



Financial Statements

Tikva Housing Society

August 31, 2021

Tikva Housing Society

# Contents

	<b>Page</b>
Independent Practitioner's Review Engagement Report	1 - 2
Statement of Operations	3
Statement of Changes in Net Assets	4
Statement of Financial Position	5
Statement of Cash Flows	6
Notes to the Financial Statements	7 - 14
Schedule of Expenses	15



# Independent Practitioner's Review Engagement Report

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To the Members of  
[Tikva Housing Society](#)

We have reviewed the accompanying financial statements of Tikva Housing Society that comprise the statement of financial position as at August 31, 2021, 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.

## **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the financial statements do not present fairly, in all material respects, the financial position of Tikva Housing Society as at August 31, 2021, 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.

# Independent Practitioner's Review Engagement Report (continued)

## Emphasis of matter

Without modifying our opinion, we draw attention to Note 11 to the financial statements which describes that Tikva Housing Society adopted Canadian accounting standards for not-for-profit organizations on September 1, 2020 with a transition date of September 1, 2019. These standards were applied retrospectively by management to the comparative information in these financial statements, including the balance sheets as at August 31, 2020 and September 1, 2019, and the statements of operations, changes in net assets, and cash flows for the year ended August 31, 2020 and related disclosures. We were not engaged to report on the restated comparative information, and as such, it is neither audited or reviewed.

The logo for Grant Thornton LLP, featuring the company name in a stylized, cursive script.

Vancouver, Canada  
December 3, 2021

Chartered Professional Accountants

## Tikva Housing Society

### Statement of Operations

Year ended August 31	2021	2020
<b>Revenues</b>		
Donations	<b>\$ 1,370,115</b>	\$ 266,600
Rent	<b>205,716</b>	234,721
Grants	<b>119,185</b>	121,804
Other items	<b>32,903</b>	31,843
Interest income	<b>2,562</b>	3,397
Membership fee revenue	<u>-</u>	<u>468</u>
	<b><u>1,730,481</u></b>	<b><u>658,833</u></b>
<b>Expenses</b>		
Building operating expenses (Schedule 1)	<b>228,341</b>	161,756
Administration expenses (Schedule 1)	<b>253,041</b>	139,661
Rent subsidy (Schedule 1)	<b>103,323</b>	100,688
Financing expenses (Schedule 1)	<b>11,974</b>	12,793
Fundraising expenses (Schedule 1)	<b>1,703</b>	2,744
Amortization of property and equipment	<b><u>59,050</u></b>	<b><u>58,446</u></b>
	<b><u>657,432</u></b>	<b><u>476,088</u></b>
Excess of revenues over expenses	<b>1,073,049</b>	182,745
<b>Other item</b>		
Gain on sale of property and equipment	<b><u>5,000</u></b>	<u>-</u>
Excess of revenues over expenses	<b><u>\$ 1,078,049</u></b>	<b><u>\$ 182,745</u></b>

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## Tikva Housing Society

### Statement of Changes in Net Assets

Year ended August 31

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	<b>Internally restricted</b>	<b>Unrestricted</b>	<b>Total 2021</b>	<b>Total 2020</b>
Balance, beginning of year	\$ 108,102	\$ 1,177,251	<b>\$ 1,285,353</b>	\$ 1,102,608
Excess (deficiency) of revenues over expenses	(6,820)	1,084,869	<b>1,078,049</b>	182,745
Transfer	<u>16,920</u>	<u>(16,920)</u>	<u>-</u>	<u>-</u>
Balance, end of year	<b><u>\$ 118,202</u></b>	<b><u>\$ 2,245,200</u></b>	<b><u>\$ 2,363,402</u></b>	<b><u>\$ 1,285,353</u></b>

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## Tikva Housing Society Statement of Financial Position

	August 31, 2021	August 31, 2020	September 1, 2019
<b>Assets</b>			
Current			
Cash	\$ 523,907	\$ 417,763	\$ 203,468
Accounts receivable	10,607	32,260	69,340
Prepaid expenses	10,440	6,826	7,293
GST/HST refundable	<u>14,138</u>	<u>6,852</u>	<u>7,988</u>
	<b>559,092</b>	463,701	288,089
Note receivable (Note 3)	<b>1,000,000</b>	-	-
Property and equipment (Note 4)	<u><b>3,100,232</b></u>	<u>3,132,770</u>	<u>3,190,908</u>
	<u><b>\$ 4,659,324</b></u>	<u>\$ 3,596,471</u>	<u>\$ 3,478,997</u>
<b>Liabilities</b>			
Current			
Accounts payable	\$ 29,963	\$ 7,786	\$ 10,111
Deferred revenue	11,346	16,565	14,364
Deposits payable	18,827	13,231	13,121
Current portion of MCAP mortgage (Note 5)	<u>23,105</u>	<u>22,337</u>	<u>21,595</u>
	<b>83,241</b>	59,919	59,191
MCAP mortgage (Note 5)	<b>307,369</b>	330,634	352,847
Deferred capital contributions (Note 6)	<u><b>1,905,312</b></u>	<u>1,920,565</u>	<u>1,964,351</u>
	<u><b>2,295,922</b></u>	<u>2,311,118</u>	<u>2,376,389</u>
<b>Net assets</b>			
Internally restricted (Note 7)	<b>118,202</b>	108,102	41,182
Unrestricted	<u><b>2,245,200</b></u>	<u>1,177,251</u>	<u>1,061,426</u>
	<u><b>2,363,402</b></u>	<u>1,285,353</u>	<u>1,102,608</u>
	<u><b>\$ 4,659,324</b></u>	<u>\$ 3,596,471</u>	<u>\$ 3,478,997</u>

Commitments (Note 8)

On behalf of the board

DocuSigned by:

*Rhonda Sacks*

Director

DocuSigned by:

*[Signature]*

Director

## Tikva Housing Society

### Statement of Cash Flows

Year ended August 31	2021	2020
Increase (decrease) in cash		
<b>Operating</b>		
Excess of revenues over expenses	\$ 1,078,049	\$ 182,745
Items not affecting cash		
Amortization of property and equipment	59,050	58,446
Gain on sale of equipment	(5,000)	-
Amortization of deferred capital contributions	<u>(43,090)</u>	<u>(43,786)</u>
	1,089,009	197,405
Change in non-cash working capital items		
Accounts receivable	21,653	37,080
Prepaid expenses	(3,614)	467
GST/HST refundable	(7,286)	1,136
Accounts payable	22,176	(2,325)
Deferred revenue	(5,219)	2,201
Deposits payable	<u>5,596</u>	<u>110</u>
	<u>1,122,315</u>	<u>236,074</u>
<b>Financing</b>		
Mortgage principal repayments	(22,497)	(21,471)
Deferred capital contributions	<u>27,838</u>	<u>-</u>
	<u>5,341</u>	<u>(21,471)</u>
<b>Investing</b>		
Note receivable	(1,000,000)	-
Purchase of property and equipment	(26,512)	(308)
Proceeds on disposal of property and equipment	<u>5,000</u>	<u>-</u>
	<u>(1,021,512)</u>	<u>(308)</u>
Increase in cash	106,144	214,295
Cash		
Beginning of year	<u>417,763</u>	<u>203,468</u>
End of year	<u>\$ 523,907</u>	<u>\$ 417,763</u>



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# **Tikva Housing Society**

## **Notes to the Financial Statements**

August 31, 2021

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### **1. Nature of operations**

Tikva Housing Society (the "Society") is a not-for-profit society which provides access to affordable housing primarily to low and moderate income Jewish households in Metro Vancouver. Working with partner agencies such as Jewish Federation of Greater Vancouver ("JFGV") and Jewish Family Services ("JFS"), other non-profit agencies, and government organizations, Tikva facilitates the provision of outside support services and programs to assist vulnerable tenants.

Tikva Housing Society, established under the Societies Act of British Columbia, is a registered charity per paragraph 149(1)(f) of the Income Tax Act (Registration # 84256 2613 RR0001).

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### **2. Significant accounting policies**

#### **Basis of presentation**

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO").

#### **Cash and cash equivalents**

Cash and cash equivalents consists of cash and balances with banks, net of outstanding cheques and deposits and term deposits.

#### **Use of estimates**

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expense during the reporting period. Significant areas requiring the use of management estimates include the provision for allowance of doubtful accounts, amortization of property and equipment, and contingencies. Actual results could differ from those estimates.

#### **Revenue recognition**

The Society accounts for contribution revenue using the deferral method. Under this method, externally restricted contributions are recognized as revenue in the period in which the related expenses are incurred. Contributions received specifically for the acquisition of property and equipment are recorded as deferred capital contributions and are amortized to revenue on the same basis as the related property and equipment are amortized, except where they relate to land, in which case they are recorded as direct increases in net assets. Unrestricted contributions are recorded as revenue when the amount to be received can be reasonably estimated and collection is reasonably assured.

Rental revenue is recognized as revenue when the premises are occupied, which is typically at the beginning of each month.

Membership fees are recorded as revenue when received.

Other revenues are recorded as revenue when the services are provided.

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# Tikva Housing Society

## Notes to the Financial Statements

August 31, 2021

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### 2. Significant accounting policies (continued)

#### Financial instruments

Financial instruments are measured at fair value when issued or acquired. At each reporting date, the Society measures its financial assets and liabilities at cost or amortized cost. The financial instruments measured at amortized cost are cash, accounts receivable, note receivable, accounts payable and MCAP mortgage payable.

For financial instruments measured at cost or amortized cost, the Society regularly assesses whether there are any indications of impairment. If there is an indication of impairment, and the Society determines that there is a significant adverse change in the expected timing or amount of future cash flows from the financial asset, it recognizes an impairment loss in the statement of operations. Any reversals of previously recognized impairment losses are recognized in revenue and expense in the year the reversal occurs.

#### Property and equipment

Each class of property and equipment is carried at cost less, where applicable, any accumulated amortization and impairment losses.

Cost includes the purchase price and other acquisition costs. The cost incurred to enhance the service potential of an item of property and equipment (betterment) is also included in the cost of an asset.

The following rates applied on a method as described below will apply the cost over the estimated useful lives of property and equipment:

Buildings - Dany Guincher	4% Declining balance
Land and building - Diamond Residences	60 years Straight-line
New Roof - Dany Guincher	10 years Straight-line
Equipment	30% Declining balance
Furniture	20% Declining balance

The carrying amount of property and equipment is reviewed for impairment whenever events or changes in circumstances indicate that the asset no longer contributes to the Society's ability to provide services, or that the value of future economic benefits or service potential associated with the asset is less than its carrying amount. If such conditions exist, an impairment loss is measured and recorded in the statement of operations at the amount by which the carrying amount of the net asset exceeds its fair value or replacement cost.

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### 3. Note receivable

The note receivable from Vancouver Community Land Trust Foundation ("VCLTF") matures February 28, 2031. Interest will be accrued annually and paid at the option of VCLTF at the Vancity Credit Union prime rate.

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## Tikva Housing Society

### Notes to the Financial Statements

August 31, 2021

4. Property and equipment			<u>August 31,</u> <u>2021</u>	August 31,	September 1,
	<u>Cost</u>	<u>Accumulated</u> <u>Amortization</u>	<u>Net Book</u> <u>Value</u>	<u>2020</u>	<u>2019</u>
				Net Book	Net Book
				Value	Value
Land - Dany Guincher	\$ 882,528	\$ -	\$ 882,528	\$ 882,528	\$ 882,528
Buildings - Dany Guincher	1,199,257	492,275	706,982	736,439	767,124
Land and building - Diamond Residences	1,585,298	107,889	1,477,409	1,503,831	1,530,253
New Roof - Dany Guincher	25,855	14,127	11,728	5,645	5,880
Equipment	13,975	13,740	235	336	479
Furniture	6,033	2,840	3,193	3,991	4,644
Building improvements in progress	<u>18,157</u>	<u>-</u>	<u>18,157</u>	<u>-</u>	<u>-</u>
	<u>\$ 3,731,103</u>	<u>\$ 630,871</u>	<u>\$ 3,100,232</u>	<u>\$ 3,132,770</u>	<u>\$ 3,190,908</u>

In fiscal 2017, the Society entered into an agreement for land and building for the Diamond Residences in Richmond. The land is leased under a 60-year lease agreement which expires in July 2077. The purchase was financed with capital contributions (Note 6).

## Tikva Housing Society

### Notes to the Financial Statements

August 31, 2021

<b>5. MCAP mortgage</b>	<b>August 31, 2021</b>	August 31, 2020	September 1, 2019
MCAP Mortgage, due June 1, 2023, interest bearing at 3.406%, with monthly payments of principal and interest of \$2,827. Loan is secured by a mortgage on land and buildings with a net book value of \$1,589,510	<b>\$ 330,474</b>	\$ 352,971	\$ 374,442
Less current portion	<b>23,105</b>	22,337	21,595
Due beyond one year	<b>\$ 307,369</b>	\$ 330,634	\$ 352,847
Estimated principal repayments are as follows:			
2022	\$ 23,105		
2023	23,898		
2024	24,719		
2025	25,568		
2026	26,446		
Subsequent years	206,738		
	<b>\$ 330,474</b>		

### 6. Deferred capital contributions

	Balance, beginning of year	Received	Recognized	Balance, end of year
BC Housing retrofit project	\$ -	\$ 27,838	\$ -	\$ 27,838
Diamond Residences	1,503,831	-	(26,422)	1,477,409
Dany Guincher building	416,734	-	(16,669)	400,065
	<b>\$ 1,920,565</b>	<b>\$ 27,838</b>	<b>\$ (43,091)</b>	<b>\$ 1,905,312</b>

In fiscal 2008, the Society entered into a forgivable loan agreement for \$765,000 relating to the purchase of the Dany Guincher land and building. This loan is forgivable starting on the 11th year at a rate of \$51,000 per year through to the end of the 25-year term. Under this Agreement, the Society must meet certain conditions for the duration of the term. If the conditions are not met, the Society would be liable to pay the unforgiven balance of \$561,000 at August 31, 2021 plus interest. The Society expects to meet these conditions and has therefore included \$439,826, the amount allocated as the contribution towards the purchase of the building, in deferred capital contributions. This is being amortized on the same basis and rate as the building. The remaining portion of the forgivable loan of \$325,174, allocated as contribution towards the purchase of the land, was recognized as a direct increase in net assets.

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## Tikva Housing Society

### Notes to the Financial Statements

August 31, 2021

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#### 7. Internally restricted net assets

The Board of Directors (the "Board") of the Society passed a motion to establish an internally restricted replacement reserve fund. During the fiscal year, the Board approved a transfer of \$16,920 (2020 - \$16,920) to the restricted replacement reserve fund. During the year, the Society incurred expenditures of \$6,820 (2020 - \$NIL) from the restricted replacement reserve fund.

The Board of the Society passed a motion to establish an internally restricted rent subsidy fund. During the fiscal year, the Board approved a transfer of \$NIL (2020 - \$50,000) to the rent subsidy fund.

	<u>2021</u>	<u>2020</u>
Replacement reserve fund	\$ 68,202	\$ 58,102
Rent subsidy fund	<u>50,000</u>	<u>50,000</u>
	<u>\$ 118,202</u>	<u>\$ 108,102</u>

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#### 8. Commitments

In 2021, the Society entered into a commitment with BC Housing for a capital improvement project at the Dany Guincher Place located at 1436 71st Ave. W, Vancouver, BC. The project is projected to cost a total of \$250,000, financed by a forgivable mortgage. BC Housing will require that the building remain for the benefit of eligible households and rents cannot exceed the affordable market rent for a 10 year period.

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#### 9. Disclosure required under the Societies Act

On November 28, 2016 the Societies Act of British Columbia came to force. Included in the new Act is a requirement to disclose the remuneration paid to all directors, the ten highest paid employees and all contractors who are paid at least \$75,000 annually.

During the year, the Society had no employees or persons under contract for services whose annual remuneration was \$75,000 or more (2020 - none).

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#### 10. Financial instruments

Financial assets measured at amortized cost totaled \$1,534,514 as of August 31, 2021 (August 31, 2020 - \$450,024, September 1, 2019 - \$272,808).

Financial liabilities measured at amortized cost totaled \$360,437 as of August 31, 2021 (August 31, 2020 - \$360,757, September 1, 2019 - \$384,553).

The Society is exposed to the following interest and credit risk arising from these financial instruments.

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# **Tikva Housing Society**

## **Notes to the Financial Statements**

August 31, 2021

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### **10. Financial instruments (continued)**

(a) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Society's main credit risks relate to its accounts receivable and notes receivable.

(b) Liquidity risk

Liquidity risk is the risk that the Society will encounter difficulty in meeting the obligations associated with its financial liabilities. The Society is exposed to this risk mainly in respect of its MCAP mortgage payable and accounts payable.

(c) Market risk

Market risk is the risk that the fair value or expected future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The Society is mainly exposed to interest rate risk.

(i) Interest rate 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. The Society is exposed to interest rate risk on its fixed rate financial instruments, including the MCAP mortgage payable.

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# Tikva Housing Society

## Notes to the Financial Statements

August 31, 2021

### 11. First-time adoption of accounting standards for not-for-profit organizations

These financial statements are the first financial statements for which the Society has applied ASNPO. The date of transition to ASNPO is September 1, 2019. The accounting policies presented in Note 2 to the financial statements were used to prepare the financial statements for the year ended August 31, 2021 and the statement of financial position as at the date of transition.

Section 1501 First-time Adoption by Not-for-Profit Organizations contains optional exemptions to full retrospective application of ASNPO which the Organization may use upon transition. The Society has not elected the use of any exemptions at the date of transition to ASNPO.

The effects of the transition on the Society's financial statements are presented below. Adjustments have been recorded to (i) recognize the funding of the Society's property and equipment with restricted capital contributions, (ii) recognize forgivable loans as restricted capital contributions when the loans were provided and (iii) calculate amortization on leased property and equipment based upon the term of the lease agreement.

Opening balance sheet at September 1, 2019:

	As previously reported	Effects of transition	As restated
<b>Assets</b>			
Current assets	\$ 288,089	\$ -	\$ 288,089
Property and equipment	<u>3,235,629</u>	<u>(44,721)</u>	<u>3,190,908</u>
	<u>\$ 3,523,718</u>	<u>\$ (44,721)</u>	<u>\$ 3,478,997</u>
<b>Liabilities</b>			
Current liabilities	\$ 59,191	\$ -	\$ 59,191
MCAP mortgage	352,847	-	352,847
BC Housing Loan - deferred income	714,000	(714,000)	-
Deferred capital contributions	<u>-</u>	<u>1,964,351</u>	<u>1,964,351</u>
	1,126,038	1,250,351	2,376,389
<b>Net assets</b>			
Net assets	<u>2,397,680</u>	<u>(1,295,072)</u>	<u>1,102,608</u>
	<u>\$ 3,523,718</u>	<u>\$ (44,721)</u>	<u>\$ 3,478,997</u>

# Tikva Housing Society

## Notes to the Financial Statements

August 31, 2021

### 11. First-time adoption of accounting standards for not-for-profit organizations (continued)

Balance sheet at August 31, 2020:

	As previously reported	Effects of transition	As restated
<b>Assets</b>			
Current assets	\$ 463,701	\$ -	\$ 463,701
Property and equipment	<u>3,197,351</u>	<u>(64,581)</u>	<u>3,132,770</u>
	<u>\$ 3,661,052</u>	<u>\$ (64,581)</u>	<u>\$ 3,596,471</u>
<b>Liabilities</b>			
Current liabilities	\$ 59,919	\$ -	\$ 59,919
MCAP mortgage	330,634	-	330,634
BC Housing Loan - deferred income	663,000	(663,000)	-
Deferred capital contributions	<u>-</u>	<u>1,920,565</u>	<u>1,920,565</u>
	1,053,553	1,257,565	2,311,118
<b>Net assets</b>			
Net assets	<u>2,607,499</u>	<u>(1,322,146)</u>	<u>1,285,353</u>
	<u>\$ 3,661,052</u>	<u>\$ (64,581)</u>	<u>\$ 3,596,471</u>

Statement of Operations and Changes in Net Assets, for the year ended August 31, 2020:

	As previously reported	Effects of transition	As restated
Revenues	\$ 615,047	\$ 43,786	\$ 658,833
Expenses	(456,228)	(19,860)	(476,088)
Debt forgiveness	<u>51,000</u>	<u>(51,000)</u>	<u>-</u>
Excess of revenues over expenses	209,819	(27,074)	182,745
Net assets, beginning of year	<u>2,397,680</u>	<u>(1,295,072)</u>	<u>1,102,608</u>
Net assets, end of year	<u>\$ 2,607,499</u>	<u>\$(1,322,146)</u>	<u>\$ 1,285,353</u>



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## Tikva Housing Society

### Schedule to the Financial Statements

Year ended August 31

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Schedule of expenses	Schedule 1	
	2021	2020
<b>Building operating expenses</b>		
Advertising, promotion	\$ 24,233	\$ 6,541
Janitorial	9,893	9,015
Management	130,022	113,212
Pest control	2,664	460
Property insurance	6,271	8,014
Property taxes	1,778	2,124
Repairs and maintenance	35,830	15,139
Utilities, telephone, security and fire alarm	<u>17,650</u>	<u>7,251</u>
	<b><u>\$ 228,341</u></b>	<b><u>\$ 161,756</u></b>
<b>Administration expenses</b>		
Consulting fees	\$ 83,538	\$ 47,686
Insurance	5,717	730
Legal and professional	35,674	14,557
Meeting expense	20	1,322
Office	<u>128,092</u>	<u>75,366</u>
	<b><u>\$ 253,041</u></b>	<b><u>\$ 139,661</u></b>
<b>Rent subsidy</b>		
Tikva Housing Rent Subsidy Program	<b><u>\$ 103,323</u></b>	<b><u>\$ 100,688</u></b>
<b>Financing expenses</b>		
Bank charges	\$ 546	\$ 339
Mortgage interest	<u>11,428</u>	<u>12,454</u>
	<b><u>\$ 11,974</u></b>	<b><u>\$ 12,793</u></b>
<b>Fundraising expenses</b>		
Donation administration fees	\$ 1,682	\$ 1,772
Fundraising	<u>21</u>	<u>972</u>
	<b><u>\$ 1,703</u></b>	<b><u>\$ 2,744</u></b>

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