

*Ottawa Jewish Community Foundation*



# **FINANCIAL SUPPLEMENT**

*for the year ended December 31, 2006*



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# A GIFT FOREVER



## *Treasurer's Report, Allan Taylor*

Dear Members of the Ottawa  
Jewish Community Foundation:

2006 was a tremendous year for the Foundation. Investment earnings for the year were 10.2%, 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, \$1,189,812 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 2006.

During 2006, a total of \$5,310,346 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 \$1,704,486. A listing of these grants is included in the financial supplement. Capital funds held by the Foundation at December 31, 2006 total \$43,541,042 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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DECEMBER 31, 2006

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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, 2006 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, 2006 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,  
March 30, 2007.

**THE OTTAWA JEWISH COMMUNITY FOUNDATION**  
**BALANCE SHEET**  
**AS AT DECEMBER 31, 2006**

	Operating Fund	Capital Fund	2006 Total	2005 Total
<b>ASSETS</b>				
Cash	\$ 172,600	\$ 1,340,626	\$ 1,513,226	\$ 331,503
Investments (note 3)	-	41,412,653	41,412,653	35,687,485
Remainder trusts (note 4)	-	500,000	500,000	495,236
Accrued interest receivable	156,849	-	156,849	148,745
Sundry receivables	19,109	-	19,109	104,055
Prepaid expenses	8,449	-	8,449	2,833
Deferred campaign costs - net (note 5)	66,539	-	66,539	129,751
Interfund advances (note 6)	(287,763)	287,763	-	-
	<u>\$ 135,783</u>	<u>\$43,541,042</u>	<u>\$43,676,825</u>	<u>\$36,899,608</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 95,426	\$ -	\$ 95,426	\$ 95,800
Allocations payable	31,990	-	31,990	19,449
Deferred revenue	8,367	-	8,367	5,296
	135,783	-	135,783	120,545
Managed funds (note 7)	-	7,610,250	7,610,250	7,083,424
	<u>135,783</u>	<u>7,610,250</u>	<u>7,746,033</u>	<u>7,203,969</u>
<b>NET ASSETS</b>				
Endowments	-	35,930,792	35,930,792	29,695,639
	<u>\$ 135,783</u>	<u>\$43,541,042</u>	<u>\$43,676,825</u>	<u>\$36,899,608</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, 2006**

	2006 Budget (Unaudited) (Note 9)	Operating Fund	Capital Fund	Total 2006	Total 2005
<b>Income</b>					
Investment (note 10)		\$ 3,049,515	\$ -	\$ 3,049,515	\$ 2,070,786
Endowments and bequests		-	5,310,346	5,310,346	2,700,679
		<u>3,049,515</u>	<u>5,310,346</u>	<u>8,359,861</u>	<u>4,771,465</u>
<b>Expenses</b>					
Amortization of community endowment campaign	\$ 66,840	66,840	-	66,840	22,277
Amortization of computer system	-	-	-	-	-
Bank, administrative and credit card charges	10,000	10,558	-	10,558	11,524
Computer costs (recovery)	10,300	10,270	-	10,270	(4,147)
Fundraising events and programs	10,500	5,651	-	5,651	43,229
Insurance	6,500	5,446	-	5,446	5,935
Insurance subsidy program (note 8)	16,000	14,745	-	14,745	12,448
Occupancy costs	8,000	7,960	-	7,960	7,413
Postage	7,000	5,108	-	5,108	7,121
Printing, stationery and office	10,000	8,289	-	8,289	6,913
Professional fees	10,000	13,324	-	13,324	13,330
Promotion and public relations	37,550	30,169	-	30,169	29,001
Salaries and benefits	244,000	240,197	-	240,197	216,588
Telephone	1,500	1,558	-	1,558	1,537
Travel	600	107	-	107	94
Total expenses	<u>\$ 438,790</u>	<u>420,222</u>	<u>-</u>	<u>420,222</u>	<u>373,263</u>
<b>Net earnings</b>		2,629,293	5,310,346	7,939,639	4,398,202
<b>Allocation commitments</b> (note 11)		<u>1,439,481</u>	<u>265,005</u>	<u>1,704,486</u>	<u>2,051,923</u>
<b>Net result for the year</b>		1,189,812	5,045,341	6,235,153	2,346,279
<b>Net assets, beginning of year</b>		-	29,695,639	29,695,639	27,349,360
<b>Interfund transfer</b> (note 2)		<u>(1,189,812)</u>	<u>1,189,812</u>	<u>-</u>	<u>-</u>
<b>Net assets, end of year</b>		<u>\$ -</u>	<u>\$35,930,792</u>	<u>\$35,930,792</u>	<u>\$29,695,639</u>

**THE OTTAWA JEWISH COMMUNITY FOUNDATION**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2006**

	<b>2006</b>	<b>2005</b>
<b>CASH PROVIDED BY (USED IN)</b>		
<b>Operating activities</b>		
Net result for the year	\$ 6,235,153	\$ 2,346,279
Amortization of community endowment campaign costs	66,840	22,277
Realized and unrealized gain on investments	(1,877,878)	(378,846)
Income earned on remainder trusts	(4,764)	(16,945)
Changes in operating net assets		
Accrued interest receivable	(8,105)	(1,008)
Sundry receivables	84,946	(58,113)
Prepaid expenses	(5,616)	2,437
Additions to deferred campaign costs	63,212	(66,675)
Deferred income	3,071	5,296
Accounts payable	(374)	(35,413)
Allocation payable	12,541	91
Additions to managed funds	526,826	785,047
	<u>5,095,852</u>	<u>2,604,427</u>
<b>Investing activities</b>		
Increase in investments	<u>(3,914,129)</u>	<u>(4,032,429)</u>
<b>Increase (decrease) in cash and cash equivalents</b>	<b>1,181,723</b>	<b>(1,428,002)</b>
<b>Cash and cash equivalents, beginning of year</b>	<u>331,503</u>	<u>1,759,505</u>
<b>Cash and cash equivalents, end of year</b>	<u>\$ 1,513,226</u>	<u>\$ 331,503</u>

**THE OTTAWA JEWISH COMMUNITY FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2006**

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**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% (2005 - 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, 2006**

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**3. Investments**

Investments of the Capital Fund are comprised as follows:

	<b>2006</b>	<b>2005</b>
Bonds	\$ 10,187,615	\$ 11,185,979
State of Israel Bonds	1,707,254	1,715,075
NHA mortgage-backed securities	358,531	1,638,256
Promissory Note	879,100	971,100
Guaranteed Investment Certificates	16,400	128,600
Real Estate	2,009,264	-
Mutual Funds	89,588	124,202
Funds with money managers	<u>26,164,901</u>	<u>19,924,273</u>
	<u>\$ 41,412,653</u>	<u>\$ 35,687,485</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 \$7,610,250 (2005- \$7,083,424) 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, 2006 the Foundation held 25.4% (2005 - 15.6%) 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, 2006**

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**4. Remainder trusts**

The Foundation is named the 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 \$4,764 (2005 - \$16,946) 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 called the community endowment campaign. The budgeted costs for the campaign are \$452,063, of which \$311,314 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, \$155,657 has been applied against the cost.

The net costs of the campaign are being deferred and amortized over a three year period.

**6. Interfund advances**

As at December 31, 2006, the Capital Fund has advanced \$287,763 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, 2006**

**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 (2005 - 39) 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:

	<b>2006</b>	<b>2005</b>
Premiums due on policies	\$ 59,883	\$ 62,668
Funds received from life insured	48,430	51,215
	11,453	11,453
Income appropriated from net earnings of a segregated fund	8,755	8,755
Net expense to the Foundation	\$ 2,698	\$ 2,698

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 (2005 - 38) having a 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:

	<b>2006</b>	<b>2005</b>
Premiums due on policies	\$ 14,321	\$ 14,085
Funds received from life insured	2,274	4,335
Net expense to the Foundation	\$ 12,047	\$ 9,750

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, 2006**

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

**Perpetual Annual Campaign Endowed insurance program**

The Foundation is the named beneficiary of 28 life insurance policies (2005 - 29) having a face value of \$3,744,513. 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:

	2006	2005
Premiums due on policies	\$ 18,254	\$ 18,804
Funds received from life insured	4,313	4,364
	<u>13,941</u>	<u>14,440</u>
Funds received from one specific endowment fund	13,941	14,440
	<u>13,941</u>	<u>14,440</u>
Net expense to the Foundation	\$ -	\$ -

9. **Budget figures**

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

10. **Investment income**

Investment income is comprised as follows:

	2006	2005
Interest on corporate, government and Israel bonds and mutual funds	\$ 1,560,974	\$ 1,553,987
Interest on savings, term deposits, GIC's and treasury bills	69,088	5,589
Interest on NHA mortgage-backed securities	140,752	101,572
Interest on promissory note	61,930	71,100
Dividend income	181,563	532,598
Grants	25,000	25,000
Capital gains on investments	1,796,751	334,075
Trust unit income	8,755	8,755
	<u>3,844,813</u>	<u>2,632,676</u>
Less: investment counsel fees	(137,581)	(122,043)
Less: income designated for life insurance premiums	(8,755)	(8,755)
	<u>3,698,477</u>	<u>2,501,878</u>
Less: income allocated to Managed Funds	(716,320)	(493,570)
	<u>2,982,157</u>	<u>2,008,308</u>
Add: management fees (note 7)	67,358	62,478
	<u>\$ 3,049,515</u>	<u>\$ 2,070,786</u>

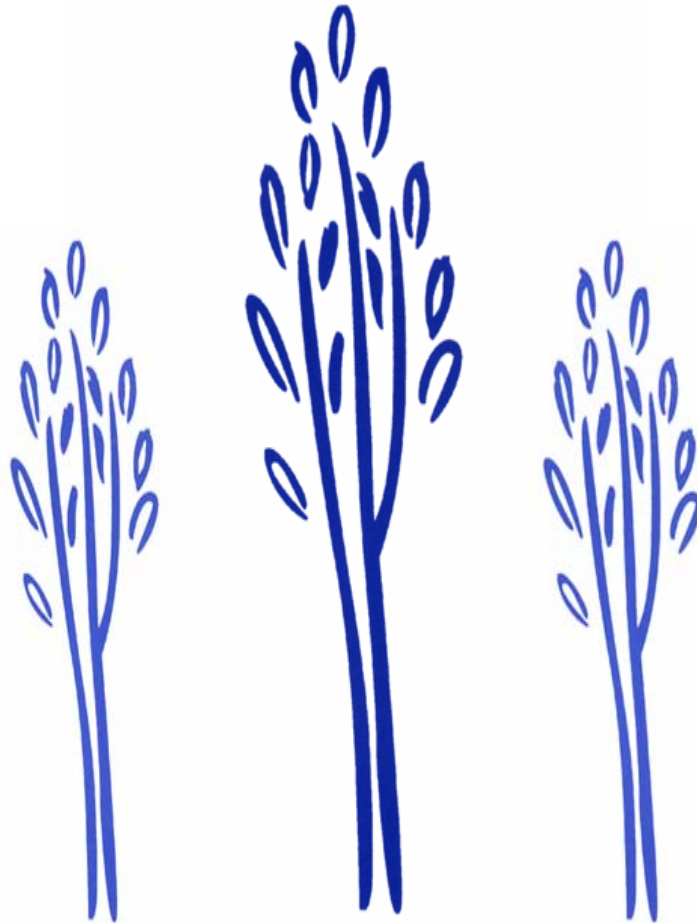
**THE OTTAWA JEWISH COMMUNITY FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2006**

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**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.





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## **The Ottawa Jewish Community Foundation**

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