KEHILLAT BETH ISRAEL CONGREGATION

Non-consolidated Financial Statements
For The Year Ended June 30, 2026

KEHILLAT BETH ISRAEL CONGREGATION

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JUNE 30, 2026

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INDEPENDENT AUDITOR'S REPORT

To the members of
Kehillat Beth Israel Congregation

Opinion

We have audited the non-consolidated financial statements of Kehillat Beth Israel Congregation (the Congregation), which comprise the non-consolidated statement of financial position as at June 30, 2026, and the non-consolidated statements of changes in net assets, operations and cash flows for the year then ended, and notes to the non-consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying non-consolidated financial statements present fairly, in all material respects, the non-consolidated financial position of the Congregation as at June 30, 2026, and the non-consolidated results of its operations and its non-consolidated cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

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 Non-consolidated Financial Statements* section of our report. We are independent of the Congregation 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 opinion.

Responsibilities of Management and Those Charged With Governance for the Non-consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the non-consolidated 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 non-consolidated financial statements, management is responsible for assessing the Congregation'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 Congregation or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Non-consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the non-consolidated 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 non-consolidated 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 non-consolidated 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 Congregation's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Congregation'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 non-consolidated 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 Congregation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the non-consolidated financial statements, including the disclosures, and whether the non-consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Chartered Professional Accountants, Licensed Public Accountants
Ottawa,
November 3, 2026.

KEHILLAT BETH ISRAEL CONGREGATION

NON-CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2026

	Operating Fund	Capital Fund	Special Purpose Funds	2026 Total	2025 Total
ASSETS					
Current					
Cash	$ 197,812	$ -	$ 160,135	$ 357,947	$ 679,808
Term deposit (note 6)	-	602,178	-	602,178	111,069
Accounts receivable	31,540	-	-	31,540	10,306
Grants receivable	22,518	130,405	-	152,923	5,000
Sales tax recoverable	154,388	-	-	154,388	101,512
Inventory	4,888	-	5,265	10,153	12,738
Prepaid expenses	2,792	-	-	2,792	12,621
Interfund advances (note 7)	(224,719)	110,140	114,579	-	-
Note receivable (note 8)	51,526	-	-	51,526	56,605
Due from controlled related entity (note 5)	-	-	-	-	45,120
	240,745	842,723	279,979	1,363,447	1,034,779
Capital assets (note 4)	-	1,408,696	-	1,408,696	545,742
Investments - managed funds (note 3)	-	7,491,846	909,365	8,401,211	8,211,454
	$ 240,745	$ 9,743,265	$ 1,189,344	$ 11,173,354	$ 9,791,975

Approved on behalf of the board:

_____ director _____ director

KEHILLAT BETH ISRAEL CONGREGATION

NON-CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2026

	Operating Fund	Capital Fund	Special Purpose Funds	2026 Total	2025 Total
LIABILITIES					
Current					
Accounts payable and accrued liabilities	$ 72,818	$ 237,488	$ -	$ 310,306	$ 103,392
Deferred annual dues	134,582	-	-	134,582	5,036
Due to controlled related entity (note 5)	4,270	-	-	4,270	-
	211,670	237,488	-	449,158	108,428
Commitment (note 9)					
NET ASSETS					
Unrestricted	29,075	8,097,081	-	8,126,156	8,060,108
Invested in capital assets	-	1,408,696	-	1,408,696	545,742
Internally restricted	-	-	975,769	975,769	891,956
Externally restricted	-	-	213,575	213,575	185,741
	29,075	9,505,777	1,189,344	10,724,196	9,683,547
	$ 240,745	$ 9,743,265	$ 1,189,344	$ 11,173,354	$ 9,791,975

KEHILLAT BETH ISRAEL CONGREGATION

NON-CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED JUNE 30, 2026

	Operating Fund	Capital Fund	Special Purpose Funds	2026 Total	2025 Total
Net assets, beginning of year	$ (105,984)	$ 8,711,834	$ 1,077,697	$ 9,683,547	$ 9,159,295
Net result for the year	(114,941)	1,043,943	111,647	1,040,649	524,252
Interfund transfer (note 10)	250,000	(250,000)	-	-	-
Net assets, end of year	$ 29,075	$ 9,505,777	$ 1,189,344	$ 10,724,196	$ 9,683,547

KEHILLAT BETH ISRAEL CONGREGATION

NON-CONSOLIDATED STATEMENT OF OPERATIONS

FOR THE YEAR ENDED JUNE 30, 2026

	Operating Fund	Capital Fund	Special Purpose Funds (note 11)	2026 Total	2025 Total
Revenue					
Annual dues	$ 854,727	$ -	$ -	$ 854,727	$ 865,641
Donations	135,414	796	276,320	412,530	383,274
Grants	32,169	130,405	-	162,574	12,127
Investment income	-	967,558	117,352	1,084,910	916,676
Other income	38,204	-	-	38,204	-
Programs and Kiddushim	345,381	-	68,976	414,357	292,171
Rental	59,754	-	-	59,754	34,398
	1,465,649	1,098,759	462,648	3,027,056	2,504,287
Expenses					
Amortization	-	16,925	-	16,925	9,804
Bank charges and interest	26,456	-	-	26,456	23,868
Loss on disposal of capital asset	-	-	-	-	3,000
Insurance	41,536	-	-	41,536	40,558
Investment management fees	-	37,891	4,599	42,490	42,932
Maintenance and repairs	75,231	-	-	75,231	95,668
Membership fees and dues - USCJ	31,000	-	-	31,000	30,000
Office expenses	195,845	-	-	195,845	160,762
Professional fees	86,220	-	-	86,220	61,373
Programs and Kiddushim	263,929	-	286,136	550,065	522,050
Salaries and benefits	762,687	-	60,266	822,953	882,657
Travel	7,456	-	-	7,456	6,075
Utilities	90,230	-	-	90,230	101,288
	1,580,590	54,816	351,001	1,986,407	1,980,035
Net result for the year	$ (114,941)	$ 1,043,943	$ 111,647	$ 1,040,649	$ 524,252

KEHILLAT BETH ISRAEL CONGREGATION

NON-CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2026

	2026	2025
CASH PROVIDED BY (USED IN)		
Operating activities		
Net result for the year	$ 1,040,649	$ 524,252
Loss on disposal of capital asset	-	3,000
Amortization	16,925	9,804
Unrealized gain on investments	(1,082,247)	(912,557)
Investment management fees	42,490	42,932
Changes in operating net assets		
Accounts receivable	(21,234)	4,034
Sales tax recoverable	(52,876)	(67,971)
Grants receivable	(147,923)	(5,000)
Inventory	2,585	1,831
Prepaid expenses	9,829	(4,035)
Accounts payable and accrued liabilities	206,914	(18,167)
Deferred annual dues	129,546	20
Due from controlled related entity	49,390	(5,749)
	194,048	(427,606)
Investing activities		
Proceeds from withdrawal of investments in managed funds	850,000	1,110,000
Proceeds from disposition of capital asset	-	1,800
Purchase of capital assets	(879,879)	(95,670)
Repayment of note receivable	5,079	-
	(24,800)	1,016,130
Increase in cash and cash equivalents	169,248	588,524
Cash and cash equivalents, beginning of year	790,877	202,353
Cash and cash equivalents, end of year	$ 960,125	$ 790,877
Represented by:		
Cash	$ 357,947	$ 679,808
Term deposit	602,178	111,069
	$ 960,125	$ 790,877

KEHILLAT BETH ISRAEL CONGREGATION

NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2026

1. Purpose of the Congregation

Kehillat Beth Israel Congregation was incorporated without share capital under the Canada Not-for-profit Corporations Act and is a registered charity exempt from income taxes under the *Income Tax Act*. The primary purpose of the Congregation is to provide religious, spiritual, educational, social and cultural services to adherents of the Jewish faith.

2. Significant accounting policies

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

Purpose of the funds

The Operating fund reports the assets, liabilities, revenues and expenditures related to the general operations of the Congregation.

The Capital fund reports the assets, liabilities, revenue and expenditures related to the investment of the net proceeds arising from a predecessor Congregation's sale of capital assets, as well as the Congregation's capital assets situated at 1400 Coldrey Avenue.

The Special purpose funds report the assets, liabilities, revenue and expenditures of the externally and internally restricted funds of the Congregation.

Revenue recognition

The Congregation follows the restricted fund method of accounting for contributions. Restricted contributions related to particular funds are recognized as revenue in the relevant restricted fund. Restricted contributions for which there is no related restricted fund are deferred and recognized as revenue of the operating fund when the related restrictions have been met. Unrestricted contributions are recognized as revenues in the operating fund.

Donations in kind are recorded at fair value.

Annual dues, programs and kiddushim, and rental revenue are recognized over the terms of the periods as they become due, representative of the time pattern in which the benefits are utilized.

Investment revenue is recognized in accordance with the financial instruments accounting policy.

2. Significant accounting policies (continued)

Cash and cash equivalents

Cash and cash equivalents can include cash on hand, balances with financial institutions (net of temporary overdrafts) and short-term highly liquid investments. Cash and cash equivalents include amounts that are externally restricted as indicated in the statement of cash flows.

Financial instruments

Initial measurement

The Congregation initially measures its financial assets and liabilities originated or exchanged in arm's length transactions at fair value. Financial assets and liabilities originated or exchanged in related party transactions, except for those that involve parties whose sole relationship with the Congregation is in the capacity of management, are initially measured at cost.

Subsequent measurement

The Congregation subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in the net result for the year.

Impairment

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the writedown is recognized in the net result for the year.

Transaction costs

Transaction costs are recognized in the net result in the period incurred. However, financial instruments that will not be subsequently measured at fair value are adjusted by the transaction costs that are directly attributable to their origination, issuance, or assumption.

Inventory

Inventory is valued at the lower of cost and net realizable value with cost being determined on a first-in, first-out basis. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of sale.

2. Significant accounting policies (continued)

Capital assets

Land is recorded at cost. The Congregation holds a collection of holy scrolls, prayer books and library related to the Jewish Faith. These assets are recorded at cost and no amortization has been recorded due to the permanent nature of these items. Amortization of depreciable capital assets is recorded at the following rates:

Computer hardware	5 years straight line
Computer software	5 years straight line
Equipment	5 years straight line
HVAC equipment	15 years straight line
Security equipment	20 years straight line

As at June 30, 2026, property improvements were not available for use. Accordingly, no amortization has been recorded on these assets.

Contributed services

Volunteers' contributed services are not recognized in the financial statements because of the difficulty in determining their fair value.

Cloud computing arrangements

The organization applies the simplification approach to account for its expenditures incurred in cloud computing arrangements, whereby such expenditures are treated as the supply of services and recognized as an expense as incurred.

Controlled not-for-profit organizations

The Congregation reports its controlled not-for-profit organization by providing disclosure of its total assets, liabilities and net assets at the reporting date and revenues, expenses and cash flows reported in the period. Details of any restrictions on the resources of the controlled organization and significant differences in accounting policies from those followed by the Congregation are also disclosed, where applicable.

2. Significant accounting policies (continued)

Use of estimates

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 and disclosure of contingent assets and liabilities as at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. These estimates are reviewed periodically, and, as adjustments become necessary, they are reflected in the net result in the period in which they become known.

3. Financial instruments

Risks and concentrations

The Congregation is exposed to various risks through its financial instruments. The following analysis provides a measure of the Congregation's risk exposure and concentrations at June 30, 2026.

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 Congregation's main credit risks relate to its note receivable. The Congregation provides credit to its clients in the normal course of operations.

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. Market risk comprises three types of risk: currency risk, interest rate risk, and other price risk.

The Congregation is exposed to market risk on its investment in managed funds. The funds are held with an external organization to manage the investment holdings. The organization which holds the investments has adopted investment policies, standards, and procedures to control the amount of risk to which it is exposed.

3. Financial instruments (continued)

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Congregation is exposed to currency risk on its investment in foreign securities. The organization managing the Congregation's investments targets holding 32.5% of investments in foreign equities.

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 Congregation is exposed to interest rate risk on its fixed rate term deposit and fixed income investments. The organization managing the Congregation's investments targets holding 27.5% of investments in fixed income securities and 5.0% in private debt.

Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Congregation is exposed to other price risk through its equity investments. The organization managing the Congregation's investments targets holding 47.5% of investments in equities and 20.0% in real assets.

KEHILLAT BETH ISRAEL CONGREGATION

NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2026

4. Capital assets

	Cost	2026 Accumulated Amortization	Net Book Value
Building, paving and fence	$ 1,192,187	$ 1,192,187	$ -
Computer hardware	24,550	21,516	3,034
Computer software	78,046	78,046	-
Equipment	17,814	10,710	7,104
Holy scrolls, prayer books, library	62,386	-	62,386
HVAC equipment	96,321	15,041	81,280
Land	310,024	-	310,024
Property improvements	932,922	-	932,922
Security equipment	21,720	9,774	11,946
	$ 2,735,970	$ 1,327,274	$ 1,408,696

	Cost	2025 Accumulated Amortization	Net Book Value
Building, paving and fence	$ 1,192,187	$ 1,192,187	$ -
Computer hardware	22,475	18,350	4,125
Computer software	78,046	78,046	-
Equipment	8,938	7,717	1,221
Holy scrolls, prayer books, library	62,386	-	62,386
HVAC equipment	64,645	8,619	56,026
Land	310,024	-	310,024
Property improvements	95,670	-	95,670
Security equipment	21,720	5,430	16,290
	$ 1,856,091	$ 1,310,349	$ 545,742

5. Due to controlled related entity

Ottawa Talmud Torah Afternoon School ("OTT") is an after school community-minded program designed to instill students with a firm sense of pride in their Jewish identities while making the Jewish heritage relevant to today's modern world.

OTT is incorporated without share capital. The Congregation is the sole member of OTT and appoints OTT's Board of Directors. As a result, OTT is controlled by the Congregation and the unaudited financial information of OTT is reported in accordance with the significant accounting policy related to Controlled not-for-profit organizations as outlined in note 2.

The amount due to OTT is non-interest bearing, has no specified terms of repayment and is included in OTT's total assets disclosed below.

	June 30, 2026 (unaudited)	June 30, 2025 (unaudited)
Balance sheet		
Total assets	$ 144,782	$ 184,601
Total liabilities	$ 14,235	$ 52,262
Total net assets	130,547	132,339
Total liabilities and net assets	$ 144,782	$ 184,601
Income statement		
Total revenues	$ 126,474	$ 131,309
Total operating expenses	(128,266)	(146,162)
Net result for the year	$ (1,792)	$ (14,853)
Cash flows		
Cash flows from operating activities	$ (15,224)	$ (27,796)
Net change in cash for the year	$ (15,224)	$ (27,796)

6. Term deposit

During the year, the Congregation purchased a term deposit for $600,000 that matures May 13, 2027 and accrues interest at an annual rate of 2.76%. The term deposit is used as collateral for the Congregation's letter of credit (note 12).

7. Interfund advances

Interfund advances are non-interest bearing with no specified terms of repayment.

8. Note receivable

The note receivable is non-interest bearing with no specific due date. The note is secured by a mortgage on the property at 15 Chartwell Avenue.

9. Commitment

In 2025, the Congregation commenced a project to improve the property surrounding the synagogue, which has been recorded as property improvements (note 4). As of June 30, 2026, there are costs of approximately $1,133,000 remaining on the project which are expected to be incurred in 2027.

10. Interfund transfer

During the year, the Congregation's Board of Directors approved a withdrawal from the investments of the capital fund to support the general operations of the Congregation.

11. Kosher Food Bank operations

The operations of the Kosher Food Bank are included in the special purpose funds on the statement of operations as follows:

	2026	2025
Revenue		
Donations	$ 258,185	$ 260,062
Investment income	206	4,119
Programs and Kiddushim	68,976	68,837
	327,367	333,018
Expenses		
Programs and Kiddushim	252,084	247,973
Salaries and benefits	60,266	42,298
	312,350	290,271
Net result for the year	$ 15,017	$ 42,747

12. Letter of credit

During the year, the Congregation obtained a letter of credit for $581,392 in favour of the City of Ottawa in connection with the Congregation's property improvement project (note 9). The letter of credit has a maximum one-year term with automatic renewal and is subject to an annual fee of 1.25%. The letter of credit is secured by the Congregation's term deposit (note 6).

13. Contingent liability

Should the Congregation cease to operate as a Jewish religious entity, then the net assets of the Congregation shall be donated in full to the Ottawa Jewish Community Foundation.

14. Subsequent events

On July 1, 2026, the Congregation's premises sustained flood damage resulting from a storm, and on July 18, 2026, further water damage resulted from a ruptured water main.

Coverage for both events has been confirmed under the Congregation's insurance policy. The extent of the damage, repair costs and related insurance recoveries remain under assessment, and the ultimate financial effect cannot be reasonably estimated at this time. As of June 30, 2026, no amounts have been recognized in these financial statements.

15. The Jewish Memorial Gardens

At the discretion of the Board of Directors of The Jewish Memorial Gardens, any monies accumulated in The Jewish Memorial Gardens Capital Reserve Fund may be distributed to the member synagogues.

During the year, the Congregation received $38,004 (2025 - $nil) as a distribution from the fund. Future distributions will be recorded as other income in the year of receipt.

16. Comparative figures

Certain 2025 comparative figures have been reclassified to conform with the presentation adopted in 2026.