

*Ottawa Jewish Community Foundation*



**FINANCIAL SUPPLEMENT**

*for the year ended December 31, 2009*



*Our Future  
is in Your Hands*





## OTTAWA JEWISH COMMUNITY FOUNDATION



### *Treasurer's Report*

*By Steven Lesh*

Dear Members of the Ottawa Jewish Community Foundation:

What a difference a year can make!

As we began the new year we started to see positive returns which helped us rejuvenate our investment portfolio starting as early as March, the first month of 2009 to offer us positive investment returns. Knowing that a strong investment return results in our capacity to provide meaningful support to our community, I am pleased to report that by December 31, 2009, the Foundation's returns closed off at 13.8%.

A positive return for us is only part of our story. Dedicated volunteers who give their time ensuring that the best choices are made on behalf of our community's precious assets continue to work diligently on your behalf. These individuals ensure that we have the best policies and practices in place to secure strong asset growth and operational efficiency. I am happy to report that our expenses have been kept under-budget, representing approximately 1% of capital, which is fairly consistent with other foundations.

Thankfully, with the positive results reflected in the 2009 investment year, our ability to significantly recapitalize following a challenging year in 2008 was realized, ensuring that we were able once again to provide important allocations to beneficiary agencies. Disbursements from the Foundation were maintained at 3.5% of the average capital held by the Foundation; disbursements that in many cases ensure base levels of support and service are provided. The audited financial statements attached will show in greater detail the income and allocations made by the Foundation in 2009.

During 2009, a total of \$1,426,824 of new capital was donated to the Foundation and added to capital.

Cash grants made to charitable organizations during the year totaled \$1,437,538. A listing of these grants is included in the financial supplement. Capital funds held by the Foundation at December 31, 2009 total \$41,832,015 which includes funds managed on behalf of other charitable organizations, from which the Foundation receives a management fee.

I wish to express my gratitude to Shelley Crawford, our Chief Financial Officer, as well as the Finance and Audit Committee for their assistance during the past year.

**THE OTTAWA JEWISH COMMUNITY FOUNDATION**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED DECEMBER 31, 2009**

# THE OTTAWA JEWISH COMMUNITY FOUNDATION

## INDEX TO FINANCIAL STATEMENTS

DECEMBER 31, 2009

	<b>Page</b>
Auditors' report	1
Balance sheet	2
Statement of financial activities and changes in net assets	3
Statement of cash flows	4
Notes to financial statements	5 - 9

Bruce A. Johnston, CA, CFP, TEP  
Jeffrey N. Miller, CA, CFE, TEP  
Deborah M. Bouchier, CA, CFP, TEP  
Patricia Day, CA, CBV, CFP, TEP  
Hugh Faloon, CA, CFP, TEP  
John Baldwin, CA, CFP  
Paul Morton, CA, CFP, TEP  
Josh Engel, CA, CFP



287 Richmond Road  
Ottawa, ON K1Z 6X4

Tel: 613-728-5831  
Fax: 613-728-8085  
E-mail: [info@ggfl.ca](mailto:info@ggfl.ca)  
Web site: [www.ggfl.ca](http://www.ggfl.ca)

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## AUDITORS' REPORT

To the members of  
The Ottawa Jewish Community Foundation.

We have audited the balance sheet of The Ottawa Jewish Community Foundation as at December 31, 2009 and the statements of financial activities and changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Foundation's management. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion these financial statements present fairly, in all material respects, the financial position of the Foundation as at December 31, 2009 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

GINSBERG GLUZMAN FAGE & LEVITZ, LLP  
Chartered Accountants, Licensed Public Accountants  
Ottawa,  
February 11, 2010.

**THE OTTAWA JEWISH COMMUNITY FOUNDATION**

**BALANCE SHEET**

**AS AT DECEMBER 31, 2009**

	<b>Operating Fund</b>	<b>Capital Fund</b>	<b>2009 Total</b>	<b>2008 Total</b>
<b>ASSETS</b>				
Cash	\$ 111,962	\$ 1,844,659	\$ 1,956,621	\$ 674,525
Investments (note 3)	-	40,533,434	40,533,434	37,329,424
Remainder trusts (note 4)	-	500,000	500,000	500,000
Accrued interest receivable	32,168	-	32,168	70,552
Sundry receivables	11,879	-	11,879	10,617
Prepaid expenses	9,949	-	9,949	9,558
Interfund advances (note 7)	90,501	(90,501)	-	-
Computers (note 5)	13,585	-	13,585	18,113
	<u>\$ 270,044</u>	<u>\$42,787,592</u>	<u>\$43,057,636</u>	<u>\$38,612,789</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 188,550	\$ -	\$ 188,550	\$ 189,983
Allocations payable	-	955,584	955,584	979,450
Deferred amounts (note 6)	81,494	-	81,494	84,337
	<u>270,044</u>	<u>955,584</u>	<u>1,225,628</u>	<u>1,253,770</u>
Managed funds (notes 3 and 8)	-	7,104,905	7,104,905	6,299,768
	<u>270,044</u>	<u>8,060,489</u>	<u>8,330,533</u>	<u>7,553,538</u>
<b>NET ASSETS</b>				
Endowments	-	34,727,103	34,727,103	31,059,251
	<u>\$ 270,044</u>	<u>\$42,787,592</u>	<u>\$43,057,636</u>	<u>\$38,612,789</u>

**Approved on behalf of the board:**

\_\_\_\_\_ member

\_\_\_\_\_ member

**THE OTTAWA JEWISH COMMUNITY FOUNDATION**  
**STATEMENT OF FINANCIAL ACTIVITIES AND CHANGES IN NET ASSETS**  
**FOR THE YEAR ENDED DECEMBER 31, 2009**

	<b>2009 Budget</b>				
	<b>(Unaudited)</b>	<b>Operating</b>	<b>Capital</b>	<b>Total</b>	<b>Total</b>
	<b>(Note 10)</b>	<b>Fund</b>	<b>Fund</b>	<b>2009</b>	<b>2008</b>
<b>Income (loss)</b>					
Investment		\$ 4,186,539	\$ -	\$ 4,186,539	\$ (4,378,004)
Endowments and bequests		-	1,343,485	1,343,485	2,132,656
		<u>4,186,539</u>	<u>1,343,485</u>	<u>5,530,024</u>	<u>(2,245,348)</u>
<b>Expenses</b>					
Amortization of Community Endowment Campaign	\$ -	-	-	-	7,930
Amortization of computer system	5,000	4,528	-	4,528	4,528
Bank, administrative and credit card charges	12,000	15,587	-	15,587	12,103
Computer costs and web design	2,500	5,725	-	5,725	827
Fundraising events and Insurance	5,897	6,725	-	6,725	5,986
Insurance subsidy program (note 9)	13,700	15,945	-	15,945	10,297
Occupancy costs	8,487	8,487	-	8,487	8,186
Postage	6,700	6,027	-	6,027	5,598
Printing, stationery and office	7,500	7,326	-	7,326	6,303
Professional fees	13,000	12,544	-	12,544	14,864
Promotion and public relations	56,100	45,320	-	45,320	40,370
Salaries and benefits	318,000	294,781	-	294,781	228,971
Telephone	1,600	1,638	-	1,638	1,519
Travel	<u>400</u>	-	-	-	316
Total expenses	<u>\$ 450,884</u>	<u>424,633</u>	<u>-</u>	<u>424,633</u>	<u>347,798</u>
<b>Net earnings (losses)</b>		3,761,906	1,343,485	5,105,391	(2,593,146)
<b>Allocation commitments</b>		<u>1,437,539</u>	<u>-</u>	<u>1,437,539</u>	<u>1,822,933</u>
<b>Net result for the year</b>		2,324,367	1,343,485	3,667,852	(4,416,079)
<b>Net assets, beginning of year</b>		-	31,059,251	31,059,251	35,475,330
<b>Interfund transfer (note 2)</b>		<u>(2,324,367)</u>	<u>2,324,367</u>	<u>-</u>	<u>-</u>
<b>Net assets, end of year</b>		<u>\$ -</u>	<u>\$34,727,103</u>	<u>\$34,727,103</u>	<u>\$31,059,251</u>



**THE OTTAWA JEWISH COMMUNITY FOUNDATION**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2009**

	<b>2009</b>	<b>2008</b>
<b>CASH PROVIDED BY (USED IN)</b>		
<b>Operating activities</b>		
Net result for the year	\$ 3,667,852	\$ (4,416,079)
Amortization of computers	4,528	4,528
Amortization of Community Endowment Campaign costs	-	7,930
Realized and unrealized (gains) loss on investments	(3,802,647)	6,910,493
Changes in operating net assets		
Accrued interest receivable	38,384	(28,185)
Sundry receivables	(1,262)	57,324
Prepaid expenses	(391)	511
Deferred amounts	(2,843)	(3,699)
Accounts payable	(1,432)	(2,877)
Allocations payable	(23,866)	(54,565)
Increase (decrease) in managed funds	805,137	(1,089,915)
	<u>683,460</u>	<u>1,385,466</u>
<b>Investing activities</b>		
Additions to investments	-	(2,277,353)
Disposal of investments	598,636	-
	<u>598,636</u>	<u>(2,277,353)</u>
<b>Increase (decrease) in cash and cash equivalents</b>	<b>1,282,096</b>	<b>(891,887)</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>674,525</b>	<b>1,566,412</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ <u>1,956,621</u></b>	<b>\$ <u>674,525</u></b>

**THE OTTAWA JEWISH COMMUNITY FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2009**

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**1. Purpose of organization**

The Ottawa Jewish Community Foundation (The Foundation) is a public foundation. 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**

**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 on Capital Fund resources is recognized as revenue of the Operating Fund.

**Revenue recognition**

Endowments, bequests and donations are recorded upon receipt of the gift.

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 below.

**Financial instruments**

Where not disclosed, the carrying amount of the organization's financial instruments approximates their fair value, except where fair values are not readily obtainable. Unless otherwise noted, it is management's opinion that the organization is not exposed to significant interest rate, currency or credit risks arising from its financial instruments.

Investments held by the organization are classified as held for trading and are recorded at fair value. Realized investment income and unrealized gains and losses from the change in fair value are recorded on the income statement. Fair value is determined at quoted market prices.

**Allocations**

The Foundation recognized 3.5% (2008 - 3.5%) 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 income earned per endowment fund is charged to the Capital Fund whereas income earned in excess of allocations is recapitalized to the Capital Fund.

**Interfund transfers**

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

**THE OTTAWA JEWISH COMMUNITY FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2009**

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2. **Significant accounting policies** (continued)

**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 will commence when the asset is ready for use. Amortization has been provided at the following rate:

Computer system      5 years straight line

**Use of estimates**

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reported period. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the period in which they become known.

3. **Investments**

Investments of the Capital Fund are comprised as follows:

	<b>2009</b>	<b>2008</b>
Cash and Equivalents	\$ 2,163,357	\$ 3,746,403
NHA mortgage-backed securities	-	113,033
State of Israel Bonds	1,633,510	1,652,798
Promissory Note	807,006	854,100
Government Bonds	7,745,096	9,210,374
Corporate Bonds	3,892,114	4,082,178
Canadian Equities	7,408,259	4,613,584
U.S. Equities	3,673,349	3,997,944
Global Equities	13,210,743	9,059,010
	<b>\$ 40,533,434</b>	<b>\$ 37,329,424</b>

The Promissory Note bears interest at 6.75% per annum and is due December 31, 2019. Principal repayments will be repaid at a minimum of \$25,000 per annum from 2006 through 2019.

The investments of the Capital Fund include \$7,104,905 (2008 - \$6,299,768) of assets managed on behalf other organizations (note 8).

**THE OTTAWA JEWISH COMMUNITY FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2009**

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3. **Investments** (continued)

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, 2009 the Foundation held 42.0% (2008 - 35.4%) 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. By using a laddered portfolio with varying terms to maturity it has reduced its sensitivity to interest rate fluctuations.

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 \$140,634 were paid during the year (2008 - \$149,721).

4. **Remainder trusts**

The Foundation is the named beneficiary of two charitable remainder trusts. The initial gifts to settle the trusts were \$100,000 and \$400,000. The trusts operate as follows:

- a) during the lifetime of the Life Tenant Beneficiaries, they are to be paid the annual net income of the trusts;
- b) upon the death of the Life Tenant Beneficiaries, the capital of the trusts is to be paid to the Foundation.

5. **Capital assets**

	Cost	2009 Accumulated Amortization	Net Book Value
Computer system	\$ 22,641	\$ 9,056	\$ 13,585

**THE OTTAWA JEWISH COMMUNITY FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2009**

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**6. Deferred campaign costs - net**

In the summer of 2004, the Foundation launched a new capital endowment campaign called the Community Endowment Campaign. The budgeted costs for the campaign are \$454,365, of which \$327,773 have been incurred to date. The Jewish Federation of Ottawa has paid \$229,657 of these expenses incurred for the campaign by way of an allocation. To date \$163,887 has been expensed in the accounts. The excess net allocation of \$65,771 has been included in deferred amounts.

**7. Interfund advances**

As at December 31, 2009, the Operating Fund has advanced \$90,501 to the Capital Fund.

**8. Managed funds**

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

**9. 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 49 life insurance policies having a face value of \$15,865,235 (2008 - 45 policies with face value of \$13,165,235) plus an additional amount of \$1,081,140 provided by dividend options on three policies. The activities of the insurance program are not included in these financial statements except for one specific policy, wherein the income earned from the specific fund is used to fund the policy premium. The activities of this program for the year are as follows:

	<b>2009</b>	<b>2008</b>
Premiums due on policies	\$ 77,404	\$ 61,226
Purchase of annuity to fund one policy	121,837	-
	<hr/>	<hr/>
	199,241	61,226
Less: Funds received from life insured	184,838	52,471
	<hr/>	<hr/>
	14,403	8,755
Less: Income appropriated from net earnings of a segregated fund	8,755	8,755
	<hr/>	<hr/>
Net expense to the Foundation	\$ 5,648	\$ -
	<hr/>	<hr/>

**THE OTTAWA JEWISH COMMUNITY FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2009**

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9. **Insurance subsidy programs** (continued)

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

**Gilbert Greenberg Education Fund insurance program**

The Foundation is the named beneficiary of 35 life insurance policies having a face value of \$3,697,000 (2008 - 35 policies with face value of \$3,697,000). 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:

	<b>2009</b>		<b>2008</b>
Premiums due on policies	\$ 12,434	\$	12,488
Less: Funds received from life insured	<u>2,137</u>		<u>2,191</u>
Net expense to the Foundation	<u>\$ 10,297</u>	\$	<u>10,297</u>

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

**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 (2008 - 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:

	<b>2009</b>		<b>2008</b>
Premiums due on policies	\$ 20,458	\$	21,993
Less: Funds received from life insured	<u>5,517</u>		<u>4,386</u>
	14,941		17,607
Less: Funds received from one specific endowment fund	<u>14,941</u>		<u>14,470</u>
Net expense to the Foundation	<u>\$ -</u>	\$	<u>3,137</u>

10. **Budget figures**

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





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## Ottawa Jewish Community Foundation

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The Joseph and Rose Ages Family Building  
21 Nadolny Sachs Private  
Ottawa, Ontario K2A 1R9  
Ph: 613-798-4696  
Fax: 613-798-4695  
Email: [info@ojcf.ca](mailto:info@ojcf.ca)  
**[www.OJCF.ca](http://www.OJCF.ca)**