

Ottawa Jewish Community Foundation



FINANCIAL SUPPLEMENT

for the year ended December 31, 2005



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A GIFT FOREVER

Treasurer's Report, Allan Taylor

Dear Members of the Ottawa
Jewish Community Foundation



2005 was a tremendous year for the Foundation. Investment earnings for the year were 7.4%, based on the continued success of the Foundation's diversified investment program that allows the organization to achieve maximum annual earnings, but in a low risk environment appropriate to our circumstances.

Distributions from the Foundation were set at 3.5% of the average capital held by the Foundation. As a result, \$529,042 of earnings in excess of the distributions was added to capital to support allocations in future years. The audited financial statements attached show in greater detail the income and allocations made by the Foundation in 2005.

During 2005, a total of \$2,700,679 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 \$2,051,923. A listing of these grants is included in the financial supplement. Capital funds held by the Foundation at December 31, 2005 total \$36,779,063, 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 Audit and Finance 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, 2005 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, 2005 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
Ottawa,
March 30, 2006.

THE OTTAWA JEWISH COMMUNITY FOUNDATION

BALANCE SHEET

AS AT DECEMBER 31, 2005

	Operating Fund	Capital Fund	2005 Total	2004 Total
ASSETS				
Cash	\$ 219,681	\$ 111,822	\$ 331,503	\$ 1,759,505
Investments (note 3)	-	35,687,485	35,687,485	31,276,211
Remainder trusts (note 4)	-	495,236	495,236	478,290
Accrued interest receivable	148,745	-	148,745	147,737
Sundry receivables	95,850	8,205	104,055	45,942
Prepaid expenses	2,833	-	2,833	5,270
Deferred campaign costs - net (note 5)	129,751	-	129,751	85,353
Interfund advances (note 6)	(476,315)	476,315	-	-
	<u>\$ 120,545</u>	<u>\$36,779,063</u>	<u>\$36,899,608</u>	<u>\$33,798,308</u>
LIABILITIES				
Accounts payable	\$ 95,800	\$ -	\$ 95,800	\$ 131,213
Allocations payable	19,449	-	19,449	19,358
Deferred revenue	5,296	-	5,296	-
	120,545	-	120,545	150,571
Managed funds (note 7)	-	7,083,424	7,083,424	6,298,377
	<u>120,545</u>	<u>7,083,424</u>	<u>7,203,969</u>	<u>6,448,948</u>
NET ASSETS				
Endowments	-	29,695,639	29,695,639	27,349,360
	<u>\$ 120,545</u>	<u>\$36,779,063</u>	<u>\$36,899,608</u>	<u>\$33,798,308</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, 2005

	2005 Budget (Unaudited) (Note 9)	Operating Fund	Capital Fund	Total 2005	Total 2004
Income					
Investment (note 10)		\$ 2,070,786	\$ -	\$ 2,070,786	\$ 1,661,102
Endowments and bequests		-	2,700,679	2,700,679	7,948,072
		<u>2,070,786</u>	<u>2,700,679</u>	<u>4,771,465</u>	<u>9,609,174</u>
Expenses					
Amortization of capital endowment campaign	\$ 22,500	22,277	-	22,277	-
Amortization of computer system	2,000	-	-	-	6,833
Bank, administrative and credit card charges	9,000	11,524	-	11,524	10,469
Computer equipment (recovery)	2,000	(4,147)	-	(4,147)	446
Fundraising events and programs	84,000	43,229	-	43,229	2,431
Insurance	6,300	5,935	-	5,935	5,940
Insurance subsidy program (note 8)	16,000	12,448	-	12,448	13,898
Occupancy costs	7,600	7,413	-	7,413	7,200
Postage	7,000	7,121	-	7,121	5,232
Printing, stationery and office	10,000	6,913	-	6,913	7,906
Professional fees	10,000	13,330	-	13,330	13,889
Promotion and public relations	31,500	29,001	-	29,001	32,115
Salaries and benefits	231,500	216,588	-	216,588	225,937
Telephone	1,500	1,537	-	1,537	1,569
Travel	600	94	-	94	103
Total expenses	<u>\$ 441,500</u>	<u>373,263</u>	<u>-</u>	<u>373,263</u>	<u>333,968</u>
Net earnings		1,697,523	2,700,679	4,398,202	9,275,206
Allocation commitments (note 11)		<u>1,168,481</u>	<u>883,442</u>	<u>2,051,923</u>	<u>1,728,922</u>
Net result for the year		529,042	1,817,237	2,346,279	7,546,284
Net assets, beginning of year		-	27,349,360	27,349,360	19,803,076
Interfund transfer (note 2)		<u>(529,042)</u>	<u>529,042</u>	<u>-</u>	<u>-</u>
Net assets, end of year		<u>\$ -</u>	<u>\$29,695,639</u>	<u>\$29,695,639</u>	<u>\$27,349,360</u>

THE OTTAWA JEWISH COMMUNITY FOUNDATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2005

	2005	2004
CASH PROVIDED BY (USED IN)		
Operating activities		
Net result for the year	\$ 2,346,279	\$ 7,546,284
Amortization of capital endowment campaign costs	22,277	-
Realized and unrealized gain on investments	(378,846)	(735,832)
Income earned on remainder trusts	(16,945)	(16,165)
Changes in operating net assets		
Accrued interest receivable	(1,008)	2,250
Sundry receivables	(58,113)	25,137
Prepaid expenses	2,437	4,204
Additions to deferred campaign costs	(66,675)	(85,353)
Deferred income	5,296	-
Accounts payable	(35,413)	58,327
Allocation payable	91	647
Additions to managed funds	785,047	188,867
	<u>2,604,427</u>	<u>6,988,366</u>
Investing activities		
Increase in investments	<u>(4,032,429)</u>	<u>(5,853,058)</u>
(Decrease) increase in cash and cash equivalents	<u>(1,428,002)</u>	<u>1,135,308</u>
Cash and cash equivalents, beginning of year	<u>1,759,505</u>	<u>624,197</u>
Cash and cash equivalents, end of year	<u>\$ 331,503</u>	<u>\$ 1,759,505</u>

THE OTTAWA JEWISH COMMUNITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2005

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.

Gains or losses 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% (2004 - 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.

Investments

All investments are considered to be long-term and are recorded at market value.

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.

THE OTTAWA JEWISH COMMUNITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2005

3. Investments

Investments of the Capital Fund are comprised as follows:

	2005	2004
Bonds	\$ 11,185,979	\$ 9,994,179
State of Israel Bonds	1,715,075	1,524,196
NHA mortgage-backed securities	1,638,256	1,881,031
Promissory Note	971,100	1,120,000
Guaranteed Investment Certificates	128,600	36,966
Treasury bills	-	589,305
Stocks	124,202	91,548
Funds with money managers	<u>19,924,273</u>	<u>16,038,986</u>
	<u>\$ 35,687,485</u>	<u>\$ 31,276,211</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 \$7,083,424 (2004- \$6,298,377) of assets managed on behalf of another organization (note 7).

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, 2005 the Foundation held 15.6% (2004 - 13.4%) of its investments in securities subject to foreign currency exposure.

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

THE OTTAWA JEWISH COMMUNITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2005

4. Remainder trusts

The Foundation is 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.

In the year, the amount of \$16,946 (2004 - \$16,164) was recorded as an increase in the original trusts and as an endowment to represent an adjustment to the current present value of those gifts.

5. Deferred campaign costs - net

In the summer of 2004, the Foundation launched a new capital endowment campaign. The budgeted costs for the campaign are \$391,405, of which \$304,055 have been incurred to date. The Jewish Federation of Ottawa has agreed to pay half of the expenses incurred for the campaign by way of an allocation and, therefore, \$152,027 has been applied against the cost.

The net costs of the campaign will be deferred and amortized over a three year period. Expenses for the current year's campaign are being amortized commencing July 1, 2005 and expenses relating to the 2006 campaign will commence amortization January 1, 2006.

6. Interfund advances

As at December 31, 2005, the Capital Fund has advanced \$476,315 to the Operating Fund.

7. Managed funds

The Foundation manages funds on behalf of another organization for which it receives a management fee.

THE OTTAWA JEWISH COMMUNITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2005

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 the named beneficiary of 39 life insurance policies (2004 - 37) having a face value of \$12,723,487 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:

	2005	2004
Premiums due on policies	\$ 63,902	\$ 62,668
Funds received from life insured	<u>52,449</u>	<u>51,215</u>
	11,453	11,453
Income appropriated from net earnings of a segregated fund	<u>8,755</u>	<u>8,755</u>
Net expense to the Foundation	<u>\$ 2,698</u>	<u>\$ 2,698</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 38 life insurance policies (2004 - 37) having a face value of \$4,047,000. 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:

	2005	2004
Premiums due on policies	\$ 14,085	\$ 14,106
Funds received from life insured	<u>4,335</u>	<u>2,906</u>
Net expense to the Foundation	<u>\$ 9,750</u>	<u>\$ 11,200</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, 2005

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

Perpetual Annual Campaign Endowed insurance program

The Foundation is the named beneficiary of 29 life insurance policies (2004 - 30) having a face value of \$3,892,513. 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:

	2005	2004
Premiums due on policies	\$ 18,804	\$ 19,373
Funds received from one specific endowment fund	18,804	19,373
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Net expense to the Foundation	\$ -	\$ -
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9. **Budget figures**

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

10. **Investment income**

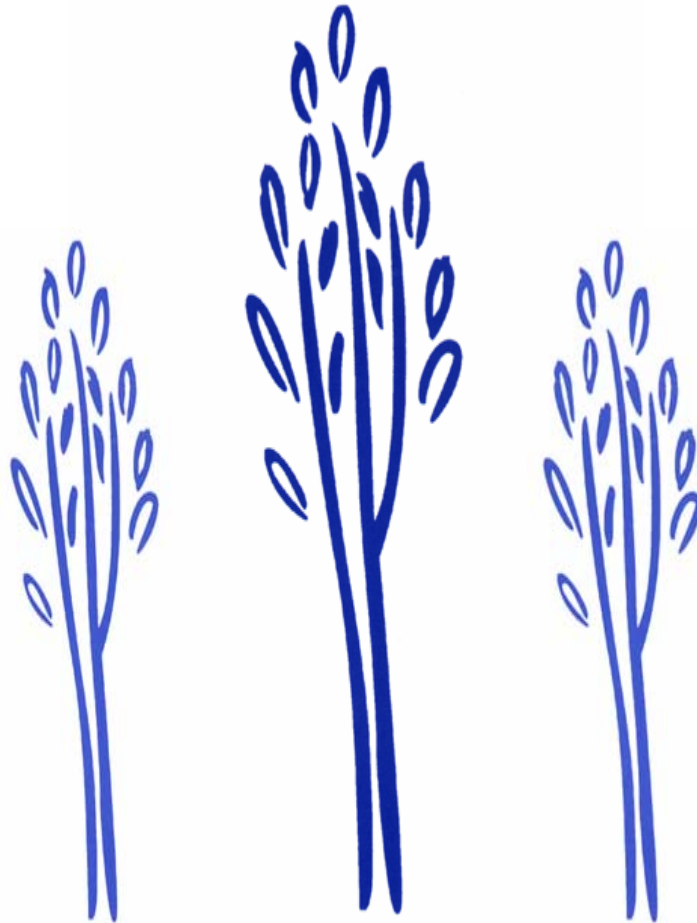
Investment income is comprised as follows:

	2005	2004
Interest on corporate, government and Israel bonds and mutual funds	\$ 1,553,987	\$ 1,028,258
Interest on savings, term deposits, GIC's and treasury bills	5,589	9,464
Interest on NHA mortgage-backed securities	101,572	119,332
Interest on promissory note	71,100	105,638
Dividend income	532,598	172,148
Grants	25,000	25,000
Capital gains on investments	334,075	715,120
Trust unit income	8,755	8,755
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	2,632,676	2,183,715
Less: investment counsel fees	(122,043)	(102,089)
Less: income designated for life insurance premiums	(8,755)	(8,755)
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	2,501,878	2,072,871
Less: income allocated to Managed Funds	(493,570)	(478,406)
	<hr/>	<hr/>
	2,008,308	1,594,465
Add: management fees (note 7)	62,478	66,637
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	\$ 2,070,786	\$ 1,661,102
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THE OTTAWA JEWISH COMMUNITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2005

11. Allocation commitments

Allocation commitments are made from net earnings of the Operating Fund to the extent of net earnings available. The excess of net earnings over allocation commitments has been transferred to the Capital Fund.



The Ottawa Jewish Community Foundation

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