

THE OTTAWA JEWISH COMMUNITY FOUNDATION

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2011

THE OTTAWA JEWISH COMMUNITY FOUNDATION

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DECEMBER 31, 2011

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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 balance sheet as at December 31, 2011, 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, 2011, 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,
May 2, 2012.

THE OTTAWA JEWISH COMMUNITY FOUNDATION

BALANCE SHEET

AS AT DECEMBER 31, 2011

	Operating Fund	Capital Fund	2011 Total	2010 Total
ASSETS				
Cash	\$ 89,941	\$ 1,850,427	\$ 1,940,368	\$ 875,130
Investments (note 3)	-	39,094,720	39,094,720	42,581,237
Remainder trusts (note 4)	-	500,000	500,000	500,000
Accrued interest receivable (note 3)	39,295	-	39,295	37,103
Sundry receivables	35,770	-	35,770	18,941
Prepaid expenses	6,721	-	6,721	11,483
Interfund advances (note 7)	(8,572)	8,572	-	-
Capital assets (note 5)	4,528	-	4,528	9,056
	<u>\$ 167,683</u>	<u>\$41,453,719</u>	<u>\$41,621,402</u>	<u>\$44,032,950</u>
LIABILITIES				
Accounts payable	\$ 94,252	\$ 174,080	\$ 268,332	\$ 187,086
Allocations payable	-	1,043,333	1,043,333	1,063,328
Deferred amounts (note 6)	73,431	-	73,431	77,566
	<u>167,683</u>	<u>1,217,413</u>	<u>1,385,096</u>	<u>1,327,980</u>
Managed funds (notes 3 and 8)	-	7,950,631	7,950,631	7,432,967
	<u>167,683</u>	<u>9,168,044</u>	<u>9,335,727</u>	<u>8,760,947</u>
NET ASSETS				
Endowments	-	32,285,675	32,285,675	35,272,003
	<u>\$ 167,683</u>	<u>\$41,453,719</u>	<u>\$41,621,402</u>	<u>\$44,032,950</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, 2011

	2011 Budget				
	(Unaudited)	Operating	Capital	Total	Total
	(note 10)	Fund	Fund	2011	2010
Income					
Investment		\$ (756,791)	\$ -	\$ (756,791)	\$ 2,113,252
Endowments and bequests		-	557,975	557,975	671,492
Donations		-	46,536	46,536	285,964
		<u>(756,791)</u>	<u>604,511</u>	<u>(152,280)</u>	<u>3,070,708</u>
Expenses					
Amortization of computer system	4,528	4,528	-	4,528	4,528
Bank, administrative and credit card charges	12,000	14,565	-	14,565	8,280
Computer costs and web design	7,000	1,456	-	1,456	16,495
Insurance	6,860	6,725	-	6,725	6,725
Insurance subsidy programs (note 9)	11,000	15,945	-	15,945	15,945
Occupancy costs	9,004	9,010	-	9,010	8,662
Postage	6,500	4,681	-	4,681	5,629
Printing, stationery and office	7,500	5,894	-	5,894	9,617
Professional fees	14,000	15,576	-	15,576	12,063
Promotion and public relations	43,500	29,458	-	29,458	44,644
Salaries and benefits	305,000	315,660	-	315,660	306,182
Telephone	1,650	884	-	884	1,539
Travel	6,200	6,261	-	6,261	304
Total expenses	<u>\$ 434,742</u>	<u>430,643</u>	<u>-</u>	<u>430,643</u>	<u>440,613</u>
Net earnings		<u>(1,187,434)</u>	<u>604,511</u>	<u>(582,923)</u>	<u>2,630,095</u>
Allocation commitments		-	2,356,869	2,356,869	1,799,231
Other donations		-	46,536	46,536	285,964
		<u>-</u>	<u>2,403,405</u>	<u>2,403,405</u>	<u>2,085,195</u>
Net result for the year		<u>(1,187,434)</u>	<u>(1,798,894)</u>	<u>(2,986,328)</u>	<u>544,900</u>
Net assets, beginning of year		-	35,272,003	35,272,003	34,727,103
Interfund transfer		<u>1,187,434</u>	<u>(1,187,434)</u>	<u>-</u>	<u>-</u>
Net assets, end of year		<u>\$ -</u>	<u>\$32,285,675</u>	<u>\$32,285,675</u>	<u>\$35,272,003</u>

THE OTTAWA JEWISH COMMUNITY FOUNDATION

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2011

	2011	2010
CASH PROVIDED BY (USED IN)		
Operating activities		
Net result for the year	\$ (2,986,328)	\$ 544,900
Amortization of computers	4,528	4,528
Realized and unrealized gains on investments	2,450,036	(1,298,218)
Changes in operating net assets		
Accrued interest receivable	(2,192)	(4,935)
Sundry receivables	(16,829)	(7,062)
Prepaid expenses	4,763	(1,534)
Deferred amounts	(4,134)	(3,928)
Amounts payable	81,254	(1,464)
Allocations payable	(19,995)	107,744
Increase in managed funds	517,664	328,062
	28,767	(331,907)
Investing activities		
Net proceeds from (purchases of) investments	1,036,471	(749,584)
Increase (decrease) in cash	1,065,238	(1,081,491)
Cash, beginning of year	875,130	1,956,621
Cash, end of year	\$ 1,940,368	\$ 875,130

THE OTTAWA JEWISH COMMUNITY FOUNDATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2011

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.

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 company's financial instruments approximates their fair value, except for specific bonds where fair values are not readily obtainable in which case these bonds are carried at cost plus accrued interest which is assumed to approximate fair value. Unless otherwise noted, it is management's opinion that the company 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.

THE OTTAWA JEWISH COMMUNITY FOUNDATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2011

2. Significant accounting policies (continued)

Allocations

The Foundation recognized 3.5% (2010 - 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 has been provided at the following rate:

Computer system	5 years straight line
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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 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 earnings in the period in which they become known.

THE OTTAWA JEWISH COMMUNITY FOUNDATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2011

3. Investments

Investments of the Capital Fund are comprised as follows:

	2011	2010
Cash and equivalents	\$ 156,163	\$ 755,181
State of Israel bonds	964,583	1,086,995
Promissory note	699,794	757,006
Government bonds	7,736,187	8,119,644
Corporate bonds	5,285,513	5,046,879
Canadian equities	8,534,310	8,592,102
U.S. equities	8,842,628	7,268,604
Global equities	6,875,542	10,954,826
	<u>\$ 39,094,720</u>	<u>\$ 42,581,237</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.

The investments of the Capital Fund include \$7,950,631 (2010 - \$7,432,967) of assets managed on behalf of other organizations (note 8).

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, 2011 the Foundation held 41.2% (2010 - 45.7%) 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 \$198,092 were paid during the year (2010 - \$172,835).

THE OTTAWA JEWISH COMMUNITY FOUNDATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2011

4. Remainder trusts - net

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

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

6. 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.

7. Interfund advances

As at December 31, 2011, the Capital Fund has advanced \$8,572 to the Operating Fund.

8. 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, 2011

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 (2010 - 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:

	2011	2010
Premiums due on policies	\$ 74,956	\$ 78,439
Less: funds received from life insured	<u>60,553</u>	<u>64,036</u>
	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 (2010 - 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:

	2011	2010
Premiums due on policies	\$ 12,434	\$ 12,434
Less: Funds received from life insured	<u>2,137</u>	<u>2,137</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.

THE OTTAWA JEWISH COMMUNITY FOUNDATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2011

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 (2010 - 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:

	2011	2010
Premiums due on policies	\$ 20,397	\$ 18,924
Less: Funds received from life insured	<u>5,456</u>	<u>3,983</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.