

**THE OTTAWA JEWISH
COMMUNITY SCHOOL**

**Financial Statements
For The Year Ended June 30, 2022**

THE OTTAWA JEWISH COMMUNITY SCHOOL

INDEX TO FINANCIAL STATEMENTS

JUNE 30, 2022

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INDEPENDENT AUDITOR'S REPORT

To the directors of
The Ottawa Jewish Community School

Qualified Opinion

We have audited the financial statements of The Ottawa Jewish Community School (the Organization), which comprise the balance sheet as at June 30, 2022, 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 The Ottawa Jewish Community School as at June 30, 2022, 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, 2022 and 2021, current assets as at June 30, 2022 and 2021, and net assets (deficiency) as at July 1 and June 30 for both the 2022 and 2021 years. Our audit opinion on the financial statements for the year ended June 30, 2021 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 12, 2022.

THE OTTAWA JEWISH COMMUNITY SCHOOL

BALANCE SHEET

AS AT JUNE 30, 2022

| | 2022 | 2021 |
|--|---------------------|---------------------|
| ASSETS | | |
| Current | | |
| Cash | \$ 597,313 | \$ 825,345 |
| Accounts receivable - tuition | 4,211 | 4,340 |
| Sundry receivables | 8,703 | 448 |
| Sales tax recoverable | 9,181 | 9,969 |
| Prepaid expenses | 1,932 | 6,104 |
| Due from Jewish Federation of Ottawa | 100,000 | - |
| | <u>721,340</u> | <u>846,206</u> |
| Investments - managed funds (note 4) | 140,338 | 154,082 |
| Capital assets (note 5) | 186,885 | 180,565 |
| | <u>\$ 1,048,563</u> | <u>\$ 1,180,853</u> |
| LIABILITIES | | |
| Current | | |
| Accounts payable and accrued liabilities | \$ 566,209 | \$ 537,650 |
| Deferred tuition fees | 184,164 | 77,350 |
| Deferred donations and gifts (note 7) | 134,330 | 116,727 |
| | <u>884,703</u> | <u>731,727</u> |
| Gratuity payable (note 8) | 193,871 | 182,747 |
| | <u>1,078,574</u> | <u>914,474</u> |
| NET ASSETS (DEFICIENCY) | | |
| Invested in capital assets | 52,555 | 63,838 |
| Investment fund | 140,338 | 154,082 |
| Operating fund | (222,904) | 48,459 |
| | <u>(30,011)</u> | <u>266,379</u> |
| | <u>\$ 1,048,563</u> | <u>\$ 1,180,853</u> |

Approved on behalf of the board:

THE OTTAWA JEWISH COMMUNITY SCHOOL

STATEMENT OF NET ASSETS (DEFICIENCY)

FOR THE YEAR ENDED JUNE 30, 2022

| | Invested in Capital Assets | Investment Fund | Operating Fund | Total 2022 | Total 2021 |
|---|----------------------------------|--------------------|-------------------|---------------|---------------|
| Balance, beginning of year | \$ 63,838 | \$ 154,082 | \$ 48,459 | \$ 266,379 | \$ 67,988 |
| Net result for the year | (13,227) | (13,744) | (269,419) | (296,390) | 198,391 |
| Transfer to fund net capital asset additions | 1,944 | - | (1,944) | - | - |
| Balance, end of year | \$ 52,555 | \$ 140,338 | \$ (222,904) | \$ (30,011) | \$ 266,379 |

THE OTTAWA JEWISH COMMUNITY SCHOOL

STATEMENT OF REVENUES AND EXPENDITURES

FOR THE YEAR ENDED JUNE 30, 2022

| | Budget (note 12) | 2022 | 2021 |
|----------------------------------|---------------------|---------------------|-------------------|
| Revenue | | | |
| Tuition fees | \$ 3,324,750 | \$ 3,292,205 | \$ 3,070,684 |
| Less: discounts and assistance | (995,134) | (930,151) | (971,908) |
| Net tuition revenue | 2,329,616 | 2,362,054 | 2,098,776 |
| Community allocation | 733,890 | 777,005 | 776,640 |
| Emergency funding | 75,000 | 201,885 | 345,671 |
| Fundraising, net (schedule 1) | 989,500 | 656,541 | 654,362 |
| Net investments and other | - | (9,254) | 22,274 |
| | <u>4,128,006</u> | <u>3,988,231</u> | <u>3,897,723</u> |
| Expenditures (schedule 2) | | | |
| Administration | 971,762 | 914,912 | 776,852 |
| Occupancy | 466,600 | 472,774 | 455,599 |
| Student services | 132,458 | 111,024 | 95,377 |
| Teaching | 2,556,418 | 2,785,911 | 2,371,504 |
| | <u>4,127,238</u> | <u>4,284,621</u> | <u>3,699,332</u> |
| Net result for the year | <u>\$ 768</u> | <u>\$ (296,390)</u> | <u>\$ 198,391</u> |

THE OTTAWA JEWISH COMMUNITY SCHOOL

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2022

| | 2022 | 2021 |
|--|-------------------|-------------------|
| CASH PROVIDED BY (USED IN) | | |
| Operating activities | | |
| Net result for the year | \$ (296,390) | \$ 198,391 |
| Amortization | 53,949 | 50,113 |
| Net loss (gain) of the investment fund | 13,744 | (20,211) |
| Changes in operating net assets | | |
| Accounts receivable - tuition | 129 | 17,754 |
| Sundry receivables | (8,255) | 21,703 |
| Sales tax recoverable | 788 | 10,169 |
| Prepaid expenses | 4,172 | 661 |
| Due from Jewish Federation of Ottawa | (100,000) | - |
| Accounts payable and accrued liabilities | 28,561 | (774) |
| Deferred tuition fees | 106,814 | 13,935 |
| Deferred donations and gifts | 17,603 | 3,494 |
| Gratuity payable | 11,123 | 13,915 |
| | <u>(167,762)</u> | <u>309,150</u> |
| Investing activities | | |
| Purchase of capital assets | <u>(60,270)</u> | <u>(46,490)</u> |
| (Decrease) increase in cash | (228,032) | 262,660 |
| Cash, beginning of year | <u>825,345</u> | <u>562,685</u> |
| Cash, end of year | <u>\$ 597,313</u> | <u>\$ 825,345</u> |

THE OTTAWA JEWISH COMMUNITY SCHOOL

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

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.

THE OTTAWA JEWISH COMMUNITY SCHOOL

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

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.

THE OTTAWA JEWISH COMMUNITY SCHOOL

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

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, 2022.

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, 2022.

THE OTTAWA JEWISH COMMUNITY SCHOOL

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

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.

The funds that were donated were restricted by the donors with only the annual income generated from these funds to be used for the restricted purpose. Neither the donated funds nor the income generated from them are available for general operations.

5. Capital assets

| | Cost | 2022 Accumulated Amortization | Net Book Value |
|------------------------|-------------------|-------------------------------------|-------------------|
| Computer hardware | \$ 119,433 | \$ 96,325 | \$ 23,108 |
| Computer software | 21,625 | 21,625 | - |
| Furniture and fixtures | 190,604 | 70,061 | 120,543 |
| Leasehold improvements | 108,086 | 64,852 | 43,234 |
| | <u>\$ 439,748</u> | <u>\$ 252,863</u> | <u>\$ 186,885</u> |

| | 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> |

6. Line of credit

The organization has a \$200,000 credit facility available of which \$nil was drawn at June 30, 2022. 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.

THE OTTAWA JEWISH COMMUNITY SCHOOL

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

7. Deferred donations and gifts

| | 2022 | 2021 |
|--|-------------------|-------------------|
| Balance, beginning of year | \$ 116,727 | \$ 113,233 |
| Add: donations received during the year | 58,325 | 35,175 |
| Less: amount recognized as revenue in the year | <u>(40,722)</u> | <u>(31,681)</u> |
| Balance, end of year | <u>\$ 134,330</u> | <u>\$ 116,727</u> |

Deferred donations and gifts have been received towards the purchase of capital assets.

In 2022, the organization received \$58,325 of donations towards the purchase of furniture and fixtures. During the year, \$5,833 of was recognized related to these donations and \$52,493 remains deferred as of June 30, 2022.

Additionally, \$34,889 of revenue has been recognized during the year relating to deferred donations and gifts received in prior years.

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.

9. Commitments

The organization has an operating lease commitments on certain office equipment ending April 2026. The total aggregate lease payments exclusive of other charges is \$27,739, as follows:

| | |
|------|------------------|
| 2023 | \$ 7,397 |
| 2024 | 7,397 |
| 2025 | 7,397 |
| 2026 | <u>5,548</u> |
| | <u>\$ 27,739</u> |

THE OTTAWA JEWISH COMMUNITY SCHOOL

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

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 third installment, which is recognized as fundraising revenue.

11. Subsequent loan payable

In the fiscal year 2023, the Jewish Federation of Ottawa will loan \$175,000 to the organization. The loan payable is non-interest bearing and will be repayable over seven years commencing in the fiscal year 2025.

12. 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.

THE OTTAWA JEWISH COMMUNITY SCHOOL
 SCHEDULE OF FUNDRAISING REVENUES AND EXPENDITURES
 FOR THE YEAR ENDED JUNE 30, 2022

| | 2022 | 2021 |
|--|-------------------|-------------------|
| Fundraising revenues | | |
| Annual campaign | | |
| Alumni campaign | \$ 16,141 | \$ 19,441 |
| Board campaign | 26,640 | 32,490 |
| Community campaign | 142,742 | 112,752 |
| Corporate and foundation gifts (note 10) | 293,223 | 313,103 |
| Fundraising events | 5,512 | 2,378 |
| Grandparents campaign | 17,237 | 26,374 |
| Parents campaign | 72,975 | 75,145 |
| Other | 53,539 | 31,804 |
| Bingo | 34,073 | 13,425 |
| Grants | 19,750 | 29,447 |
| Parent Teacher Association | 14,567 | 22,993 |
| | <u>696,399</u> | <u>679,352</u> |
| Fundraising expenditures | | |
| Bingo | 9,645 | 4,300 |
| Parent Teacher Association | 14,793 | 15,659 |
| Other | 15,420 | 5,031 |
| | <u>39,858</u> | <u>24,990</u> |
| | <u>\$ 656,541</u> | <u>\$ 654,362</u> |

THE OTTAWA JEWISH COMMUNITY SCHOOL

Schedule 2

SCHEDULE OF EXPENDITURES

FOR THE YEAR ENDED JUNE 30, 2022

| | 2022 | 2021 |
|---|---------------------|---------------------|
| Administration | | |
| Administration salaries and services | \$ 747,735 | \$ 646,166 |
| Advertising and public relations | 1,735 | 2,553 |
| Bank charges and interest | 27,976 | 27,808 |
| Insurance | 4,866 | 4,424 |
| Legal and audit | 54,219 | 19,176 |
| Office expenses | 69,117 | 66,328 |
| Telephone | 9,264 | 10,397 |
| | <u>914,912</u> | <u>776,852</u> |
| Occupancy | | |
| Amortization | 53,949 | 50,113 |
| Furniture, repairs and security | 2,625 | 14,386 |
| Occupancy charges | 416,200 | 391,100 |
| | <u>472,774</u> | <u>455,599</u> |
| Student services | | |
| Books | 7,479 | 11,953 |
| Course supplies | 63,471 | 54,280 |
| Enrichment and remedial programs | 16,807 | 16,968 |
| Special events and programs | 23,267 | 12,176 |
| | <u>111,024</u> | <u>95,377</u> |
| Teaching | | |
| Professional development | 40,107 | 50,700 |
| Payroll expenses, benefits, and insurance | 487,919 | 414,488 |
| Salaries | 2,257,885 | 1,906,316 |
| | <u>2,785,911</u> | <u>2,371,504</u> |
| | <u>\$ 4,284,621</u> | <u>\$ 3,699,332</u> |