

JEWISH COMMUNITY FOUNDATION OF MONTREAL

FINANCIAL STATEMENTS

MARCH 31, 2009



**JEWISH COMMUNITY FOUNDATION OF MONTREAL
FINANCIAL STATEMENTS
MARCH 31, 2009**

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AUDITORS' REPORT

To the Directors of
Jewish Community Foundation of Montreal

We have audited the balance sheet of the Jewish Community Foundation of Montreal as at March 31, 2009 and the statement of operations and changes in net assets for the year then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Foundation as at March 31, 2009 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Fuller Landau LLP
By Edward Prorok, CA auditor

Edward Prorok, CA auditor

Montreal, Quebec, June 4, 2009

JEWISH COMMUNITY FOUNDATION OF MONTREAL
 (INCORPORATED UNDER THE LAWS OF CANADA)
BALANCE SHEET
AS AT MARCH 31, 2009

	2009	2008
ASSETS		
Cash	\$ 4,151,206	\$ 1,028,310
Sundry receivables (Note 3)	1,447,404	1,396,381
Balance of sale receivable	-	800,000
Investments (Note 4)	195,933,534	260,274,775
Investments in private Canadian companies (Note 5)	19,609,181	24,539,509
Leasehold rights (Note 6)	1	1
Capital assets (Note 7)	445,248	445,248
	\$ 221,586,574	\$ 288,484,224
LIABILITIES		
Grants and accounts payable	\$ 615,574	\$ 525,859
Trust funds payable (Note 8)	73,673,317	96,843,808
	74,288,891	97,369,667
NET ASSETS		
Restricted	129,495,546	167,467,910
Unrestricted	17,802,137	23,646,647
	147,297,683	191,114,557
	\$ 221,586,574	\$ 288,484,224

On behalf of the Board:

_____ Director

_____ Director



JEWISH COMMUNITY FOUNDATION OF MONTREAL
STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED MARCH 31, 2009

	Restricted fund	Unrestricted fund	Total	Trust funds payable (Note 8)	Total fund balances
2009					
Contributions and revenues					
Endowment contributions	\$ 5,845,917	\$ 188,904	\$ 6,034,821	-	\$ 6,034,821
Donations - other	6,487,846	23,930	6,511,776	-	6,511,776
Administration fees (Note 9)	-	783,003	783,003	-	783,003
Investment loss (Note 10)	(28,405,310)	(5,681,472)	(34,086,782)	(17,875,032)	(51,961,814)
	(16,071,547)	(4,685,635)	(20,757,182)	(17,875,032)	(38,632,214)
Trust fund additions	-	-	-	3,096,966	3,096,966
	(16,071,547)	(4,685,635)	(20,757,182)	(14,778,066)	(35,535,248)
Distributions and expenses					
Grants paid from designated funds	2,072,470	-	2,072,470	-	2,072,470
Grants paid in consultation with donors	18,936,381	-	18,936,381	-	18,936,381
Other grants paid	-	274,562	274,562	-	274,562
	21,008,851	274,562	21,283,413	-	21,283,413
Administration fees (Note 9)	482,753	51,878	534,631	248,372	783,003
Administration and financial expenses	323,371	825,277	1,148,648	-	1,148,648
	21,814,975	1,151,717	22,966,692	248,372	23,215,064
Trust fund withdrawals	-	-	-	8,237,053	8,237,053
	21,814,975	1,151,717	22,966,692	8,485,425	31,452,117
Change in the year	(37,886,522)	(5,837,352)	(43,723,874)	(23,263,491)	(66,987,365)
Interfund transfers	(85,842)	(7,158)	(93,000)	93,000	-
	(37,972,364)	(5,844,510)	(43,816,874)	(23,170,491)	(66,987,365)
Net assets - beginning of year	167,467,910	23,646,647	191,114,557	96,843,808	287,958,365
Net assets - end of year	\$ 129,495,546	\$ 17,802,137	\$ 147,297,683	\$ 73,673,317	\$ 220,971,000



JEWISH COMMUNITY FOUNDATION OF MONTREAL
STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED MARCH 31, 2009

(continued)

	Restricted fund	Unrestricted fund	Total	Trust funds payable (Note 8)	Total fund balances
2008					
Contributions and revenues					
Endowment contributions	\$ 12,408,307	\$ 277,049	\$ 12,685,356	\$ -	\$ 12,685,356
Donations - other	11,215,192	38,580	11,253,772	-	11,253,772
Administration fees (Note 9)	-	813,808	813,808	-	813,808
Investment income (Note 10)	1,083,593	157,907	1,241,500	1,086,428	2,327,928
	24,707,092	1,287,344	25,994,436	1,086,428	27,080,864
Trust fund additions	-	-	-	12,622,135	12,622,135
	24,707,092	1,287,344	25,994,436	13,708,563	39,702,999
Distributions and expenses					
Grants paid from designated funds	1,697,485	-	1,697,485	-	1,697,485
Grants paid in consultation with donors	18,092,753	-	18,092,753	-	18,092,753
Other grants paid	-	586,048	586,048	-	586,048
	19,790,238	586,048	20,376,286	-	20,376,286
Administration fees (Note 9)	467,630	59,895	527,525	286,283	813,808
Administration and financial expenses	-	875,434	875,434	-	875,434
	20,257,868	1,521,377	21,779,245	286,283	22,065,528
Trust fund withdrawals	-	-	-	11,786,652	11,786,652
	20,257,868	1,521,377	21,779,245	12,072,935	33,852,180
Change in the year	4,449,224	(234,033)	4,215,191	1,635,628	5,850,819
Interfund transfers	263,865	(181,221)	82,644	(82,644)	-
	4,713,089	(415,254)	4,297,835	1,552,984	5,850,819
Net assets - beginning of year	162,754,821	24,061,901	186,816,722	95,290,824	282,107,546
Net assets - end of year	\$ 167,467,910	\$ 23,646,647	\$ 191,114,557	\$ 96,843,808	\$ 287,958,365



JEWISH COMMUNITY FOUNDATION OF MONTREAL
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2009

Note 1 - Purpose of organization

The Jewish Community Foundation of Montreal is a registered charitable foundation whose purpose is to solicit endowments, the income from which is to be used to fund charitable organizations as set out by donors, to provide seed money for new initiatives within the Montreal Jewish Community, and to provide for currently unmet needs of the community by responding to critical emergencies and protecting on-going programs to meet changing realities or a shortfall in the annual Combined Jewish Appeal Campaign.

Note 2 - Significant accounting policies

New accounting standards adopted during the year

a) Financial Instruments

The Accounting Standards Board of the Canadian Institute of Chartered Accountants (CICA) issued new accounting standards, Handbook Section 3862 Financial Instruments – Disclosures and Section 3863 Financial Instruments – Presentation, which replace Handbook Section 3861 Financial Instruments – Disclosure and Presentation. Not-for-profit organizations have the choice whether or not to adopt the new standards. The Foundation has decided to continue to apply Section 3861 regarding information on presentation and disclosure of financial instruments. (Note 11)

b) Capital disclosures

The CICA's Accounting Standards Board issued new accounting standards, Handbook Section 1535 Capital Disclosures, which establishes standards for disclosure of an entity's objectives, policies and processes for managing capital, quantitative data about what is considered capital and whether an entity has complied with any capital requirements and consequences of non-compliance with such capital requirements. The Foundation applied the new accounting standard at the beginning of its current fiscal year and its implementation did not have an impact on the results of operations or financial position. (Note 13)

Fund accounting

The Jewish Community Foundation of Montreal 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 on a permanent basis, as well as those resources that are to be used for specific purposes as specified by the donor.



JEWISH COMMUNITY FOUNDATION OF MONTREAL
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2009

Note 2 - Significant accounting policies (continued)

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.

Revenue recognition

Donor-restricted contributions, where the donor has required the principal to be held in perpetuity, or where there are other restrictions, are recognized as revenue in the restricted fund when received.

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

Life insurance policy proceeds are recorded as revenue based on the present value of the policy less the present value of the annual premiums.

Investment income is recorded 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. Withdrawals from the trust funds are recognized as direct decreases in trust funds payable.

Capital assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution.

The building is used rent-free by a third party. The operating expenses are borne by the lessee. The Jewish Community Foundation of Montreal derives no income from the building and therefore does not provide for amortization.

Donated art is comprised of paintings, prints and sculptures and is not being amortized.

The Cemetery plots and foundations are recorded at cost. The Jewish Community Foundation of Montreal derives no income from the cemetery plots and therefore no amortization is taken.



JEWISH COMMUNITY FOUNDATION OF MONTREAL
NOTES TO FINANCIAL STATEMENTS
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Note 3 - Sundry receivables

	2009	2008
Sundry receivables	\$ 276,579	\$ 223,616
Loans receivable	1,170,825	1,172,765
	\$ 1,447,404	\$ 1,396,381

The loans receivable have repayment terms ranging from demand to 5 years, are unsecured and bear interest at 4.5%.

Note 4 - Investments

Investments comprise the following:

	2009		2008	
	Cost	Market value	Cost	Market value
Pooled Fixed Income Fund	\$ 52,742,240	\$ 53,349,460	\$ 59,800,233	\$ 61,002,957
Pooled Equity Fund	156,961,661	131,813,078	182,255,757	187,416,349
State of Israel Bonds	3,782,594	3,817,803	4,697,439	4,494,712
Shares of publicly traded corporations	5,306,632	4,333,591	5,313,745	5,134,426
Other bonds	2,703,730	2,619,602	2,228,025	2,226,331
	\$221,496,857	\$ 195,933,534	\$ 254,295,199	\$ 260,274,775

The Pooled Fixed Income Fund invests mostly in pooled Canadian Bond Funds as well as State of Israel Bonds. The pooled funds are recorded based on the published market values of these funds as at March 31, 2009. The Pooled Fixed Income Fund also includes loans to community institutions to fund special projects. These loans bear interest at the income rate earned by the Pooled Fixed Income Fund, are secured by pledges and are receivable as follows: 2010, \$633,000; 2011, \$216,000; 2012, \$216,000; 2013, \$24,000; subsequent, \$1,907,000.

The Pooled Equity Fund invests in Canadian, American and International money market, equity funds, hedge funds, and other investments which are recorded based on the published market values of these funds as at March 31, 2009.

The State of Israel Bonds consist of fixed rate instruments and have various terms to maturity ranging up to five years. A portion of the State of Israel Bonds amounting to approximately \$1,350,000 is denominated in U.S. dollars as at March 31, 2009.

The other bonds consist of fixed-rate instruments and have various terms to maturity ranging up to five years.



JEWISH COMMUNITY FOUNDATION OF MONTREAL
NOTES TO FINANCIAL STATEMENTS
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Note 5 - Investments in private Canadian companies

Investments in private Canadian companies consist of the following:

	2009	2008
Balance - beginning of year	\$ 24,539,509	\$ 22,498,261
Shares received as contributions	1,500,000	2,964,953
Investments made in preferred shares of start-up companies	85,000	145,000
Redemption of preferred shares of start-up companies	(126,233)	(138,705)
Shares sold/redeemed	(6,389,095)	(930,000)
Balance - end of year	<u>\$ 19,609,181</u>	<u>\$ 24,539,509</u>
Preferred shares - private companies	\$ 19,609,181	\$ 22,702,509
Common shares - private companies	-	1,837,000
	<u>\$ 19,609,181</u>	<u>\$ 24,539,509</u>

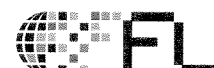
Note 6 - Leasehold rights

The Jewish Community Foundation of Montreal acts as trustee for, and receives income in connection with, mineral and surface rights under leases transferred from the Jewish Colonization Association of Canada. As the fair market value of the leases is unknown, the Jewish Community Foundation of Montreal has recorded the leases at a nominal amount.

Note 7 - Capital assets

	Cost	Accumulated amortization	2009 Net book Value	2008 Net book Value
Building	\$ 259,200	\$ -	\$ 259,200	\$ 259,200
Donated art	53,275	-	53,275	53,275
Cemetery plots and foundations – in trust	132,773	-	132,773	132,773
	<u>\$ 445,248</u>	<u>\$ -</u>	<u>\$ 445,248</u>	<u>\$ 445,248</u>

During the year, the Foundation purchased capital assets in the amount of \$Nil (2008, \$7,200)



JEWISH COMMUNITY FOUNDATION OF MONTREAL
NOTES TO FINANCIAL STATEMENTS
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Note 8 - Trust funds payable

The Jewish Community Foundation of Montreal acts as a custodian of funds. Income (loss) derived from these funds is recorded as a direct increase (decrease) in trust funds payable.

	2009	2008
Balance - beginning of year	\$ 96,843,808	\$ 95,290,824
Additions	3,096,966	12,622,135
Investment income (loss)	(17,875,032)	1,086,428
Withdrawals	(8,237,053)	(11,786,652)
Interfund transfers	93,000	(82,644)
Administrative expenses	(248,372)	(286,283)
Balance - end of year	<u>\$ 73,673,317</u>	<u>\$ 96,843,808</u>

Note 9 - Administration fees

The Jewish Community Foundation of Montreal charges the various funds that it administers an administration fee to cover overhead expenses.

Note 10 - Investment income (loss)

Investment income (loss) is comprised of the following:

	Restricted and Unrestricted	Trust Funds	2009 Total	2008 Total
Investment income	\$ 2,434,266	1,596,177	\$ 4,030,443	\$ 5,313,501
Change in market value of investments	(36,521,048)	(19,471,209)	(55,992,257)	(2,985,573)
	<u>\$ (34,086,782)</u>	<u>(17,875,032)</u>	<u>\$ (51,961,814)</u>	<u>\$ 2,327,928</u>



JEWISH COMMUNITY FOUNDATION OF MONTREAL
NOTES TO FINANCIAL STATEMENTS
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Note 11 - Financial instruments

The Foundation is applying the following accounting standards that apply to the Foundation: a) CICA Handbook Section 3855 "Financial Instruments Recognition and Measurement"; and b) CICA Handbook Section 3861 "Financial Instruments – Disclosure and Presentation".

The Foundation classifies financial assets and liabilities according to their characteristics and management's choices and intentions related thereto for the purposes of ongoing measurement. The Foundation is classifying investments as held-for-trading – measured at fair value with changes in fair value recorded in net earnings.

The Foundation is classifying investments in private Canadian companies as available-for-sale. Available-for-sale investments that do not have a quoted market price are recorded at cost, as fair values are not reliably measurable.

Fair value

The carrying values of the Foundation's short-term financial assets and liabilities are a reasonable estimate of their fair values, due to the short-term nature of the instruments.

Short-term financial assets comprise cash and sundry receivables. Short-term financial liabilities comprise grants and accounts payable, and trust funds payable.

Note 12 – Commitments

In order to protect against foreign currency fluctuations inherent in holding U.S. denominated investments, the Foundation has contracted to sell \$85,000,000 U.S. in exchange for \$103,409,000 Canadian in April 2009. Gains and losses related to these contracts are recognized on an annual basis. During the year, the Foundation recognized losses of \$24,033,565 (2008, gains of \$12,043,760).

The Foundation has contracted to invest \$66,800,000 in 23 closed-end investment funds to July 15, 2009.



JEWISH COMMUNITY FOUNDATION OF MONTREAL
NOTES TO FINANCIAL STATEMENTS
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Note 13 – Capital disclosures

The Jewish Community Foundation of Montreal defines capital as the sum of trust funds payable, restricted net assets and unrestricted net assets. The Foundation is subject to externally imposed requirements on its net assets in trust funds and restricted funds and has complied with all those externally imposed requirements.

The Foundation's objectives when managing capital are to match generally the structure of its capital to the underlying nature and term of the assets being financed, and to hold sufficient unrestricted net assets to enable it to withstand negative unexpected financial events, in order to maintain stability in the financial structure. The Jewish Community Foundation of Montreal seeks to minimize the exposure to financial leverage and variable rate financial obligations and to maintain sufficient liquidity and short term borrowing capacity to enable it to meet its obligations as they become due.

Note 14 - Comparative figures

Certain figures for 2008 have been reclassified to conform with the basis of presentation adopted in 2009.

Note 15 – Future accounting changes

The Accounting Standards Board issued amendments to Handbook Section 1540 – Cash Flow Statements for fiscal years beginning on or after January 1, 2009. The new standard makes Cash Flow Statements applicable to not-for-profit organizations. This new standard will be adopted by the Foundation during the fiscal year starting April 1, 2009. This standard may impact the Foundation's disclosures provided but will not affect the results of operations or financial position.

