

United Jewish Welfare Fund of Toronto

Combined Financial Statements
June 30, 2011

December 15, 2011

Independent Auditor's Report

To the Members of United Jewish Welfare Fund of Toronto

We have audited the accompanying combined financial statements of United Jewish Welfare Fund of Toronto, which comprise the combined balance sheet as at June 30, 2011 and the combined statements of revenues, expenditures and net assets, changes in net assets and cash flows for the year ended, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

Management's responsibility for the combined financial statements

Management is responsible for the preparation and fair presentation of these combined financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of combined 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 combined financial statements based on our audit. We conducted our audit 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 combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the combined 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 combined 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 combined financial statements.

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

Opinion

In our opinion, the combined financial statements present fairly, in all material respects, the financial position of United Jewish Welfare Fund of Toronto as at June 30, 2011 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

PricewaterhouseCoopers LLP

Chartered Accountants, Licensed Public Accountants

United Jewish Welfare Fund of Toronto

Combined Balance Sheet

As at June 30, 2011 (note 3)

(in thousands of dollars)

	2011 \$	2010 \$
Assets		
Current assets		
Cash and money market securities	38,954	45,341
Marketable securities	10,219	572
Due from United Jewish Appeal of Greater Toronto - non-interest bearing (note 5(a))	30,599	27,683
Amounts receivable and sundry assets (notes 5, 6 and 7(b))	9,237	8,457
	<hr/> 89,009	<hr/> 82,053
Amounts receivable and sundry assets (note 6)	1,229	1,195
Investments and marketable securities (note 7)	179,950	168,289
Property and equipment (note 8)	159,750	126,556
	<hr/> 429,938	<hr/> 378,093
Liabilities		
Current liabilities		
Bank indebtedness (note 9)	12,318	7,684
Accounts payable, accrued liabilities and unpaid allocations (note 7(b))	19,256	14,941
Deferred revenue (note 10)	38,440	40,203
	<hr/> 70,014	<hr/> 62,828
Bank indebtedness (note 9)	61,874	38,358
Pension and supplementary retirement benefit obligations (note 11)	6,173	5,782
	<hr/> 68,047	<hr/> 44,140
	138,061	106,968
Net Assets	<hr/> 291,877	<hr/> 271,125
	<hr/> 429,938	<hr/> 378,093

Approved by the Board of Directors

_____ Director

_____ Director

United Jewish Welfare Fund of Toronto

Combined Statement of Revenues, Expenditures and Net Assets

For the year ended June 30, 2011 (note 3)

(in thousands of dollars)

	2011 \$	2010 \$
Revenues		
Share of net proceeds from previous year's campaign of the United Jewish Appeal of Greater Toronto	28,017	34,252
Income from securities (note 12)	23,541	15,693
Designated gifts and related income	13,713	6,479
Bequests and endowments received	11,297	5,645
Sherman Campus donations	8,987	11,352
Lebovic Campus donations	5,491	9,062
Community centre operations	4,643	3,294
Rental income	2,654	2,638
Sundry income	2,353	347
Government grants	280	-
	<hr/> 100,976	<hr/> 88,762
Expenditures		
Grants and allocations	37,695	40,437
Designated grants	13,713	6,479
Administrative costs	7,453	6,418
Community centre operations	6,308	4,536
Building operating expenses	3,899	4,175
Property and equipment amortization (note 8(ii))	2,494	4,838
Educational program and operating expenses	2,246	2,065
Capital projects expenses (note 14)	2,067	2,741
Fundraising expenses	1,621	1,865
Interest expense (note 13)	1,400	1,213
Investment counsel and custodial fees	1,328	963
	<hr/> 80,224	<hr/> 75,730
Excess of revenues over expenditures for the year	20,752	13,032
Net assets - Beginning of year	<hr/> 271,125	<hr/> 258,093
Net assets - End of year	<hr/> <hr/> 291,877	<hr/> <hr/> 271,125

United Jewish Welfare Fund of Toronto

Combined Statement of Changes in Net Assets

For the year ended June 30, 2011

(in thousands of dollars)

	2011						
	General and Capital Funds						
	Operating Fund \$	Building operations \$	Community centre operations \$	Capital projects \$	Subtotal \$	Capital Reserve Fund \$	Subtotal \$
Net assets - Beginning of year	3,651	419	-	69,613	73,683	567	74,250
Prior year adjustment	-	-	-	-	-	-	-
	3,651	419	-	69,613	73,683	567	74,250
Excess of revenues over expenditures (expenditures over revenues) for the year (note 17)	(7,067)	705	(958)	8,071	751	-	751
Interfund transfers (note 18)	(139)	(296)	958	(958)	(435)	296	(139)
Net assets - End of year	(3,555)	828	-	76,726	73,999	863	74,862

United Jewish Welfare Fund of Toronto

Combined Statement of Changes in Net Assets ...continued

For the year ended June 30, 2011

(in thousands of dollars)

	Jewish Foundation of Greater Toronto				2011	2010
	Endowment Fund \$	Restricted Funds \$	Unrestricted Funds \$	Subtotal \$	Total \$	Total \$
Net assets - Beginning of year	58,714	130,272	7,889	196,875	271,125	267,251
Prior year adjustment	-	-	-	-	-	(9,158)
Excess of revenues over expenditures for the year	58,714	130,272	7,889	196,875	271,125	258,093
Interfund transfers (note 18)	-	19,182	819	20,001	20,752	13,032
	-	139	-	139	-	-
Net assets - End of year	58,714	149,593	8,708	217,015	291,877	271,125

United Jewish Welfare Fund of Toronto

Combined Statement of Cash Flows

For the year ended June 30, 2011 (note 3)

(in thousands of dollars)

	2011 \$	2010 \$
Cash provided by (used in)		
Operating activities		
Cash from UJA campaign	26,153	32,222
Cash from designated gifts	10,969	10,770
Bequests and endowments received	11,436	5,645
Other income	5,286	2,985
Grants, allocations, program and operating expenses	(68,023)	(67,232)
Decrease (increase) in amounts receivable and sundry assets	(64)	4,786
Income from securities	9,699	4,978
	<hr/>	<hr/>
	(4,544)	(5,846)
Investing activities		
Capital project donations	14,478	20,414
Expenditure on property and equipment	(35,596)	(23,839)
Investments and marketable securities	(7,475)	13,175
	<hr/>	<hr/>
	(28,593)	9,750
Financing activities		
Bank borrowings - net (note 9)	28,150	13,642
Interest expense (note 13)	(1,400)	(1,213)
	<hr/>	<hr/>
	26,750	12,429
Increase (decrease) in cash and money market securities during the year	(6,387)	16,333
Cash and money market securities - Beginning of year	<hr/>	<hr/>
	45,341	29,008
Cash and money market securities - End of year	<hr/>	<hr/>
	38,954	45,341
Cash and money market securities comprise		
Cash	15,706	31,312
Money market securities	23,248	14,029
	<hr/>	<hr/>
	38,954	45,341
	<hr/>	<hr/>

United Jewish Welfare Fund of Toronto

Notes to Combined Financial Statements

June 30, 2011

(in thousands of dollars)

1 Purpose of the Organization

The 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 and to the perpetuation of the community's identification with the State of Israel. Together with the United Jewish Appeal 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 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; and
- Schwartz/Reisman Centre.

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.

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

The General and Capital Funds
Operating Fund
Building operations
Community centre operations
Capital projects
 Sherman Campus
 Lebovic Campus

United Jewish Welfare Fund of Toronto

Notes to Combined Financial Statements

June 30, 2011

(in thousands of dollars)

Capital reserve fund - under the terms of the lease agreement for the Lebovic Campus Kimel Family Education Centre (note 8(i)), a fund was required to be established for future capital repairs and replacements
 Jewish Foundation of Greater Toronto
 Endowment Fund
 Restricted Funds
 Unrestricted Funds

3 Financial statement detail

The combined financial statements comprise the following:

Combined Balance Sheet

As at June 30, 2011

	Jewish Foundation of Greater Toronto				2011	2010
General and Capital Funds	Endowment Fund	Restricted Funds	Unrestricted Funds	Total	Total	Total
\$	\$	\$	\$	\$	\$	\$
Assets						
Current assets						
Cash and money market securities	13,121	7,064	17,597	1,172	25,833	45,341
Marketable securities	870	2,554	6,424	371	9,349	572
Due from United Jewish Appeal of Greater Toronto - non-interest bearing (note 5(a))	30,599	-	-	-	30,599	27,683
Amounts receivable and sundry assets (notes 5, 6 and 7(b))	7,626	-	1,538	73	1,611	8,457
	52,216	9,618	25,559	1,616	36,793	82,053
Amounts receivable and sundry assets (note 6)	-	-	1,229	-	1,229	1,195
Investments and marketable securities (note 7)	257	49,096	123,477	7,120	179,693	168,289
Property and equipment (note 8)	159,750	-	-	-	159,750	126,556
	212,223	58,714	150,265	8,736	429,938	378,093
Liabilities						
Current liabilities						
Bank indebtedness (note 9)	12,318	-	-	-	12,318	7,684
Accounts payable, accrued liabilities and unpaid allocations (note 7(b))	18,556	-	672	28	19,256	14,941
Deferred revenue (note 10)	38,440	-	-	-	38,440	40,203
	69,314	-	672	28	70,014	62,828
Bank indebtedness (note 9)	61,874	-	-	-	61,874	38,358
Pension and supplementary retirement benefit obligations (note 11)	6,173	-	-	-	6,173	5,782
	68,047	-	-	-	68,047	44,140

United Jewish Welfare Fund of Toronto

Notes to Combined Financial Statements

June 30, 2011

(in thousands of dollars)

	Jewish Foundation of Greater Toronto					2011	2010
General and Capital Funds \$	Endowment Fund \$	Restricted Funds \$	Unrestricted Funds \$	Total \$	Total \$	Total \$	
	-	672	28	700	138,061	106,968	
Net Assets	74,862	58,714	149,593	8,708	217,015	291,877	
	212,223	58,714	150,265	8,736	217,715	429,938	

Combined Statement of Revenues, Expenditures and Net Assets

For the year ended June 30, 2011

	Jewish Foundation of Greater Toronto					2011	2010
General and Capital Funds \$	Endowment Fund \$	Restricted Funds \$	Unrestricted Funds \$	Total \$	Total \$	Total \$	
Revenues							
Share of net proceeds from previous year's campaign of the United Jewish Appeal of Greater Toronto	28,017	-	-	-	28,017	34,252	
Income from securities (note 12)	269	22,300	972	23,272	23,541	15,693	
Designated gifts and related income	13,713	-	-	-	13,713	6,479	
Bequests and endowments received	-	11,184	113	11,297	11,297	5,645	
Sherman Campus donations	8,987	-	-	-	8,987	11,352	
Lebovic Campus donations	5,491	-	-	-	5,491	9,062	
Community centre operations	4,643	-	-	-	4,643	3,294	
Rental income	2,654	-	-	-	2,654	2,638	
Sundry income	2,353	-	-	-	2,353	347	
Government grants	280	-	-	-	280	-	
	66,407	-	33,484	1,085	34,569	100,976	
Expenditures							
Grants and allocations	25,022	12,527	146	12,673	37,695	40,437	
Designated grants	13,713	-	-	-	13,713	6,479	
Administrative costs	6,886	508	59	567	7,453	6,418	
Community centre operations	6,308	-	-	-	6,308	4,536	
Building operating expenses	3,899	-	-	-	3,899	4,175	
Property and equipment amortization (note 8(ii))	2,494	-	-	-	2,494	4,838	
Educational program and operating expenses	2,246	-	-	-	2,246	2,065	
Capital projects expenses (note 14)	2,067	-	-	-	2,067	2,741	
Fundraising expenses	1,621	-	-	-	1,621	1,865	
Interest expense (note 13)	1,400	-	-	-	1,400	1,213	
Investment counsel and custodial fees	-	1,267	61	1,328	1,328	963	
	65,656	14,302	266	14,568	80,224	75,730	
Excess of revenues over expenditures for the year	751	19,182	819	20,001	20,752	13,032	
Interfund transfers (note 18)	(139)	139	-	139	-	-	
Net assets - Beginning of year	74,250	58,714	130,272	7,889	196,875	271,125	
Net assets - End of year	74,862	58,714	149,593	8,708	217,015	291,877	

United Jewish Welfare Fund of Toronto

Notes to Combined Financial Statements

June 30, 2011

(in thousands of dollars)

Combined Statement of Cash Flows

For the year ended June 30, 2011

			2011	2010
	General and Capital Funds \$	Jewish Foundation of Greater Toronto \$	Total \$	Total \$
Cash provided by (used in)				
Operating activities				
Cash from UJA campaign	26,153	-	26,153	32,222
Cash from designated gifts	10,969	-	10,969	10,770
Bequests and endowments received	-	11,436	11,436	5,645
Other income	5,286	-	5,286	2,985
Grants, allocations, program and operating expenses	(53,261)	(14,762)	(68,023)	(67,232)
Decrease in amounts receivable and sundry assets	1,261	(1,325)	(64)	4,786
Income from securities	269	9,430	9,699	4,978
	(9,323)	4,779	(4,544)	(5,846)
Investing activities				
Capital project donations	14,478	-	14,478	20,414
Expenditure on property and equipment	(35,596)	-	(35,596)	(23,839)
Investments and marketable securities	59	(7,534)	(7,475)	13,175
	(21,059)	(7,534)	(28,593)	9,750
Financing activities				
Bank borrowings - net (note 9)	28,150	-	28,150	13,642
Interest expense (note 13)	(1,400)	-	(1,400)	(1,213)
	26,750	-	26,750	12,429
Increase (decrease) in cash and money market securities during the year	(3,632)	(2,755)	(6,387)	16,333
Cash and money market securities - Beginning of year	16,753	28,588	45,341	29,008
Cash and money market securities - End of year	13,121	25,833	38,954	45,341
Cash and money market securities comprise				
Cash	3,999	11,707	15,706	31,312
Money market securities	9,122	14,126	23,248	14,029
	13,121	25,833	38,954	45,341

United Jewish Welfare Fund of Toronto

Notes to Combined Financial Statements

June 30, 2011

(in thousands of dollars)

4 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 2011 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.

- Lebovic Campus and Sherman Campus

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.

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.

United Jewish Welfare Fund of Toronto

Notes to Combined Financial Statements

June 30, 2011

(in thousands of dollars)

- 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) 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
Computer equipment	straight-line basis over 5 years

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.

iv) 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.

v) 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.

vi) Financial instruments

Financial assets and financial liabilities are initially recognized at fair value and their subsequent measurement is dependent on their classification as described below. The classification depends on the purpose for which the financial instruments were acquired or issued, their characteristics and the Organization's designation of such instruments. Accounting standards require that all financial assets be classified as held-for-trading (HFT), available-for-sale (AFS), held-to-maturity (HTM) or loans and receivables (LR). Financial liabilities should be classified as HFT or as other liabilities (OL).

United Jewish Welfare Fund of Toronto

Notes to Combined Financial Statements

June 30, 2011

(in thousands of dollars)

The following is a summary of the accounting model the Organization has elected to apply to each of its significant categories of financial instruments.

Assets/liabilities	Category	Measurement
Cash and money market securities	HFT	fair value
State of Israel bonds	HTM	amortized cost
Other investments including marketable securities	HFT	fair value
Amounts receivable and sundry assets	LR	amortized cost
Bank indebtedness	HFT	fair value
Accounts payable, accrued liabilities and unpaid allocations	OL	amortized cost
Forward contracts	HFT	fair value

Interest earned or accrued, gains and losses realized on disposal and unrealized gains and losses for changes in fair value are included in income (loss) from securities. Transaction costs are expensed as incurred.

vii) Use of estimates

Financial statements prepared in conformity with Canadian generally accepted accounting principles require management to make estimates and assumptions about reported assets and liabilities, the disclosure of contingent assets and liabilities and the reported amounts of revenues and expenses. Management must also make estimates and 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.

5 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 common control of UJA Federation of Greater Toronto. The allocated share of the Organization out of the 2011 UJA Campaign is \$29,069 (2010 - \$28,017), which is included in deferred revenue. The Organization paid campaign expenses of \$6,236 (2010 - \$4,571) 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 (2010 - \$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 \$364 (2010 - \$401). As at June 30, 2011, the Koffler Centre owed the Organization \$368 (2010 - \$275).

United Jewish Welfare Fund of Toronto

Notes to Combined Financial Statements

June 30, 2011

(in thousands of dollars)

- c) The Organization has the right to appoint 50% of the board 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 \$49 (2010 - \$69). As at June 30, 2011, THMP owed the Organization \$4 (2010 - \$95). During the year, the Organization received a contribution of \$250 (2010 - \$nil) from THMP.

6 Amounts receivable and sundry assets

Included in current amounts receivable and sundry assets is a loan of \$2,654 (2010 - \$3,136) to Miles Nadal Jewish Community Centre (MNJCC). The loan is secured by MNJCC's leasehold improvements, and has no specific terms of repayment.

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

	2011 \$	2010 \$
Jewish Foundation of Greater Toronto		
Interest in charitable remainder trust	839	816
Cash surrender value of life insurance policies	390	379
	1,229	1,195

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 \$710 (2010 - \$710) with cash surrender values of \$390 (2010 - \$379).

In addition, the Organization is the beneficiary under other policies with an aggregate face value of \$20,228 (2010 - \$16,628).

7 Investments and marketable securities

- a) Summary

	2011		2010	
	Fair value \$	Cost \$	Fair value \$	Cost \$
Jewish Foundation of Toronto				
Marketable securities				
Fixed income investments				
State of Israel bonds	4,858	4,858	15,151	15,151
Pooled funds	36,546	35,276	43,612	40,337
	41,404	40,134	58,763	55,488

United Jewish Welfare Fund of Toronto

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June 30, 2011

(in thousands of dollars)

	2011		2010	
	Fair value \$	Cost \$	Fair value \$	Cost \$
Equity investments				
Domestic pooled funds	45,084	37,295	36,922	37,057
Foreign pooled funds	93,205	98,302	71,991	83,725
	138,289	135,597	108,913	120,782
Total marketable securities	179,693	175,731	167,676	176,270
General and Capital Funds				
State of Israel bonds, government bonds and bank GICs	257	280	613	655
	179,950	176,011	168,289	176,925

- b) Investments with a fair value of \$93,205 are subject to currency fluctuations. Foreign exchange contracts of US\$52,000 (2010 - US\$30,000) are outstanding. The unrealized gain on these contracts of \$1,314 is included in the Foundation's amounts receivable and sundry assets (2010 - unrealized loss of \$152 included in the Foundation's accounts payable, accrued liabilities and unpaid allocations).

8 Property and equipment

	2011		
	Cost \$	Accumulated amortization \$	Net \$
General and Capital Funds			
Capital project - Lebovic Campus (i)			
Land and building - Kimel Family Education Centre	35,874	3,294	32,580
Other land, development costs and construction in progress	82,368	-	82,368
Capital project - Sherman Campus (ii)			
Land and buildings - Lipa Green Centre and Gales Family Pavilion	37,110	7,132	29,978
Land and development costs - Sherman Campus	7,017	-	7,017
Land and building - 750 Spadina Ave. (iii)	3,433	1,312	2,121
Building on leased land - Wolfond Centre (iv)	3,470	655	2,815
Land - Simcoe County (v)	1,111	-	1,111
Furniture, fixtures and equipment	4,836	3,507	1,329
Computer equipment	1,962	1,531	431
	177,181	17,431	159,750

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Notes to Combined Financial Statements

June 30, 2011

(in thousands of dollars)

	2010		
	Cost	Accumulated	Net
	\$	amortization	\$
		\$	\$
General and Capital Funds			
Capital project - Lebovic Campus (i)			
Land and building - Kimel Family Education Centre	35,898	2,426	33,472
Other land, development costs and construction in progress	47,378	-	47,378
Capital project - Sherman Campus (ii)			
Land and buildings - Lipa Green Centre and Gales Family Pavilion	36,900	6,314	30,586
Land and development costs - Sherman Campus	6,708	-	6,708
Land and building - 750 Spadina Ave. (iii)	3,433	1,248	2,185
Building on leased land - Wolfond Centre (iv)	3,470	568	2,902
Land - Simcoe County (v)	1,111	-	1,111
Furniture, fixtures and equipment	4,731	2,897	1,834
Computer equipment	1,976	1,596	380
	<u>141,605</u>	<u>15,049</u>	<u>126,556</u>

- i) Capital project - Lebovic Campus \$114,948 (2010 - \$80,850)

Capital project - Lebovic Campus represents the costs to date of the Joseph and Wolf Lebovic Jewish Community Campus, including the Kimel Family Education Centre, which was completed in 2007. Costs include land, construction and development costs of Phase I (which includes the construction of the Kimel Family Education Centre and servicing of the 50-acre site) and construction and development costs of Phase II. During the year, the Organization incurred \$34,990 (2010 - \$15,217) of construction and development costs, which have been capitalized to the carrying cost of the project. Capitalized costs for the year include interest of \$995 (2010 - \$176). Estimated cost of completion of Phase II is \$40,254.

The Government of Canada has agreed that, under the Building Canada Fund - Major Infrastructure Component, it will contribute up to one-half of future Lebovic Campus total eligible costs, to a maximum federal contribution of \$15,000, subject to certain conditions.

- ii) Capital project - Sherman Campus \$36,995 (2010 - \$37,294)

Capital project - Sherman Campus represents the cost of the Lipa Green Centre (expansion completed during 2010), which houses the UJA Federation's offices, and the Gales Family Pavilion (completed during 2010), which houses the Prosserman Jewish Community Centre and Koffler Centre of the Arts, and the land and redevelopment costs to date of 4588 Bathurst. The existing Bathurst Jewish Community Centre at 4588 Bathurst was in the process of demolition at June 30, 2010, and the net book value of this building (\$2,064) and demolition costs to date (\$841) were expensed in 2010. During the year, the Organization incurred \$520 (2010 - \$4,499) of construction and development

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costs, which have been capitalized to the carrying cost of the project. Capitalized costs for the year include interest of \$11 (2010 - \$61).

- iii) Land and building - 750 Spadina Ave. \$2,121 (2010 - \$2,185)

The Organization owns the land and building at 750 Spadina Ave. The major tenant, the Miles S. Nadal Jewish Community Centre (MNJCC), constructed significant leasehold improvements to the property at a cost of \$16,573 (2010 - \$16,573).

- iv) Building on leased land - Wolfond Centre \$2,815 (2010 - \$2,902)

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.

- v) Land - Simcoe County - \$1,111 (2010 - \$1,111)

The Organization owns land in Simcoe County, which is licensed for use as a non-profit youth camp and is recorded at cost.

- vi) Land - Haliburton Region - \$nil (2010 - \$nil)

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.

9 Bank indebtedness

Bank indebtedness is comprised of the following:

	2011 \$	2010 \$
Facility I	4,250	710
Facility II	-	600
Facility III	49,430	20,839
Facility IV	10,391	13,841
Facility V	4,629	4,768
Facility VI	4,802	4,964
Facility VII	690	320
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	74,192	46,042
Less: Current portion	12,318	7,684
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	61,874	38,358
	<hr/>	<hr/>

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

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(in thousands of dollars)

Facility II - This was a \$2,400 facility to finance the soft costs of Sherman Campus. The loan bore interest at prime plus 0.75% and was repaid in full in March 2011.

Facility III - This is a facility with a consortium of banks to fund the construction of the Lebovic Campus, as follows:

- The borrower is Joseph and Wolf Lebovic Jewish Community Campus and the guarantor is the Organization; the endowment assets of the Foundation are excluded from any support required for this guarantee.
- The total commitment is \$78,300 comprising the Phase I commitment of \$23,000, the Phase II commitment of \$52,000, swing line commitment of \$1,000 and letter of guarantee commitment of \$2,300.
- The Phase I and Phase II facilities revolve during the respective construction periods and convert into non-revolving facilities on the last day of each construction period. Advances are made by way of progress advances based on construction payments less pledge receipts. Funds are made available by way of loans with interest of prime plus 0.75%. The amount of \$49,430 owing at June 30, 2011 comprises prime loan advances on the Phase I facility of \$10,673 and on the Phase II facility of \$38,757.

The Phase I and Phase II facilities are repayable based on financial projections, as follows:

	Phase I	Phase II
	\$	\$
Final maturity date	June 30, 2014	June 30, 2017
Borrowings shall be the following maximum amounts		
June 30, 2012	8,000	52,000
June 30, 2013	5,400	35,000
June 30, 2014	-	25,000
June 30, 2015	-	15,000
June 30, 2016	-	5,000

Facility IV - This is a facility with a consortium of banks to fund the construction of the Sherman Campus, as follows:

- The borrower is Lipa Green Centre for Jewish Community Services and the guarantor is the Organization; the endowment assets of the Foundation are excluded from any support required for this guarantee.
- The total commitment is \$23,500 comprising: construction commitment of \$22,000; swing line facility of \$1,000; and letter of guarantee commitment of \$500.
- The facility revolves during the construction period and converts into a non-revolving facility on the last day of the construction period. Advances are made by way of progress advances based on construction payments less pledge receipts. Funds are made available by way of loans at interest of prime plus 0.75%.

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- The amount of \$10,391 owing at June 30, 2011 comprises prime loan advances on the construction facility.
- The facility is repayable based on financial projections, with a final maturity date of June 30, 2013. Borrowings shall be reduced to a maximum of \$6,000 by June 30, 2012.

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

Facility VI - In August 2009, 750 Spadina Ave. borrowed \$5,090. This loan was utilized to provide a grant to MNJCC, which in turn used the funds to repay amounts owing to the Organization (note 6). The loan bears interest at 4.81%, is repayable in blended monthly payments of \$33 and is repayable in full in August 2014.

Facility VII - This is a \$1,250 line of credit established by Prosserman Jewish Community Centre, repayable on demand. The interest rate is prime plus 1.25%. The facility is guaranteed by the Organization.

Of the total indebtedness of \$74,192 (2010 - \$46,042), \$64,450 (2010 - \$40,048) is attributable to property and equipment, and \$9,742 (2010 - \$5,994) is attributable to operating facilities I, VI and VII.

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

	Facility I \$	Facility III \$		Facility IV \$	Facility V \$	Facility VI \$	Facility VII \$	Total \$
		Phase 1	Phase 2		Loan 1	Loan 2		
2012	4,250	2,673	-	4,392	144	170	690	12,319
2013	-	2,600	-	6,000	156	179	-	8,935
2014	-	5,400	-	-	165	187	-	5,752
2015	-	-	-	-	174	4,266	-	4,440
2016	-	-	-	-	184	-	-	184
Thereafter	-	-	38,757	-	3,805	-	-	42,562
	4,250	10,673	38,757	10,392	4,628	4,802	690	74,192

The Organization has provided the following security for the indebtedness under facilities I and II:

- general security agreement over all present and future intangible assets;
- the debt under facility I is guaranteed by UJA, up to a maximum of \$6,000, supported by a security interest in all accounts receivable of UJA. UJA's total guarantee is \$12,600 including the line of credit of \$6,000 and foreign exchange forward contract exposure of \$6,000.

The Organization has provided the following additional security for the indebtedness under facility III:

- first ranking collateral mortgage of \$90,000 on the Lebovic Campus property;
- first ranking general assignment of leases, contracts and insurance relating to the project;

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- first ranking security interest in all personal property (excluding property at 750 Spadina Ave. and 4588 Bathurst Street);
- first ranking assignment of pledge receivables (excluding pledges and assets of the Foundation, pledges designated for use other than for the Lebovic Campus, and unrestricted pledges and donations to the extent they are not designated for the project); and
- guarantee by the Organization of the borrower's obligations; the assets of the Foundation are excluded from any support required for this guarantee.

The Organization has provided the following additional security for the indebtedness under facility IV:

- first ranking collateral mortgage of \$23,500 on a portion of the Sherman Campus property, comprising an identified portion of land, Lipa Green Building and Gales Family Pavilion, all as described in note 8;
- first ranking general assignment of leases, contracts, personal property and insurance relating to the project;
- first ranking 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 (the Excluded Guarantor Assets)); and
- guarantee by the Organization of the borrower's obligations; the lenders shall not be entitled to seek any recourse to recover payments from the Excluded Guarantor Assets.

The Organization has provided the following security for the indebtedness under facilities V and VI:

- first position security agreement executed by 750 Spadina Ave.;
- guarantee of \$9,431 by UJA and second position general security agreement executed by UJA;
- second position general security agreement executed by the Organization;
- collateral mortgage representing a first charge on 750 Spadina Ave.'s real property in the amount of \$10,000; and
- assignment of rents and leases of 750 Spadina Ave.

10 Deferred revenue

	2011	2010
	\$	\$
Allocated share of the 2011 United Jewish Appeal Campaign	29,069	28,017
Designated donations received for distribution in future years	8,612	11,357
Community centre fees	759	829
	<hr/>	<hr/>
	38,440	40,203
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June 30, 2011

(in thousands of dollars)

11 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	
	2011 \$	2010 \$	2011 \$	2010 \$
Accrued benefit obligation	22,196	20,112	6,773	6,235
Fair value of plan assets - at market	19,764	16,754	-	-
Plan deficits	(2,432)	(3,358)	(6,773)	(6,235)
Balance of unamortized amounts	2,472	3,334	560	477
Accrued asset (liability)	40	(24)	(6,213)	(5,758)
Expense	867	655	606	596
Cash contributions	1,007	924	-	-
Discount rate	5.20%	5.50%	5.20%	5.50%
Expected rate of compensation increase	3.25%	3.25%	3.25%	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.

Percentage of plan assets consists of:

	2011 %	2010 %
Equities	39	33
Fixed income	17	21
Cash and short-term deposits	3	4
Balanced funds	41	42
	<u>100</u>	<u>100</u>

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June 30, 2011

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12 Income (loss) from securities

				2011	2010
	General and Capital Funds \$	Jewish Foundation of Greater Toronto		Total \$	Total \$
		Restricted Funds \$	Unrestricted Funds \$		
Income from investments	269	4,082	131	4,482	5,711
Realized gains (losses)	-	4,988	229	5,217	(733)
Unrealized gains	-	13,230	612	13,842	10,715
	269	22,300	972	23,541	15,693

13 Interest

Total interest for the year was \$2,405 (2010 - \$1,449), of which \$1,005 (2010 - \$236) has been capitalized.

14 Capital projects expenses

Capital projects expenses include the following:

	2011 \$	2010 \$
Fundraising, marketing, strategic planning and other costs	1,471	1,900
Demolition	596	841
	2,067	2,741

15 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 \$2,778. 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, 2011, the Organization has outstanding letters of guarantee amounting to \$1,760 (2010 - \$2,026) relating primarily to the Lebovic Campus and Sherman Campus capital projects. 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.

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(in thousands of dollars)

16 Operating lease

The future minimum lease payments are as follows:

	\$
2012	48
2013	48
2014	48
2015	52
2016	56
2017 and thereafter	981
	<hr/>
Total minimum lease payments	1,233
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17 Excess of expenditures over revenues - Operating Fund

The excess of expenditures over revenues in the Operating Fund for the year ended June 30, 2011 includes an \$8,500 adjustment made by UJA at the end of June 30, 2010. The adjustment reduced the allocation to UJWF and increased the allocation to United Israel Appeal of Canada Inc. (UIA) to appropriately reflect designated amounts. A further adjustment of \$668 was made by UJA for the year ended June 30, 2011; this will result in a reduction in revenue in UJWF in the year ending June 30, 2012.

18 Interfund transfers

Interfund transfers comprise:

	\$
Transfer of Community Centre deficit to capital projects	958
Transfer from building operations to Capital Reserve Fund	296
Transfer of designated gift from Operating Fund to Foundation	139

19 Management of capital

The Organization views its capital as the combination of its General and Capital Funds and Jewish Foundation of Greater Toronto Funds, which include both restricted and unrestricted funds. Restricted funds include amounts whose use has been specified by the donor. Management believes it is in compliance with the restrictions of these funds.

The Organization's objectives in managing its capital are to safeguard its ability to continue as a going concern and fulfill its mandate as described in note 1. The need for sufficient resources is considered in the preparation of an annual budget and in the monitoring of cash flows and actual operating results compared to budget.