

United Jewish Appeal of Greater Toronto

Financial Statements
June 30, 2013



December 18, 2013

Independent Auditor's Report

To the Members of United Jewish Appeal of Greater Toronto

We have audited the accompanying financial statements of United Jewish Appeal of Greater Toronto, which comprise the balance sheets as at June 30, 2013, June 30, 2012 and July 1, 2011 and the statements of net proceeds for allocation to beneficiaries and net assets and cash flows for the years ended June 30, 2013 and June 30, 2012, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these 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.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

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PwC refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.



Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of United Jewish Appeal of Greater Toronto as at June 30, 2013, June 30, 2012 and July 1, 2011 and the results of its operations and its cash flows for the years ended June 30, 2013 and June 30, 2012 in accordance with Canadian accounting standards for not-for-profit organizations.

PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants

United Jewish Appeal of Greater Toronto

Balance Sheets

(in thousands of dollars)

	June 30, 2013 \$	June 30, 2012 \$	July 1, 2011 \$
Assets			
Cash and cash equivalents	951	495	303
Campaign pledges receivable - net (notes 4 and 6)	33,653	33,861	37,366
Sundry assets	928	811	2,080
	<u>35,532</u>	<u>35,167</u>	<u>39,749</u>
Liabilities			
Accounts payable, accrued liabilities and pledge payments received in advance (note 5)	<u>3,829</u>	<u>3,545</u>	<u>7,027</u>
Allocations payable - non-interest bearing (note 8)			
United Jewish Welfare Fund of Toronto	27,153	26,000	30,599
United Israel Appeal of Canada Inc.	4,550	5,622	2,123
	<u>31,703</u>	<u>31,622</u>	<u>32,722</u>
	<u>35,532</u>	<u>35,167</u>	<u>39,749</u>

Approved by the Board of Directors

_____ Director _____ Director

The accompanying notes are an integral part of these financial statements.

United Jewish Appeal of Greater Toronto

Statements of Net Proceeds for Allocation to Beneficiaries and Net Assets

For the years ended June 30, 2013 and June 30, 2012

(in thousands of dollars)

	2013 \$	2012 \$
Revenue (note 9)	74,467	63,152
Expenses		
Campaign (note 7)	7,854	8,246
Missions (note 7)	761	1,055
Provision for doubtful pledges	2,500	3,171
	11,115	12,472
Net proceeds of campaigns (note 8)	63,352	50,680
Allocated	63,352	50,680
Net assets - End of year	-	-

The accompanying notes are an integral part of these financial statements.

United Jewish Appeal of Greater Toronto

Statements of Cash Flows

For the years ended June 30, 2013 and June 30, 2012

(in thousands of dollars)

	2013 \$	2012 \$
Cash provided by (used in)		
Operating activities		
Net proceeds of campaigns	63,352	50,680
Net change in campaign pledges receivable	208	3,505
Net change in other assets and liabilities	167	(2,213)
	<u>63,727</u>	<u>51,972</u>
Distributions (note 8)		
United Jewish Welfare Fund of Toronto - operations and development fund	(33,819)	(35,680)
United Israel Appeal of Canada Inc.	(14,712)	(10,667)
Designated and special campaign grants	(14,740)	(5,433)
	<u>(63,271)</u>	<u>(51,780)</u>
Increase in cash and cash equivalents during the year	456	192
Cash and cash equivalents - Beginning of year	495	303
Cash and cash equivalents - End of year	<u>951</u>	<u>495</u>
Cash and cash equivalents comprise		
Cash	583	264
State of Israel bonds	368	231
	<u>951</u>	<u>495</u>

The accompanying notes are an integral part of these financial statements.

United Jewish Appeal of Greater Toronto

Notes to Financial Statements

June 30, 2013

(in thousands of dollars)

1 Purpose of the Organization

The United Jewish Appeal of Greater Toronto (the Organization) raises funds for charitable purposes. It distributes funds to the United Jewish Welfare Fund of Toronto (UJWF) and the United Israel Appeal of Canada Inc. (UIA).

2 Adoption of accounting standards for not-for-profit organizations

Effective July 1, 2012, the organization adopted the requirements of Canadian accounting standards for not-for-profit organizations (ASNPO) Part III of The Canadian Institute of Chartered Accountants Handbook as issued by the Canadian Accounting Standards Board. In accordance with Section 1501, First-time Adoption by Not-for-Profit Organizations, the accounting policies under this framework have been applied consistently and retrospectively as if the policies had always been in effect.

The organization has elected to use the following exemption:

- In accordance with ASNPO transitional provisions, the organization has elected to take the exemption for retrospective application of Section 3856, Financial Instruments, prior to the date of transition of July 1, 2011.

There were no adjustments to the balance sheets or the statements of net proceeds for allocation to beneficiaries and net assets and cash flows.

3 Summary of significant accounting policies

Revenue recognition

The Organization follows the restricted fund method of accounting. Campaign revenue is recognized when a pledge is received. Future campaign pledges are deferred and reflected as revenue in future fiscal years. A provision for uncollectible pledges is recorded to reduce pledges receivable and revenue. Revenue from special campaigns and other overseas initiatives is recognized as amounts are received.

Designated grants and related expenses

Designated grants and related expenses include costs directly associated with raising these amounts. These costs are recognized on an accrual basis. The designated grants are recognized as an expense when the related designated revenues have been received.

Allocation of net proceeds

The net proceeds from the annual campaign of the organization are allocated between the UJWF and the UIA, in accordance with approved budgets.

United Jewish Appeal of Greater Toronto

Notes to Financial Statements

June 30, 2013

(in thousands of dollars)

Donated services

As is common with many charitable organizations, many services of the Organization are voluntarily provided by the community. Since these services are not normally purchased by the Organization, and because of the difficulties in determining their fair value, the value of the donated services is not recognized in these financial statements.

Cash and cash equivalents

Cash and cash equivalents consist of cash and highly liquid investments with initial maturities of three months or less.

Financial instruments

The organization initially measures its financial assets and liabilities at fair value, except related party transactions which are measured at the exchange amount. Equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at amortized cost, unless management has elected to carry the instruments at fair value. Changes in fair value are recognized in the statements of net proceeds for allocation to beneficiaries. Financial assets are tested for impairment at the end of each reporting period when there are indicators the assets may be impaired.

Transactions are recorded on a trade date basis and transaction costs are expensed as incurred.

Unless otherwise noted, it is management's opinion that the organization is not exposed to significant liquidity, market or credit risks arising from their financial instruments.

Use of estimates

The preparation of financial statements in accordance with ASNPO require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and 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. Actual results could differ from those estimates.

4 Campaign pledges receivable - net

	2013 \$	2012 \$
Current campaign	28,308	29,346
Prior year campaign	3,734	1,962
Previous campaigns	2,044	2,986
Fair value adjustment	(433)	(433)
	<hr/> 33,653	<hr/> 33,861

United Jewish Appeal of Greater Toronto

Notes to Financial Statements

June 30, 2013

(in thousands of dollars)

5 Accounts payable, accrued liabilities and pledge payments received in advance

	2013 \$	2012 \$
Accounts payable and accrued liabilities	2,436	2,921
Pledge payments received in advance	1,393	624
	<u>3,829</u>	<u>3,545</u>

6 Contingent liabilities

Assignment of campaign pledges receivable

The Organization has provided guarantees of a line of credit and mortgage debt owing by UJWF to the Royal Bank of Canada (RBC) and TD Canada Trust (TD), limited to \$6,000 and \$9,115, respectively. RBC is supported by a security position on the Organization's accounts receivable. TD is supported by a second position general security agreement on the Organization's assets. As at June 30, 2013, the amounts owing by UJWF are \$nil (2012 - \$700) and \$8,780 (2012 - \$9,115), respectively.

The Organization's total guarantee to RBC is \$12,600 including the line of credit of \$6,000, foreign exchange forward contract limit of \$6,000, VISA of \$300 and lease line of credit of \$300.

7 Related party transaction

Included in campaign and mission expenses is \$6,389 (2012 - \$6,225), which has been paid by the UJWF on behalf of the Organization.

8 Allocations payable

	United Jewish Welfare Fund of Toronto		United Israel Appeal of Canada Inc.		Designated and Special Campaign		Total	
	2013 \$	2012 \$	2013 \$	2012 \$	2013 \$	2012 \$	2013 \$	2012 \$
Annual campaign								
Balance - Beginning of year	26,000	30,599	5,622	2,123	-	-	31,622	32,722
Net proceeds of campaigns	34,972	31,081	13,640	14,166	14,740	5,433	63,352	50,680
	<u>60,972</u>	<u>61,680</u>	<u>19,262</u>	<u>16,289</u>	<u>14,740</u>	<u>5,433</u>	<u>94,974</u>	<u>83,402</u>
Deduct: Distributions during the year	33,819	35,680	14,712	10,667	14,740	5,433	63,271	51,780
	<u>27,153</u>	<u>26,000</u>	<u>4,550</u>	<u>5,622</u>	<u>-</u>	<u>-</u>	<u>31,703</u>	<u>31,622</u>

United Jewish Appeal of Greater Toronto

Notes to Financial Statements

June 30, 2013

(in thousands of dollars)

9 Revenue

	2013 \$	2012 \$
Annual campaign	57,040	54,321
Designated and special campaign revenue	14,712	6,121
Sponsorship and mission revenue	1,830	2,710
Corporate partner revenue	885	-
	<hr/> 74,467	<hr/> 63,152

