



# THE OTTAWA JEWISH COMMUNITY FOUNDATION

Financial Statements  
For The Year Ended December 31, 2018

# THE OTTAWA JEWISH COMMUNITY FOUNDATION

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DECEMBER 31, 2018

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## INDEPENDENT AUDITOR'S REPORT

To the members of  
The Ottawa Jewish Community Foundation

### Opinion

We have audited the financial statements of The Ottawa Jewish Community Foundation (the Organization), which comprise the statement of financial position as at December 31, 2018, and the statements of operations and changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization 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 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 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 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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



Chartered Professional Accountants, Licensed Public Accountants  
Ottawa,  
April 18, 2019.



## THE OTTAWA JEWISH COMMUNITY FOUNDATION

## STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2018

	2018	2017
<b>ASSETS</b>		
<b>Current</b>		
Cash	\$ 8,613,206	\$ 2,486,029
Investments (note 3)	53,912,767	62,857,825
Accounts receivable	96,083	114,290
Prepaid expenses	2,833	7,655
	<u>62,624,889</u>	<u>65,465,799</u>
Capital assets (note 4)	<u>102,606</u>	<u>89,765</u>
	<u>\$ 62,727,495</u>	<u>\$ 65,555,564</u>
<b>LIABILITIES</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	\$ 372,304	\$ 420,069
Allocations payable	2,010,067	1,980,104
Deferred amounts	10,922	9,108
	<u>2,393,293</u>	<u>2,409,281</u>
Managed funds (note 6)	<u>9,480,704</u>	<u>8,363,838</u>
	<u>11,873,997</u>	<u>10,773,119</u>
<b>NET ASSETS</b>		
Endowments	<u>50,853,498</u>	<u>54,782,445</u>
	<u>\$ 62,727,495</u>	<u>\$ 65,555,564</u>

Approved on behalf of the board:

\_\_\_\_\_ director

THE OTTAWA JEWISH COMMUNITY FOUNDATION  
STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS  
FOR THE YEAR ENDED DECEMBER 31, 2018

	2018 Budget (Unaudited) (note 8)	Operating Fund	Capital Fund	Total 2018	Total 2017
<b>Revenues</b>					
Investment income - net		\$ (1,641,159)	\$ -	\$ (1,641,159)	\$ 4,286,592
Endowments and bequests		-	589,421	589,421	2,908,884
Donations		-	391,102	391,102	347,701
		<u>(1,641,159)</u>	<u>980,523</u>	<u>(660,636)</u>	<u>7,543,177</u>
<b>Expenses</b>					
Amortization	\$ 6,500	5,400	-	5,400	-
Bank, administrative and credit card charges	15,000	13,955	-	13,955	13,304
Bad debts	-	12,384	-	12,384	-
Computer costs	23,000	21,084	-	21,084	4,944
Insurance	5,500	4,822	-	4,822	4,822
Insurance subsidy programs (note 7)	18,500	18,996	-	18,996	21,259
Occupancy costs	11,730	12,123	-	12,123	11,964
Postage	6,500	5,530	-	5,530	5,233
Printing, stationery and office	6,500	8,928	-	8,928	4,689
Professional fees	38,000	34,277	-	34,277	28,108
Promotion and public relations	41,100	28,838	-	28,838	34,205
Salaries and benefits	426,601	422,915	-	422,915	391,722
Telephone	3,100	1,776	-	1,776	3,363
Travel	2,500	1,539	-	1,539	126
Total expenses	<u>\$ 604,531</u>	<u>592,567</u>	<u>-</u>	<u>592,567</u>	<u>523,739</u>
Excess revenues over expenses		<u>(2,233,726)</u>	<u>980,523</u>	<u>(1,253,203)</u>	<u>7,019,438</u>
Allocation commitments		2,189,862	94,780	2,284,642	2,088,412
Other donations		-	391,102	391,102	347,701
		<u>2,189,862</u>	<u>485,882</u>	<u>2,675,744</u>	<u>2,436,113</u>
Net result for the year		(4,423,588)	494,641	(3,928,947)	4,583,325
Net assets, beginning of year		-	54,782,445	54,782,445	50,199,120
Interfund transfer		4,423,588	(4,423,588)	-	-
Net assets, end of year		<u>\$ -</u>	<u>\$50,853,498</u>	<u>\$50,853,498</u>	<u>\$54,782,445</u>

## THE OTTAWA JEWISH COMMUNITY FOUNDATION

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2018

	2018	2017
<b>CASH PROVIDED BY (USED IN)</b>		
<b>Operating activities</b>		
Net result for the year	\$ (3,928,947)	\$ 4,583,325
Amortization of computer system	5,400	-
Realized and unrealized losses (gains) on investments	4,445,797	(2,480,193)
<b>Changes in operating net assets</b>		
Accounts receivable	18,207	37,158
Prepaid expenses	4,822	-
Accounts payable and accrued liabilities	(47,765)	(105,839)
Allocations payable	29,963	441,094
Deferred amounts	1,814	(5,330)
Managed funds	1,116,866	372,904
	<u>1,646,157</u>	<u>2,843,119</u>
<b>Investing activities</b>		
Net proceeds from sale (purchases) of investments	4,499,261	(864,312)
Purchase of computer system	(18,241)	(15,308)
	<u>4,481,020</u>	<u>(879,620)</u>
Increase in cash	6,127,177	1,963,499
Cash, beginning of year	2,486,029	522,530
Cash, end of year	<u>\$ 8,613,206</u>	<u>\$ 2,486,029</u>



# THE OTTAWA JEWISH COMMUNITY FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

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### 1. Purpose of the organization

The Ottawa Jewish Community Foundation (the Foundation) is a public foundation with tax-exempt status as a registered charity under paragraph 149(1)(f) of the Income Tax Act. Its purpose is to receive legacies, gifts, grants, bequests, endowments and donations in kind and to apply from time to time all or part thereof and the income therefrom for religious, educational and other charitable purposes.

### 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:

#### Cash and cash equivalents

Cash and cash equivalents can include cash on hand, balances with financial institutions (net of temporary overdrafts).

#### Fund accounting

The Operating Fund reports revenues and expenses related to program delivery and administrative activities.

The Capital Fund reports endowment contributions and bequests.

Unrestricted investment income earned (losses incurred) on Capital Fund resources is recognized as revenue of the Operating Fund.

#### Capital assets

Capital asset acquisitions in excess of \$5,000 are capitalized and amortized over their useful lives. Capital asset acquisitions under \$5,000 are expensed as incurred. Capital assets are recorded at cost. Amortization is provided as follows:

Computer system

Straight line over 10 years

Amortization is recorded at one-half of the above rates in the year of acquisition.

## THE OTTAWA JEWISH COMMUNITY FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

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## 2. Significant accounting policies (continued)

## Allocations

The Foundation recognizes 4.0% (2017 - 4.0%) of the monthly average endowment fund balances as available for distribution for those funds that made grants in the year. Allocations made in excess of this amount per endowment fund is charged to the Capital Fund whereas income earned in excess of allocations is recapitalized to the Capital Fund.

## Revenue recognition

The organization follows the restricted fund method of accounting for contributions. Restricted contributions, including endowments and bequests, are recognized as revenue of the Capital Fund in the year received.

Unrestricted contributions are recognized in revenue of the Operating Fund in the year received.

Income from investments are included in the Operating Fund as amounts made available for allocation, at the discretion of the board and are recognized in accordance with the financial instruments note.

## Interfund transfers

It is the Foundation's policy to transfer any net result for the year from the Operating Fund to the Capital Fund.

## 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 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 reported in the result for the period in which they become known.

## THE OTTAWA JEWISH COMMUNITY FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

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## 2. Significant accounting policies (continued)

## Financial instruments

*Measurement of financial instruments*

The Foundation initially measures its financial assets and liabilities at fair value. The Foundation 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.

*Transaction costs*

Transaction costs are recognized in the net results in the year 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.

## THE OTTAWA JEWISH COMMUNITY FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

## 3. Investments

Investments of the Capital Fund are comprised as follows:

	2018	2017
Cash equivalents	\$ 818,355	\$ 3,120,978
Corporate bonds	12,869,330	10,705,399
Government bonds	1,073,606	6,591,988
State of Israel bonds	1,107,467	1,107,468
Canadian equities	9,885,158	12,713,009
U.S. equities	9,572,604	10,194,608
Global equities	10,018,175	10,007,444
Alternative investments	8,568,072	8,416,921
	<u>\$ 53,912,767</u>	<u>\$ 62,857,815</u>

Allocated as follows:

	2018	2017
Ottawa Jewish Community Foundation	\$ 44,432,063	\$ 54,493,987
Managed funds (note 6)	9,480,704	8,363,838
	<u>\$ 53,912,767</u>	<u>\$ 62,857,825</u>

Investment in financial instruments renders the Foundation subject to investment risks. These include the risks arising from changes in interest rates, in rates of exchange for foreign currency, and in market values of domestic and foreign equity investments. They also include the risks arising from the failure of a party to a financial instrument to discharge an obligation when it is due.

Concentration risk exists when a significant proportion of the portfolio is invested in securities with similar characteristics or subject to similar economic, political or other conditions. Management believes that the concentrations described above do not represent excessive risk.

Foreign currency exposure arises from the Foundation's holdings of non-Canadian bonds and equities. As at December 31, 2018, the Foundation held 32.6% (2017 - 32.1%) of its investments in securities subject to foreign currency exposure.

Interest rate price risk arises from the Foundation's holding fixed income investments where the interest rates can fluctuate.

The Foundation has adopted investment policies, standards and procedures to control the amount of risk to which it is exposed.

Investment counsel, custodial and advisors fees of \$319,417 were paid during the year (2017 - \$315,297) and are recognized as a reduction of investment income.

## THE OTTAWA JEWISH COMMUNITY FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

## 4. Capital assets

	Cost	2018 Accumulated Amortization	Net Book Value
Computer system	\$ 108,006	\$ 5,400	\$ 102,606

	Cost	2017 Accumulated Amortization	Net Book Value
Computer system - under development	\$ 89,765	\$ -	\$ 89,765

## 5. Interfund advances

As at December 31, 2018, the Capital Fund has advanced \$1,304,672 to the Operating Fund. These advances are non-interest bearing with no specified terms of repayment.

## 6. Managed funds

The Foundation manages funds on behalf of other organizations for which it receives management fees.

## THE OTTAWA JEWISH COMMUNITY FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

## 7. Insurance subsidy programs

The Foundation has established three insurance programs, the Foundation insurance program, the Gilbert Greenberg Education Fund insurance program and the Perpetual Annual Campaign Endowed insurance program.

## Foundation insurance program

The Foundation is named the beneficiary of 51 life insurance policies having a face value of \$15,374,233 (2017 - 50 policies with face value of \$15,324,233). The activities of this program for the year are as follows:

	2018	2017
Premiums due on policies	\$ 76,059	\$ 75,643
Less: funds received from life insured	<u>59,930</u>	<u>57,493</u>
	16,129	18,150
Less: income appropriated from net earnings of a segregated fund	<u>8,755</u>	<u>8,755</u>
Net expense to the Foundation	<u>\$ 7,374</u>	<u>\$ 9,395</u>

The net expense to the Foundation represents policy premiums for which there is no reimbursement from the life insured.

## Gilbert Greenberg Education Fund insurance program

The Foundation is the named beneficiary of 36 life insurance policies having a face value of \$3,797,000 (2017 - 36 policies with face value of \$3,797,000). The Foundation subsidizes the annual premium on these policies to a maximum amount of \$300 per policy per year. The activities of this program for the year are as follows:

	2018	2017
Premiums due on policies	\$ 12,914	\$ 12,914
Less: funds received from life insured	<u>2,080</u>	<u>1,788</u>
Net expense to the Foundation	<u>\$ 10,834</u>	<u>\$ 11,126</u>

The net expense to the Foundation represents the subsidies provided by the Foundation from the Operating Fund.

## THE OTTAWA JEWISH COMMUNITY FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

## 7. Insurance subsidy programs (continued)

## Perpetual Annual Campaign Endowed insurance program

The Foundation is the named beneficiary of 30 life insurance policies having a face value of \$3,944,513 (2017 - 30 policies with face value of \$3,944,513). An endowment fund subsidizes the annual premium on these policies to a maximum amount of \$500 per policy per year with the additional amount being paid by the insured. The activities of this program for the year are as follows:

	2018		2017
Premiums due on policies	\$ 20,397	\$	20,397
Less: funds received from life insured	<u>4,667</u>		<u>4,717</u>
	15,730		15,680
Less: funds received from one specific endowment fund	<u>14,942</u>		<u>14,942</u>
Net expense to the Foundation	<u>\$ 788</u>	\$	<u>738</u>

## 8. Budget figures

The budget figures are presented for comparative purposes and are unaudited.

## 9. Comparative figures

Certain 2017 comparative figures have been reclassified to conform with the presentation adopted in 2018.

## THE OTTAWA JEWISH COMMUNITY FOUNDATION

## STATEMENT OF FINANCIAL POSITION BY FUND

FOR THE YEAR ENDED DECEMBER 31, 2018

	Operating Fund	Capital Fund	2018 Total	2017 Total
<b>ASSETS</b>				
<b>Current</b>				
Cash	\$ 1,272,126	\$ 7,341,080	\$ 8,613,206	\$ 2,486,029
Investments	-	53,912,767	53,912,767	62,857,825
Accounts receivable	96,083	-	96,083	114,290
Prepaid expenses	2,833	-	2,833	7,655
Interfund advances (note 5)	(1,304,672)	1,304,672	-	-
	66,370	62,558,519	62,624,889	65,465,799
Capital assets	102,606	-	102,606	89,765
	\$ 168,976	\$62,558,519	\$62,727,495	\$65,555,564
<b>LIABILITIES</b>				
<b>Current</b>				
Accounts payable and accrued liabilities	\$ 158,054	\$ 214,250	\$ 372,304	\$ 420,069
Allocations payable	-	2,010,067	2,010,067	1,980,104
Deferred amounts	10,922	-	10,922	9,108
	168,976	2,224,317	2,393,293	2,409,281
Managed funds	-	9,480,704	9,480,704	8,363,838
	168,976	11,705,021	11,873,997	10,773,119
<b>NET ASSETS</b>				
Endowments	-	50,853,498	50,853,498	54,782,445
	\$ 168,976	\$62,558,519	\$62,727,495	\$65,555,564