

Ottawa Jewish Community Foundation



FINANCIAL SUPPLEMENT

for the year ended December 31, 2007



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A GIFT FOREVER

Treasurer's Report

By Allan Taylor



Dear Members of the Ottawa
Jewish Community Foundation:

2007 was a difficult year for the Foundation as the stock markets continued to under perform due to the volatility of the stock market coupled with the appreciation of the Canadian dollar. As a result of the volatility of the market, the Foundation lost 2.5% on capital invested in the twelve months ending December 31, 2007.

The Board of the Foundation recognized the effect of reduced earnings on the ability to support allocations made in prior years, and made a decision to maintain allocations to beneficiary agencies at the same level as the previous year. Therefore, distributions from the Foundation were set at 3.5% of the average capital held by the Foundation to ensure the total amounts available to distribute to charities and community organizations in 2007 was not less than in 2006. As a result, of the investment growth of 10.2% in 2006, \$1,189,812 of earnings in excess of the distributions, a portion of this recapitalized amount was used to support the 2007 allocations. The audited financial statements attached will show in greater detail the income and allocations made by the Foundation in 2007.

During 2007, a total of \$2,902,264 of new capital was donated to the Foundation and added to capital. This was in part due to the continued success of the Community Endowment Campaign.

Cash grants made to charitable organizations during the year totaled \$2,084,200. A listing of these grants is included in the financial supplement. Capital funds held by the Foundation at December 31, 2007 total \$42,865,009 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

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THE OTTAWA JEWISH COMMUNITY FOUNDATION

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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, 2007 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, 2007 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,
March 11, 2008.

THE OTTAWA JEWISH COMMUNITY FOUNDATION
BALANCE SHEET
AS AT DECEMBER 31, 2007

	Operating Fund	Capital Fund	2007 Total	2006 Total
ASSETS				
Cash	\$ 83,311	\$ 1,483,101	\$ 1,566,412	\$ 1,513,226
Investments (note 3)	-	41,962,562	41,962,562	41,412,653
Remainder trusts (note 4)	-	500,000	500,000	500,000
Accrued interest receivable	42,368	-	42,368	156,849
Sundry receivables	67,941	-	67,941	19,109
Prepaid expenses	10,069	-	10,069	8,449
Deferred campaign costs - net (note 5)	-	-	-	66,539
Interfund advances (note 6)	46,635	(46,635)	-	-
Computers	22,641	-	22,641	-
	<u>\$ 272,965</u>	<u>\$43,899,028</u>	<u>\$44,171,993</u>	<u>\$43,676,825</u>
LIABILITIES				
Accounts payable	\$ 192,860	\$ -	\$ 192,860	\$ 95,426
Allocations payable	-	1,034,015	1,034,015	31,990
Deferred amounts (note 5)	80,105	-	80,105	8,367
	<u>272,965</u>	<u>1,034,015</u>	<u>1,306,980</u>	<u>135,783</u>
Managed funds (note 7)	-	7,389,683	7,389,683	7,610,250
	<u>272,965</u>	<u>8,423,698</u>	<u>8,696,663</u>	<u>7,746,033</u>
NET ASSETS				
Endowments	-	35,475,330	35,475,330	35,930,792
	<u>\$ 272,965</u>	<u>\$43,899,028</u>	<u>\$44,171,993</u>	<u>\$43,676,825</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, 2007

	2007 Budget (Unaudited) (Note 9)	Operating Fund	Capital Fund	Total 2007	Total 2006
Income (Loss)					
Investment (note 10)		\$ (854,423)	\$ -	\$ (854,423)	\$ 3,049,515
Endowments and bequests		-	2,902,264	2,902,264	5,310,346
		(854,423)	2,902,264	2,047,841	8,359,861
Expenses					
Amortization of Community Endowment Campaign	\$ 66,840	66,840	-	66,840	66,840
Amortization of computer system	3,000	-	-	-	-
Bank, administrative and credit card charges	12,000	10,344	-	10,344	10,558
Computer costs and web design	3,000	4,043	-	4,043	10,270
Fundraising events and programs	5,000	1,114	-	1,114	5,651
Insurance	6,695	5,518	-	5,518	5,446
Insurance subsidy program (note 8)	13,700	12,964	-	12,964	14,745
Occupancy costs	8,240	7,960	-	7,960	7,960
Postage	7,100	4,652	-	4,652	5,108
Printing, stationery and office	7,500	6,344	-	6,344	8,289
Professional fees	10,000	12,992	-	12,992	13,324
Promotion and public relations	39,100	31,921	-	31,921	30,169
Salaries and benefits	261,500	252,238	-	252,238	240,197
Telephone	1,500	1,588	-	1,588	1,558
Travel	250	585	-	585	107
Total expenses	<u>\$ 445,425</u>	419,103	-	419,103	420,222
Net (losses) earnings		(1,273,526)	2,902,264	1,628,738	7,939,639
Allocation commitments		-	2,084,200	2,084,200	1,704,486
Net result for the year		(1,273,526)	818,064	(455,462)	6,235,153
Net assets, beginning of year		-	35,930,792	35,930,792	29,695,639
Interfund transfer (note 2)		1,273,526	(1,273,526)	-	-
Net assets, end of year		<u>\$ -</u>	<u>\$35,475,330</u>	<u>\$35,475,330</u>	<u>\$35,930,792</u>

THE OTTAWA JEWISH COMMUNITY FOUNDATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2007

	2007	2006
CASH PROVIDED BY (USED IN)		
Operating activities		
Net result for the year	\$ (455,462)	\$ 6,235,153
Amortization of Community Endowment Campaign costs	66,840	66,840
Realized and unrealized loss (gain) on investments	3,107,744	(1,838,900)
Income earned on remainder trusts	-	(4,764)
Changes in operating net assets		
Accrued interest receivable	114,481	(8,105)
Sundry receivables	(48,832)	84,946
Prepaid expenses	(1,620)	(5,616)
Additions to deferred campaign costs	-	63,212
Deferred amounts	71,738	3,071
Accounts payable	97,434	(374)
Allocations payable	1,002,025	12,541
(Decrease) increase in managed funds	(220,567)	526,826
	<u>3,733,781</u>	<u>5,134,830</u>
Investing activities		
Additions to investments	(3,657,954)	(3,953,107)
Purchase of computer software	(22,641)	-
	<u>(3,680,595)</u>	<u>(3,953,107)</u>
Increase in cash and cash equivalents	53,186	1,181,723
Cash and cash equivalents, beginning of year	<u>1,513,226</u>	<u>331,503</u>
Cash and cash equivalents, end of year	<u>\$ 1,566,412</u>	<u>\$ 1,513,226</u>

THE OTTAWA JEWISH COMMUNITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007

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.

Allocations

The Foundation recognized 3.5% (2006 - 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.

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 will be provided at the following rate:

Computer system 5 years straight line

THE OTTAWA JEWISH COMMUNITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007

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

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.

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.

3. **Investments**

Investments of the Capital Fund are comprised as follows:

	2007	2006
Bonds	\$ 9,216,196	\$ 10,187,615
State of Israel Bonds	1,636,614	1,707,254
NHA mortgage-backed securities	167,843	358,531
Treasury bills	134,898	-
Promissory Note	879,100	879,100
Guaranteed Investment Certificates	1,458,094	16,400
Real Estate	-	2,009,264
Mutual Funds	86,450	89,588
Funds with money managers	28,383,367	26,164,901
	<u>\$ 41,962,562</u>	<u>\$ 41,412,653</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 \$7,389,683 (2006 - \$7,610,250) of assets managed on behalf other organizations (note 7).

THE OTTAWA JEWISH COMMUNITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007

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, 2007 the Foundation held 30.4% (2006 - 25.4%) 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 ladder 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.

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. **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 \$320,614 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 \$155,957 has been expensed in the accounts. The excess net allocation of \$65,000 has been included in deferred amounts.

THE OTTAWA JEWISH COMMUNITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007

6. Interfund advances

As at December 31, 2007, the Operating Fund has advanced \$46,635 to the Capital Fund.

7. Managed funds

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

8. 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 44 life insurance policies (2006 - 39) having a 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:

	2007	2006
Premiums due on policies	\$ 60,219	\$ 59,883
Funds received from life insured	48,766	48,430
	<hr/>	<hr/>
	11,453	11,453
Income appropriated from net earnings of a segregated fund	8,755	8,755
	<hr/>	<hr/>
Net expense to the Foundation	\$ 2,698	\$ 2,698

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

THE OTTAWA JEWISH COMMUNITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007

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

Gilbert Greenberg Education Fund insurance program

The Foundation is the named beneficiary of 35 life insurance policies (2006 - 36) having a 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:

	2007	2006
Premiums due on policies	\$ 12,407	\$ 14,321
Funds received from life insured	<u>2,141</u>	<u>2,274</u>
Net expense to the Foundation	<u>\$ 10,266</u>	<u>\$ 12,047</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 29 life insurance policies (2006 - 28) having a face value of \$3,844,513. 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:

	2007	2006
Premiums due on policies	\$ 18,856	\$ 18,254
Funds received from life insured	<u>4,386</u>	<u>4,313</u>
	14,470	13,941
Funds received from one specific endowment fund	<u>14,470</u>	<u>13,941</u>
Net expense to the Foundation	<u>\$ -</u>	<u>\$ -</u>

9. **Budget figures**

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

THE OTTAWA JEWISH COMMUNITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007

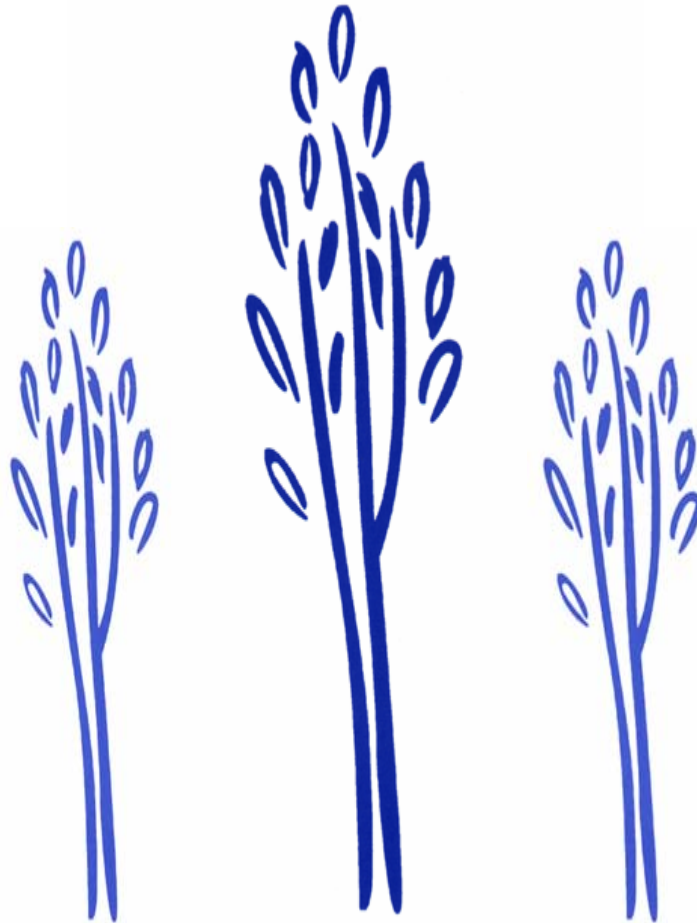
10. Investment income

Investment income is comprised as follows:

	2007	2006
Interest on corporate, government and Israel bonds and mutual funds	\$ 1,378,548	\$ 1,518,825
Interest on savings, term deposits, GIC's and treasury bills	20,178	69,088
Interest on NHA mortgage-backed securities	20,872	140,752
Interest on promissory note	59,400	61,930
Mutual fund distributions	677,813	181,563
Grants	25,000	25,000
Capital (losses) gains on investments	(3,107,744)	1,838,900
Trust unit income	8,755	8,755
	<u>(917,178)</u>	<u>3,844,813</u>
Less: investment counsel fees	(160,265)	(137,581)
Less: income designated for life insurance premiums	(8,755)	(8,755)
	<u>(1,086,198)</u>	<u>3,698,477</u>
Less: loss (income) allocated to Managed Funds	193,391	(716,320)
	<u>(892,807)</u>	<u>2,982,157</u>
Add: management fees (note 7)	38,384	67,358
	<u>\$ (854,423)</u>	<u>\$ 3,049,515</u>

11. Comparative figures

Certain 2006 comparative figures have been reclassified to conform with 2007 presentation.



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