of \$60,000. Repaying the balance of the loan on or before December 31, 2023 will result in loan forgiveness of \$20,000. If the loan is not repaid by December 31, 2023, it can be converted into a 3-year term loan at an annual interest rate of 5%.	<u>\$ 40,000</u>	<u>40,000</u>

Since there is reasonable assurance that the Organization will repay the loan by December 31, 2022, the Organization recognized the remaining forgivable portion of \$10,000 as income in 2021.

8. ENDOWMENT FUNDS

The Organization has established three endowment funds to be held in perpetuity at the Jewish Foundation of Manitoba. As at August 31, 2022, the Jewish Heritage Centre Endowment Fund totaled \$490,043 (2021 - \$442,719), the Holocaust Education Centre Endowment Fund totaled \$858,192 (2021 - \$930,259) and the Jewish Heritage Centre Archive Fund totaled \$1,025,833 (2021 - \$405,525). The Organization received from these funds revenues totalling \$82,318 (2021 - \$71,857) which are included in Jewish Foundation of Manitoba Endowment revenues.

9. GRANT REVENUE

	<u>2022</u>	<u>2021</u>
Canada Summer Jobs	\$ -	3,411
Azrieli Foundation	10,000	-
Grants for Awards	6,500	21,200
Jewish Foundation of Manitoba	-	27,521
Province of Manitoba	<u>14,200</u>	<u>4,620</u>
	<u>\$ 30,700</u>	<u>56,752</u>

JEWISH HERITAGE CENTRE OF WESTERN CANADA INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2022

10. CANADA EMERGENCY WAGE SUBSIDY AND TOURISM AND HOSPITALITY RECOVERY PROGRAM

In April 2020, the Government of Canada announced the Canada Emergency Wage Subsidy (“CEWS”) program in order to help employers re-hire employees, prevent job losses and provide relief in response to challenges posed by the COVID-19 pandemic. The Organization has determined that it met the employer eligibility criteria including meeting the revenue reduction requirements and incurring eligible remuneration and applied for the CEWS. During the 2022 fiscal year, the Organization received \$6,850 (2021 - \$63,595) under the program.

In October 2021, the Government of Canada implemented the Tourism and Hospitality Recovery Program (“THRP”) which provides support through wage and rent subsidies to select tourism and hospitality businesses still facing pandemic related challenges. The Organization has determined that it met the employer eligibility criteria including meeting the revenue reduction requirements and incurring eligible remuneration and applied for the THRP. During the 2022 fiscal year, the Organization received \$25,391 (2021 - \$nil) under the program.

11. CANADA EMERGENCY RENT SUBSIDY

In October 2020, the Government of Canada announced the Canada Emergency Rent Subsidy (“CERS”) program in order to help entities who have been affected by COVID-19 to help offset certain property-related expenses. The Organization has determined that it met the eligibility criteria including renting a qualifying property and seeing a decline in revenues due to the pandemic. During the 2022 fiscal year, the Organization received \$3,020 (2021 - \$32,714) under the program.

12. PROJECTS

	<u>2022</u>	<u>2021</u>
Endowment Fund	\$ -	3,485
Holocaust Education Renovation	83,283	-
Holocaust Education Symposium	-	500
Program Costs	<u>5,971</u>	<u>12,957</u>
	<u>\$ 89,254</u>	<u>16,942</u>

13. COMMITMENTS

The Organization has a one year license agreement with the Asper Jewish Community Campus which was renewed on August 31, 2022. The current license fee is \$5,131 per month and is adjusted annually based on the operating costs of the Asper Jewish Community Campus which includes use of the facilities that the Organization operates out of.

The Organization also has a ten year storage license agreement expiring August 31, 2030. The monthly storage fee is \$192 per month.

The minimum annual lease payments to the expiry of the lease are as follows:

2023	\$ 63,876
2024	2,304
2025	2,304
2026	2,304
2027	2,304
Thereafter	<u>6,912</u>
	<u>\$ 80,004</u>

JEWISH HERITAGE CENTRE OF WESTERN CANADA INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2022

14. RISK MANAGEMENT

(a) Interest Rate Price Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. It is management's opinion that the Organization is exposed to interest rate price risk due to the interest rate on the line of credit. However, at the end of the year, the line of credit was not withdrawn on.

(b) Credit Risk

Financial instruments which potentially subject the Organization to credit risk and concentrations of credit risk consist principally of accounts receivable. Management manages credit risk associated with accounts receivable by pursuing accounts receivable when due.

(c) Liquidity Risk

Liquidity risk is the risk that the Organization will not be able to meet its financial obligations as they come due. Financial liabilities consist of bank indebtedness and accounts payable and accrued liabilities. Accounts payable and accrued liabilities are paid in the normal course of business and except under certain exceptions, no later than three months.

The Organization's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet liabilities when due. At August 31, 2022, the Organization has cash balance of \$572,516 (2021 - \$451,216) and current liabilities of \$4,329 (2021 - \$4,329).