

THE OTTAWA JEWISH COMMUNITY FOUNDATION

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2014

THE OTTAWA JEWISH COMMUNITY FOUNDATION

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DECEMBER 31, 2014

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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 statement of financial position as at December 31, 2014, 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 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 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, 2014, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.



GINSBERG GLUZMAN FAGE & LEVITZ, LLP
Chartered Accountants, Licensed Public Accountants
Ottawa,
April 15, 2015

THE OTTAWA JEWISH COMMUNITY FOUNDATION

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2014

	2014	2013
ASSETS		
Cash	\$ 966,876	\$ 412,614
Investments (note 3)	51,607,726	50,687,751
Interest receivable	53,022	46,090
Sundry receivables	83,084	92,397
Prepaid expenses	20,083	15,849
	<u>\$ 52,730,791</u>	<u>\$ 51,254,701</u>
LIABILITIES		
Accounts payable and accrued liabilities	\$ 376,611	\$ 715,895
Allocations payable	1,365,561	1,204,145
Deferred amounts (note 4)	71,102	72,018
	<u>1,813,274</u>	<u>1,992,058</u>
Managed funds (note 6)	<u>8,450,525</u>	<u>8,835,862</u>
	<u>10,263,799</u>	<u>10,827,920</u>
NET ASSETS		
Endowments	<u>42,466,992</u>	<u>40,426,781</u>
	<u>\$ 52,730,791</u>	<u>\$ 51,254,701</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, 2014

	2014 Budget				
	(Unaudited)	Operating	Capital	Total	Total
	(note 8)	Fund	Fund	2014	2013
Revenues					
Investment		\$ 3,559,420	\$ -	\$ 3,559,420	\$ 6,844,780
Endowments and bequests		-	497,819	497,819	1,389,568
Donations		-	344,847	344,847	29,478
		<u>3,559,420</u>	<u>842,666</u>	<u>4,402,086</u>	<u>8,263,826</u>
Expenses					
Bank, administrative and credit card charges	\$ 12,000	15,387	-	15,387	13,566
Computer costs and web design	4,000	3,300	-	3,300	21,020
Insurance	3,966	3,888	-	3,888	3,888
Insurance subsidy programs (note 7)	10,200	17,724	-	17,724	16,502
Occupancy costs	9,829	9,903	-	9,903	9,703
Postage	6,500	6,875	-	6,875	5,674
Printing, stationery and office	7,500	9,240	-	9,240	8,905
Professional fees	15,000	7,400	-	7,400	16,111
Promotion and public relations	43,000	30,107	-	30,107	36,289
Salaries and benefits	378,700	367,395	-	367,395	330,436
Telephone	1,300	2,806	-	2,806	1,674
Travel	10,000	134	-	134	444
Total expenses	<u>\$ 501,995</u>	<u>474,159</u>	<u>-</u>	<u>474,159</u>	<u>464,212</u>
Excess revenues over expenses		<u>3,085,261</u>	<u>842,666</u>	<u>3,927,927</u>	<u>7,799,614</u>
Allocation commitments		1,543,315	-	1,543,315	1,627,245
Other donations		-	344,401	344,401	29,478
		<u>1,543,315</u>	<u>344,401</u>	<u>1,887,716</u>	<u>1,656,723</u>
Net result for the year		1,541,946	498,265	2,040,211	6,142,891
Net assets, beginning of year		-	40,426,781	40,426,781	34,283,890
Interfund transfer		<u>(1,541,946)</u>	<u>1,541,946</u>	<u>-</u>	<u>-</u>
Net assets, end of year		<u>\$ -</u>	<u>\$42,466,992</u>	<u>\$42,466,992</u>	<u>\$40,426,781</u>

THE OTTAWA JEWISH COMMUNITY FOUNDATION

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2014

	2014	2013
CASH PROVIDED BY (USED IN)		
Operating activities		
Net result for the year	\$ 2,040,211	\$ 6,142,891
Realized and unrealized gains on investments	(2,800,529)	(7,592,363)
Changes in operating net assets		
Interest receivable	(6,931)	(4,585)
Sundry receivables	9,313	333,669
Prepaid expenses	(4,234)	(7,070)
Accounts payable and accrued liabilities	(339,281)	453,834
Allocations payable	161,416	127,933
Deferred amounts	(917)	917
Managed funds	(385,338)	132,664
	<u>(1,326,290)</u>	<u>(412,110)</u>
Investing activities		
Net proceeds from (purchases of) investments	1,880,552	(1,193,053)
Decrease in remainder trusts	-	100,000
	<u>1,880,552</u>	<u>(1,093,053)</u>
Increase (decrease) in cash	554,262	(1,505,163)
Cash, beginning of year	<u>412,614</u>	<u>1,917,777</u>
Cash, end of year	<u>\$ 966,876</u>	<u>\$ 412,614</u>

THE OTTAWA JEWISH COMMUNITY FOUNDATION**NOTES TO FINANCIAL STATEMENTS****DECEMBER 31, 2014**

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.

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, 2014**

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

The Foundation recognized 3.5% (2013 - 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, 2014

3. Investments

Investments of the Capital Fund are comprised as follows:

	2014	2013
Cash and equivalents	\$ 1,562,398	\$ 1,024,977
Corporate bonds	13,446,242	8,549,418
Government bonds	5,243,763	5,501,324
State of Israel bonds	1,021,111	1,009,965
Canadian equities	9,321,550	9,857,026
U.S. equities	9,647,059	10,917,646
Global equities	8,968,060	11,422,140
Alternative investments	2,397,543	2,405,255
	<u>\$ 51,607,726</u>	<u>\$ 50,687,751</u>

The investments of the Capital Fund include \$8,450,525 (2013 - \$8,835,862) of assets managed on behalf of other organizations (note 6).

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, 2014 the Foundation held 45.1% (2013 - 48.1%) 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 \$217,492 were paid during the year (2013 - \$690,578) and are recognized as a reduction of investment income.

THE OTTAWA JEWISH COMMUNITY FOUNDATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2014

4. 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.

5. Interfund advances

As at December 31, 2014, the Operating Fund has advanced \$28,242 (2013 - \$402,105) to the Capital Fund. These advances are non-interest bearing with no specified terms of repayment.

6. Managed funds

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

7. 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 \$14,954,820 (2013 - 47 policies with face value of \$14,754,820). 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:

	2014	2013
Premiums due on policies	\$ 70,087	\$ 74,697
Less: funds received from life insured	54,184	60,294
	<u>15,903</u>	<u>14,403</u>
Less: income appropriated from net earnings of a segregated fund	8,755	8,755
	<u>7,148</u>	<u>5,648</u>
Net expense to the Foundation	\$ 7,148	\$ 5,648

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, 2014

7. Insurance subsidy programs (continued)

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 (2013 - 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:

	2014	2013
Premiums due on policies	\$ 12,624	\$ 12,388
Less: Funds received from life insured	2,042	1,853
Net expense to the Foundation	\$ 10,582	\$ 10,535

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 30 life insurance policies having a face value of \$3,944,513 (2013 - 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:

	2014	2013
Premiums due on policies	\$ 20,727	\$ 20,027
Less: Funds received from life insured	5,472	4,767
	15,255	15,260
Less: Funds received from one specific endowment fund	15,261	14,941
Net expense (income) to the Foundation	\$ (6)	\$ 319

8. Budget figures

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

THE OTTAWA JEWISH COMMUNITY FOUNDATION

STATEMENT OF FINANCIAL POSITION BY FUND

FOR THE YEAR ENDED DECEMBER 31, 2014

	Operating Fund	Capital Fund	2014 Total	2013 Total
ASSETS				
Cash	\$ 73,082	\$ 893,794	\$ 966,876	\$ 412,614
Investments	-	51,607,726	51,607,726	50,687,751
Interest receivable	53,022	-	53,022	46,090
Sundry receivables	83,084	-	83,084	92,397
Prepaid expenses	20,083	-	20,083	15,849
Interfund advances (note 5)	28,242	(28,242)	-	-
	<u>\$ 257,513</u>	<u>\$52,473,278</u>	<u>\$52,730,791</u>	<u>\$51,254,701</u>
LIABILITIES				
Accounts payable and accrued liabilities	\$ 186,411	\$ 190,200	\$ 376,611	\$ 715,895
Allocations payable	-	1,365,561	1,365,561	1,204,145
Deferred amounts	71,102	-	71,102	72,018
	<u>257,513</u>	<u>1,555,761</u>	<u>1,813,274</u>	<u>1,992,058</u>
Managed funds	-	8,450,525	8,450,525	8,835,862
	<u>257,513</u>	<u>10,006,286</u>	<u>10,263,799</u>	<u>10,827,920</u>
NET ASSETS				
Endowments	-	42,466,992	42,466,992	40,426,781
	<u>\$ 257,513</u>	<u>\$52,473,278</u>	<u>\$52,730,791</u>	<u>\$51,254,701</u>