



OTTAWA JEWISH COMMUNITY SCHOOL

Financial Statements
For The Year Ended June 30, 2021

OTTAWA JEWISH COMMUNITY SCHOOL

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JUNE 30, 2021

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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, 2021, 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, 2021, 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, 2021 and 2020, current assets as at June 30, 2021 and 2020, and net assets (deficiency) as at July 1 and June 30 for both the 2021 and 2020 years. Our audit opinion on the financial statements for the year ended June 30, 2020 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 13, 2021.

OTTAWA JEWISH COMMUNITY SCHOOL

BALANCE SHEET

AS AT JUNE 30, 2021

	2021	2020
ASSETS		
Current		
Cash	\$ 825,345	\$ 562,685
Accounts receivable - tuition	4,340	22,094
Sundry receivables	448	22,150
Sales tax recoverable	9,969	20,138
Prepaid expenses	6,104	6,765
	<u>846,206</u>	<u>633,832</u>
Investments - managed funds (note 4)	<u>154,082</u>	<u>133,871</u>
Capital assets (note 5)	<u>180,565</u>	<u>184,187</u>
	<u>\$ 1,180,853</u>	<u>\$ 951,890</u>
LIABILITIES		
Current		
Accounts payable and accrued liabilities	\$ 537,650	\$ 538,422
Deferred tuition fees	77,350	63,415
Deferred donations and gifts (note 7)	116,727	113,233
	<u>731,727</u>	<u>715,070</u>
Gratuity payable (note 8)	<u>182,747</u>	<u>168,832</u>
	<u>914,474</u>	<u>883,902</u>
NET ASSETS (DEFICIENCY)		
Invested in capital assets	63,838	70,954
Investment fund	154,082	133,871
Operating fund	48,459	(136,837)
	<u>266,379</u>	<u>67,988</u>
	<u>\$ 1,180,853</u>	<u>\$ 951,890</u>

Approved on behalf of the board:

OTTAWA JEWISH COMMUNITY SCHOOL

STATEMENT OF NET ASSETS (DEFICIENCY)

FOR THE YEAR ENDED JUNE 30, 2021

	Invested in Capital Assets	Investment Fund	Operating Fund	Total 2021	Total 2020
Balance, beginning of year	\$ 70,954	\$ 133,871	\$ (136,837)	\$ 67,988	\$ 187,854
Net result for the year	(18,432)	20,211	196,612	198,391	(119,866)
Transfer to fund net capital asset additions	11,316	-	(11,316)	-	-
Balance, end of year	<u>\$ 63,838</u>	<u>\$ 154,082</u>	<u>\$ 48,459</u>	<u>\$ 266,379</u>	<u>\$ 67,988</u>

OTTAWA JEWISH COMMUNITY SCHOOL
STATEMENT OF REVENUES AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2021

	Budget (note 11)	2021	2020
Revenue			
Tuition fees	\$ 2,952,050	\$ 3,070,684	\$ 2,791,926
Less: discounts and assistance	(878,128)	(971,908)	(798,774)
Net tuition revenue	2,073,922	2,098,776	1,993,152
Community allocation	823,526	776,640	777,726
Emergency/supplemental funding	-	345,671	250,000
Fundraising, net (schedule 1)	682,000	654,362	597,034
Interest and miscellaneous	5,466	22,274	29,734
	<u>3,584,914</u>	<u>3,897,723</u>	<u>3,647,646</u>
Expenditures (schedule 2)			
Administration	1,022,914	776,852	884,708
Occupancy	394,900	455,599	401,356
Student services	96,850	95,377	141,536
Teaching	2,063,124	2,371,504	2,339,912
	<u>3,577,788</u>	<u>3,699,332</u>	<u>3,767,512</u>
Net result for the year	<u>\$ 7,126</u>	<u>\$ 198,391</u>	<u>\$ (119,866)</u>

OTTAWA JEWISH COMMUNITY SCHOOL

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2021

	2021	2020
CASH PROVIDED BY (USED IN)		
Operating activities		
Net result for the year	\$ 198,391	\$ (119,866)
Amortization	50,113	41,805
Net (gain) loss of the investment fund	(20,211)	1,074
Donations in-kind	-	(15,621)
Changes in operating net assets		
Accounts receivable - tuition	17,754	8,271
Sundry receivables	21,703	(34,027)
Sales tax recoverable	10,169	(2,043)
Prepaid expenses	661	2,202
Accounts payable and accrued liabilities	(774)	444,636
Deferred tuition fees	13,935	(18,061)
Deferred donations and gifts	3,494	41,185
Deferred contributions	-	(250,000)
Gratuity payable	13,915	2,502
	<u>309,150</u>	<u>102,057</u>
Financing activities		
Net advances from the Jewish Federation of Ottawa	-	24,672
Investing activities		
Purchase of capital assets	(46,490)	(123,704)
Increase in cash	262,660	3,025
Cash, beginning of year	<u>562,685</u>	<u>559,660</u>
Cash, end of year	<u>\$ 825,345</u>	<u>\$ 562,685</u>

OTTAWA JEWISH COMMUNITY SCHOOL

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

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, 2021

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, 2021

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, 2021.

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. The organization is exposed to these risks through its investment in managed funds, but does not consider them to be significant at June 30, 2021.

OTTAWA JEWISH COMMUNITY SCHOOL

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

4. 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.

5. Capital assets

	Cost	2021 Accumulated Amortization	Net Book Value
Computer hardware	\$ 117,488	\$ 86,838	\$ 30,650
Computer software	21,625	21,625	-
Furniture and fixtures	132,279	47,215	85,064
Leasehold improvements	108,086	43,235	64,851
	<u>\$ 379,478</u>	<u>\$ 198,913</u>	<u>\$ 180,565</u>

	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, in progress	108,086	21,617	86,469
	<u>\$ 332,988</u>	<u>\$ 148,801</u>	<u>\$ 184,187</u>

6. Line of credit

The organization has a \$200,000 credit facility available of which \$nil was drawn at June 30, 2021. 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, 2021

7. Deferred donations and gifts

	2021	2020
Balance, beginning of year	\$ 113,233	\$ 72,047
Add: donations received during the year	35,175	69,621
Less: amount recognized as revenue in the year	<u>(31,681)</u>	<u>(28,435)</u>
Balance, end of year	<u>\$ 116,727</u>	<u>\$ 113,233</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 2021, \$703 (2020 - \$1,077) of revenue was recognized. As of June 30, 2021, \$1,640 (2020 - \$2,344) remains deferred.

In 2018, 2019, 2020 and 2021, the organization received \$64,176 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 2021, \$8,796 (2020 - \$7,770) of revenue was recognized. As of June 30, 2021, \$40,270 (2020 - \$38,889) 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 2021, \$18,000 (2020 - \$18,000) of revenue was recognized. As of June 30, 2021, \$54,000 (2020 - \$72,000) remains deferred.

In 2021 the organization received \$25,000 of donations towards the purchase of laptops and technological equipment. The donations have been deferred and will be recognized in revenue over the same period as the amortization of the leasehold improvements. In 2021, \$4,182 of revenue was recognized. As of June 30, 2021, \$20,817 remains deferred.

8. 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, 2021

9. Commitments

The organization has three operating lease commitments on certain office equipment ending April 2026. The total aggregate lease payments exclusive of other charges is \$35,516, as follows:

2022	\$	7,777
2023		7,397
2024		7,397
2025		7,397
2026		5,548
		<u>5,548</u>
	\$	<u>35,516</u>

10. Funding commitment

The organization received a pledge of \$1,000,000 in the fiscal year ending June 30, 2019 to help fund the general operations of the school, which is being received in four annual installments of \$250,000. During the year, the organization received the second installment, which is recognized as fundraising revenue.

11. 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.

12. Comparative figures

Certain 2020 comparative figures have been reclassified to conform with the presentation adopted in 2021.

OTTAWA JEWISH COMMUNITY SCHOOL

SCHEDULE OF FUNDRAISING REVENUES AND EXPENDITURES

FOR THE YEAR ENDED JUNE 30, 2021

	2021	2020
Fundraising revenues		
Annual campaign		
Alumni campaign	\$ 19,441	\$ 15,934
Board campaign	32,490	17,803
Community campaign	112,752	-
Corporate and foundation gifts (note 10)	313,103	334,493
Fundraising events	2,378	16,229
Grandparents campaign	26,374	12,054
Parents campaign	75,145	103,608
Other	31,804	15,656
Bingo	13,425	25,533
Grants	29,447	61,544
Parent Teacher Association	22,993	33,203
	<u>679,352</u>	<u>636,057</u>
Fundraising expenditures		
Bingo	4,300	11,590
Parent Teacher Association	15,659	27,333
Other	5,031	100
	<u>24,990</u>	<u>39,023</u>
	<u>\$ 654,362</u>	<u>\$ 597,034</u>

OTTAWA JEWISH COMMUNITY SCHOOL

SCHEDULE OF EXPENDITURES

FOR THE YEAR ENDED JUNE 30, 2021

	2021	2020
Administration		
Administration salaries and services	\$ 646,166	\$ 800,370
Advertising and public relations	2,553	2,950
Bad debts	-	151
Bank charges and interest	27,808	18,920
Insurance	4,424	4,096
Legal and audit	19,176	20,044
Office expenses	66,328	31,445
Telephone	10,397	6,732
	<u>776,852</u>	<u>884,708</u>
Occupancy		
Amortization	50,113	41,805
Furniture, repairs and security	14,386	8,635
Occupancy charges	391,100	350,916
	<u>455,599</u>	<u>401,356</u>
Student services		
Books	11,953	21,731
Course supplies	54,280	61,876
Enrichment and remedial programs	16,968	25,803
Special events and programs	12,176	32,126
	<u>95,377</u>	<u>141,536</u>
Teaching		
Professional development	50,700	29,467
Payroll expenses, benefits, and insurance	414,488	413,599
Salaries	1,906,316	1,896,846
	<u>2,371,504</u>	<u>2,339,912</u>
	<u>\$ 3,699,332</u>	<u>\$ 3,767,512</u>