

JEWISH COMMUNITY FOUNDATION OF MONTREAL

FINANCIAL STATEMENTS

MARCH 31, 2021

**JEWISH COMMUNITY FOUNDATION OF MONTREAL
FINANCIAL STATEMENTS
MARCH 31, 2021**

	Page
Independent Auditor's Report	1 – 3
Statement of Financial Position	4
Statement of Operations and Changes in Net Assets	5 – 6
Statement of Cash Flows	7
Notes to Financial Statements	8 – 14



INDEPENDENT AUDITOR'S REPORT

To the Directors of
Jewish Community Foundation of Montreal

Opinion

We have audited the financial statements of the Jewish Community Foundation of Montreal (the "Foundation"), which comprise the statement of financial position as at March 31, 2021, and the statements of operations and changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as at March 31, 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 Opinion

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 Foundation 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 Foundation'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 Foundation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Foundation'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 Foundation'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 Foundation'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 Foundation 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.

FL Fuller Landau LLP ¹

Montreal, August 6, 2021

¹By CPA auditor, CA, public accountancy permit No. AI 10146



JEWISH COMMUNITY FOUNDATION OF MONTREAL
STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2021
(IN THOUSANDS OF DOLLARS)

	Restricted fund \$	Unrestricted fund \$	Total \$	Trust Funds \$	2021 Total fund balances \$	2020 Total fund balances \$
ASSETS						
Cash and cash equivalents	48,778	-	48,778	52	48,830	34,625
Loans receivable (Note 3)	19,678	66	19,744	-	19,744	11,141
Other assets (Note 4)	5,525	1,531	7,056	535	7,591	7,596
Investments (Note 5)	1,403,279	44,635	1,447,914	126,092	1,574,006	1,344,088
Investments in private Canadian companies (Note 6)	29,439	-	29,439	-	29,439	28,205
	1,506,699	46,232	1,552,931	126,679	1,679,610	1,425,655
LIABILITIES						
Trust funds payable	-	-	-	126,679	126,679	102,405
NET ASSETS						
Restricted	1,506,699	-	1,506,699	-	1,506,699	1,282,507
Unrestricted	-	46,232	46,232	-	46,232	40,743
	1,506,699	46,232	1,552,931	-	1,552,931	1,323,250
	1,506,699	46,232	1,552,931	126,679	1,679,610	1,425,655

Commitments (Note 11)

DocuSigned by:
On behalf of the Board:



Director

DocuSigned by:
David Martz

Director

DC9540E8FE294B0...

JEWISH COMMUNITY FOUNDATION OF MONTREAL
STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED MARCH 31, 2021
(IN THOUSANDS OF DOLLARS)

	Restricted fund \$	Unrestricted fund \$	Total \$	Trust funds \$	2021 Total fund balances \$	2020 Total fund balances \$
2021						
Contributions and revenues						
Contributions	140,265	1,241	141,506	-	141,506	120,255
Administration fees (Note 7)	-	2,924	2,924	-	2,924	2,651
Investment income (loss) (Notes 8 and 10)	220,013	8,699	228,712	24,693	253,405	(17,834)
	360,278	12,864	373,142	24,693	397,835	105,072
Trust fund contributions	-	-	-	8,972	8,972	13,758
	360,278	12,864	373,142	33,665	406,807	118,830
Distributions and expenses						
Grants	126,264	3,841	130,105	-	130,105	100,347
Charitable programs	2,305	1,066	3,371	-	3,371	13,635
	128,569	4,907	133,476	-	133,476	113,982
Administration fees (Note 7)	2,487	158	2,645	279	2,924	2,651
Financial service fees	5,291	-	5,291	-	5,291	3,856
Operating expenses	-	2,049	2,049	-	2,049	1,952
	136,347	7,114	143,461	279	143,740	122,441
Trust fund distributions	-	-	-	9,112	9,112	9,524
	136,347	7,114	143,461	9,391	152,852	131,965
Excess (deficiency) of contributions and revenues over distributions and expenses before undernoted item	223,931	5,750	229,681	24,274	253,955	(13,135)
Write-down of loan receivable to nominal value	-	-	-	-	-	(25,525)
Excess (deficiency) of contributions and revenues over distributions and expenses	223,931	5,750	229,681	24,274	253,955	(38,660)
Interfund transfers	261	(261)	-	-	-	-
	224,192	5,489	229,681	24,274	253,955	(38,660)
Total net assets, beginning of year	1,282,507	40,743	1,323,250	102,405	1,425,655	1,464,315
Total net assets, end of year	1,506,699	46,232	1,552,931	126,679	1,679,610	1,425,655

JEWISH COMMUNITY FOUNDATION OF MONTREAL
STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED MARCH 31, 2021
(IN THOUSANDS OF DOLLARS)
(CONTINUED)

	Restricted fund	Unrestricted fund	Total	Trust funds	Total fund balances
	\$	\$	\$	\$	\$
2020					
Contributions and revenues					
Contributions	117,626	2,629	120,255	-	120,255
Administration fees (Note 7)	-	2,651	2,651	-	2,651
Investment loss (Notes 8 and 10)	(11,948)	(1,213)	(13,161)	(4,673)	(17,834)
	105,678	4,067	109,745	(4,673)	105,072
Trust fund contributions	-	-	-	13,758	13,758
	105,678	4,067	109,745	9,085	118,830
Distributions and expenses					
Grants	98,270	2,077	100,347	-	100,347
Charitable programs	11,923	1,712	13,635	-	13,635
	110,193	3,789	113,982	-	113,982
Administration fees (Note 7)	2,256	159	2,415	236	2,651
Financial service fees	3,856	-	3,856	-	3,856
Operating expenses	-	1,952	1,952	-	1,952
	116,305	5,900	122,205	236	122,441
Trust fund distributions	-	-	-	9,524	9,524
	116,305	5,900	122,205	9,760	131,965
Deficiency of contributions and revenues over distributions and expenses before undernoted item					
	(10,627)	(1,833)	(12,460)	(675)	(13,135)
Write-down of loan receivable to nominal value	(25,525)	-	(25,525)	-	(25,525)
Deficiency of contributions and revenues over distributions and expenses					
	(36,152)	(1,833)	(37,985)	(675)	(38,660)
Interfund transfers	(938)	938	-	-	-
	(37,090)	(895)	(37,985)	(675)	(38,660)
Total net assets, beginning of year	1,319,597	41,638	1,361,235	103,080	1,464,315
Total net assets, end of year	1,282,507	40,743	1,323,250	102,405	1,425,655

JEWISH COMMUNITY FOUNDATION OF MONTREAL
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2021
(IN THOUSANDS OF DOLLARS)

	Restricted fund \$	Unrestricted fund \$	Trust funds \$	2021 \$	2020 \$
Source of funds					
Contributions	46,500	1,241	-	47,741	48,728
Trust fund contributions	-	-	8,972	8,972	13,758
Redemption of investments in private Canadian companies	4,089	-	-	4,089	2,006
Administration fees	-	2,924	-	2,924	2,651
Investment income (Note 8)	35,797	1,084	2,688	39,569	22,515
Proceeds on disposition of investments	484,230	19,322	38,983	542,535	579,377
	570,616	24,571	50,643	645,830	669,035
Application of funds					
Grants	126,264	3,841	-	130,105	100,347
Charitable programs	2,305	1,066	-	3,371	13,635
Trust fund distributions	-	-	9,112	9,112	9,524
Acquisition of investments	411,349	17,455	41,271	470,075	514,103
Investments made in private Canadian companies	100	-	-	100	250
Administration fees	2,487	158	279	2,924	2,651
Financial service fees and operating expenses	5,291	2,049	-	7,340	5,808
Increase (decrease) in loans receivable	8,706	(103)	-	8,603	8,797
Increase (decrease) in other assets	14	(15)	(4)	(5)	175
	556,516	24,451	50,658	631,625	655,290
Increase (decrease) in cash and cash equivalents	14,100	120	(15)	14,205	13,745
Interfund transfers	261	(261)	-	-	-
Cash and cash equivalents, beginning of year	34,417	141	67	34,625	20,880
Cash and cash equivalents, end of year	48,778	-	52	48,830	34,625

During the year, non-cash transactions include contributions of \$88,542 of public company shares (2020, \$62,551), \$5,223 contributions of private Canadian company shares (2020, \$8,272), \$Nil of life insurance policies (2020, \$704) and a \$Nil write-down of loan receivable (2020, \$25,525).

JEWISH COMMUNITY FOUNDATION OF MONTREAL
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2021
(IN THOUSANDS OF DOLLARS)

I. Purpose of organization

The Jewish Community Foundation of Montreal (the “Foundation”) was incorporated under the laws of Canada and transitioned to the Canada Not-for-Profit Corporations Act on November 6, 2012. The Foundation is a registered charitable public foundation within the meaning of the Income Tax Act and, as such, is exempt from income taxes. The Foundation’s mission is to inspire, enable and optimize philanthropy to meet the ideals, aspirations and growing needs of the Montreal Jewish Community and society at large.

2. Significant accounting policies

The financial statements were prepared in accordance with Part III of the CPA Canada Handbook – Canadian accounting standards for not-for-profit organizations and include the following accounting policies:

Fund accounting

The Foundation follows the restricted fund method of accounting for contributions. The Foundation ensures, as part of its fiduciary responsibilities, that all funds received with a restricted purpose are expended for the purpose for which they are provided.

For financial reporting purposes, the accounts have been classified into the following funds:

a) Restricted fund

The restricted fund comprises the resources that are required by the donor to be maintained by the Foundation, as well as those resources that are to be used for specific purposes as specified by the donor.

b) Unrestricted fund

The unrestricted fund comprises the resources donated to the Foundation for its use, as well as those resources available for use at the discretion of the Foundation’s Board.

c) Trust funds

The Foundation acts as a custodian of funds which are held in trust. Income (loss) derived from these funds are recorded as a direct increase (decrease) in the trust funds payable.

JEWISH COMMUNITY FOUNDATION OF MONTREAL
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2021
(IN THOUSANDS OF DOLLARS)

2. Significant accounting policies (continued)

Revenue recognition

Contributions where the donor has imposed restrictions or where there are other restrictions are recognized as revenue in the restricted fund when received.

Contributions in kind including marketable securities, real estate and shares of private Canadian companies are recorded as revenue based on the fair market value of assets gifted to the Foundation when received.

Life insurance policies received as contributions are recorded as revenue in the restricted fund based on the actuarial valuation of the policy when received.

Unrestricted contributions are recognized as revenue in the unrestricted fund when received.

Investment income is recorded in the period in which it is earned as follows:

Restricted fund

- Income (loss) earned on resources of the restricted fund.

Unrestricted fund

- Income (loss) earned on resources of the unrestricted fund.

Income (loss) earned on trust funds is recognized as a direct increase (decrease) in trust funds payable. Additions to (withdrawals from) the trust funds are recognized as direct increases (decreases) in trust funds payable.

Financial instruments

Measurement of financial instruments

The Foundation initially measures its financial assets and financial liabilities at fair value. Investments in equity instruments that are quoted in an active market and foreign currency exchange contracts are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost unless management has elected to carry the instruments at fair value. The Foundation has elected to carry the investments consisting of cash, bonds and fixed income funds at fair value. Changes in fair value are recognized in the statement of operations in the period incurred.

Financial assets and liabilities measured at amortized cost include cash and cash equivalents, loans receivable and investments in private Canadian companies. Financial assets measured at fair value include investments.

JEWISH COMMUNITY FOUNDATION OF MONTREAL
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2021
(IN THOUSANDS OF DOLLARS)

2. Significant accounting policies (continued)

Impairment

Financial assets measured at amortized cost are tested for impairment when there are indicators of possible impairment. The Foundation determines whether a significant adverse change has occurred in the expected timing or amount of future cash flows from the financial asset. If this is the case, the carrying amount of the asset is reduced directly to the higher of present value of the cash flows expected to be generated by holding the asset, and the amount that could be realized by selling the asset at the statement of financial position date. The amount of any write-down is recognized in the statement of operations. The previously recognized impairment loss may be reversed to the extent of the improvement, provided the carrying value is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in the statement of operations and changes in net assets.

Use of estimates

The preparation of these financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. These estimates are reviewed periodically, and adjustments are made to income as appropriate in the year they become known.

Cash and cash equivalents

Cash and cash equivalents include bank balances.

Foreign currency translation

The Foundation uses the temporal method to translate its foreign currency transactions.

Monetary assets and liabilities are translated at the exchange rate in effect at the statement of financial position date. Other assets and liabilities are translated at the exchange rate in effect at the transaction date. Items appearing in the current year's statement of operations are translated at average yearly rates. Exchange gains and losses are included in the statement of operations and changes in net assets.

JEWISH COMMUNITY FOUNDATION OF MONTREAL
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2021
(IN THOUSANDS OF DOLLARS)

3. Loans receivable

	2021 \$	2020 \$
Loan receivable, non-interest bearing, maturing in May 2115, secured by a first-ranking hypothec on a building, with prior repayment only if the building is sold or if any other loan conditions are in default, otherwise the loan will be forgiven at the end of the term.	25,525	25,525
Less: write-down to nominal amount	(25,525)	(25,525)
Loans receivable, interest and non-interest bearing, with varying terms of repayment	19,744	11,141
	19,744	11,141

4. Other assets

	2021 \$	2020 \$
Life insurance policies	6,840	6,840
Other	751	756
	7,591	7,596

5. Investments

Investments comprise the following:

	2021		2020	
	Cost \$	Market value \$	Cost \$	Market value \$
Cash, bonds and fixed income funds	209,239	209,317	169,527	178,886
Equity funds and shares of publicly traded corporations	1,170,941	1,364,689	1,152,205	1,165,202
	1,380,180	1,574,006	1,321,732	1,344,088

The bonds and fixed income funds are invested mostly in pooled Canadian Bond Funds as well as State of Israel Bonds. The State of Israel Bonds consist of fixed rate instruments and have various terms to maturity ranging up to thirteen years bearing interest between 0.76% and 4.25%.

The equity funds are invested in Canadian, American and International money market, public and private equity funds, hedge funds and other investments.

JEWISH COMMUNITY FOUNDATION OF MONTREAL
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2021
(IN THOUSANDS OF DOLLARS)

6. Investments in private Canadian companies

Investments in private Canadian companies consist of the following:

	2021	2020
	\$	\$
Balance, beginning of year	28,205	21,689
Gifts of and investments in shares	5,323	8,522
Redemption of shares	(4,089)	(2,006)
Balance, end of year	29,439	28,205

7. Administration fees

The Foundation charges the funds that it administers an administration fee.

8. Investment income (loss)

Investment income is comprised of the following:

	Restricted	Unrestricted	Trust	2021	2020
	\$	\$	Funds	Total	Total
	\$	\$	\$	\$	\$
Investment income	35,797	1,084	2,688	39,569	22,515
Realized gains and losses and change in market value of investments	184,216	7,615	22,005	213,836	(40,349)
	220,013	8,699	24,693	253,405	(17,834)

Due to the nature of reporting received from certain investment managers, it is difficult to segregate investment income from the realized gains and losses and change in market value of investments. As such, there may be a portion of investment income included in the realized gains and losses and change in market value of investments.

JEWISH COMMUNITY FOUNDATION OF MONTREAL
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2021
(IN THOUSANDS OF DOLLARS)

9. Financial instruments

Risks and concentrations

The Foundation is exposed to various risks through its financial instruments, without being exposed to concentrations of risk. The following analysis provides a measure of the Foundation's risk exposure at the statement of financial position date being March 31, 2021.

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

The Foundation holds assets in foreign currencies which are exposed to foreign exchange fluctuations. As at March 31, 2021, balances in USD and Euro were the following:

	2021	2020
Cash in USD	\$ 74,150	\$ 65,233
Investments in USD	\$ 563,977	\$ 480,632
Investments in Euro	€ 419	€ 466

Interest rate risk

Interest rate risk refers to the risk that the fair value of financial instruments or future cash flows associated with the instruments will fluctuate due to changes in market interest rates.

The interest rate exposure of the Foundation arises from its interest-bearing assets. The Foundation is exposed to interest rate risk on its fixed-interest and variable-interest financial instruments. Fixed-interest instruments subject the Foundation to a fair value risk while the variable-interest instruments subject it to a cash flow risk.

As at March 31, 2021, the Foundation had \$142,196 of investments exposed to interest rate risk (2020, \$121,769).

JEWISH COMMUNITY FOUNDATION OF MONTREAL
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2021
(IN THOUSANDS OF DOLLARS)

9. Financial instruments (continued)

Other price risk

Other price risk refers to the risk that the fair value of financial instruments or future cash flows associated with the instruments will fluctuate because of changes in market prices (other than those arising from currency risk or interest rate risk).

The Foundation is exposed to other price risk because of its investment in equity funds and shares of publicly traded corporations. As at March 31, 2021, the Foundation had an aggregate amount of \$1,364,689 (2020, \$1,165,202) of equity funds and shares of publicly traded corporations (Note 5) exposed to other price risk.

10. Foreign currency exchange contracts

To protect against foreign currency fluctuations inherent in holding foreign currency denominated investments, the Foundation contracts to sell U.S. in exchange for Canadian. Gains and losses related to foreign currency exchange contracts exercised are recognized when realized. At year-end, there were no outstanding foreign currency exchange contracts. During the year, the Foundation recognized income on foreign currency exchange contracts exercised for an amount of approximately \$1,568 (2020, \$491), which is included in the investment income amount on the statement of operations.

11. Commitments

As at March 31, 2021, the Foundation has committed to invest approximately \$217,000 in 49 closed-end investment funds.