

# **United Jewish Welfare Fund of Toronto**

Combined Financial Statements  
**June 30, 2013, June 30, 2012 and  
July 1, 2011**



December 18, 2013

## **Independent Auditor's Report**

### **To the Members of United Jewish Welfare Fund of Toronto**

We have audited the accompanying financial statements of the United Jewish Welfare Fund of Toronto, which comprise the combined balance sheets as at June 30, 2013, June 30, 2012 and July 1, 2011 and the combined statements of revenues, expenditures and net assets, changes in 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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**Opinion**

In our opinion, the financial statements present fairly, in all material respects, the financial position of the United Jewish Welfare Fund of 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 Welfare Fund of Toronto

## Combined Balance Sheets

(in thousands of dollars)

	June 30, 2013 \$	June 30, 2012 \$	July 1, 2011 \$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	25,118	12,801	24,828
Marketable securities	25,742	15,062	24,345
Due from United Jewish Appeal of Greater Toronto - non-interest bearing (note 6(a))	27,153	26,000	30,599
Amounts receivable and sundry assets (notes 6 and 7)	4,209	4,758	6,668
	<u>82,222</u>	<u>58,621</u>	<u>86,440</u>
<b>Amounts receivable and sundry assets</b> (note 7)	2,706	3,117	3,798
<b>Investments and marketable securities</b> (note 8)	192,470	193,194	179,950
<b>Property and equipment</b> (note 9)	175,380	181,113	159,750
	<u>452,778</u>	<u>436,045</u>	<u>429,938</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Bank indebtedness (note 10)	8,010	14,075	12,318
Accounts payable, accrued liabilities and unpaid allocations (note 8(b))	18,066	21,722	19,256
Deferred revenue (note 11)	48,493	42,612	38,440
	<u>74,569</u>	<u>78,409</u>	<u>70,014</u>
<b>Bank indebtedness</b> (note 10)	58,428	69,065	61,874
<b>Pension obligations</b> (note 12)	6,446	6,237	6,173
	<u>64,874</u>	<u>75,302</u>	<u>68,047</u>
	139,443	153,711	138,061
<b>Net Assets</b>	<u>313,335</u>	<u>282,334</u>	<u>291,877</u>
	<u>452,778</u>	<u>436,045</u>	<u>429,938</u>
<b>Contingencies and commitments</b> (notes 16 and 17)			

### Approved by the Board of Directors

\_\_\_\_\_ Director \_\_\_\_\_ Director

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

# United Jewish Welfare Fund of Toronto

## Combined Statements of Revenues, Expenditures and Net Assets

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

(in thousands of dollars)

	2013 \$	2012 \$
<b>Revenues</b>		
Share of net proceeds from previous year's campaign of the United Jewish Appeal of Greater Toronto (note 11)	31,081	29,069
Bequests and endowments received	15,584	4,638
Capital project donations	14,215	9,838
Community centre operations	10,720	5,279
Designated gifts and related income	10,364	9,970
Sundry income	4,143	2,469
Income from securities (note 13)	3,898	4,803
Rental income	3,711	2,786
Government grants	263	212
Catering operations	168	-
	94,147	69,064
<b>Expenditures</b>		
Allocations, grants and programs	45,284	37,892
Community centre operations	12,132	7,998
Designated grants	10,364	9,970
Administrative costs	7,269	6,745
Building operating expenses	6,617	3,916
Property and equipment amortization	4,923	2,902
Interest expense (note 14)	2,940	1,396
Investment counsel and custodial fees	1,866	1,677
Capital projects expenses (note 15)	1,718	1,260
Fundraising expenses	1,418	1,633
Allowance for doubtful debt (note 6(b))	808	-
Catering operations	698	193
	96,037	75,582
<b>Deficiency of revenues over expenditures for the year before undernoted items</b>	(1,890)	(6,518)
<b>Fair value change on securities</b> (note 13)	19,358	(3,025)
<b>Gain on sale of land</b> (note 9(i))	13,533	-
	31,001	(9,543)
<b>Excess (deficiency) of revenues over expenditures for the year</b>		
<b>Net assets - Beginning of year</b>	282,334	291,877
<b>Net assets - End of year</b>	313,335	282,334

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

# United Jewish Welfare Fund of Toronto

## Combined Statements of Changes in Net Assets

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

(in thousands of dollars)

	<b>2013</b>							
	<b>General and Capital Funds</b>							
	<b>Operating Fund \$</b>	<b>Building operations \$</b>	<b>Catering operations \$</b>	<b>Community centre operations \$</b>	<b>Capital projects \$</b>	<b>Subtotal \$</b>	<b>Capital Reserve Fund \$</b>	<b>Subtotal \$</b>
<b>Net assets - Beginning of year</b>	(8,203)	1,238	(193)	-	78,837	71,679	1,321	73,000
Excess (deficiency) of revenues over expenditures for the year	(905)	635	(636)	(1,405)	16,240	13,929	-	13,929
Interfund transfers (note 18)	-	(515)	-	1,405	(1,405)	(515)	515	-
<b>Net assets - End of year</b>	<b>(9,108)</b>	<b>1,358</b>	<b>(829)</b>	<b>-</b>	<b>93,672</b>	<b>85,093</b>	<b>1,836</b>	<b>86,929</b>

	<b>2013</b>			<b>2012</b>	
	<b>Jewish Foundation of Greater Toronto</b>			<b>Total</b>	<b>Total</b>
	<b>Endowment and Restricted Funds \$</b>	<b>Unrestricted Funds \$</b>	<b>Subtotal \$</b>	<b>\$</b>	<b>\$</b>
<b>Net assets - Beginning of year</b>	201,667	7,667	209,334	282,334	291,877
Excess (deficiency) of revenues over expenditures for the year	17,454	(382)	17,072	31,001	(9,543)
Interfund transfers (note 18)	944	(944)	-	-	-
<b>Net assets - End of year</b>	<b>220,065</b>	<b>6,341</b>	<b>226,406</b>	<b>313,335</b>	<b>282,334</b>

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

# United Jewish Welfare Fund of Toronto

## Combined Statements of Cash Flows

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

(in thousands of dollars)

	2013 \$	2012 \$
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
Excess (deficiency) of revenues over expenditures for the year	31,001	(9,543)
Items not involving cash		
Amortization of property and equipment	4,923	2,902
Fair value change on securities (note 13)	(19,358)	3,025
Gain on sale of land (note 9(i))	(13,533)	-
Allowance for doubtful debt (note 6(b))	808	-
	<u>3,841</u>	<u>(3,616)</u>
<b>Net changes in non-cash components of working capital</b>		
Decrease (increase) in due from United Jewish Appeal of Greater Toronto - non-interest bearing	(1,153)	4,599
Decrease in amounts receivable	152	2,591
Increase (decrease) in accounts payable and accrued liabilities	(3,447)	2,530
Increase in deferred revenue	5,881	4,172
	<u>1,433</u>	<u>13,892</u>
<b>Investing activities</b>		
Additions to property and equipment	(9,934)	(24,265)
Proceeds on sale of land (note 9(i))	24,277	-
Purchases of investments and marketable securities - net	9,402	(6,986)
	<u>23,745</u>	<u>(31,251)</u>
<b>Financing activities</b>		
Bank borrowings (repayments)	(16,702)	8,948
	<u>12,317</u>	<u>(12,027)</u>
<b>Increase (decrease) in cash and cash equivalents during the year</b>	<u>12,317</u>	<u>(12,027)</u>
<b>Cash and cash equivalents - Beginning of year</b>	<u>12,801</u>	<u>24,828</u>
<b>Cash and cash equivalents - End of year</b>	<u>25,118</u>	<u>12,801</u>
<b>Cash and cash equivalents comprise</b>		
Cash	7,523	4,024
Money market securities	17,595	8,777
	<u>25,118</u>	<u>12,801</u>

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

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# United Jewish Welfare Fund of Toronto

## Notes to Combined Financial Statements

June 30, 2013, June 30, 2012 and July 1, 2011

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(in thousands of dollars)

### **1 Purpose of the Organization**

United Jewish Welfare Fund of Toronto (the Organization) serves as the central Jewish communal organization, dedicated to the preservation and enrichment of Jewish life in the Greater Toronto Area, to the perpetuation of the community's identification with the State of Israel and to the creation of long-term resources to meet the challenges and needs of the Jewish Community. Together with the United Jewish Appeal of Greater Toronto and the Jewish Foundation of Greater Toronto, the Organization operates as UJA Federation of Greater Toronto.

### **2 Basis of combined financial statement presentation**

The Organization operates through a number of incorporated entities controlled by the membership of the UJA Federation of Greater Toronto. These combined financial statements are prepared on a combined basis and include the following organizations as they are under common control:

- the Organization;
- Joseph and Wolf Lebovic Jewish Community Campus;
- Lipa Green Centre for Jewish Community Services;
- Sherman Campus (formerly 4588 Bathurst);
- 750 Spadina Ave. Association;
- Centre for Jewish Campus Life;
- Jewish Community Properties of Greater Toronto;
- Prosserman Jewish Community Centre;
- Schwartz/Reisman Centre;
- 1867942 Ontario Inc. (Lebovic food services contract); and
- Jewish Foundation of Greater Toronto.

These combined financial statements do not include United Jewish Appeal of Greater Toronto (UJA), which is also controlled by the membership of the UJA Federation of Greater Toronto.

The combined balances are presented after elimination of intercompany balances.



# United Jewish Welfare Fund of Toronto

## Notes to Combined Financial Statements

June 30, 2013, June 30, 2012 and July 1, 2011

(in thousands of dollars)

The combined financial statements of the Organization are presented to show the following funds:

The General and Capital Funds  
 Operating Fund  
 Building operations  
 Catering operations  
 Community centre operations  
 Capital projects, comprising Sherman Campus and Lebovic Campus  
 Capital Reserve Fund - fund for future capital repairs and replacements - Lebovic Campus and Sherman Campus  
 Jewish Foundation of Greater Toronto  
 Endowment Fund  
 Restricted Funds  
 Unrestricted Funds

### 3 Combined financial statement detail

The combined financial statements comprise the following:

#### Combined Balance Sheets

As at June 30, 2013 and June 30, 2012

					2013	2012	
	General and Capital Funds \$	Jewish Foundation of Greater Toronto			Total \$	Total \$	Total \$
		Endowment Fund \$	Restricted Funds \$	Unrestricted Funds \$			
<b>Assets</b>							
<b>Current assets</b>							
Cash and money market securities	13,837	2,917	8,047	317	11,281	25,118	12,801
Marketable securities	2,077	6,118	16,881	666	23,665	25,742	15,062
Due from United Jewish Appeal of Greater Toronto - non-interest bearing (note 6(a))	27,153	-	-	-	-	27,153	26,000
Amounts receivable and sundry assets (notes 6 and 7)	3,572	-	618	19	637	4,209	4,758
	46,639	9,035	25,546	1,002	35,583	82,222	58,621
<b>Amounts receivable and sundry assets (note 7)</b>	1,787	-	919	-	919	2,706	3,117
<b>Investments and marketable securities (note 8)</b>	330	49,679	137,054	5,407	192,140	192,470	193,194
<b>Property and equipment (note 9)</b>	175,380	-	-	-	-	175,380	181,113
	224,136	58,714	163,519	6,409	228,642	452,778	436,045

# United Jewish Welfare Fund of Toronto

## Notes to Combined Financial Statements

June 30, 2013, June 30, 2012 and July 1, 2011

(in thousands of dollars)

					2013	2012
	Jewish Foundation of Greater Toronto					
General and Capital Funds \$	Endowment Fund \$	Restricted Funds \$	Unrestricted Funds \$	Total \$	Total \$	Total \$
<b>Liabilities</b>						
<b>Current liabilities</b>						
Bank indebtedness (note 10)	8,010	-	-	-	8,010	14,075
Accounts payable, accrued liabilities and unpaid allocations (note 8(b))	15,830	2,169	67	2,236	18,066	21,722
Deferred revenue (note 11)	48,493	-	-	-	48,493	42,612
	72,333	2,169	67	2,236	74,569	78,409
<b>Bank indebtedness (note 10)</b>	58,428	-	-	-	58,428	69,065
<b>Pension obligations (note 12)</b>	6,446	-	-	-	6,446	6,237
	64,874	-	-	-	64,874	75,302
	137,207	2,169	67	2,236	139,443	153,711
<b>Net Assets</b>	86,929	58,714	161,350	6,342	226,406	313,335
	224,136	58,714	163,519	6,409	452,778	436,045

### Combined Statements of Revenues, Expenditures and Net Assets

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

					2013	2012
	Jewish Foundation of Greater Toronto					
General and Capital Funds \$	Endowment Fund \$	Restricted Funds \$	Unrestricted Funds \$	Total \$	Total \$	Total \$
<b>Revenues</b>						
Share of net proceeds from previous year's campaign of the United Jewish Appeal of Greater Toronto (note 11)	31,081	-	-	-	31,081	29,069
Bequests and endowments received	-	15,580	4	15,584	15,584	4,638
Capital project donations	14,215	-	-	-	14,215	9,838
Community centre operations	10,720	-	-	-	10,720	5,279
Designated gifts and related income	10,364	-	-	-	10,364	9,970
Sundry income	4,143	-	-	-	4,143	2,469
Income from securities (note 13)	130	3,652	116	3,768	3,898	4,803
Rental income	3,711	-	-	-	3,711	2,786
Government grants	263	-	-	-	263	212
Catering operations	168	-	-	-	168	-
	74,795	19,232	120	19,352	94,147	69,064

# United Jewish Welfare Fund of Toronto

## Notes to Combined Financial Statements

June 30, 2013, June 30, 2012 and July 1, 2011

(in thousands of dollars)

	Jewish Foundation of Greater Toronto				2013	2012	
General and Capital Funds \$	Endowment Fund \$	Restricted Funds \$	Unrestricted Funds \$	Total \$	Total \$	Total \$	
<b>Expenditures</b>							
Allocations, grants and programs	26,086	-	18,102	1,096	19,198	45,284	37,892
Community centre operations	12,132	-	-	-	-	12,132	7,998
Designated grants	10,364	-	-	-	-	10,364	9,970
Administrative costs	6,695	-	531	43	574	7,269	6,745
Building operating expenses	6,617	-	-	-	-	6,617	3,916
Property and equipment amortization	4,923	-	-	-	-	4,923	2,902
Interest expense (note 14)	2,940	-	-	-	-	2,940	1,396
Investment counsel and custodial fees	-	-	1,799	67	1,866	1,866	1,677
Capital projects expenses (note 15)	1,718	-	-	-	-	1,718	1,260
Fundraising expenses	1,418	-	-	-	-	1,418	1,633
Allowance for doubtful debt (note 6(b))	808	-	-	-	-	808	-
Catering operations	698	-	-	-	-	698	193
	73,399	-	20,432	1,206	21,638	96,037	75,582
<b>Excess (deficiency) of revenues over expenditures for the year before undernoted items</b>	396	-	(1,200)	(1,086)	(2,286)	(1,890)	(6,518)
<b>Fair value change on securities</b> (note 13)	-	-	18,654	704	19,358	19,358	(3,025)
<b>Gain on sale of land</b> (note 9(i))	13,533	-	-	-	-	13,533	-
<b>Excess (deficiency) of revenues over expenditures for the year</b>	13,929	-	17,454	(382)	17,072	31,001	(9,543)
<b>Interfund transfers</b>	-	-	944	(944)	-	-	-
<b>Net assets - Beginning of year</b>	73,000	58,714	142,953	7,667	209,334	282,334	291,877
<b>Net assets - End of year</b>	86,929	58,714	161,351	6,341	226,406	313,335	282,334

# United Jewish Welfare Fund of Toronto

## Notes to Combined Financial Statements

June 30, 2013, June 30, 2012 and July 1, 2011

(in thousands of dollars)

### Combined Statements of Cash Flows

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

			2013	2012
	General and Capital Funds \$	Jewish Foundation of Greater Toronto \$	Total \$	Total \$
<b>Cash provided by (used in)</b>				
<b>Operating activities</b>				
Excess (deficiency) of revenues over expenditures for the year	13,929	17,072	31,001	(9,543)
Items not involving cash				
Amortization of property and equipment	4,923	-	4,923	2,902
Fair value change on securities (note 13)	-	(19,358)	(19,358)	3,025
Gain on sale of land (note 9(i))	(13,533)	-	(13,533)	-
Allowance for doubtful debt (note 6(b))	808	-	808	-
	<u>6,127</u>	<u>(2,286)</u>	<u>3,841</u>	<u>(3,616)</u>
<b>Net changes in non-cash components of working capital</b>				
Decrease (increase) in due from United Jewish Appeal of Greater Toronto - non-interest bearing	(1,153)	-	(1,153)	4,599
Decrease (increase) in amounts receivable	(343)	495	152	2,591
Increase (decrease) in accounts payable and accrued liabilities	(5,317)	1,870	(3,447)	2,530
Increase in deferred revenue	5,881	-	5,881	4,172
	<u>(932)</u>	<u>2,365</u>	<u>1,433</u>	<u>13,892</u>
<b>Investing activities</b>				
Additions to property and equipment	(9,934)	-	(9,934)	(24,265)
Proceeds on sale of land (note 9(i))	24,277	-	24,277	-
Purchases of investments and marketable securities - net	(525)	9,927	9,402	(6,986)
	<u>13,818</u>	<u>9,927</u>	<u>23,745</u>	<u>(31,251)</u>
<b>Financing activities</b>				
Bank borrowings (repayments)	(16,702)	-	(16,702)	8,948
<b>Increase (decrease) in cash and cash equivalents during the year</b>				
	2,311	10,006	12,317	(12,027)
<b>Cash and cash equivalents - Beginning of year</b>				
	11,526	1,275	12,801	24,828
<b>Cash and cash equivalents - End of year</b>				
	<u>13,837</u>	<u>11,281</u>	<u>25,118</u>	<u>12,801</u>
<b>Cash and cash equivalents comprise</b>				
Cash	6,992	531	7,523	4,024
Money market securities	6,845	10,750	17,595	8,777
	<u>13,837</u>	<u>11,281</u>	<u>25,118</u>	<u>12,801</u>

# United Jewish Welfare Fund of Toronto

## Notes to Combined Financial Statements

June 30, 2013, June 30, 2012 and July 1, 2011

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(in thousands of dollars)

### 4 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 exemptions:

- In accordance with ASNPO transitional provisions, the Organization has elected to measure its investments at fair value, with subsequent changes in fair value to be recognized in the combined statements of revenues, expenditures and net assets.
- 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 combined balance sheets or the combined statements of revenues, expenditures and net assets and cash flows.

### 5 Summary of significant accounting policies

#### i) Revenue recognition policies

- Revenue recognition

The Organization follows the restricted fund method of accounting for revenues. Revenue that is subject to external restrictions is recognized in the appropriate fund when received. Externally restricted revenue for which no fund exists is deferred and recognized as the related expense occurs. Revenue that is not subject to external restrictions is recognized in the Unrestricted General Fund when received.

- Deferred revenue

The allocated share of the Organization out of the 2013 UJA Campaign is deferred and is reflected as revenue in the following fiscal year.

Designated gifts received are recorded as deferred revenue until the gifts have been allocated to other organizations as specified by the donor and are therefore reflected at that time as a disbursement of the Organization.

Revenue received from memberships, summer camps and early childhood education is recognized over the period of the membership or program. The amount not yet taken into income is shown as deferred revenue.

# United Jewish Welfare Fund of Toronto

## Notes to Combined Financial Statements

June 30, 2013, June 30, 2012 and July 1, 2011

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(in thousands of dollars)

- Capital campaigns

The Organization receives pledges for the Lebovic Campus and Sherman Campus. Consistent with common accounting practices for some not-for-profit organizations, only payments received during the year in respect of pledges made are recorded as revenue. Pledges to be paid after the end of the year are not included in the combined financial statements and will not be included until the year in which they are received, as these amounts cannot be reasonably estimated at this time.

- Bequests

The United Jewish Welfare Fund of Toronto - Jewish Foundation of Greater Toronto (the Foundation) from time to time has been named beneficiary in a number of wills. Bequests under these wills are recorded in the accounts of the Foundation when the funds are received.

- Rental revenue

The Organization recognizes rental revenue monthly over the term of the rental agreement when the amount of revenue can reasonably be measured and collectibility is reasonably assured.

### ii) Jewish Foundation of Greater Toronto

The Foundation consists of endowment, restricted and unrestricted funds as follows:

- Endowment Fund - The Endowment Fund includes those contributions that are established as permanent resources and preclude capital encroachment under any circumstances. Investment income is recognized when earned and is credited to the applicable restricted fund.
- Restricted Funds - The application of these funds is subject to the terms under which they were received: for specific purposes, field of interest, or donor recommendation compatible with the Organization's purposes.
- Unrestricted Funds - The application of these funds is at the discretion of the Organization for activities compatible with its purposes.

### iii) Cash and cash equivalents

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

### iv) Amortization of property and equipment

Building	straight-line basis over 40 years
Furniture, fixtures and equipment	straight-line basis over 5 years
Equipment held under capital lease	straight-line basis over 5 years

# United Jewish Welfare Fund of Toronto

## Notes to Combined Financial Statements

June 30, 2013, June 30, 2012 and July 1, 2011

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(in thousands of dollars)

The building of 750 Spadina Ave. Association (750 Spadina Ave.) is amortized on the declining balance basis at 5%.

Capital projects are recorded at cost, where cost includes land acquisition, capitalized carrying costs such as interest, realty tax charges and other costs, plus construction costs to date.

### v) 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 combined financial statements.

### vi) Pension plan and supplementary retirement benefits

The Organization's pension plan is a defined benefit plan. In addition, the Organization has committed to pay certain pensions to active executives and retired employees. The Organization applies defined benefit plan accounting in accordance with Canadian generally accepted accounting principles.

### vii) 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. The Organization has elected to carry its investments at fair value.

Changes in fair value of investments are recognized in the combined statements of revenues, expenditures and net assets. 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 or credit risks arising from their financial instruments.

Market risk arises due to fluctuations in market values, currency rates and interest rates. The Organization is exposed to market risk on its investments. The Organization manages this risk through investing in lower risk securities and diversification of the investment portfolios.

### viii) Use of estimates

The preparation of the combined financial statements in accordance with ASNPO requires 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 combined financial statements and revenues and expenditures for the reporting period. Management must also make estimates and

# United Jewish Welfare Fund of Toronto

## Notes to Combined Financial Statements

June 30, 2013, June 30, 2012 and July 1, 2011

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(in thousands of dollars)

judgments about future results of operations related to specific elements of the Organization and operating units in assessing the recoverability of assets and the recorded values of liabilities. Actual results could differ from those estimates.

### 6 Related party transactions

The transactions have been calculated at the exchange amount as determined on an arm's length basis.

- a) As described in note 2, UJA is under the common control of UJA Federation of Greater Toronto. During the year, the Organization was allocated \$34,972 (2012 - \$31,081) out of the 2013 UJA Campaign, which has been recorded as deferred revenue (note 11). The Organization paid campaign expenses of \$6,389 (2012 - \$6,225) on behalf of UJA. These expenditures have been charged to the account between the Organization and UJA and accordingly have not been recorded as an expense of the Organization.
- b) Under the bylaws of the Koffler Centre of the Arts (Koffler Centre), the Board comprises eight directors approved by the Organization, eight directors approved by the Koffler Centre Foundation (Koffler Foundation) and eight directors approved by both UJWF and the Koffler Foundation. As such, the Organization has significant influence over the Koffler Centre. The Organization paid operating grants to the Koffler Centre of \$250 (2012 - \$250). In addition, the Organization incurred certain expenses on behalf of the Koffler Centre and charged rent to the Koffler Centre; the total for the year was \$370 (2012 - \$305). As at June 30, 2013, the Koffler Centre owed the Organization \$808 (2012 - \$673). While the Organization is pursuing collection, a full allowance of \$808 has been made against the amount outstanding as collection of the receivable is uncertain at this time.
- c) The Organization has the right to appoint 50% of the Board of Directors of Toronto Hebrew Memorial Park (THMP), and as such, has significant influence over this organization. Pursuant to a trust agreement, THMP as trustee operates cemetery properties, Pardes Shalom and Pardes Chaim, on behalf of the Organization. The properties are held in trust by THMP as trustee for the Organization as beneficiary. The Organization incurred certain expenses on behalf of THMP and charged rent to THMP; the total for the year was \$37 (2012 - \$38). As at June 30, 2013, THMP owed the Organization \$nil (2012 - \$3). During the year, the Organization received a contribution of \$150 (2012 - \$150) from THMP.

### 7 Amounts receivable and sundry assets

Included in amounts receivable and sundry assets is a loan of \$2,238 (2012 - \$2,569) to Miles Nadal Jewish Community Centre (MNJCC). The loan is secured by MNJCC's leasehold improvements and has no specific terms of repayment. The portion expected to be repaid in 2014 of \$451 (2012 - \$331) is included in current assets; the remaining balance amounting to \$1,787 (2012 - \$2,238) is included in long-term amounts receivable and sundry assets.



# United Jewish Welfare Fund of Toronto

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(in thousands of dollars)

The long-term amounts receivable and sundry assets consist of the following:

	2013 \$	2012 \$
General and Capital Funds - MNJCC	1,787	2,238
Jewish Foundation of Greater Toronto		
Interest in charitable remainder trust	885	854
Cash surrender value of life insurance policies	34	25
	2,706	3,117

The Foundation has received contributions from individuals to enable it to purchase insurance policies on their lives with the Organization named as beneficiary. The face values of these policies aggregate \$210 (2012 - \$210) with cash surrender values of \$34 (2012 - \$25).

In addition, the Organization is the beneficiary under other policies with an aggregate face value of \$21,528 (2012 - \$21,228).

## 8 Investments and marketable securities

### a) Summary

	2013		2012	
	Fair value \$	Cost \$	Fair value \$	Cost \$
Jewish Foundation of Toronto				
Marketable securities				
Fixed income investments				
State of Israel bonds	1,939	1,939	8,294	8,294
Pooled funds	37,181	36,277	36,666	34,815
	39,120	38,216	44,960	43,109
Equity investments				
Domestic pooled funds	32,391	30,958	28,202	25,805
Foreign pooled funds (b)	120,629	99,154	119,548	116,699
	153,020	130,112	147,750	142,504
Total marketable securities	192,140	168,328	192,710	185,613
General and Capital Funds				
State of Israel bonds, government bonds and bank guaranteed investment certificates	330	339	484	499
	192,470	168,667	193,194	186,112

# United Jewish Welfare Fund of Toronto

## Notes to Combined Financial Statements

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(in thousands of dollars)

2013		2012	
Fair value	Cost	Fair value	Cost
\$	\$	\$	\$

- b) Investments with a fair value of \$120,629 (2012 - \$119,548) are subject to currency fluctuations. Foreign exchange contracts of US\$40,000 (2012 - US\$57,000) are outstanding. The unrealized loss on these contracts of \$2,120 (2012 - \$38) is included in the Foundation's accounts payable, accrued liabilities and unpaid allocations.

### 9 Property and equipment - General and Capital Funds

	2013		
	Cost	Accumulated amortization	Net
	\$	\$	\$
Capital project - Lebovic Campus (i)			
Land and related acquisition and infrastructure costs	16,912	-	16,912
Building - Kimel Family Education Centre	34,498	5,029	29,469
Building - Community Services Building	85,917	2,246	83,671
	<u>137,237</u>	<u>7,275</u>	<u>130,052</u>
Capital project - Sherman Campus (ii)			
Land	1,700	-	1,700
Buildings - Lipa Green Centre and Gales Family Pavilion	37,823	8,800	29,023
Capital project development costs	5,671	-	5,671
	<u>45,194</u>	<u>8,800</u>	<u>36,394</u>
Land and building - 750 Spadina Ave. (iii)			
Land	900	-	900
Building	2,546	1,431	1,115
	<u>3,446</u>	<u>1,431</u>	<u>2,015</u>
Building on leased land - Wolfond Centre (iv)	3,480	829	2,651
Land - Simcoe County (v)	1,111	-	1,111
Furniture, fixtures and equipment	10,077	6,920	3,157
	<u>200,635</u>	<u>25,255</u>	<u>175,380</u>

# United Jewish Welfare Fund of Toronto

## Notes to Combined Financial Statements

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(in thousands of dollars)

	<b>2012</b>		
	<b>Cost</b>	<b>Accumulated</b>	<b>Net</b>
	\$	amortization	\$
		\$	\$
Capital project - Lebovic Campus (i)			
Land and related acquisition and infrastructure costs	27,132	-	27,132
Building - Kimel Family Education Centre	34,498	4,162	30,336
Building - Community Services Building	78,202	161	78,041
	<u>139,832</u>	<u>4,323</u>	<u>135,509</u>
Capital project - Sherman Campus (ii)			
Land	1,700	-	1,700
Buildings - Lipa Green Centre and Gales Family Pavilion	37,677	7,960	29,717
Capital project development costs	5,562	-	5,562
	<u>44,939</u>	<u>7,960</u>	<u>36,979</u>
Land and building - 750 Spadina Ave. (iii)			
Land	900	-	900
Building	2,533	1,373	1,160
	<u>3,433</u>	<u>1,373</u>	<u>2,060</u>
Building on leased land - Wolfond Centre (iv)	3,470	742	2,728
Land - Simcoe County (v)	1,111	-	1,111
Furniture, fixtures and equipment	8,661	5,935	2,726
	<u>201,446</u>	<u>20,333</u>	<u>181,113</u>

- i) Capital project - Lebovic Campus represents the costs to date of the Joseph and Wolf Lebovic Jewish Community Campus, comprising land and infrastructure costs, the Kimel Family Education Centre, the Community Services Building and capital project development costs of the future phase III of the project. Estimated cost of completion of the Community Services Building is \$600. During the year, the Organization sold a portion of the land, which was surplus to its requirements, for net proceeds of \$24,277, resulting in a gain of \$13,533.
- ii) Capital project - Sherman Campus represents the cost of the Lipa Green Centre, which houses the UJA Federation's offices, and the Gales Family Pavilion, which houses the Prosserman Jewish Community Centre and Koffler Centre of the Arts, and the land and redevelopment costs to date of 4588 Bathurst.
- iii) The Organization owns the land and building at 750 Spadina Ave. In prior years, the major tenant, MNJCC, constructed and paid for significant leasehold improvements to the property at a cost of \$16,449 (2012 - \$16,449).
- iv) The Wolfond Centre for Jewish Campus Life at the University of Toronto was constructed on leased land. The initial lease term ends on December 31, 2030, with a ten-year renewal option (note 17).

# United Jewish Welfare Fund of Toronto

## Notes to Combined Financial Statements

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(in thousands of dollars)

- v) The Organization owns land in Simcoe County, which is licensed for use as a non-profit youth camp and is recorded at cost.
- vi) The Organization is the owner of a parcel of land in the Haliburton Region of Ontario, which was acquired in 1946, 1954 and 1964 for a nominal consideration. Under an agreement, Jewish Camp Council of Ontario operates a children's camp on the property, known as Camp Northland. The Organization has no responsibility for the operations or liabilities of the camp.

### 10 Bank indebtedness

Bank indebtedness comprises the following:

	2013 \$	2012 \$
Facility I	-	700
Facility II	50,973	65,011
Facility III	6,545	8,144
Facility IV	4,327	4,483
Facility V	4,453	4,632
Facility VI	140	170
	<hr/>	<hr/>
	66,438	83,140
Less: Current portion	8,010	14,075
	<hr/>	<hr/>
	58,428	69,065

Facility I is a \$6,000 line of credit, repayable on demand. The interest rate is at prime plus 1%.

Facility II is a facility provided by a consortium of banks to fund the construction of Lebovic Campus Phase 1 and 2. The borrower is Joseph and Wolf Lebovic Jewish Community Campus and the guarantor is the Organization; endowment assets of the Foundation are excluded from any support required for this guarantee. The amount owing as at June 30, 2013 comprises advances on the Phase 2 facility, bearing interest at prime plus 0.75%. The Phase 1 facility was repaid during the year from the proceeds of land sale. The Phase 2 facility now comprises a construction loan commitment of \$55,000, swing-line commitment of \$1,000 and a letter of guarantee commitment of \$2,300.

Facility III is a facility provided by a consortium of banks to fund the construction of Sherman Campus Phase I. The borrower is Lipa Green Centre for Jewish Community Services and the guarantor is the Organization; endowment assets of the Foundation are excluded from any support required for this guarantee. No further advances can be made on this facility. During the year, the final maturity date was extended from June 30, 2013 to June 30, 2018.

Facility IV was established in 2004 (refinanced in 2009) to refinance loans payable by 750 Spadina Ave. The loan bears interest at 5.89%, is repayable in blended monthly payments of \$34 and is repayable in full in September 2019.

# United Jewish Welfare Fund of Toronto

## Notes to Combined Financial Statements

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(in thousands of dollars)

Facility V relates to a borrowing in 2009 by 750 Spadina Ave., which was utilized to provide a grant to MNJCC, which in turn used the funds to repay amounts owing to the Organization (note 7). The loan bears interest at 4.81%, is repayable in blended monthly payments of \$33 and is repayable in full in August 2014.

Facility VI is a \$1,250 line of credit established by Prosserman Jewish Community Centre, bearing interest at prime plus 1.25% and repayable on demand. The facility is guaranteed by the Organization.

Of the total indebtedness of \$66,438 (2012 - \$83,140), \$61,845 (2012 - \$77,638) is attributable to property and equipment and \$4,593 (2012 - \$5,502) is attributable to funding of operations. The carrying amount of assets pledged as security is \$168,500 (2012 - \$174,549).

Total indebtedness includes accrued interest of \$12 (2012 - \$12).

The Organization is committed to make the following payments under the terms of the above borrowings:

	Facility I \$	Facility II \$	Facility III \$	Facility IV \$	Facility V \$	Facility VI \$	Total \$
2014	-	5,973	1,545	165	187	140	8,010
2015	-	10,000	2,000	174	4,266	-	16,440
2016	-	10,000	1,000	184	-	-	11,184
2017	-	10,000	1,000	196	-	-	11,196
2018	-	10,000	1,000	206	-	-	11,206
Thereafter	-	5,000	-	3402	-	-	8,402
	-	50,973	6,545	4,327	4,453	140	66,438

Security for bank indebtedness:

- Facility I is secured by a security agreement over receivables of the borrower and a guarantee by UJA of \$12,600 supported by a security interest in all accounts receivable of UJA. The \$12,600 guarantee comprises a line of credit of \$6,000, foreign exchange forward contract exposure of \$6,000, VISA of \$300 and lease line of credit of \$300.
- Facility II is secured by a first ranking collateral mortgage of \$90,000 on the Lebovic Campus property, general assignment of leases, contracts and insurance relating to the project, security interest in all personal property (excluding property at 750 Spadina Ave. and 4588 Bathurst), assignment of pledge receivables (excluding pledges and assets of the Foundation, pledges designated for use other than for Lebovic Campus and unrestricted pledges and donations to the extent they are not designated for the project).
- Facility III is secured by a first ranking collateral mortgage of \$23,500 on a portion of the Sherman Campus property, general assignment of leases, contracts and insurance relating to the project, assignment of pledge receivables (excluding pledges and assets of the Foundation, pledges designated for use other than for Sherman Campus and unrestricted pledges and donations to the extent they are not designated for the project).
- Facilities IV and V are secured by a first position security agreement executed by 750 Spadina Ave., guarantee of \$9,115 by UJA and a second position general security agreement executed by UJA, a second

# United Jewish Welfare Fund of Toronto

## Notes to Combined Financial Statements

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(in thousands of dollars)

position security agreement executed by the Organization, a first charge collateral mortgage of \$10,000 on 750 Spadina Ave.'s real property and an assignment of rents and leases of 750 Spadina Ave.

### 11 Deferred revenue

	2013 \$	2012 \$
Allocated share of the 2013 United Jewish Appeal Campaign (note 6(a))	34,972	31,081
Designated donations received for distribution in future years	8,312	7,455
Community centre program and membership fees	1,762	1,463
Contribution under catering arrangement	951	1,000
Rent received for long-term ground lease	614	604
Program gifts and grants received for expenses in future years	1,882	1,009
	48,493	42,612

### 12 Pension and supplementary retirement benefits obligations

The Organization maintains defined benefit pension plans for its employees. The Organization has also committed to pay certain supplementary pension benefits to active executives and retired employees. Information about the Organization's pension and supplementary retirement benefits in aggregate is as follows:

	Pension plans		Supplementary retirement benefits	
	2013 \$	2012 \$	2013 \$	2012 \$
Accrued benefit obligation	25,290	23,236	7,846	7,943
Fair value of plan assets - at market	22,356	19,293	-	-
Plan deficits	(2,934)	(3,943)	(7,846)	(7,943)
Balance of unamortized amounts	3,520	4,286	814	1,363
Accrued asset (liability)	586	343	(7,032)	(6,580)
Expense	876	579	669	584
Cash contributions	1,144	877	-	-
Discount rate	4.65%	4.25%	4.65%	4.25%
Expected rate of compensation increase	3.00%	3.25%	3.00%	3.25%

#### Defined benefit plans

The Organization measures its accrued benefit obligations and the fair value of plan assets for accounting purposes as at June 30 of each year. The most recent actuarial valuation of the pension plans for funding purposes was as at July 1, 2011.

The expense includes \$326 (2012 - \$235) of pension costs related to United Jewish Appeal of Toronto.

# United Jewish Welfare Fund of Toronto

## Notes to Combined Financial Statements

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(in thousands of dollars)

Percentage of plan assets consists of:

	2013 %	2012 %
Equities	51	44
Fixed income	6	13
Cash and short-term deposits	3	2
Balanced funds	40	41
	100	100

### 13 Income from securities

	2013			2012	
	General and Capital Funds \$	Jewish Foundation of Greater Toronto		Total \$	Total \$
		Restricted Funds \$	Unrestricted Funds \$		
Income from investments	130	3,652	116	3,898	4,803
Realized gains (losses)	-	4,502	163	4,665	(4,346)
Unrealized gains	-	14,152	541	14,693	1,321
Fair value change on investments	-	18,654	704	19,358	(3,025)
	130	22,306	820	23,256	1,778

### 14 Interest

Total interest for the year was \$3,020 (2012 - \$3,086), of which \$80 (2012 - \$1,690) has been capitalized.

### 15 Capital projects expenses

Capital projects expenses comprise fundraising, marketing, strategic planning and other costs.

# United Jewish Welfare Fund of Toronto

## Notes to Combined Financial Statements

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(in thousands of dollars)

### 16 Contingent liabilities

- a) Under agreements between the Organization and the City of Toronto, and as a condition of exemption from municipal and school taxes, the Organization is obligated, upon sale of certain of the properties, to pay amounts to the City, representing the amount of taxes foregone for the last ten years for the property sold. The amount of taxes foregone for the ten years is estimated at a maximum of \$2,928. The amounts contingently payable under these agreements are registered as secured first fixed charges against each of the properties. No liability has been recorded in the accounts of the Organization for these potential contingencies.
- b) As at June 30, 2013, the Organization has outstanding letters of guarantee amounting to \$2,276 (2012 - \$2,276) relating primarily to the Lebovic Campus capital project. A third party has issued a letter of guarantee in the Organization's favour to cover one of the letters of guarantee amounting to \$176 (2012 - \$176).

### 17 Operating lease

The Wolfond Centre for Jewish Campus Life at the University of Toronto was constructed on leased land. The future minimum lease payments for this land are as follows:

	\$
2014	48
2015	52
2016	56
2017	56
2018	56
Thereafter	869
	<hr/>
	1,137
	<hr/>

### 18 Interfund transfers

Interfund transfers comprise:

	\$
Transfer of Community Centre deficit to capital projects	1,405
Transfer from building operations to Capital Reserve Fund	515
Transfer from Unrestricted Funds to Endowment and Restricted Funds	944