

Ottawa Jewish Community Foundation



FINANCIAL SUPPLEMENT

for the year ended December 31, 2010



*Our Future
is in Your Hands*



OTTAWA JEWISH COMMUNITY FOUNDATION



Treasurer's Report

By Steven Lesh

Dear Members of the Ottawa Jewish Community Foundation:

I am pleased to report that 2010 was another good year for the Foundation, yielding positive returns once again. Knowing that a strong investment return results in our capacity to provide meaningful and much needed support to our community's organizations, the Foundation's return for the year ending December 31, 2010 closed at 6.3%. The OJCF has a refined investment philosophy and strategy that conservatively balances risk and reward, and we remain constantly mindful of the need to respectfully shepherd the resources in our care.

Thankfully, with the positive results reflected in the 2010 investment year, 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 to worthy recipients. The audited financial statements attached will show in greater detail the income and allocations made by the Foundation in 2010.

During 2010, a total of \$720,950 of new capital was donated to the Foundation and added to capital. Cash grants made to charitable organizations during the year totaled \$1,926,154. A listing of these grants is included in the financial supplement. Capital funds held by the Foundation at December 31, 2010 total \$42,704,977 which includes funds managed on behalf of other charitable organizations, from which the Foundation receives a management fee.

The OJCF's success in financial performance and operations are only achieved through the efforts of many hard working community members. Dedicated volunteers who give their time to ensure that the best choices are made on behalf of our community's precious assets continue to work diligently on your behalf. These individuals make certain that we have the best policies and practices in place to secure strong asset growth and operational efficiency. A special thank you is extended to all the members of the Foundation's Investment Committee and Board of Directors for their tireless work on behalf of our community, our donors and our fund-holders.

In addition, 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

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AUDITORS' REPORT

To the members of
The Ottawa Jewish Community Foundation

We have audited the accompanying financial statements of The Ottawa Jewish Community Foundation, which comprise the balance sheet as at December 31, 2010, and the statements of financial activities and 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 generally accepted accounting principles, 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.

Auditor's Responsibility

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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of The Ottawa Jewish Community Foundation as at December 31, 2010, and the results of its operations and its 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,
April 4, 2011.

THE OTTAWA JEWISH COMMUNITY FOUNDATION

BALANCE SHEET

AS AT DECEMBER 31, 2010

	Operating Fund	Capital Fund	2010 Total	2009 Total
ASSETS				
Cash	\$ 399,309	\$ 475,821	\$ 875,130	\$ 1,956,621
Investments (note 3)	-	42,581,237	42,581,237	40,533,434
Remainder trusts (note 4)	-	500,000	500,000	500,000
Accrued interest receivable	37,103	-	37,103	32,168
Sundry receivables	18,941	-	18,941	11,879
Prepaid expenses	11,483	-	11,483	9,949
Interfund advances (note 7)	(211,240)	211,240	-	-
Capital assets (note 5)	9,056	-	9,056	13,585
	<u>\$ 264,652</u>	<u>\$43,768,298</u>	<u>\$44,032,950</u>	<u>\$43,057,636</u>
LIABILITIES				
Accounts payable	\$ 187,086	\$ -	\$ 187,086	\$ 188,550
Allocations payable	-	1,063,328	1,063,328	955,584
Deferred amounts (note 6)	77,566	-	77,566	81,494
	<u>264,652</u>	<u>1,063,328</u>	<u>1,327,980</u>	<u>1,225,628</u>
Managed funds (notes 3 and 8)	-	7,432,967	7,432,967	7,104,905
	<u>264,652</u>	<u>8,496,295</u>	<u>8,760,947</u>	<u>8,330,533</u>
NET ASSETS				
Endowments	-	35,272,003	35,272,003	34,727,103
	<u>\$ 264,652</u>	<u>\$43,768,298</u>	<u>\$44,032,950</u>	<u>\$43,057,636</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, 2010

	2010 Budget				
	(Unaudited)	Operating	Capital	Total	Total
	(Note 10)	Fund	Fund	2010	2009
Income					
Investment		\$ 2,113,252	\$ -	\$ 2,113,252	\$ 4,186,539
Endowments and bequests		-	671,492	671,492	1,343,485
Donations		-	285,964	285,964	-
		<u>2,113,252</u>	<u>957,456</u>	<u>3,070,708</u>	<u>5,530,024</u>
Expenses					
Amortization of computer system	5,000	4,528	-	4,528	4,528
Bank, administrative and credit card charges	12,000	8,280	-	8,280	15,587
Computer costs and web design	17,000	16,495	-	16,495	5,725
Insurance	6,932	6,725	-	6,725	6,725
Insurance subsidy programs (note 9)	11,000	15,945	-	15,945	15,945
Occupancy costs	8,742	8,662	-	8,662	8,487
Postage	6,700	5,629	-	5,629	6,027
Printing, stationery and office	7,500	9,617	-	9,617	7,326
Professional fees	14,000	12,063	-	12,063	12,544
Promotion and public relations	53,500	44,644	-	44,644	45,320
Salaries and benefits	308,300	306,182	-	306,182	294,781
Telephone	1,600	1,539	-	1,539	1,638
Travel	400	304	-	304	-
Total expenses	<u>\$ 452,674</u>	<u>440,613</u>	<u>-</u>	<u>440,613</u>	<u>424,633</u>
Net earnings		<u>1,672,639</u>	<u>957,456</u>	<u>2,630,095</u>	<u>5,105,391</u>
Allocation commitments		1,192,412	606,819	1,799,231	1,437,539
Other donations		-	285,964	285,964	-
		<u>1,192,412</u>	<u>892,783</u>	<u>2,085,195</u>	<u>1,437,539</u>
Net result for the year		480,227	64,673	544,900	3,667,852
Net assets, beginning of year		-	34,727,103	34,727,103	31,059,251
Interfund transfer (note 2)		<u>(480,227)</u>	<u>480,227</u>	<u>-</u>	<u>-</u>
Net assets, end of year		<u>\$ -</u>	<u>\$35,272,003</u>	<u>\$35,272,003</u>	<u>\$34,727,103</u>

THE OTTAWA JEWISH COMMUNITY FOUNDATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2010

	2010	2009
CASH PROVIDED BY (USED IN)		
Operating activities		
Net result for the year	\$ 544,900	\$ 3,667,852
Amortization of computers	4,528	4,528
Realized and unrealized gains on investments	(1,298,218)	(3,802,647)
Changes in operating net assets		
Accrued interest receivable	(4,935)	38,384
Sundry receivables	(7,062)	(1,262)
Prepaid expenses	(1,534)	(391)
Deferred amounts	(3,928)	(2,843)
Accounts payable	(1,464)	(1,432)
Allocations payable	107,744	(23,866)
Increase in managed funds	328,062	805,137
	<u>(331,907)</u>	<u>683,460</u>
Investing activities		
Net (additions) disposals to investments	<u>(749,584)</u>	<u>598,636</u>
(Decrease) increase in cash and cash equivalents	(1,081,491)	1,282,096
Cash and cash equivalents, beginning of year	<u>1,956,621</u>	<u>674,525</u>
Cash and cash equivalents, end of year	<u><u>\$ 875,130</u></u>	<u><u>\$ 1,956,621</u></u>

THE OTTAWA JEWISH COMMUNITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010

1. Purpose of 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) under 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

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% (2009 - 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, 2010

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:

	2010	2009
Cash and equivalents	\$ 755,181	\$ 2,163,357
State of Israel bonds	1,086,995	1,633,510
Promissory note	757,006	807,006
Government bonds	8,119,644	7,745,096
Corporate bonds	5,046,879	3,892,114
Canadian equities	8,592,102	7,408,259
U.S. equities	7,268,604	3,673,349
Global equities	<u>10,954,826</u>	<u>13,210,743</u>
	<u>\$ 42,581,237</u>	<u>\$ 40,533,434</u>

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 \$7,432,967 (2009 - \$7,104,905) of assets managed on behalf other organizations (note 8).

THE OTTAWA JEWISH COMMUNITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010

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, 2010 the Foundation held 45.7% (2009 - 42.0%) 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 \$172,835 were paid during the year (2009 - \$140,634).

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.

THE OTTAWA JEWISH COMMUNITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010

5. Capital assets

	Cost	2010 Accumulated Amortization	Net Book Value
Computer system	\$ 22,641	\$ 13,585	\$ 9,056
	Cost	2009 Accumulated Amortization	Net Book Value
Computer system	\$ 22,641	\$ 9,056	\$ 13,585

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, 2010, the Capital Fund has advanced \$211,240 to the Operating 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.

THE OTTAWA JEWISH COMMUNITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010

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

Foundation insurance program

The Foundation is named the beneficiary of 49 life insurance policies having a face value of \$15,865,235 (2009 - 49 policies with face value of \$15,865,235) 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:

	2010	2009
Premiums due on policies	\$ 78,439	\$ 77,404
Purchase of annuity to fund one policy	-	121,837
	78,439	199,241
Less: Funds received from life insured	64,036	184,838
	14,403	14,403
Less: Income appropriated from net earnings of a segregated fund	8,755	8,755
	8,755	8,755
Net expense to the Foundation	\$ 5,648	\$ 5,648

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 (2009 - 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:

	2010	2009
Premiums due on policies	\$ 12,434	\$ 12,434
Less: Funds received from life insured	2,137	2,137
	10,297	10,297
Net expense to the Foundation	\$ 10,297	\$ 10,297

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, 2010

9. **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 (2009 - 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:

	2010	2009
Premiums due on policies	\$ 18,924	\$ 20,458
Less: Funds received from life insured	<u>3,983</u>	<u>5,517</u>
	14,941	14,941
Less: Funds received from one specific endowment fund	<u>14,941</u>	<u>14,941</u>
Net expense to the Foundation	<u>\$ -</u>	<u>\$ -</u>

10. **Budget figures**

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



Ottawa Jewish Community Foundation

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