



# OTTAWA JEWISH COMMUNITY SCHOOL

Financial Statements  
For The Year Ended June 30, 2019

# OTTAWA JEWISH COMMUNITY SCHOOL

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JUNE 30, 2019

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## INDEPENDENT AUDITOR'S REPORT

To the directors of  
Ottawa Jewish Community School

### Qualified Opinion

We have audited the financial statements of Ottawa Jewish Community School (the Organization), which comprise the balance sheet as at June 30, 2019, and the statements of net assets (deficiency), revenues and expenditures and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of Ottawa Jewish Community School as at June 30, 2019, 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.

### Basis for Qualified Opinion

In common with many not-for-profit organizations, Ottawa Jewish Community School derives revenue from fundraising, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, the verification of these revenues was limited to the amounts recorded in the records of the organization. Therefore, we were not able to determine whether any adjustments might be necessary with respect to fundraising revenue, the net result, and cash flows from operations for the years ended June 30, 2019 and 2018, current assets as at June 30, 2019 and 2018, and net assets as at July 1 and June 30 for both the 2019 and 2018 years. Our audit opinion on the financial statements for the year ended June 30, 2018 was modified accordingly because of the possible effects of this limitation in scope.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Emphasis of Matter

We draw attention to note 9 of the financial statements which describes the Educational renewal initiative. Our opinion is not modified in respect of this matter.

### Responsibilities of Management and Those Charged With Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the Organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization's financial reporting process.

### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Chartered Professional Accountants, Licensed Public Accountants  
Ottawa,  
December 9, 2019.

**GGFL**

## OTTAWA JEWISH COMMUNITY SCHOOL

## BALANCE SHEET

AS AT JUNE 30, 2019

	2019	2018
<b>ASSETS</b>		
Current		
Cash	\$ 559,660	\$ 638,613
Accounts receivable - tuition (note 4)	8,280	14,757
Sundry receivables	10,208	45,967
HST receivable	18,095	8,743
Prepaid expenses	8,967	4,453
Due from Ottawa Jewish Community High School	-	21,753
Due from Jewish Federation of Ottawa (note 7)	24,672	-
	<u>629,882</u>	<u>734,286</u>
Capital assets (note 5)	<u>86,668</u>	<u>34,275</u>
Investments - managed funds (note 6)	<u>134,945</u>	<u>133,259</u>
	<u>\$ 851,495</u>	<u>\$ 901,820</u>
<b>LIABILITIES</b>		
Current		
Accounts payable and accrued liabilities	\$ 93,788	\$ 42,278
Deferred tuition fees	81,476	82,968
Deferred donations and gifts (note 10)	72,047	72,014
Deferred contributions (note 9)	250,000	-
Due to Jewish Federation of Ottawa (note 7)	-	411,183
	<u>497,311</u>	<u>608,443</u>
Gratuity payable (note 11)	<u>166,330</u>	<u>171,085</u>
	<u>663,641</u>	<u>779,528</u>
<b>NET ASSETS (DEFICIENCY)</b>		
Invested in capital assets	52,260	11,694
Investment fund	134,945	133,259
Operating fund	649	(22,661)
	<u>187,854</u>	<u>122,292</u>
	<u>\$ 851,495</u>	<u>\$ 901,820</u>

Approved on behalf of the board:

## OTTAWA JEWISH COMMUNITY SCHOOL

## STATEMENT OF NET ASSETS (DEFICIENCY)

FOR THE YEAR ENDED JUNE 30, 2019

	Invested in Capital Assets	Investment Fund	Operating Fund	Total 2019	Total 2018
Balance, beginning of year	\$ 11,694	\$ 133,259	\$ (22,661)	\$ 122,292	\$ 141,959
Net result for the year	(6,671)	1,686	70,547	65,562	(19,667)
Purchase of capital assets	47,237	-	(47,237)	-	-
Balance, end of year	\$ 52,260	\$ 134,945	\$ 649	\$ 187,854	\$ 122,292

OTTAWA JEWISH COMMUNITY SCHOOL  
STATEMENT OF REVENUES AND EXPENDITURES  
FOR THE YEAR ENDED JUNE 30, 2019

	Budget (note 14)	2019	2018
<b>Revenue</b>			
Tuition fees	\$ 2,557,600	\$ 2,642,303	\$ 2,484,934
Less: discounts and assistance	(847,404)	(801,028)	(836,614)
Net tuition revenue	1,710,196	1,841,275	1,648,320
Community allocation	747,097	777,063	783,123
Supplemental funding	399,774	407,450	460,248
Fundraising, net (schedule 1)	205,000	496,701	200,740
Interest and miscellaneous	6,000	10,781	20,547
	<u>3,068,067</u>	<u>3,533,270</u>	<u>3,112,978</u>
<b>Expenditures (schedule 2)</b>			
Administration	774,941	920,401	779,900
Occupancy	376,600	383,947	363,749
Student services	97,500	134,283	78,713
Teaching	1,819,026	2,029,077	1,910,283
	<u>3,068,067</u>	<u>3,467,708</u>	<u>3,132,645</u>
Net result for the year	<u>\$ -</u>	<u>\$ 65,562</u>	<u>\$ (19,667)</u>



## OTTAWA JEWISH COMMUNITY SCHOOL

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2019

	2019	2018
<b>CASH PROVIDED BY (USED IN)</b>		
<b>Operating activities</b>		
Net result for the year	\$ 65,562	\$ (19,667)
Amortization	13,551	8,323
Donations in-kind	(18,708)	(19,662)
<b>Changes in operating net assets</b>		
Accounts receivable - tuition	6,477	49,785
Sundry receivables	35,759	455
HST receivable	(9,353)	25,433
Prepaid expenses	(4,514)	4,336
Accounts payable and accrued liabilities	51,511	(42,162)
Deferred tuition fees	(1,492)	(5,855)
Deferred donations and gifts	33	45,863
Deferred contributions	250,000	-
Gratuity payable	(4,755)	2,118
	<u>384,071</u>	<u>48,967</u>
<b>Financing activities</b>		
Net advances from the Ottawa Jewish Community High School	21,753	160
Net (repayments to) advances from the Jewish Federation of Ottawa	(435,854)	89,568
	<u>(414,101)</u>	<u>89,728</u>
<b>Investing activities</b>		
Purchase of capital assets	(47,237)	-
Net additions to the investment fund	(1,686)	(7,525)
	<u>(48,923)</u>	<u>(7,525)</u>
(Decrease) increase in cash	(78,953)	131,170
Cash, beginning of year	<u>638,613</u>	<u>507,443</u>
Cash, end of year	<u>\$ 559,660</u>	<u>\$ 638,613</u>

## OTTAWA JEWISH COMMUNITY SCHOOL

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

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## 1. Purpose of the organization

The Ottawa Jewish Community School is a not-for-profit organization, incorporated under the Ontario Corporations Act as a corporation without share capital. The primary purpose of the organization is to operate a school for elementary school students. It is a registered charity exempt from income taxes under section 149(1)(f) of the *Income Tax Act*.

## 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:

*Cash and cash equivalents*

Cash and cash equivalents can include cash on hand, balances with financial institutions (net of temporary overdrafts) and short-term highly liquid investments.

*Financial instruments**Measurement of financial instruments*

The organization initially measures its financial assets and liabilities at fair value. The organization subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments in managed funds, which are measured at fair value. Refer to note 6 for details.

*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 of the period.

*Transaction costs*

Transaction costs are recognized in the net result in the period 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.

## OTTAWA JEWISH COMMUNITY SCHOOL

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

## 2. Significant accounting policies (continued)

## Capital assets

Capital assets are recorded at cost. Amortization has been provided at the following rates:

Computer hardware	30% declining balance
Computer software	5 years straight line
Furniture and fixtures	20% declining balance
Leasehold improvements, in progress	No amortization until completed

Amortization is recorded at one-half of the above rates in the year of acquisition.

## Revenue recognition

The organization follows the deferral method of accounting for revenue. Restricted revenue is recognized as revenue in the year in which the related expenses are incurred. Unrestricted revenue is recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Tuition fees are recognized over the course of the school year.

## Contributed goods and services

Contributed goods are recorded at fair value in the year received when fair value can be reasonably estimated and would have otherwise been purchased in the normal course of operations.

Volunteers contribute many hours to assist the organization in carrying out its service delivery activities. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

## 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 net results in the period in which they become known.

## OTTAWA JEWISH COMMUNITY SCHOOL

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

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## 3. Financial instruments

*Risks and concentrations*

The organization is exposed to various risks through its financial instruments. The following analysis provides a measure of the organization's risk exposure at June 30, 2019.

*Liquidity risk*

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The organization is exposed to this risk mainly in respect of its gratuity payable, accounts payable and accrued liabilities.

*Credit risk*

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The organization's main credit risks relate to its accounts receivable. In the normal course of operations the organization provides credit to those paying tuition.

*Market risk*

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk, and other price risk.

*Currency risk*

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. A portion of the investments - managed funds are held in foreign currencies and are exposed to foreign currency fluctuations.

*Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The organization is exposed to interest rate risk on its fixed interest rate financial instruments held in its investments - managed funds, which subjects the organization to a fair value risk.

## OTTAWA JEWISH COMMUNITY SCHOOL

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

## 3. Financial instruments (continued)

*Other price risk*

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The organization is exposed to other price risk through its investments - managed funds.

## 4. Accounts receivable - tuition

The accounts receivable - tuition balance is presented net of an allowance for doubtful accounts, as follows:

	2019	2018
Accounts receivable	\$ 30,365	\$ 378,635
Allowance for doubtful accounts	(22,085)	(363,878)
	<u>\$ 8,280</u>	<u>\$ 14,757</u>

## 5. Capital assets

	Cost	2019 Accumulated Amortization	Net Book Value
Computer hardware	\$ 86,432	\$ 77,757	\$ 8,675
Computer software	21,625	18,276	3,349
Furniture and fixtures	74,238	10,963	63,275
Leasehold improvements, in progress	11,369	-	11,369
	<u>\$ 193,664</u>	<u>\$ 106,996</u>	<u>\$ 86,668</u>

	Cost	2018 Accumulated Amortization	Net Book Value
Computer hardware	\$ 86,432	\$ 74,039	\$ 12,393
Computer software	21,625	17,439	4,186
Furniture and fixtures	19,662	1,966	17,696
	<u>\$ 127,719</u>	<u>\$ 93,444</u>	<u>\$ 34,275</u>

## OTTAWA JEWISH COMMUNITY SCHOOL

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

## 6. Investments - managed funds

An Investment Fund was established in prior years from monies donated. These funds are being managed by the Ottawa Jewish Community Foundation and pooled with other assets under their administration. The funds are recorded at the fair market value as at June 30. The net investment activity of the managed funds is recorded as revenue/expenses in the Investment Fund and to the extent that any of the funds are transferred to the organization from the managed account, this distribution is treated as an interfund transfer.

	2019	2018
Balance, beginning of year	\$ 133,259	\$ 125,734
Investment income and donations	2,443	12,811
Management fee	(757)	(1,111)
Disbursement to operating fund	-	(4,175)
Balance, end of year	<u>\$ 134,945</u>	<u>\$ 133,259</u>

## 7. Due from the Jewish Federation of Ottawa

The balance from the Jewish Federation of Ottawa is non-interest bearing with no specified terms of repayment.

## 8. Line of credit

The organization has a \$200,000 credit facility available of which \$nil was drawn at June 30, 2019. The line of credit bears interest at prime plus 1.5% and is secured by assets owned by the organization and a guarantee from the Jewish Federation of Ottawa.

## 9. Educational renewal initiative

The Jewish Federation of Ottawa ("Federation") undertook a campaign in 2013 and 2014 to raise monies on behalf of the Ottawa Jewish Community School. The monies will be used to fund the accumulated deficit and operating losses while the Federation continues with its initiative intended to make the school more self-sufficient and allow the community allocations to return to normal levels in future years.

## OTTAWA JEWISH COMMUNITY SCHOOL

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

## 10. Deferred donations and gifts

	2019		2018
Balance, beginning of year	\$ 72,014	\$	26,151
Add: donations received during the year	56,258		69,802
Less: amount recognized as revenue in the year	<u>(56,225)</u>		<u>(23,939)</u>
	<u>\$ 72,047</u>	\$	<u>72,014</u>

In 2014 and 2015, the organization received \$21,584 of donations for the purchase of smart boards. The donations have been deferred and will be recognized in revenue over the same period as the amortization of the smart boards. In 2019, \$1,466 (2018 - \$2,094) of revenue was recognized. As of June 30, 2019, \$3,420 (2018 - \$4,886) remains deferred.

In 2018 and 2019, the organization received \$38,370 of donated furniture and fixtures. The donations have been deferred and will be recognized in revenue over the same period as the amortization of the furniture and fixtures. In 2019, \$5,414 (2018 - \$1,917) of revenue was recognized. As of June 30, 2019, \$31,039 (2018 - \$17,696) remains deferred.

In 2019, the organization received \$36,000 of donations towards the purchase of leasehold improvements. The donations have been deferred and will be recognized in revenue over the same period as the amortization of the leasehold improvements. As of June 30, 2019, the leasehold improvements are still in progress and have not been amortized so the full \$36,000 remains deferred.

Starting in 2013, the organization received \$70,861 of donations for the purchase of course supplies, consulting, and training. In 2019, \$49,345 (2018 - \$19,928) of revenue was recognized. As of June 30, 2019, \$1,588 (2018 - \$49,432) remains deferred.

## 11. Gratuity payable

Under the terms of the collective agreement with the Hillel Academy Teachers' Association, the organization has established a defined benefit retirement gratuity plan available to teachers with a period of service greater than ten years. A liability with respect to retirement gratuities payable in the future is accrued based on a percentage of the teachers' prior year salaries up to a maximum of \$18,250 per teacher.

## OTTAWA JEWISH COMMUNITY SCHOOL

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

## 12. Commitments

The organization has three operating lease commitments on certain office equipment ending July 2022. The total aggregate lease payments exclusive of other charges is \$43,915, as follows:

2020	\$	24,230
2021		19,305
2022		380
		<u>43,915</u>
	\$	<u>43,915</u>

## 13. Subsequent events

The organization received a pledge of \$1,000,000 to help fund the general operations of the school. It is expected that the organization will receive the funding in four annual installments of \$250,000 starting in the fiscal year ending June 30, 2020.

## 14. Budget

The budgeted figures are unaudited and presented for comparative purposes and are those as approved by the Board, reclassified to conform with these financial statements.

## 15. Comparative figures

Certain 2018 comparative figures have been reclassified to conform with the presentation adopted in 2019.



## OTTAWA JEWISH COMMUNITY SCHOOL

## SCHEDULE OF FUNDRAISING REVENUES AND EXPENDITURES

FOR THE YEAR ENDED JUNE 30, 2019

	2019	2018
<b>Fundraising revenues</b>		
Annual campaign		
Board campaign	\$ 33,984	\$ -
Fundraising events	35,798	17,661
Grandparents campaign	26,581	4,790
Parents campaign	141,593	360
Other	74,233	146,872
Bingo	43,387	41,757
Grants	150,583	-
Parent Teacher Association	55,841	35,301
	<u>562,000</u>	<u>246,741</u>
<b>Fundraising expenditures</b>		
Bingo	12,985	11,580
Parent Teacher Association	44,991	33,138
Other	7,323	1,283
	<u>65,299</u>	<u>46,001</u>
	<u>\$ 496,701</u>	<u>\$ 200,740</u>

## OTTAWA JEWISH COMMUNITY SCHOOL

Schedule 2

## SCHEDULE OF EXPENDITURES

FOR THE YEAR ENDED JUNE 30, 2019

	2019	2018
<b>Administration</b>		
Administration salaries and services	\$ 779,496	\$ 677,081
Advertising and public relations	3,784	883
Bad debts	48,065	25,345
Bank charges and interest	13,794	7,331
Insurance	3,527	3,715
Legal and audit	29,548	23,464
Office expenses	32,318	26,549
Telephone	9,869	15,532
	<u>920,401</u>	<u>779,900</u>
<b>Occupancy</b>		
Amortization	13,551	8,323
Furniture, repairs and security	8,796	15,785
Occupancy charges	361,600	339,641
	<u>383,947</u>	<u>363,749</u>
<b>Student services</b>		
Books	16,752	18,237
Course supplies	55,260	36,053
Enrichment and remedial programs	18,586	14,282
Special events and programs	43,685	10,141
	<u>134,283</u>	<u>78,713</u>
<b>Teaching</b>		
Professional development	13,486	5,754
Payroll expenses, benefits, and insurance	381,810	321,656
Salaries	1,633,781	1,582,873
	<u>2,029,077</u>	<u>1,910,283</u>
	<u>\$ 3,467,708</u>	<u>\$ 3,132,645</u>