

**United Jewish Welfare
Fund of Toronto**

Combined Financial Statements
June 30, 2012



December 14, 2012

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, 2012 and the combined statements of revenues, expenditures and net assets, changes in net assets and cash flows for the year then 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.

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



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, 2012 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, 2012

(in thousands of dollars)

	2012 \$	2011 \$
Assets		
Current assets		
Cash and money market securities	24,636	38,954
Marketable securities	3,227	10,219
Due from United Jewish Appeal of Greater Toronto - non-interest bearing (note 5(a))	26,000	30,599
Amounts receivable and sundry assets (notes 5, 6 and 7(b))	6,996	9,237
	<u>60,859</u>	<u>89,009</u>
Amounts receivable and sundry assets (note 6)	879	1,229
Investments and marketable securities (note 7)	193,194	179,950
Property and equipment (note 8)	181,113	159,750
	<u>436,045</u>	<u>429,938</u>
Liabilities		
Current liabilities		
Bank indebtedness (note 9)	14,075	12,318
Accounts payable, accrued liabilities and unpaid allocations (note 7(b))	21,722	19,256
Deferred revenue (note 10)	42,612	38,440
	<u>78,409</u>	<u>70,014</u>
Bank indebtedness (note 9)	69,065	61,874
Pension obligations (note 11)	6,237	6,173
	<u>75,302</u>	<u>68,047</u>
	153,711	138,061
Net Assets	<u>282,334</u>	<u>291,877</u>
	<u>436,045</u>	<u>429,938</u>
Contingencies and commitments (notes 15 and 16)		

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 Statement of Revenues, Expenditures and Net Assets For the year ended June 30, 2012

(in thousands of dollars)

	2012 \$	2011 \$
Revenues		
Share of net proceeds from previous year's campaign of the United Jewish Appeal of Greater Toronto	29,069	28,017
Designated gifts and related income	9,970	13,713
Capital project donations	9,838	14,478
Community centre operations	5,279	4,643
Bequests and endowments received	4,638	11,297
Rental income	2,786	2,654
Sundry income	2,681	2,353
Income from securities (note 12)	1,778	23,541
Government grants	-	280
	<hr/> 66,039	<hr/> 100,976
Expenditures		
Allocations, grants and programs	37,892	39,940
Designated grants (note 10)	9,970	13,713
Community centre operations	7,998	6,308
Administrative costs	6,745	7,454
Building operating expenses	4,109	3,899
Property and equipment amortization	2,902	2,494
Investment counsel and custodial fees	1,677	1,328
Fundraising expenses	1,633	1,621
Interest expense (note 13)	1,396	1,400
Capital projects expenses (note 14)	1,260	2,067
	<hr/> 75,582	<hr/> 80,224
(Deficiency) excess of revenues over expenditures for the year	(9,543)	20,752
Net assets - Beginning of year	<hr/> 291,877	<hr/> 271,125
Net assets - End of year	<hr/> 282,334	<hr/> 291,877

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

United Jewish Welfare Fund of Toronto

Combined Statement of Changes in Net Assets

For the year ended June 30, 2012

(in thousands of dollars)

	2012						
	General and Capital Funds						
	Operating Fund \$	Building operations \$	Community centre operations \$	Capital projects \$	Subtotal \$	Capital Reserve Fund \$	Subtotal \$
Net assets - Beginning of year	(3,555)	828	-	76,726	73,999	863	74,862
(Deficiency) excess of revenues over expenditures for the year	(4,648)	675	(1,201)	3,312	(1,862)	-	(1,862)
Interfund transfers (note 18)	-	(458)	1,201	(1,201)	(458)	458	-
Net assets - End of year	(8,203)	1,045	-	78,837	71,679	1,321	73,000

	2012			2011	
	Jewish Foundation of Greater Toronto				
	Endowment and Restricted Funds \$	Unrestricted Funds \$	Subtotal \$	Total \$	Total \$
Net assets - Beginning of year	208,307	8,708	217,015	291,877	271,125
(Deficiency) excess of revenues over expenditures for the year	(7,075)	(606)	(7,681)	(9,543)	20,752
Interfund transfers (note 18)	435	(435)	-	-	-
Net assets - End of year	201,667	7,667	209,334	282,334	291,877

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

United Jewish Welfare Fund of Toronto

Combined Statement of Cash Flows

For the year ended June 30, 2012

(in thousands of dollars)

	2012 \$	2011 \$
Cash provided by (used in)		
Operating activities		
(Deficiency) excess of revenues over expenditures for the year	(9,543)	20,752
Items not involving cash		
Amortization of property and equipment	2,902	2,494
Unrealized gains from securities (note 12)	(1,321)	(13,842)
	<u>(7,962)</u>	<u>9,404</u>
Net changes in non-cash components of working capital		
Decrease (increase) in due from United Jewish Appeal of Greater Toronto - non-interest bearing	4,599	(2,916)
Decrease (increase) in amounts receivable	2,591	(814)
Increase in accounts payable and accrued liabilities	2,530	4,706
Increase (decrease) in deferred revenue	4,172	(1,763)
	<u>13,892</u>	<u>(787)</u>
Investing activities		
Additions to property and equipment	(24,265)	(35,688)
Purchases of investments and marketable securities - net	(4,931)	(7,466)
	<u>(29,196)</u>	<u>(43,154)</u>
Financing activities		
Bank borrowings	8,948	28,150
Decrease in cash and money market securities during the year	(14,318)	(6,387)
Cash and money market securities - Beginning of year	38,954	45,341
Cash and money market securities - End of year	<u>24,636</u>	<u>38,954</u>
Cash and money market securities comprise		
Cash	4,024	15,706
Money market securities	20,612	23,248
	<u>24,636</u>	<u>38,954</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, 2012

(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 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; and
- 1867942 Ontario Inc. (Lebovic food services contract).

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, 2012

(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
 - Community centre operations
 - Capital projects, comprising:
 - Sherman Campus
 - Lebovic Campus
 - Capital Reserve Fund - under the terms of the lease agreements for the Lebovic Campus Kimel Family Education Centre and Lipa Green Centre, funds are required to be established for future capital repairs and replacements
- 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 Sheet

As at June 30, 2012

					2012	2011	
	Jewish Foundation of Greater Toronto						
General and Capital Funds	Endowment Fund	Restricted Funds	Unrestricted Funds	Total	Total	Total	Total
\$	\$	\$	\$	\$	\$	\$	\$
Assets							
Current assets							
Cash and money market securities	11,526	3,707	8,921	482	13,110	24,636	38,954
Marketable securities	1,398	517	1,246	66	1,829	3,227	10,219
Due from United Jewish Appeal of Greater Toronto - non-interest bearing (note 5(a))	26,000	-	-	-	-	26,000	30,599
Amounts receivable and sundry assets (notes 5, 6 and 7(b))	5,824	-	1,117	55	1,172	6,996	9,237
	44,748	4,224	11,284	603	16,111	60,859	89,009
Amounts receivable and sundry assets (note 6)	-	-	879	-	879	879	1,229
Investments and marketable securities (note 7)	484	54,490	131,139	7,081	192,710	193,194	179,950
Property and equipment (note 8)	181,113	-	-	-	-	181,113	159,750
	226,345	58,714	143,302	7,684	209,700	436,045	429,938

United Jewish Welfare Fund of Toronto

Notes to Combined Financial Statements

June 30, 2012

(in thousands of dollars)

	Jewish Foundation of Greater Toronto					2012	2011
General and Capital Funds \$	Endowment Fund \$	Restricted Funds \$	Unrestricted Funds \$	Total \$	Total \$	Total \$	
Liabilities							
Current liabilities							
Bank indebtedness (note 9)	14,075	-	-	-	14,075	12,318	
Accounts payable, accrued liabilities and unpaid allocations (note 7(b))	21,356	-	349	17	21,722	19,256	
Deferred revenue (note 10)	42,612	-	-	-	42,612	38,440	
	78,043	-	349	17	78,409	70,014	
Bank indebtedness (note 9)	69,065	-	-	-	69,065	61,874	
Pension obligations	6,237	-	-	-	6,237	6,173	
	75,302	-	-	-	75,302	68,047	
	153,345	-	349	17	153,711	138,061	
Net Assets	73,000	58,714	142,953	7,667	209,334	291,877	
	226,345	58,714	143,302	7,684	209,700	429,938	

Combined Statement of Revenues, Expenditures and Net Assets

For the year ended June 30, 2012

	Jewish Foundation of Greater Toronto					2012	2011
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	29,069	-	-	-	29,069	28,017	
Designated gifts and related income	9,970	-	-	-	9,970	13,713	
Capital project donations	9,838	-	-	-	9,838	14,478	
Community centre operations	5,279	-	-	-	5,279	4,643	
Bequests and endowments received	-	-	4,634	4	4,638	11,297	
Rental income	2,786	-	-	-	2,786	2,654	
Sundry income	2,681	-	-	-	2,681	2,353	
Income from securities (note 12)	301	-	1,399	78	1,477	23,541	
Government grants	-	-	-	-	-	280	
	59,924	-	6,033	82	6,115	100,976	

United Jewish Welfare Fund of Toronto

Notes to Combined Financial Statements

June 30, 2012

(in thousands of dollars)

					2012	2011	
General and Capital Funds \$	Jewish Foundation of Greater Toronto			Total \$	Total \$	Total \$	
	Endowment Fund \$	Restricted Funds \$	Unrestricted Funds \$				
Expenditures							
Allocations, grants and programs	26,358	-	10,994	540	11,534	37,892	39,940
Designated grants (note 10)	9,970	-	-	-	-	9,970	13,713
Community centre operations	7,998	-	-	-	-	7,998	6,308
Administrative costs	6,160	-	520	65	585	6,745	7,454
Building operating expenses	4,109	-	-	-	-	4,109	3,899
Property and equipment amortization	2,902	-	-	-	-	2,902	2,494
Investment counsel and custodial fees	-	-	1,594	83	1,677	1,677	1,328
Fundraising expenses	1,633	-	-	-	-	1,633	1,621
Interest expense (note 13)	1,396	-	-	-	-	1,396	1,400
Capital projects expenses (note 14)	1,260	-	-	-	-	1,260	2,067
	61,786	-	13,108	688	13,796	75,582	80,224
(Deficiency) excess of revenues over expenditures for the year	(1,862)	-	(7,075)	(606)	(7,681)	(9,543)	20,752
Interfund transfers	-	-	435	(435)	-	-	-
Net assets - Beginning of year	74,862	58,714	149,593	8,708	217,015	291,877	271,125
Net assets - End of year	73,000	58,714	142,953	7,667	209,334	282,334	291,877

Combined Statement of Cash Flows

For the year ended June 30, 2012

			2012	2011
	General and Capital Funds \$	Jewish Foundation of Greater Toronto \$	Total \$	Total \$
Cash provided by (used in)				
Operating activities				
(Deficiency) excess of revenues over expenditures for the year	(1,862)	(7,681)	(9,543)	20,752
Items not involving cash				
Amortization of property and equipment	2,902	-	2,902	2,494
Unrealized gains from securities (note 12)	-	(1,321)	(1,321)	(13,842)
	1,040	(9,002)	(7,962)	9,404
Net changes in non-cash components of working capital				
Decrease (increase) in due from United Jewish Appeal of Greater Toronto - non-interest bearing	4,599	-	4,599	(2,916)
Decrease (increase) in amounts receivable	1,802	789	2,591	(814)
Increase in accounts payable and accrued liabilities	2,864	(334)	2,530	4,706
Increase (decrease) in deferred revenue	4,172	-	4,172	(1,763)
	13,437	455	13,892	(787)

United Jewish Welfare Fund of Toronto

Notes to Combined Financial Statements

June 30, 2012

(in thousands of dollars)

			2012	2011
	General and Capital Funds \$	Jewish Foundation of Greater Toronto \$	Total \$	Total \$
Investing activities				
Additions to property and equipment	(24,265)	-	(24,265)	(35,688)
Purchases of investments and marketable securities - net	(755)	(4,176)	(4,931)	(7,466)
	(25,020)	(4,176)	(29,196)	(43,154)
Financing activities				
Bank borrowings	8,948	-	8,948	28,150
Decrease in cash and money market securities during the year	(1,595)	(12,723)	(14,318)	(6,387)
Cash and money market securities - Beginning of year	13,121	25,833	38,954	45,341
Cash and money market securities - End of year	11,526	13,110	24,636	38,954
Cash and money market securities comprise				
Cash	3,272	752	4,024	15,706
Money market securities	8,254	12,358	20,612	23,248
	11,526	13,110	24,636	38,954

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 2012 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.

United Jewish Welfare Fund of Toronto

Notes to Combined Financial Statements

June 30, 2012

(in thousands of dollars)

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.

- 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 collectability 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) 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%.

United Jewish Welfare Fund of Toronto

Notes to Combined Financial Statements

June 30, 2012

(in thousands of dollars)

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).

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

Combined 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.

United Jewish Welfare Fund of Toronto

Notes to Combined Financial Statements

June 30, 2012

(in thousands of dollars)

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.

viii) Accounting standards for not-for-profit organizations

In December 2010, the Canadian Accounting Standards Board issued a comprehensive set of accounting standards applicable to not-for-profit organizations. The standards are effective for fiscal years beginning on or after January 1, 2012 and require retrospective application, except for certain exemptions and exceptions contained within the standards. Early adoption of the standards is permitted. The Organization is currently considering the impact of the adoption of these standards.

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. During the year, the Organization was allocated \$31,081 (2011 - \$29,069) out of the 2012 UJA Campaign, which has been recorded as deferred revenue (note 10). The Organization paid campaign expenses of \$6,225 (2011 - \$6,236) 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 (2011 - \$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 \$305 (2011 - \$364). As at June 30, 2012, the Koffler Centre owed the Organization \$673 (2011 - \$368).
- 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 \$49 (2011 - \$49). As at June 30, 2012, THMP owed the Organization \$3 (2011 - \$4). During the year, the Organization received a contribution of \$150 (2011 - \$250) from THMP.

6 Amounts receivable and sundry assets

Included in current amounts receivable and sundry assets is a loan of \$2,569 (2011 - \$2,654) to Miles Nadal Jewish Community Centre (MNJCC). The loan is secured by MNJCC's leasehold improvements, and has no specific terms of repayment.

United Jewish Welfare Fund of Toronto

Notes to Combined Financial Statements

June 30, 2012

(in thousands of dollars)

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

	2012 \$	2011 \$
Jewish Foundation of Greater Toronto		
Interest in charitable remainder trust	854	839
Cash surrender value of life insurance policies	25	390
	879	1,229

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 (2011 - \$710) with cash surrender values of \$25 (2011 - \$390).

In addition, the Organization is the beneficiary under other policies with an aggregate face value of \$21,228 (2011 - \$20,228).

7 Investments and marketable securities

a) Summary

	2012		2011	
	Fair value \$	Cost \$	Fair value \$	Cost \$
Jewish Foundation of Toronto				
Marketable securities				
Fixed income investments				
State of Israel bonds	8,294	8,294	4,858	4,858
Pooled funds	36,666	34,815	36,546	35,276
	44,960	43,109	41,404	40,134
Equity investments				
Domestic pooled funds	28,202	25,805	45,084	37,295
Foreign pooled funds	119,548	116,699	93,205	98,302
	147,750	142,504	138,289	135,597
Total marketable securities	192,710	185,613	179,693	175,731
General and Capital Funds				
State of Israel bonds, government bonds and bank GICs	484	499	257	280
	193,194	186,112	179,950	176,011

United Jewish Welfare Fund of Toronto

Notes to Combined Financial Statements

June 30, 2012

(in thousands of dollars)

- b) Investments with a fair value of \$119,548 (2011 - \$93,205) are subject to currency fluctuations. Foreign exchange contracts of US\$57,000 (2011 - US\$52,000) are outstanding. The unrealized loss on these contracts of \$38 is included in the Foundation's accounts payable, accrued liabilities and unpaid allocations (2011 - unrealized gain of \$1,314 is included in the Foundation's amounts receivable and sundry assets).

8 Property and equipment - General and Capital Funds

	2012		
	Cost	Accumulated	Net
	\$	amortization	\$
		\$	\$
Capital project - Lebovic Campus (i)			
Land and related acquisition and infrastructure costs (note 19)	27,132	-	27,132
Building - Kimel Family Education Centre	34,498	4,162	30,336
Building - Community Services Building - including construction-in-progress	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	6,378	4,183	2,195
Computer equipment	2,283	1,752	531
	<u>201,446</u>	<u>20,333</u>	<u>181,113</u>

United Jewish Welfare Fund of Toronto

Notes to Combined Financial Statements

June 30, 2012

(in thousands of dollars)

	2011		
	Cost \$	Accumulated amortization \$	Net \$
Capital project - Lebovic Campus (i)			
Land and related acquisition and infrastructure costs	27,132	-	27,132
Building - Kimel Family Education Centre	34,487	3,294	31,193
Building - Community Services Building - construction-in-progress	56,622	-	56,622
	118,241	3,294	114,947
Capital project - Sherman Campus (ii)			
Land	1,700	-	1,700
Buildings - Lipa Green Centre and Gales Family Pavilion	37,110	7,132	29,978
Capital project development costs	5,318	-	5,318
	44,128	7,132	36,996
Land and building - 750 Spadina Ave. (iii)			
Land	900	-	900
Building	2,533	1,312	1,221
	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

- i) Capital project - Lebovic Campus \$135,509 (2011 - \$114,947)

Capital project - Lebovic Campus represents the costs to date of the Joseph and Wolf Lebovic Jewish Community Campus, comprising land and infrastructure costs (including servicing of the 50 acre site), the Kimel Family Education Centre (completed in 2007), the Community Services Building (substantially completed in June 2012, other than the Conference Centre, which is still under construction, and the fit-out of tenant space) and capital project development costs of the future phase III of the project. During the year, the Organization incurred \$21,591 (2011 - \$34,990) of construction and development costs, which have been capitalized to the carrying cost of the project. Capitalized costs for the year include interest of \$1,690 (2011 - \$995). Estimated cost of completion of the Community Services Building is \$14,000.

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June 30, 2012

(in thousands of dollars)

- ii) Capital project - Sherman Campus \$36,979 (2011 - \$36,996)

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. During the year, the Organization incurred \$811 (2011 - \$520) of construction and development costs, which have been capitalized to the carrying cost of the project. Capitalized costs for the year include interest of \$nil (2011 - \$11).

- iii) Land and building - 750 Spadina Ave. \$2,060 (2011 - \$2,121)

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 \$16,449 (2011 - \$16,449).

- iv) Building on leased land - Wolfond Centre \$2,728 (2011 - \$2,815)

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 (2011 - \$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 (2011 - \$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 comprises the following:

	2012	2011
	\$	\$
Facility I	700	4,250
Facility II	65,011	49,430
Facility III	8,144	10,391
Facility IV	4,483	4,629
Facility V	4,632	4,802
Facility VI	170	690
	<hr/>	<hr/>
	83,140	74,192
Less: Current portion	14,075	12,318
	<hr/>	<hr/>
	69,065	61,874
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United Jewish Welfare Fund of Toronto

Notes to Combined Financial Statements

June 30, 2012

(in thousands of dollars)

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

Facility II - This 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, 2012 comprises advances on the Phase I and Phase II facilities of \$10,125 and \$54,886, respectively, bearing interest at prime plus 0.75%.
- Advances and repayments are based on construction payments less pledge receipts. No further advances can be made on the Phase I facility. The Phase II facility comprises a construction loan commitment \$70,000, swing-line commitment \$1,000 and a letter of guarantee commitment of \$2,300.
- Borrowings shall be the following maximum amounts:

	Phase 1 \$	Phase 2 \$
June 30, 2013	5,400	55,000
June 30, 2014	-	45,000
June 30, 2015	-	35,000
June 30, 2016	-	25,000
June 30, 2017	-	15,000
June 30, 2018	-	5,000
Final maturity date	June 20, 2014	June 30, 2019

Facility III - This 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. Final maturity date is June 30, 2013.

Facility IV - This facility 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.

Facility V - In 2009, 750 Spadina Ave. borrowed \$5,090, which 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 VI - This 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 \$83,140 (2011 - \$74,192), \$77,638 (2011- \$64,450) is attributable to property and equipment and \$5,502 (2011 - \$9,742) is attributable to funding of operations.

United Jewish Welfare Fund of Toronto

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June 30, 2012

(in thousands of dollars)

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
	\$	\$		\$	\$	\$	\$	\$
		Phase I	Phase 2					
2013	700	4,725	-	8,144	156	180	170	14,075
2014	-	5,400	9,886	-	165	187	-	15,638
2015	-	-	10,000	-	174	4,265	-	14,439
2016	-	-	10,000	-	184	-	-	10,184
2017	-	-	10,000	-	196	-	-	10,196
Thereafter	-	-	15,000	-	3,608	-	-	18,608
	700	10,125	54,886	8,144	4,483	4,632	170	83,140

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 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.

10 Deferred revenue

	2012	2011
	\$	\$
Allocated share of the 2012 United Jewish Appeal Campaign (note 5(a))	31,081	29,069
Designated donations received for distribution in future years	7,455	8,436
Community centre program and membership fees	1,463	759
Contribution under catering arrangement	1,000	-
Rent received for long-term ground lease	604	-
Program gifts and grants received for expenses in future years	1,009	176
	<u>42,612</u>	<u>38,440</u>

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Notes to Combined Financial Statements

June 30, 2012

(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	
	2012 \$	2011 \$	2012 \$	2011 \$
Accrued benefit obligation	23,236	22,196	7,943	6,773
Fair value of plan assets - at market	19,293	19,764	-	-
Plan deficits	(3,943)	(2,432)	(7,943)	(6,773)
Balance of unamortized amounts	4,286	2,472	1,363	560
Accrued asset (liability)	343	40	(6,580)	(6,213)
Expense	579	867	584	606
Cash contributions	877	1,007	-	-
Discount rate	4.25%	5.20%	4.25%	5.20%
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:

	2012 %	2011 %
Equities	44	39
Fixed income	13	17
Cash and short-term deposits	2	3
Balanced funds	41	41
	100	100

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Notes to Combined Financial Statements

June 30, 2012

(in thousands of dollars)

12 Income from securities

				2012	2011
	General and Capital Funds \$	Jewish Foundation of Greater Toronto		Total \$	Total \$
		Restricted Funds \$	Unrestricted Funds \$		
Income from investments	301	4,316	186	4,803	4,482
Realized gains (losses)	-	(4,119)	(227)	(4,346)	5,217
Unrealized gains	-	1,202	119	1,321	13,842
	301	1,399	78	1,778	23,541

13 Interest

Total interest for the year was \$3,086 (2011 - \$2,405), of which \$1,690 (2011 - \$1,005) has been capitalized.

14 Capital projects expenses

Capital projects expenses include the following:

	2012 \$	2011 \$
Fundraising, marketing, strategic planning and other costs	1,260	1,471
Demolition	-	596
	1,260	2,067

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 \$2,914. 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, 2012, the Organization has outstanding letters of guarantee amounting to \$2,276 (2011 - \$1,760) 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.

United Jewish Welfare Fund of Toronto

Notes to Combined Financial Statements

June 30, 2012

(in thousands of dollars)

16 Operating lease

The future minimum lease payments are as follows:

	\$
2013	48
2014	48
2015	52
2016	56
2017	56
2018 and thereafter	925
	<hr/>
	1,185

17 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.

18 Interfund transfers

Interfund transfers comprise:

	\$
Transfer of Community Centre deficit to capital projects	1,201
Transfer from building operations to Capital Reserve Fund	458
Transfer from Unrestricted to Restricted Foundation Fund	435

19 Subsequent event

Under the terms of an agreement dated June 8, 2012, Joseph and Wolf Lebovic Jewish Community Campus agreed to sell a portion of the Lebovic Campus land, which is surplus to its requirements, for \$24,400. The transaction closed on November 8, 2012, and the net proceeds were utilized to pay down construction loan facilities. As is customary in land sales, there are a number of post-closing conditions that the Organization is required to fulfil. As of December 14, 2012, certain conditions had not yet been fulfilled.