

Ottawa Jewish Community Foundation



FINANCIAL SUPPLEMENT

for the year ended December 31, 2009



*Our Future
is in Your Hands*



OTTAWA JEWISH COMMUNITY FOUNDATION



Treasurer's Report

By Steven Lesh

Dear Members of the Ottawa Jewish Community Foundation:

What a difference a year can make!

As we began the new year we started to see positive returns which helped us rejuvenate our investment portfolio starting as early as March, the first month of 2009 to offer us positive investment returns. Knowing that a strong investment return results in our capacity to provide meaningful support to our community, I am pleased to report that by December 31, 2009, the Foundation's returns closed off at 13.8%.

A positive return for us is only part of our story. Dedicated volunteers who give their time ensuring that the best choices are made on behalf of our community's precious assets continue to work diligently on your behalf. These individuals ensure that we have the best policies and practices in place to secure strong asset growth and operational efficiency. I am happy to report that our expenses have been kept under-budget, representing approximately 1% of capital, which is fairly consistent with other foundations.

Thankfully, with the positive results reflected in the 2009 investment year, our ability to significantly recapitalize following a challenging year in 2008 was realized, ensuring that we were able once again to provide important allocations to beneficiary agencies. Disbursements from the Foundation were maintained at 3.5% of the average capital held by the Foundation; disbursements that in many cases ensure base levels of support and service are provided. The audited financial statements attached will show in greater detail the income and allocations made by the Foundation in 2009.

During 2009, a total of \$1,426,824 of new capital was donated to the Foundation and added to capital.

Cash grants made to charitable organizations during the year totaled \$1,437,538. A listing of these grants is included in the financial supplement. Capital funds held by the Foundation at December 31, 2009 total \$41,832,015 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 Finance and Audit Committee for their assistance during the past year.

THE OTTAWA JEWISH COMMUNITY FOUNDATION

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2009

THE OTTAWA JEWISH COMMUNITY FOUNDATION

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DECEMBER 31, 2009

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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, 2009 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, 2009 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, Licensed Public Accountants
Ottawa,
February 11, 2010.

THE OTTAWA JEWISH COMMUNITY FOUNDATION

BALANCE SHEET

AS AT DECEMBER 31, 2009

	Operating Fund	Capital Fund	2009 Total	2008 Total
ASSETS				
Cash	\$ 111,962	\$ 1,844,659	\$ 1,956,621	\$ 674,525
Investments (note 3)	-	40,533,434	40,533,434	37,329,424
Remainder trusts (note 4)	-	500,000	500,000	500,000
Accrued interest receivable	32,168	-	32,168	70,552
Sundry receivables	11,879	-	11,879	10,617
Prepaid expenses	9,949	-	9,949	9,558
Interfund advances (note 7)	90,501	(90,501)	-	-
Computers (note 5)	13,585	-	13,585	18,113
	<u>\$ 270,044</u>	<u>\$42,787,592</u>	<u>\$43,057,636</u>	<u>\$38,612,789</u>
LIABILITIES				
Accounts payable	\$ 188,550	\$ -	\$ 188,550	\$ 189,983
Allocations payable	-	955,584	955,584	979,450
Deferred amounts (note 6)	81,494	-	81,494	84,337
	<u>270,044</u>	<u>955,584</u>	<u>1,225,628</u>	<u>1,253,770</u>
Managed funds (notes 3 and 8)	-	7,104,905	7,104,905	6,299,768
	<u>270,044</u>	<u>8,060,489</u>	<u>8,330,533</u>	<u>7,553,538</u>
NET ASSETS				
Endowments	-	34,727,103	34,727,103	31,059,251
	<u>\$ 270,044</u>	<u>\$42,787,592</u>	<u>\$43,057,636</u>	<u>\$38,612,789</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, 2009

	2009 Budget				
	(Unaudited)	Operating	Capital	Total	Total
	(Note 10)	Fund	Fund	2009	2008
Income (loss)					
Investment		\$ 4,186,539	\$ -	\$ 4,186,539	\$ (4,378,004)
Endowments and bequests		-	1,343,485	1,343,485	2,132,656
		<u>4,186,539</u>	<u>1,343,485</u>	<u>5,530,024</u>	<u>(2,245,348)</u>
Expenses					
Amortization of Community Endowment Campaign	\$ -	-	-	-	7,930
Amortization of computer system	5,000	4,528	-	4,528	4,528
Bank, administrative and credit card charges	12,000	15,587	-	15,587	12,103
Computer costs and web design	2,500	5,725	-	5,725	827
Fundraising events and Insurance	5,897	6,725	-	6,725	5,986
Insurance subsidy program (note 9)	13,700	15,945	-	15,945	10,297
Occupancy costs	8,487	8,487	-	8,487	8,186
Postage	6,700	6,027	-	6,027	5,598
Printing, stationery and office	7,500	7,326	-	7,326	6,303
Professional fees	13,000	12,544	-	12,544	14,864
Promotion and public relations	56,100	45,320	-	45,320	40,370
Salaries and benefits	318,000	294,781	-	294,781	228,971
Telephone	1,600	1,638	-	1,638	1,519
Travel	<u>400</u>	-	-	-	316
Total expenses	<u>\$ 450,884</u>	<u>424,633</u>	<u>-</u>	<u>424,633</u>	<u>347,798</u>
Net earnings (losses)		3,761,906	1,343,485	5,105,391	(2,593,146)
Allocation commitments		<u>1,437,539</u>	<u>-</u>	<u>1,437,539</u>	<u>1,822,933</u>
Net result for the year		2,324,367	1,343,485	3,667,852	(4,416,079)
Net assets, beginning of year		-	31,059,251	31,059,251	35,475,330
Interfund transfer (note 2)		<u>(2,324,367)</u>	<u>2,324,367</u>	<u>-</u>	<u>-</u>
Net assets, end of year		<u>\$ -</u>	<u>\$34,727,103</u>	<u>\$34,727,103</u>	<u>\$31,059,251</u>

THE OTTAWA JEWISH COMMUNITY FOUNDATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2009

	2009	2008
CASH PROVIDED BY (USED IN)		
Operating activities		
Net result for the year	\$ 3,667,852	\$ (4,416,079)
Amortization of computers	4,528	4,528
Amortization of Community Endowment Campaign costs	-	7,930
Realized and unrealized (gains) loss on investments	(3,802,647)	6,910,493
Changes in operating net assets		
Accrued interest receivable	38,384	(28,185)
Sundry receivables	(1,262)	57,324
Prepaid expenses	(391)	511
Deferred amounts	(2,843)	(3,699)
Accounts payable	(1,432)	(2,877)
Allocations payable	(23,866)	(54,565)
Increase (decrease) in managed funds	805,137	(1,089,915)
	<u>683,460</u>	<u>1,385,466</u>
Investing activities		
Additions to investments	-	(2,277,353)
Disposal of investments	598,636	-
	<u>598,636</u>	<u>(2,277,353)</u>
Increase (decrease) in cash and cash equivalents	1,282,096	(891,887)
Cash and cash equivalents, beginning of year	674,525	1,566,412
Cash and cash equivalents, end of year	\$ <u>1,956,621</u>	\$ <u>674,525</u>

THE OTTAWA JEWISH COMMUNITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009

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.

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 organization's financial instruments approximates their fair value, except where fair values are not readily obtainable. Unless otherwise noted, it is management's opinion that the organization 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.

Allocations

The Foundation recognized 3.5% (2008 - 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.

THE OTTAWA JEWISH COMMUNITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009

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

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

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.

3. **Investments**

Investments of the Capital Fund are comprised as follows:

	2009	2008
Cash and Equivalents	\$ 2,163,357	\$ 3,746,403
NHA mortgage-backed securities	-	113,033
State of Israel Bonds	1,633,510	1,652,798
Promissory Note	807,006	854,100
Government Bonds	7,745,096	9,210,374
Corporate Bonds	3,892,114	4,082,178
Canadian Equities	7,408,259	4,613,584
U.S. Equities	3,673,349	3,997,944
Global Equities	13,210,743	9,059,010
	\$ 40,533,434	\$ 37,329,424

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 \$7,104,905 (2008 - \$6,299,768) of assets managed on behalf other organizations (note 8).

THE OTTAWA JEWISH COMMUNITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009

3. **Investments** (continued)

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, 2009 the Foundation held 42.0% (2008 - 35.4%) 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. By using a laddered portfolio with varying terms to maturity it has reduced its sensitivity to interest rate fluctuations.

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 \$140,634 were paid during the year (2008 - \$149,721).

4. **Remainder trusts**

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	2009 Accumulated Amortization	Net Book Value
Computer system	\$ 22,641	\$ 9,056	\$ 13,585

THE OTTAWA JEWISH COMMUNITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009

6. Deferred campaign costs - net

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, 2009, the Operating Fund has advanced \$90,501 to the Capital Fund.

8. Managed funds

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

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 (2008 - 45 policies with face value of \$13,165,235) 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:

	2009	2008
Premiums due on policies	\$ 77,404	\$ 61,226
Purchase of annuity to fund one policy	121,837	-
	<hr/>	<hr/>
	199,241	61,226
Less: Funds received from life insured	184,838	52,471
	<hr/>	<hr/>
	14,403	8,755
Less: Income appropriated from net earnings of a segregated fund	8,755	8,755
	<hr/>	<hr/>
Net expense to the Foundation	\$ 5,648	\$ -
	<hr/>	<hr/>

THE OTTAWA JEWISH COMMUNITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009

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

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 35 life insurance policies having a face value of \$3,697,000 (2008 - 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:

	2009		2008
Premiums due on policies	\$ 12,434	\$	12,488
Less: Funds received from life insured	<u>2,137</u>		<u>2,191</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.

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 (2008 - 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:

	2009		2008
Premiums due on policies	\$ 20,458	\$	21,993
Less: Funds received from life insured	<u>5,517</u>		<u>4,386</u>
	14,941		17,607
Less: Funds received from one specific endowment fund	<u>14,941</u>		<u>14,470</u>
Net expense to the Foundation	<u>\$ -</u>	\$	<u>3,137</u>

10. **Budget figures**

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



Ottawa Jewish Community Foundation

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