

THE OTTAWA JEWISH COMMUNITY FOUNDATION

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2012

THE OTTAWA JEWISH COMMUNITY FOUNDATION

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DECEMBER 31, 2012

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INDEPENDENT AUDITOR'S 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 statements of financial position as at December 31, 2012, December 31, 2011 and January 1, 2011, and the statements of financial activities and net assets and cash flows for the years ended December 31, 2012 and December 31, 2011, 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 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 in our audits 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, 2012, December 31, 2011 and January 1, 2011, and the results of its operations and its cash flows for the years ended December 31, 2012 and December 31, 2011 in accordance with Canadian accounting standards for not-for-profit organizations.



GINSBERG GLUZMAN FAGE & LEVITZ, LLP
Chartered Accountants, Licensed Public Accountants
Ottawa,
May 8, 2013.

THE OTTAWA JEWISH COMMUNITY FOUNDATION

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2012

	2012	2011	Jan. 1, 2011
ASSETS			
Cash	\$ 1,917,777	\$ 1,940,368	\$ 875,130
Investments (note 4)	41,902,333	39,094,720	42,581,237
Remainder trust (note 5)	100,000	500,000	500,000
Interest receivable (note 4)	41,506	39,295	37,103
Sundry receivables	426,065	35,770	18,941
Prepaid expenses	8,779	6,721	11,483
Capital assets (note 6)	-	4,528	9,056
	<u>\$ 44,396,460</u>	<u>\$ 41,621,402</u>	<u>\$ 44,032,950</u>
LIABILITIES			
Accounts payable and accrued liabilities	\$ 262,058	\$ 268,332	\$ 187,086
Allocations payable	1,076,212	1,043,333	1,063,328
Deferred amounts (note 7)	71,102	73,431	77,566
	<u>1,409,372</u>	<u>1,385,096</u>	<u>1,327,980</u>
Managed funds (note 9)	<u>8,703,198</u>	<u>7,950,631</u>	<u>7,432,967</u>
	<u>10,112,570</u>	<u>9,335,727</u>	<u>8,760,947</u>
NET ASSETS			
Endowments	<u>34,283,890</u>	<u>32,285,675</u>	<u>35,272,003</u>
	<u>\$ 44,396,460</u>	<u>\$ 41,621,402</u>	<u>\$ 44,032,950</u>

Approved on behalf of the board:

_____ director

THE OTTAWA JEWISH COMMUNITY FOUNDATION
STATEMENT OF FINANCIAL ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2012

	2012 Budget				
	(Unaudited)	Operating	Capital	Total	Total
	(note 11)	Fund	Fund	2012	2011
Revenues					
Investment		\$ 3,429,547	\$ -	\$ 3,429,547	\$ (756,791)
Endowments and bequests		-	1,807,798	1,807,798	557,975
Donations		-	54,006	54,006	46,536
		<u>3,429,547</u>	<u>1,861,804</u>	<u>5,291,351</u>	<u>(152,280)</u>
Expenses					
Amortization of computer system	4,528	4,528	-	4,528	4,528
Bank, administrative and credit card charges	12,000	14,973	-	14,973	14,565
Computer costs and web design	7,000	1,856	-	1,856	1,456
Insurance	7,066	3,888	-	3,888	6,725
Insurance subsidy programs (note 10)	11,000	15,813	-	15,813	15,945
Occupancy costs	9,274	9,454	-	9,454	9,010
Postage	6,500	5,266	-	5,266	4,681
Printing, stationery and office	7,500	8,039	-	8,039	5,894
Professional fees	14,000	12,305	-	12,305	15,576
Promotion and public relations	45,000	45,074	-	45,074	29,458
Salaries and benefits	309,500	310,939	-	310,939	315,660
Telephone	1,650	901	-	901	884
Travel	6,200	1,243	-	1,243	6,261
Total expenses	<u>\$ 441,218</u>	<u>434,279</u>	<u>-</u>	<u>434,279</u>	<u>430,643</u>
Excess revenues over expenses		<u>2,995,268</u>	<u>1,861,804</u>	<u>4,857,072</u>	<u>(582,923)</u>
Allocation commitments		1,241,531	1,563,320	2,804,851	2,356,869
Other donations		-	54,006	54,006	46,536
		<u>1,241,531</u>	<u>1,617,326</u>	<u>2,858,857</u>	<u>2,403,405</u>
Net result for the year		1,753,737	244,478	1,998,215	(2,986,328)
Net assets, beginning of year		-	32,285,675	32,285,675	35,272,003
Interfund transfer		<u>(1,753,737)</u>	<u>1,753,737</u>	<u>-</u>	<u>-</u>
Net assets, end of year		<u>\$ -</u>	<u>\$34,283,890</u>	<u>\$34,283,890</u>	<u>\$32,285,675</u>

THE OTTAWA JEWISH COMMUNITY FOUNDATION

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2012

	2012	2011
CASH PROVIDED BY (USED IN)		
Operating activities		
Net result for the year	\$ 1,998,215	\$ (2,986,328)
Amortization of computer system	4,528	4,528
Realized and unrealized gains on investments	(2,975,467)	2,450,036
Changes in operating net assets		
Interest receivable	(2,211)	(2,192)
Sundry receivables	(390,295)	(16,829)
Prepaid expenses	(2,058)	4,763
Deferred amounts	(2,329)	(4,135)
Accounts payable and accrued liabilities	(6,268)	81,247
Allocations payable	32,879	(19,995)
Increase in managed funds	752,567	517,664
	<u>(590,439)</u>	<u>28,759</u>
Investing activities		
Net proceeds from investments	167,848	1,036,471
Decrease in remainder trusts	400,000	-
	<u>567,848</u>	<u>1,036,471</u>
(Decrease) increase in cash	(22,591)	1,065,230
Cash, beginning of year	1,940,368	875,138
Cash, end of year	\$ 1,917,777	\$ 1,940,368

THE OTTAWA JEWISH COMMUNITY FOUNDATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2012

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

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.

Cash and cash equivalents

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

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
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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.

THE OTTAWA JEWISH COMMUNITY FOUNDATION**NOTES TO FINANCIAL STATEMENTS****DECEMBER 31, 2012**

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

The Foundation recognized 3.5% (2011 - 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.

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

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 its investments, not including the State of Israel bonds, 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 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, 2012**

3. Adoption of accounting standards for not-for-profit organizations

Effective January 1, 2012, the organization adopted Canadian accounting standards for not-for-profit organizations (ASNPO). These are the organization's first financial statements prepared in accordance with this basis of accounting.

Except as noted below, the accounting policies set out in the significant accounting policy note have been applied retrospectively in preparing the financial statements for the years ended December 31, 2012, December 31, 2011 and the opening balance sheet at January 1, 2011 (the organization's date of transition).

The organization has made the following elections permitted on initial adoption of ASNPO:

- The organization has elected to carry its government and corporate bonds at fair value.

The organization issued financial statements for the year ended December 31, 2011 using Canadian generally accepted accounting principles prescribed by the CICA Handbook - Accounting XFI. The adoption of ASNPO had no material impact on the previously reported assets, liabilities and equity of the organization and accordingly no adjustments have been recorded in the comparative figures presented. Certain of the organization's disclosures included in these financial statements reflect the new disclosure requirements of ASNPO.

THE OTTAWA JEWISH COMMUNITY FOUNDATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2012

4. Investments

Investments of the Capital Fund are comprised as follows:

	2012	2011
Cash and equivalents	\$ 272,886	\$ 156,163
State of Israel bonds	1,002,030	964,583
Promissory note	-	699,794
Government bonds	4,528,768	7,736,187
Corporate bonds	8,598,151	5,285,513
Canadian equities	9,400,879	8,534,310
U.S. equities	9,869,405	8,842,628
Global equities	8,230,214	6,875,542
	<u>\$ 41,902,333</u>	<u>\$ 39,094,720</u>

The investments of the Capital Fund include \$8,703,198 (2011 - \$7,950,631) of assets managed on behalf of other organizations (note 9).

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, 2012 the Foundation held 42.8% (2011 - 41.2%) 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 \$248,076 were paid during the year (2011 - \$198,092).

THE OTTAWA JEWISH COMMUNITY FOUNDATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2012

5. Remainder trust - net

The Foundation is the named beneficiary of a charitable remainder trust. The initial gift to settle the trust was \$100,000. The trust operates as follows:

- a) during the lifetime of the Life Tenant Beneficiary, the annual net income of the trust is to be paid to the beneficiary.
- b) upon the death of the Life Tenant Beneficiary, the capital of the trust is to be paid to the Foundation.

6. Capital assets

	Cost	2012 Accumulated Amortization	Net Book Value
Computer system	\$ 22,641	\$ 22,641	\$ -

	Cost	2011 Accumulated Amortization	Net Book Value
Computer system	\$ 22,641	\$ 18,113	\$ 4,528

7. Deferred campaign costs

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.

8. Interfund advances

As at December 31, 2012, the Operating Fund has advanced \$32,881 to the Capital Fund.

9. 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, 2012

10. 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 50 life insurance policies having a face value of \$15,965,235 (2011 - 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:

	2012	2011
Premiums due on policies	\$ 75,305	\$ 74,956
Purchase of annuity to fund one policy	30,656	-
	<u>105,961</u>	<u>74,956</u>
Less: funds received from life insured	91,558	60,553
	14,403	14,403
Less: income appropriated from net earnings of a segregated fund	<u>8,755</u>	<u>8,755</u>
Net expense to the Foundation	<u>\$ 5,648</u>	<u>\$ 5,648</u>

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 36 life insurance policies having a face value of \$3,797,000 (2011 - 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:

	2012	2011
Premiums due on policies	\$ 12,914	\$ 12,434
Less: Funds received from life insured	<u>2,317</u>	<u>2,137</u>
Net expense to the Foundation	<u>\$ 10,597</u>	<u>\$ 10,297</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, 2012

10. **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 (2011 - 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:

	2012	2011
Premiums due on policies	\$ 19,276	\$ 20,397
Less: Funds received from life insured	<u>4,767</u>	<u>5,456</u>
	14,509	14,941
Less: Funds received from one specific endowment fund	<u>14,941</u>	<u>14,941</u>
Net income to the Foundation	<u>\$ (432)</u>	<u>\$ -</u>

11. **Budget figures**

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

THE OTTAWA JEWISH COMMUNITY FOUNDATION

SCHEDULE OF OPERATING AND CAPITAL FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2012

	Operating Fund	Capital Fund	2012 Total	2011 Total
ASSETS				
Cash	\$ 53,418	\$ 1,864,359	\$ 1,917,777	\$ 1,940,368
Investments	-	41,902,333	41,902,333	39,094,720
Remainder trusts	-	100,000	100,000	500,000
Interest receivable	41,506	-	41,506	39,295
Sundry receivables	35,449	390,616	426,065	35,770
Prepaid expenses	8,779	-	8,779	6,721
Interfund advances	32,881	(32,881)	-	-
Capital assets	-	-	-	4,528
	<u>\$ 172,033</u>	<u>\$44,224,427</u>	<u>\$44,396,460</u>	<u>\$41,621,402</u>
LIABILITIES				
Accounts payable	\$ 100,931	\$ 161,127	\$ 262,058	\$ 268,332
Allocations payable	-	1,076,212	1,076,212	1,043,333
Deferred amounts	71,102	-	71,102	73,431
	<u>172,033</u>	<u>1,237,339</u>	<u>1,409,372</u>	<u>1,385,096</u>
Managed funds	-	8,703,198	8,703,198	7,950,631
	<u>172,033</u>	<u>9,940,537</u>	<u>10,112,570</u>	<u>9,335,727</u>
NET ASSETS				
Endowments	-	34,283,890	34,283,890	32,285,675
	<u>\$ 172,033</u>	<u>\$44,224,427</u>	<u>\$44,396,460</u>	<u>\$41,621,402</u>