



THE OTTAWA JEWISH COMMUNITY FOUNDATION

Financial Statements
For The Year Ended December 31, 2016

THE OTTAWA JEWISH COMMUNITY FOUNDATION

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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, 2016, 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, 2016, 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 Professional Accountants, Licensed Public Accountants

Ottawa,

May 24, 2017

THE OTTAWA JEWISH COMMUNITY FOUNDATION

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2016

	2016	2015
ASSETS		
Cash	\$ 522,530	\$ 351,447
Investments (note 3)	59,513,321	53,909,094
Interest receivable	5,323	7,836
Sundry receivables	146,125	82,625
Prepaid expenses	7,655	23,755
	<u>60,194,954</u>	<u>54,374,757</u>
Capital assets (note 4)	<u>74,457</u>	<u>-</u>
	<u>\$ 60,269,411</u>	<u>\$ 54,374,757</u>
LIABILITIES		
Accounts payable and accrued liabilities	\$ 525,908	\$ 567,383
Allocations payable	1,539,010	1,455,821
Deferred amounts	14,438	29,670
	<u>2,079,356</u>	<u>2,052,874</u>
Managed funds (note 6)	<u>7,990,935</u>	<u>8,141,265</u>
	<u>10,070,291</u>	<u>10,194,139</u>
NET ASSETS		
Endowments	<u>50,199,120</u>	<u>44,180,618</u>
	<u>\$ 60,269,411</u>	<u>\$ 54,374,757</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, 2016

	2016 Budget (Unaudited) (note 8)	Operating Fund	Capital Fund	Total 2016	Total 2015
Revenues					
Investment income - net		\$ 4,561,391	\$ -	\$ 4,561,391	\$ 1,687,465
Endowments and bequests		-	3,652,351	3,652,351	2,172,635
Donations		-	362,795	362,795	649,732
		<u>4,561,391</u>	<u>4,015,146</u>	<u>8,576,537</u>	<u>4,509,832</u>
Expenses					
Amortization	\$ 4,286	-	-	-	-
Bank, administrative and credit card charges	15,000	12,346	-	12,346	14,993
Computer costs and web design	7,000	5,729	-	5,729	1,996
Insurance	4,918	4,822	-	4,822	4,822
Insurance subsidy programs (note 7)	17,700	18,292	-	18,292	18,835
Occupancy costs	10,336	11,253	-	11,253	10,335
Postage	7,000	5,962	-	5,962	6,155
Printing, stationery and office	7,500	6,452	-	6,452	6,317
Professional fees	15,500	15,071	-	15,071	14,552
Promotion and public relations	41,100	31,597	-	31,597	32,488
Salaries and benefits	401,300	384,986	-	384,986	381,492
Telephone	1,500	2,844	-	2,844	2,958
Travel	4,500	819	-	819	4,926
Total expenses	<u>\$ 537,640</u>	<u>500,173</u>	<u>-</u>	<u>500,173</u>	<u>499,869</u>
Excess revenues over expenses		<u>4,061,218</u>	<u>4,015,146</u>	<u>8,076,364</u>	<u>4,009,963</u>
Allocation commitments		1,535,065	164,293	1,699,358	1,648,044
Other donations		-	358,504	358,504	648,293
		<u>1,535,065</u>	<u>522,797</u>	<u>2,057,862</u>	<u>2,296,337</u>
Net result for the year		2,526,153	3,492,349	6,018,502	1,713,626
Net assets, beginning of year		-	44,180,618	44,180,618	42,466,992
Interfund transfer		<u>(2,526,153)</u>	<u>2,526,153</u>	<u>-</u>	<u>-</u>
Net assets, end of year		<u>\$ -</u>	<u>\$50,199,120</u>	<u>\$50,199,120</u>	<u>\$44,180,618</u>

THE OTTAWA JEWISH COMMUNITY FOUNDATION

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2016

	2016	2015
CASH PROVIDED BY (USED IN)		
Operating activities		
Net result for the year	\$ 6,018,502	\$ 1,713,626
Realized and unrealized (gains) losses on investments	(3,383,057)	67,670
Changes in operating net assets		
Interest receivable	2,513	45,186
Sundry receivables	(63,500)	12,887
Prepaid expenses	16,100	(16,100)
Accounts payable and accrued liabilities	(41,472)	190,772
Allocations payable	83,189	90,260
Deferred amounts	(15,232)	(41,432)
Managed funds	(150,330)	(309,260)
	<u>2,466,713</u>	<u>1,753,609</u>
Investing activities		
Net purchases of investments	(2,221,173)	(2,369,038)
Purchase of computer system	(74,457)	-
	<u>(2,295,630)</u>	<u>(2,369,038)</u>
Increase (decrease) in cash	171,083	(615,429)
Cash, beginning of year	<u>351,447</u>	<u>966,876</u>
Cash, end of year	<u>\$ 522,530</u>	<u>\$ 351,447</u>

THE OTTAWA JEWISH COMMUNITY FOUNDATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016

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

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following 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.

Allocations

The Foundation recognizes 3.5% (2015 - 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.

THE OTTAWA JEWISH COMMUNITY FOUNDATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016

2. Significant accounting policies (continued)

Revenue recognition

The organization follows the restricted fund method of accounting for contributions. Restricted contributions, including endowments and bequests, are recognized as revenue of the Capital Fund in the year received.

Unrestricted contributions are recognized in revenue of the Operating Fund in the year received.

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.

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. Subsequent to initial measurement financial assets and liabilities are measured at fair value. Changes in fair value are 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, 2016

3. Investments

Investments of the Capital Fund are comprised as follows:

	2016	2015
Cash equivalents	\$ 2,551,068	\$ 1,155,045
Corporate bonds	14,419,551	14,622,730
Government bonds	3,854,140	3,949,982
State of Israel bonds	1,105,082	1,109,852
Canadian equities	11,404,053	9,058,280
U.S. equities	11,327,243	5,254,077
Global equities	6,845,205	13,368,495
Alternative investments	8,006,979	5,390,633
	<u>\$ 59,513,321</u>	<u>\$ 53,909,094</u>

Allocated as follows:

	2016	2015
Ottawa Jewish Community Foundation	\$ 51,522,386	\$ 45,767,829
Managed funds (note 6)	<u>7,990,935</u>	<u>8,141,265</u>
	<u>\$ 59,513,321</u>	<u>\$ 53,909,094</u>

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, 2016, the Foundation held 30.5% (2015 - 34.5%) 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 \$288,733 were paid during the year (2015 - \$378,186) and are recognized as a reduction of investment income.

THE OTTAWA JEWISH COMMUNITY FOUNDATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016

4. Capital assets

	Cost	2016 Accumulated Amortization	Net Book Value
Computer system - under development	\$ 74,457	\$ -	\$ 74,457

5. Interfund advances

As at December 31, 2016, the Operating Fund has advanced \$54,830 (2015 - \$146,047) 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 52 life insurance policies having a face value of \$15,622,095 (2015 - 51 policies with face value of \$15,522,095). The activities of this program for the year are as follows:

	2016	2015
Premiums due on policies	\$ 75,809	\$ 73,295
Less: funds received from life insured	<u>60,212</u>	<u>57,392</u>
	15,597	15,903
Less: income appropriated from net earnings of a segregated fund	<u>8,755</u>	<u>8,755</u>
Net expense to the Foundation	<u>\$ 6,842</u>	<u>\$ 7,148</u>

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

THE OTTAWA JEWISH COMMUNITY FOUNDATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016

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 (2015 - 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:

	2016	2015
Premiums due on policies	\$ 12,914	\$ 12,914
Less: funds received from life insured	<u>2,153</u>	<u>1,916</u>
Net expense to the Foundation	<u>\$ 10,761</u>	<u>\$ 10,998</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 30 life insurance policies having a face value of \$3,944,513 (2015 - 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:

	2016	2015
Premiums due on policies	\$ 20,397	\$ 20,397
Less: funds received from life insured	<u>4,766</u>	<u>4,766</u>
	15,631	15,631
Less: funds received from one specific endowment fund	<u>14,942</u>	<u>14,942</u>
Net expense to the Foundation	<u>\$ 689</u>	<u>\$ 689</u>

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, 2016

	Operating Fund	Capital Fund	2016 Total	2015 Total
ASSETS				
Cash	\$ 78,314	\$ 444,216	\$ 522,530	\$ 351,447
Investments	-	59,513,321	59,513,321	53,909,094
Interest receivable	5,323	-	5,323	7,836
Sundry receivables	146,125	-	146,125	82,625
Prepaid expenses	7,655	-	7,655	23,755
Interfund advances (note 5)	54,830	(54,830)	-	-
	292,247	59,902,707	60,194,954	54,374,757
Capital assets	74,457	-	74,457	-
	<u>\$ 366,704</u>	<u>\$59,902,707</u>	<u>\$60,269,411</u>	<u>\$54,374,757</u>
LIABILITIES				
Accounts payable and accrued liabilities	\$ 352,266	\$ 173,642	\$ 525,908	\$ 567,383
Allocations payable	-	1,539,010	1,539,010	1,455,821
Deferred amounts	14,438	-	14,438	29,670
	366,704	1,712,652	2,079,356	2,052,874
Managed funds	-	7,990,935	7,990,935	8,141,265
	<u>366,704</u>	<u>9,703,587</u>	<u>10,070,291</u>	<u>10,194,139</u>
NET ASSETS				
Endowments	-	50,199,120	50,199,120	44,180,618
	<u>\$ 366,704</u>	<u>\$59,902,707</u>	<u>\$60,269,411</u>	<u>\$54,374,757</u>