

# Federation CJA

**Financial statements**  
**March 31, 2019**



# Independent auditor's report

To the Members of **Federation CJA**

## Opinion

We have audited the financial statements of **Federation CJA** (the "Organization"), which comprise the statements of financial position as at March 31, 2019, and the statements of operations, and changes in fund balances and of 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 Organization as at March 31, 2019, and its results of 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 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.

*Ernst & Young LLP*<sup>1</sup>

Montréal, Canada  
September 17, 2019

<sup>1</sup> FCPA auditor, FCA, public accountancy permit no. A112179



# FEDERATION CJA

Incorporated under the laws of Quebec

## Statement of financial position

As at March 31, 2019

	Endowment Fund \$	Legacy and Other Funds \$	General Fund \$	Campaign Fund \$	Total 2019 \$	Total 2018 \$
<b>Assets</b>						
<b>Current</b>						
Cash	—	—	5,100,043	11,524,633	16,624,676	15,538,709
Accounts and sundry receivables	—	—	800,744	—	800,744	1,561,546
Prepaid expenses and allocations	—	—	1,276,158	909,218	2,185,376	3,429,450
Interfund balances	—	(423,798)	(4,793,853)	5,217,651	—	—
Current portion of long-term loans receivable [note 3]	—	—	167,748	—	167,748	223,875
Pledges and other receivables [note 4]	—	—	—	21,436,071	21,436,071	20,856,729
<b>Total current assets</b>	—	(423,798)	2,550,840	39,087,573	41,214,615	41,610,309
Accrued employee future benefits [note 7]	—	354,000	—	—	354,000	—
Long-term loans receivable [note 3]	—	—	1,642,648	—	1,642,648	1,803,876
Long-term portion of pledges and other receivables [note 4]	—	—	—	388,370	388,370	638,150
Investments [note 5]	5,675,220	32,231,170	—	—	37,906,390	39,453,529
Property and equipment [note 6]	—	—	13,748,953	—	13,748,953	14,260,675
	<b>5,675,220</b>	<b>32,161,372</b>	<b>17,942,441</b>	<b>39,475,943</b>	<b>95,254,976</b>	<b>97,766,539</b>
<b>Liabilities and fund balances</b>						
<b>Current</b>						
Accounts and allocations payable	—	103,686	1,407,709	2,149,977	3,661,372	3,253,906
Deferred revenue	—	—	2,785,780	1,239,311	4,025,091	3,886,107
<b>Total current liabilities</b>	—	103,686	4,193,489	3,389,288	7,686,463	7,140,013
Deferred revenue	—	—	—	388,370	388,370	638,150
Accrued employee future benefits [note 7]	—	—	—	—	—	233,000
Deferred contributions [note 8]	—	—	7,845,943	—	7,845,943	8,228,523
<b>Total liabilities</b>	—	103,686	12,039,432	3,777,658	15,920,776	16,239,686
<b>Fund balances</b>						
Externally restricted [note 9]	5,675,220	—	—	35,698,285	41,373,505	38,269,752
Internally restricted [note 10]	—	21,673,223	5,903,009	—	27,576,232	27,778,752
Unrestricted	—	10,384,463	—	—	10,384,463	15,478,349
<b>Total fund balances</b>	<b>5,675,220</b>	<b>32,057,686</b>	<b>5,903,009</b>	<b>35,698,285</b>	<b>79,334,200</b>	<b>81,526,853</b>
	<b>5,675,220</b>	<b>32,161,372</b>	<b>17,942,441</b>	<b>39,475,943</b>	<b>95,254,976</b>	<b>97,766,539</b>

See accompanying notes

On behalf of the Board:



Director



Director

# FEDERATION CJA

## Statement of operations and changes in fund balances

Year ended March 31, 2019

	Endowment Fund \$	Legacy and Other Funds \$	General Fund \$	Campaign Fund \$	Total 2019 \$	Total 2018 \$
<b>Revenue</b>						
Campaign – Regular	—	—	—	45,439,065	45,439,065	46,463,788
Provision for doubtful pledges	—	—	—	(881,284)	(881,284)	(1,007,169)
	—	—	—	44,557,781	44,557,781	45,456,619
Investment income	184,661	1,272,657	324,836	8,630	1,790,784	3,321,988
Recoveries of doubtful pledges	—	—	—	511,758	511,758	560,211
Montreal Jewish Community Campus	—	—	382,580	—	382,580	382,580
Other donations, bequests and income [note 11]	—	226	10,448,158	—	10,448,384	15,933,968
	184,661	1,272,883	11,155,574	45,078,169	57,691,287	65,655,366
<b>Allocations and expenses</b>						
International	—	—	—	6,580,011	6,580,011	6,241,950
National & advocacy [schedule]	—	—	3,274,855	214,617	3,489,472	3,577,422
Administrative and occupancy [schedule]	—	—	8,947,954	147,302	9,095,256	9,203,848
Strengthening Jewish life and continuity [schedule]	—	33,750	17,095,796	2,814,263	19,943,809	16,602,871
Caring for the vulnerable [schedule]	—	281,000	12,387,384	1,900,806	14,569,190	15,322,070
Special projects and miscellaneous [schedule]	—	—	2,207,705	296,842	2,504,547	15,290,323
Amortization	—	—	946,255	—	946,255	985,179
Other allocations	90,000	—	—	—	90,000	4,330,000
Special one time contribution to the pension plan [note 10]	—	—	2,665,400	—	2,665,400	—
	90,000	314,750	47,525,349	11,953,841	59,883,940	71,553,662
<b>(Deficiency) excess of revenue over allocations and expenses</b>						
	94,661	958,133	(36,369,775)	33,124,328	(2,192,653)	(5,898,297)
Fund balances, beginning of year	5,580,559	37,224,950	6,032,153	32,689,191	81,526,853	87,425,150
Interfund transfers						
Campaign	—	560,208	29,555,026	(30,115,234)	—	—
Operation Montreal	—	(181,900)	181,900	—	—	—
Unrestricted, externally and internally restricted	—	(6,503,705)	6,503,705	—	—	—
<b>Fund balances, end of year</b>	<b>5,675,220</b>	<b>32,057,686</b>	<b>5,903,009</b>	<b>35,698,285</b>	<b>79,334,200</b>	<b>81,526,853</b>

See accompanying notes

## FEDERATION CJA

### Statement of cash flows

Year ended March 31, 2019

	2019	2018
	\$	\$
<b>Operating activities</b>		
Deficiency of revenue over allocations and expenses	(2,192,653)	(5,898,297)
Items not affecting cash		
Unrealized gain on investments	(1,462,096)	(3,168,682)
Amortization of property and equipment	946,255	985,179
Decrease in accrued employee future benefits	(587,000)	(70,000)
Decrease in deferred contributions	(382,580)	(382,580)
Non-cash allocations	—	4,000,000
Accretion on loans receivable	(29,423)	(20,455)
	<u>(3,707,497)</u>	<u>(4,554,835)</u>
Increase (decrease) in accounts and sundry receivables	760,802	(476,673)
Decrease in prepaid expenses and allocations	1,244,074	6,614,473
Decrease (increase) in pledges and other receivables	(329,562)	391,640
(Decrease) increase in accounts and allocations payable	407,466	(975,425)
(Decrease) in deferred revenue	(110,796)	(2,904,502)
<b>Cash used in operating activities</b>	<u>(1,735,513)</u>	<u>(1,905,322)</u>
<b>Investing activities</b>		
Dispositions of investments	3,009,235	7,796,491
Purchases of property and equipment	(434,533)	(494,862)
(Increase) decrease in loans receivable	246,778	(52,706)
<b>Cash provided by investing activities</b>	<u>2,821,480</u>	<u>7,248,923</u>
<b>Financing activities</b>		
Repayment of loan payable	—	(900,000)
<b>Cash used in financing activities</b>	<u>—</u>	<u>(900,000)</u>
<b>Net increase in cash during the year</b>	<b>1,085,967</b>	4,443,601
Cash, beginning of year	<u>15,538,709</u>	11,095,108
<b>Cash, end of year</b>	<u><b>16,624,676</b></u>	<u>15,538,709</u>

See accompanying notes

## FEDERATION CJA

### Schedule of general fund allocations and expenses

Year ended March 31, 2019

	2019	2018
	\$	\$
<b>National and advocacy</b>	<b>3,274,855</b>	3,426,779
<b>Administrative and occupancy</b>		
Administration, occupancy and campaign expenses <i>[note 11]</i>	6,940,694	7,357,072
Administration, occupancy and campaign expenses recoverable from others <i>[note 11]</i>	2,007,260	1,699,854
	<b>8,947,954</b>	9,056,926
<b>Strengthening Jewish life and continuity</b>		
Engagement and outreach	3,012,970	1,453,790
Generations fund	3,270,372	2,582,523
GenMTL	4,363,282	4,031,428
Program's share of administration and occupancy	1,103,492	825,221
Bronfman Jewish Education Centre	657,844	769,681
Camp B'nai Brith	521,948	501,660
Communauté Sépharade Unifiée du Québec	956,762	858,388
Jewish Public Library	636,401	726,046
Montreal Holocaust Museum	359,255	327,499
Segal Centre for Performing Arts	396,126	407,724
Sylvan Adams YM-YWHA	634,508	575,967
The Alex Dworkin Canadian Jewish Archives	200,000	161,667
Agencies' share of administration and occupancy	982,836	1,139,392
	<b>17,095,796</b>	14,360,986
<b>Caring for the vulnerable</b>		
Agence Ometz	2,483,970	2,526,820
Caldwell Residences	99,675	156,621
Community Poverty Relief	1,998,230	1,927,230
Cummings Centre	1,869,924	1,677,889
Grants	499,150	490,243
Inclusion Initiative	76,228	—
JEM Workshop Inc.	599,634	778,347
Kehilla Montreal Residential Programs	85,700	67,016
Limmud Centre	100,000	100,000
Project Genesis	138,144	135,435
Tuition Assistance Allocation	2,945,782	3,189,216
Agencies' share of administration and occupancy	1,490,947	1,671,849
Other	—	22,620
	<b>12,387,384</b>	12,743,286
<b>Special projects and miscellaneous</b>		
Change in net pension obligation and pension costs	309,640	208,360
Gelber food services	1,144,191	873,662
Centennial	115,080	13,164,542
Other expenses	638,794	387,241
	<b>2,207,705</b>	14,633,805
<b>Amortization</b>	<b>946,255</b>	985,179
<b>Special one time contribution to the pension plan <i>[note 10]</i></b>	<b>2,665,400</b>	—
<b>Total General Fund expenses</b>	<b>47,525,349</b>	55,206,961

See accompanying notes

## Federation CJA

### Notes to financial statements

#### 1. Purpose of the organization

Federation CJA [the “Organization”] is at the heart of the organized Jewish community in Montreal. In partnership with a vast network of agencies and organizations locally, nationally and internationally, Federation CJA builds and sustains this community by providing leadership and by supporting the delivery of services and programs to care for the vulnerable and those in need, to ensure a bright Jewish future, to represent communal interests and to positively affect issues in the wider society.

Federation CJA is incorporated pursuant to a private act of the legislature of the Province of Quebec and is a registered charity under the *Income Tax Act (Canada)* and *Loi sur les impôts du Québec*, and, as such, is exempt from income taxes.

#### 2. Significant accounting policies

These financial statements were prepared in accordance with Part III of the *CPA Canada Handbook – Accounting*, “Accounting Standards for Not-for-Profit Organizations”, which sets out generally accepted accounting principles for not-for-profit organizations in Canada and includes the significant accounting policies described below.

##### Fund accounting

Federation CJA follows the restricted fund method of accounting for contributions.

The Endowment Fund reports resources contributed as endowments. Investment income earned on the Endowment Fund is spent in accordance with the restrictions imposed by the contributors.

The Legacy and Other Funds report resources set aside for other than current needs. These fund balances consist of internally restricted funds for “Operation Montreal” initiatives, capital improvements, the defined benefit pension plan and an unrestricted fund for future General Fund activities.

The General Fund reports revenue and expenses related to the Organization’s fundraising, administration and operations, which include allocations to affiliated agencies, charitable programs, and occupancy and administration expenses incurred on behalf of certain agencies and Federation CJA programs. The General Fund also reports the assets, liabilities and operations related to Federation CJA’s property and equipment.

The Campaign Fund reports the proceeds raised through the annual Combined Jewish Appeal campaign, allocations to Jewish Federations of Canada – UIA, and designated allocations. The fund balance is restricted to the funding of the operations and allocations of the following year.

##### Property and equipment

Property and equipment are recorded at cost and amortized on a straight-line basis over their estimated useful lives, as follows:

Buildings	40 years
Furniture, fixtures and equipment	5 or 15 years
Computer hardware	2 years
Computer software	5 years

Amortization expense is reported in the General Fund.

## **Federation CJA**

### **Notes to financial statements**

#### **Impairment**

Property and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. Impairment is assessed by comparing the carrying amount of an asset to be held and used with the total of the undiscounted cash flows expected from its use and disposition. If the asset is impaired, the impairment loss to be recognized is measured by the amount by which the carrying amount of the asset exceeds its fair value, generally determined on a discounted cash flow basis. Any impairment results in a write-down of the assets and a charge to income during the year. An impairment loss is not reversed if the fair value of the related long-lived asset subsequently increases.

#### **Investments**

Investments managed by the Jewish Community Foundation of Montreal are classified as held for trading financial assets. They are measured at the lesser of fair value, determined on the basis of market value, and net realizable value. Investment income includes changes in fair value, which are recognized in the statement of operations in the period in which the changes occur.

Pooled funds are valued based on reported unit values. Transactions are recorded on a settlement basis and transaction costs are expensed as incurred. Investment income, which consists of interest, dividends, income distributions from pooled funds and realized and unrealized gains and losses, is recorded as revenue in the statement of operations and changes in fund balances.

The preferred shares in private companies are recorded at amortized cost.

#### **Revenue recognition**

Restricted contributions are recognized as revenue of the appropriate restricted fund.

Endowment contributions are recognized as revenue in the Endowment Fund.

Unrestricted contributions are recognized as revenue of the General Fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Regular campaign revenue is recognized on an accrual basis, net of a provision for doubtful pledges. Certain long-term pledges are recognized on a cash basis.

#### **Allocation of expenses**

In addition to direct funding made to affiliated agencies and Federation CJA programs, the Organization provides office space and administrative assistance free of charge. For financial statement purposes, the cost of these services is allocated to the Strengthening Jewish life and continuity and Caring for the vulnerable categories of expenses based on the costs related to the agencies and programs benefiting from the services provided. Agencies' and programs' share of costs for occupancy is determined by premises square footage and costs for administrative assistance is determined by estimated time spent by Federation CJA staff.

## **Federation CJA**

### **Notes to financial statements**

#### **Employee future benefits**

Until December 31, 2006, the Organization offered its employees a defined benefit pension plan whereby benefits are determined based on years of service and the final average salary. Effective January 1, 2007, this plan was closed to new employees, who became members of the defined contribution plan described below. Commencing January 1, 2007, the service accrual in the defined benefit component of the Plan was frozen and the pension benefits earned to that date for employees who continue to render services are calculated based on the maximum average eligible earnings of each employee during the best average three years. The defined benefit obligation as at the statement of financial position date is determined using the most recent actuarial valuation report prepared for funding purposes. The measurement date of the plan assets and the defined benefit plan obligation is the Organization's statement of financial position date.

In its year-end statement of financial position, the Organization recognizes the defined benefit obligation, less the fair value of plan assets, adjusted for any valuation allowance. The plan cost for the year is recognized in the statement of operations and changes in fund balances. Past service costs resulting from changes in the plan are recognized as an expense in the statement of operations at the date of the changes.

Remeasurements and other items comprise the aggregate of the following: the difference between the actual return on plan assets and the return calculated using the discount rate; actuarial gains and losses; past service costs; and gains and losses arising from settlements and curtailments.

#### **Employee defined contribution plan**

On January 1, 2007, the defined contribution portion of the plan commenced for all employees. The respective contribution rates of the employer and employee are 5% and 3% of eligible salaries. The recorded expense consists of amounts paid during the year for employees who participate in the plan and amounts to \$379,845 [2018 – \$394,692].

#### **Foreign currency translation**

In the case of the Organization's foreign currency transactions, the Organization uses the temporal method. Under this method, monetary assets and liabilities are translated into Canadian dollars at the exchange rate in effect as at the statement of financial position date, and non-monetary items are translated at the prevailing historical rate at the time of the transaction. Revenue and expenses arising from foreign currency transactions are translated into Canadian dollars at the exchange rate in effect at the transaction date. The exchange gains or losses resulting from the translation of monetary items are included in the excess (deficiency) of revenue over allocations and expenses.

#### **Volunteer services**

Federation CJA benefits from substantial services in the form of volunteer time. Due to the difficulty of determining their fair value, volunteer services are not recorded in these financial statements.

#### **Financial instruments**

The Organization initially records a financial instrument at its fair value, which is recorded at the carrying or exchange amount depending on the circumstances.

## Federation CJA

### Notes to financial statements

The Organization recognizes its transaction costs in net income 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.

Subsequently, the Organization measures financial instruments as follows:

- investments in equity instruments that are quoted in an active market at fair value;
- all other investments in equity instruments at cost less impairment;
- all other financial assets at amortized cost;
- all financial liabilities at amortized cost; and
- derivative contracts, not designated as a hedge, at fair value.

Financial assets at amortized cost are composed of cash, and accounts and sundry receivables. Financial assets initially recorded at fair value, then subsequently measured at amortized cost, include loans receivable. Financial liabilities at amortized cost include accounts and allocations payable.

#### 3. Long-term loans receivable

One loan in the amount of \$160,400 is non-interest bearing, amounts totalling \$1,430,710 bear interest at 2% per annum, and an amount of \$219,286 bears interest at 5% per annum. All loans are repayable at various dates until 2029, and loans of \$1,437,210 are collateralized by land and buildings. These loans have been adjusted to reflect amortized cost using interest rates ranging from 2% to 6% per annum.

	\$
<b>Current</b>	
2020	167,748
<b>Long-term</b>	
2021	167,198
2022	160,890
2023	154,858
2024	160,518
Thereafter	999,184
	1,642,648
	1,810,396

During the year, the Organization recorded accretion amounting to \$29,423 [2018 – \$20,455].

The Organization develops its fair value estimates using present value techniques that consider and incorporate significant assumptions including credit risk, discount rates and the timing and frequency of the repayment. Fair value estimates are then discounted back to their present value using the credit adjusted risk-free rate, which is the rate of interest that is essentially free of default risk, plus an adjustment for credit standing. The credit adjusted risk-free rate is based on management's understanding of current and future economic conditions. Although the Organization regularly reviews its credit risk exposures, default risk may arise from events or circumstances that are difficult to detect or foresee.

## Federation CJA

### Notes to financial statements

#### 4. Pledges and other receivables

The pledges and other receivables in the Campaign Fund as at March 31, 2019 are net of an allowance for doubtful accounts of \$2,540,587 [2018 – \$2,598,197].

#### 5. Investments

	2019	2018
	\$	\$
The Jewish Community Foundation of Montreal Equity Fund	<b>28,553,427</b>	28,674,346
The Jewish Community Foundation of Montreal Fixed Income Fund	<b>6,352,963</b>	7,779,183
Investments managed by the Jewish Community Foundation of Montreal	<b>34,906,390</b>	36,453,529
Retractable preferred shares in private companies	<b>3,000,000</b>	3,000,000
	<b>37,906,390</b>	39,453,529

The Jewish Community Foundation of Montreal Equity Fund invests in Canadian, US and other money market funds, equity funds, hedge funds and other investments, which are recorded at the published market values as at March 31, 2019.

The Jewish Community Foundation of Montreal Fixed Income Fund invests in Canadian Bond Funds and State of Israel Bonds, which are recorded at the published market values of their funds as at March 31, 2019.

#### 6. Property and equipment

	Cost	Accumulated amortization	Net book value
	\$	\$	\$
<b>2019</b>			
Land	<b>325,000</b>	—	<b>325,000</b>
Construction in progress	<b>472,962</b>	—	<b>472,962</b>
Artwork	<b>527,065</b>	—	<b>527,065</b>
Cummings Campus and Gelber Conference Centre Building	<b>19,461,656</b>	<b>10,447,002</b>	<b>9,014,654</b>
Cummings Centre Building	<b>2,477,063</b>	<b>2,343,865</b>	<b>133,198</b>
West Island Building	<b>1,010,187</b>	<b>344,049</b>	<b>666,138</b>
Centre Hillel	<b>155,500</b>	<b>139,951</b>	<b>15,549</b>
Furniture, fixtures and equipment	<b>5,773,784</b>	<b>3,327,620</b>	<b>2,446,164</b>
Computer hardware and software	<b>737,978</b>	<b>589,755</b>	<b>148,223</b>
	<b>30,941,195</b>	<b>17,192,242</b>	<b>13,748,953</b>

## Federation CJA

### Notes to financial statements

	<b>Cost</b>	<b>Accumulated amortization</b>	<b>Net book value</b>
	\$	\$	\$
<b>2018</b>			
Land	325,000	—	325,000
Construction in progress	155,962	—	155,962
Artwork	527,065	—	527,065
Cummings Campus and Gelber Conference Centre Building	19,461,656	10,008,871	9,452,785
Cummings Centre Building	2,477,063	2,312,225	164,838
West Island Building	1,010,187	318,794	691,393
Centre Hillel	155,500	136,063	19,437
Furniture, fixtures and equipment	5,692,222	3,014,029	2,678,193
Computer hardware and software	702,007	456,005	246,002
	<u>30,506,662</u>	<u>16,245,987</u>	<u>14,260,675</u>

In February 2019, the Organization accepted an offer to sell Centre Hillel for \$605,000, which closed in September 2019, which will result in a gain of approximately \$580,000 for the year ending March 31, 2020.

During the year, the Organization wrote off \$nil [2018 – \$2,544,186] of property and equipment that was completely amortized and no longer in use.

#### 7. Employee defined benefit plan

The Organization provides pension and post-employment benefits to most of its employees. The pension plan is a multi-employer plan and covers certain employees of Federation CJA and the following associated employers: Agence Ometz, Association of Jewish Day Schools, Baron de Hirsch - Back River Cemeteries Inc / Les Cimetières de Baron de Hirsch - Back River Inc., Bronfman Jewish Education Centre, Caldwell Residences, Camp B'nai Brith, Communauté Sépharade Unifiée du Québec, Cummings Jewish Centre for Seniors, Cummings Jewish Centre for Seniors Foundation, Jewish Community Foundation of Montreal, Jewish Public Library, JEM Workshop Inc., Montreal Holocaust Museum, Segal Centre for Performing Arts / Centre Segal des arts de la scene, Tal AM, and the Young Men's and Young Women's Hebrew Association of Montreal.

Commencing January 1, 2007, the service accrual in the defined benefit component of the Plan was frozen. At the same date, a defined contribution plan was introduced.

Upon termination, the participant may transfer their vested funds to another registered investment vehicle if they have not attained their early retirement date of 55 years of age. Effective July 1, 2017, terminated members younger than 55 years old can leave their vested funds in the defined benefit Plan until retirement or withdraw them based on the degree of solvency of the defined benefit Plan.

## Federation CJA

### Notes to financial statements

Information about the Organization's share of the multi-employer defined benefit plan as at March 31 is as follows:

	<b>2019</b>	<b>2018</b>
	\$	\$
Accrued benefit obligations	<b>6,979,000</b>	6,823,000
Fair market value of plan assets	<b>7,333,000</b>	6,590,000
<b>Funded status – plan deficiency (surplus)</b>	<b>(354,000)</b>	233,000

Information about the Organization's multi-employer defined benefit plan including the above obligation as at March 31 is as follows:

	<b>2019</b>	<b>2018</b>
	\$	\$
Accrued benefit obligations	<b>27,250,000</b>	26,527,000
Fair market value of plan assets	<b>28,632,000</b>	25,623,000
<b>Funded status – plan deficiency (surplus)</b>	<b>(1,382,000)</b>	904,000

The most recent actuarial valuation of the Pension Plan and the other post-employment benefits was as of December 31, 2017.

#### 8. Deferred contributions

Deferred contributions represent restricted contributions relating to the Montreal Jewish Community Campus. Revenue is recognized on the same basis as expenses, which include the amortization of the acquired property and equipment and allocations relating to the Montreal Jewish Community Campus.

Changes in the deferred contributions balance are as follows:

	<b>2019</b>	<b>2018</b>
	\$	\$
<b>Balance, beginning of year</b>	<b>8,228,523</b>	8,611,103
Revenue recognized	<b>(382,580)</b>	(382,580)
<b>Balance, end of year</b>	<b>7,845,943</b>	8,228,523

## Federation CJA

### Notes to financial statements

#### 9. Externally restricted fund balances

Major categories of the externally restricted fund balances are as follows:

	2019 \$	2018 \$
<b>Endowment Fund</b>		
Montreal Jewish Community Campus	2,616,830	2,524,234
Donors	3,000,000	3,000,000
Other	58,390	56,325
	<b>5,675,220</b>	5,580,559
<b>Campaign Fund</b>	<b>35,698,285</b>	32,689,193
	<b>41,373,505</b>	38,269,752

During the year ended March 31, 2019, the Organization signed a funding agreement with The Maccabee Task Force Foundation. The Organization is to spend the funds received on certain projects on the campuses of McGill University and Concordia University. An amount of \$176,793 was received for projects at McGill University of which \$48,174 was expended as at September 17, 2019 and an amount of \$178,864 was received for projects at Concordia University of which \$24,169 was expended as at September 17, 2019.

The income generated in the Endowment Fund must be used in accordance with the wishes of the donors and the capital portion cannot be spent without the consent of the donors.

#### 10. Internally restricted fund balances

Major categories of internally restricted fund balances are as follows:

	2019 \$	2018 \$
Operation Montreal	13,235,417	13,257,608
Property and equipment reserve	2,941,259	2,325,384
Allocations and other funds	1,196,327	125,194
Pension plan reserve	4,300,220	6,083,360
<b>Legacy and other Funds</b>	<b>21,673,223</b>	21,791,546
<b>General Fund</b>	<b>5,903,009</b>	5,987,206
	<b>27,576,232</b>	27,778,752

During the year, the Organization funded its defined benefit pension plan by \$2,665,400 [2018 – \$nil], replacing letters of credit.

## Notes to financial statements

### 11. Other Donations, bequest and income

Cost recoveries and sponsorships are included in other donations, bequest and income amounting to \$1,621,433 [2018 – \$1,577,711] in the General Fund and \$385,827 [2018 – \$122,143] in the Campaign Fund. The corresponding expenses can be found in administration, occupancy and campaign expenses recoverable in the Schedule of General Fund expenses.

### 12. Financial instruments and risk management

#### Financial risks

The Organization is exposed to various financial risks through transactions in financial instruments. The following provides information in assessing the extent of the Organization's exposure to these risks.

#### 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. The following table provides a summary of US dollar denominated financial assets and liabilities:

	2019	2018
	\$	\$
Cash	<u>204,698</u>	<u>817,268</u>

#### 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 carrying value of cash, accounts and sundry receivables, and pledges and other receivables approximates their fair value due to their short-term nature.

The Organization is exposed to market and currency risk with regards to its investments. Market risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market. The investment policy provides for diversified investment options in order to mitigate the market risk. Currency risk is the risk that the value of investments will fluctuate as a result of changes in foreign exchange rates. Currency risk derives from investments denominated in foreign currencies. The investment managers of the pooled funds manage the currency risk as part of their mandates.

## **Notes to financial statements**

### **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 risk relates to its pledges and other receivables. To mitigate this risk, the Organization evaluates its donors on a continuing basis. As at March 31, 2019, one donor comprised 21% of pledges and other receivables [2018 – one donor; 17%]. The Organization is also exposed to credit risk on its long-term loans receivable. However, the Organization believes that the security held on the loans mitigates this risk.

### **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, specifically fair value risk on its long-term loans receivable and investment in the Jewish Community Foundation of Montreal's fixed income fund.

### **Liquidity risk**

Liquidity risk is the risk that the Organization will encounter difficulty in meeting obligations associated with financial liabilities. The Organization is exposed to this risk mainly in respect of its accounts and allocations payable and contributions to the pension plan.

## **13. Capital management**

In managing capital, the Organization focuses on liquid resources available for operations. The Organization's objectives are to have sufficient liquid resources to continue operating despite events with adverse financial consequences and to provide itself with the flexibility to take advantage of opportunities that will advance its purposes. The need for sufficient liquid resources is considered in the preparation of an annual budget and in the monitoring of cash flows and actual operating results compared to the budget. As at March 31, 2019, the Organization has met its objective of having sufficient liquid resources to meet its current obligations.

## **14. Commitments**

On March 19, 2019, the Organization entered into an agreement with a third party to assist with the creation of an application connecting volunteers to charitable initiatives. As such, the Organization has a commitment of \$1,000,000 USD, which was due upon signing of the contract. The commitment will be funded by donor directed gifts. As at September 17<sup>th</sup>, \$500,000 USD was expended under the agreement, and \$500,000 USD was collected from donors.

## **15. Comparative figures**

Certain of the comparative figures have been reclassified to conform to the basis of presentation adopted for the current year.