



# **OTTAWA JEWISH COMMUNITY SCHOOL**

Financial Statements  
For The Year Ended June 30, 2020

# OTTAWA JEWISH COMMUNITY SCHOOL

## INDEX TO FINANCIAL STATEMENTS

JUNE 30, 2020

	<b>Page</b>
Independent auditor's report	1 - 3
Balance sheet	4
Statement of net assets (deficiency)	5
Statement of revenues and expenditures	6
Statement of cash flows	7
Notes to financial statements	8 - 14
Schedule of fundraising revenues and expenditures	15
Schedule of expenditures	16



## 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, 2020, 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, 2020, 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, the Organization 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, 2020 and 2019, current assets as at June 30, 2020 and 2019, and net assets (deficiency) as at July 1 and June 30 for both the 2020 and 2019 years. Our audit opinion on the financial statements for the year ended June 30, 2019 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.

## **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 11, 2020.

## OTTAWA JEWISH COMMUNITY SCHOOL

## BALANCE SHEET

AS AT JUNE 30, 2020

	2020	2019
<b>ASSETS</b>		
<b>Current</b>		
Cash	\$ 562,685	\$ 559,660
Accounts receivable - tuition (note 4)	22,094	8,280
Sundry receivables	22,150	10,208
HST receivable	20,138	18,095
Prepaid expenses	6,765	8,967
Due from Jewish Federation of Ottawa	-	24,672
	633,832	629,882
<b>Investments - managed funds</b> (note 5)	133,871	134,945
<b>Capital assets</b> (note 6)	184,187	86,668
	<u>\$ 951,890</u>	<u>\$ 851,495</u>
<b>LIABILITIES</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	\$ 538,422	\$ 93,788
Deferred tuition fees	63,415	81,476
Deferred donations and gifts (note 8)	113,233	72,047
Deferred contributions	-	250,000
	715,070	497,311
<b>Gratuity payable</b> (note 9)	168,832	166,330
	883,902	663,641
<b>NET ASSETS (DEFICIENCY)</b>		
Invested in capital assets	70,954	52,260
Investment fund	133,871	134,945
Operating fund	(136,837)	649
	67,988	187,854
	<u>\$ 951,890</u>	<u>\$ 851,495</u>

Approved on behalf of the board:

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# OTTAWA JEWISH COMMUNITY SCHOOL

## STATEMENT OF NET ASSETS (DEFICIENCY)

FOR THE YEAR ENDED JUNE 30, 2020

	Invested in Capital Assets	Investment Fund	Operating Fund	Total 2020	Total 2019
Balance, beginning of year	\$ 52,260	\$ 134,945	\$ 649	\$ 187,854	\$ 122,292
Net result for the year	(15,010)	(1,074)	(103,782)	(119,866)	65,562
Transfer to fund net capital asset additions	33,704	-	(33,704)	-	-
Balance, end of year	<u>\$ 70,954</u>	<u>\$ 133,871</u>	<u>\$ (136,837)</u>	<u>\$ 67,988</u>	<u>\$ 187,854</u>

**OTTAWA JEWISH COMMUNITY SCHOOL**  
**STATEMENT OF REVENUES AND EXPENDITURES**  
**FOR THE YEAR ENDED JUNE 30, 2020**

	Budget (note 13)	2020	2019
<b>Revenue</b>			
Tuition fees	\$ 2,684,228	\$ 2,753,481	\$ 2,642,303
Less: discounts and assistance	(692,561)	(760,329)	(801,028)
Net tuition revenue	1,991,667	1,993,152	1,841,275
Community allocation	774,824	777,726	777,063
Supplemental funding	250,000	250,000	407,450
Fundraising, net (schedule 1)	734,500	597,034	496,701
Interest and miscellaneous (note 12)	6,000	29,734	10,781
	3,756,991	3,647,646	3,533,270
<b>Expenditures</b> (schedule 2)			
Administration	951,900	886,028	920,401
Occupancy	375,600	401,356	383,947
Student services	109,500	140,216	134,283
Teaching	2,277,770	2,339,912	2,029,077
	3,714,770	3,767,512	3,467,708
<b>Net result for the year</b>	\$ 42,221	\$ (119,866)	\$ 65,562



## OTTAWA JEWISH COMMUNITY SCHOOL

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2020

	2020	2019
<b>CASH PROVIDED BY (USED IN)</b>		
<b>Operating activities</b>		
Net result for the year	\$ (119,866)	\$ 65,562
Amortization	41,805	13,551
Net loss (gain) of the investment fund	1,074	(1,686)
Donations in-kind	(15,621)	(18,708)
Changes in operating net assets		
Accounts receivable - tuition	(13,814)	6,477
Sundry receivables	(11,942)	35,759
HST receivable	(2,043)	(9,353)
Prepaid expenses	2,202	(4,514)
Accounts payable and accrued liabilities	444,636	51,511
Deferred tuition fees	(18,061)	(1,492)
Deferred donations and gifts	41,185	33
Deferred contributions	(250,000)	250,000
Gratuity payable	2,502	(4,755)
	<u>102,057</u>	<u>382,385</u>
<b>Financing activities</b>		
Net advances from the Ottawa Jewish Community High School	-	21,753
Net advances from (repayments to) the Jewish Federation of Ottawa	24,672	(435,854)
	<u>24,672</u>	<u>(414,101)</u>
<b>Investing activities</b>		
Purchase of capital assets	(123,704)	(47,237)
<b>Increase (decrease) in cash</b>	<u>3,025</u>	<u>(78,953)</u>
<b>Cash, beginning of year</b>	<u>559,660</u>	<u>638,613</u>
<b>Cash, end of year</b>	<u>\$ 562,685</u>	<u>\$ 559,660</u>

# OTTAWA JEWISH COMMUNITY SCHOOL

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

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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. The net investment activity is recognized in the net result for the year of the investment fund.

##### ***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, 2020

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### 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	5 years straight line

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.

Government assistance is considered to be restricted revenue. Management's determination of eligibility for the funding and the amount of funding received is subject to assessment by the government agency administering the respective programs.

Contributions relating to capital expenditures are deferred and amortized on the same basis as the related assets.

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.

**OTTAWA JEWISH COMMUNITY SCHOOL****NOTES TO FINANCIAL STATEMENTS****JUNE 30, 2020**

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

**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, 2020.

***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.

## OTTAWA JEWISH COMMUNITY SCHOOL

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

3. **Financial instruments** (continued)***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.

***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:

	2020	2019
Accounts receivable	\$ 44,179	\$ 30,365
Allowance for doubtful accounts	(22,085)	(22,085)
	<u>\$ 22,094</u>	<u>\$ 8,280</u>

# OTTAWA JEWISH COMMUNITY SCHOOL

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

### 5. 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.

	2020	2019
Balance, beginning of year	\$ 134,945	\$ 133,259
Investment income and donations	(404)	2,443
Management fee	(670)	(757)
Balance, end of year	<u>\$ 133,871</u>	<u>\$ 134,945</u>

### 6. Capital assets

	Cost	2020 Accumulated Amortization	Net Book Value
Computer hardware	\$ 86,432	\$ 80,359	\$ 6,073
Computer software	21,625	18,946	2,679
Furniture and fixtures	116,845	27,879	88,966
Leasehold improvements	108,086	21,617	86,469
	<u>\$ 332,988</u>	<u>\$ 148,801</u>	<u>\$ 184,187</u>

	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>

### 7. Line of credit

The organization has a \$200,000 credit facility available of which \$nil was drawn at June 30, 2020. 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.

# OTTAWA JEWISH COMMUNITY SCHOOL

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

### 8. Deferred donations and gifts

	2020	2019
Balance, beginning of year	\$ 72,047	\$ 72,014
Add: donations received during the year	69,621	56,258
Less: amount recognized as revenue in the year	(28,435)	(56,225)
Balance, end of year	<u>\$ 113,233</u>	<u>\$ 72,047</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 2020, \$1,077 (2019 - \$1,466) of revenue was recognized. As of June 30, 2020, \$2,343 (2019 - \$3,420) remains deferred.

In 2018, 2019 and 2020, the organization received \$54,001 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 2020, \$7,770 (2019 - \$5,414) of revenue was recognized. As of June 30, 2020, \$38,889 (2019 - \$31,039) remains deferred.

In 2019 and 2020, the organization received \$90,000 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. In 2020, \$18,000 (2019 - \$Nil) of revenue was recognized. As of June 30, 2020, \$72,000 (2019 - \$36,000) remains deferred.

Starting in 2013, the organization received \$70,861 of donations for the purchase of course supplies, consulting, and training. In 2020, \$1,588 (2019 - \$49,345) of revenue was recognized. As of June 30, 2020, no contributions (2019 - \$1,588) remain deferred.

### 9. 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, 2020

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### 10. 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 \$19,685, as follows:

2021	\$	19,305
2022		<u>380</u>
	\$	<u>19,685</u>

### 11. Subsequent funding

The organization received a pledge of \$1,000,000 to help fund the general operations of the school, which is expected to be received in four annual installments of \$250,000. During the year, the organization received the first installment and recognized \$250,000 as fundraising revenue.

### 12. COVID-19 government assistance

The outbreak of COVID-19 and the measures taken by federal, provincial, and municipal governments in response to the pandemic could adversely impact the organization, its financial condition, or ability to offer services. The duration of the pandemic and how it will evolve is highly uncertain and cannot be predicted. The overall financial impact on the organization cannot be estimated at this time.

During the year, the organization received \$25,000 from the Temporary Wage Subsidy program (TWS), which was launched in response to the COVID-19 pandemic. The amount is based on wages for the period from March to June 2020 and was recognized as miscellaneous revenue.

### 13. 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.



## OTTAWA JEWISH COMMUNITY SCHOOL

## SCHEDULE OF FUNDRAISING REVENUES AND EXPENDITURES

FOR THE YEAR ENDED JUNE 30, 2020

	2020	2019
<b>Fundraising revenues</b>		
Annual campaign		
Alumni campaign	\$ 15,934	\$ 90
Board campaign	17,803	33,984
Corporate and foundation gifts (note 11)	260,910	-
Fundraising events	16,229	35,798
Grandparents campaign	12,054	26,581
Parents campaign	103,608	141,593
Other	89,239	74,143
Bingo	25,533	43,387
Grants	61,544	150,583
Parent Teacher Association	33,203	55,841
	<u>636,057</u>	<u>562,000</u>
<b>Fundraising expenditures</b>		
Bingo	11,590	12,985
Parent Teacher Association	27,333	44,991
Other	100	7,323
	<u>39,023</u>	<u>65,299</u>
	<u>\$ 597,034</u>	<u>\$ 496,701</u>

## OTTAWA JEWISH COMMUNITY SCHOOL

Schedule 2

## SCHEDULE OF EXPENDITURES

FOR THE YEAR ENDED JUNE 30, 2020

	2020	2019
<b>Administration</b>		
Administration salaries and services	\$ 800,370	\$ 779,496
Advertising and public relations	2,950	3,784
Bad debts	151	48,065
Bank charges and interest	18,920	13,794
Insurance	4,096	3,527
Legal and audit	20,044	29,548
Office expenses	31,445	32,318
Telephone	8,052	9,869
	<u>886,028</u>	<u>920,401</u>
<b>Occupancy</b>		
Amortization	41,805	13,551
Furniture, repairs and security	8,635	8,796
Occupancy charges	350,916	361,600
	<u>401,356</u>	<u>383,947</u>
<b>Student services</b>		
Books	21,731	16,752
Course supplies	60,556	55,260
Enrichment and remedial programs	25,803	18,586
Special events and programs	32,126	43,685
	<u>140,216</u>	<u>134,283</u>
<b>Teaching</b>		
Professional development	29,467	13,486
Payroll expenses, benefits, and insurance	413,599	381,810
Salaries	1,896,846	1,633,781
	<u>2,339,912</u>	<u>2,029,077</u>
	<u>\$ 3,767,512</u>	<u>\$ 3,467,708</u>