

# **The Jewish Foundation of Greater Toronto**

Financial Statements  
**June 30, 2019**



## *Independent auditor's report*

To the Members of The Jewish Foundation of Greater Toronto

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### *Our opinion*

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of The Jewish Foundation of Greater Toronto (the Organization) as at June 30, 2019 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

#### **What we have audited**

The Organization's financial statements comprise:

- the statement of financial position as at June 30, 2019;
- the statement of revenues and expenditures and changes in fund balances for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to financial statements, which include a summary of significant accounting policies.

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### *Basis for opinion*

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

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

#### **Independence**

We are independent of the Organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

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### *Responsibilities of management and those charged with governance for the financial statements*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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



In preparing the financial statements, management is responsible for assessing the Organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization's financial reporting process.

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### *Auditor's responsibilities for the audit of the financial statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Organization to cease to continue as a going concern.



- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

*PricewaterhouseCoopers LLP*

Chartered Professional Accountants, Licensed Public Accountants

Toronto, Ontario  
November 18, 2019

# The Jewish Foundation of Greater Toronto

## Statement of Financial Position

As at June 30, 2019

(in thousands of dollars)

			2019	2018
	Endowment and Restricted Funds \$	General Funds \$	Total \$	Total \$
<b>Assets</b>				
<b>Current assets</b>				
Cash and cash equivalents	8,120	16	8,136	12,531
Marketable securities	4,590	9	4,599	7,585
Amounts receivable and sundry assets (notes 3 and 5)	1,091	2	1,093	486
	13,801	27	13,828	20,602
<b>Amounts receivable and sundry assets (note 4)</b>	8,047	-	8,047	7,978
<b>Investments (note 5)</b>	404,525	819	405,344	353,834
	426,373	846	427,219	382,414
<b>Liabilities</b>				
<b>Current liabilities</b>				
Accounts payable and accrued liabilities (note 5)	148	-	148	1,848
Funds invested on behalf of other parties (note 6)	29,935	-	29,935	14,312
	30,083	-	30,083	16,160
<b>Fund Balances</b>	396,290	846	397,136	366,254
	426,373	846	427,219	382,414

Approved by the Board of Directors

  
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Director

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

**The Jewish Foundation of Greater Toronto**  
**Statement of Revenues and Expenditures and Changes in Fund Balances**  
**For the year ended June 30, 2019**

(in thousands of dollars)

	<b>2019</b>		<b>2018</b>	
	<b>Endowment and Restricted Funds \$</b>	<b>General Funds \$</b>	<b>Total \$</b>	<b>Total \$</b>
<b>Revenues</b>				
Bequests and endowments	51,390	3	51,393	29,320
Investment income	9,650	18	9,668	6,389
	<u>61,040</u>	<u>21</u>	<u>61,061</u>	<u>35,709</u>
<b>Expenditures</b>				
Grants (note 3)	33,879	1	33,880	26,057
Administrative costs	1,325	8	1,333	1,223
Investment counsel and custodial fees	2,642	7	2,649	2,810
	<u>37,846</u>	<u>16</u>	<u>37,862</u>	<u>30,090</u>
<b>Excess of revenues over expenditures before undernoted item</b>	23,194	5	23,199	5,619
<b>Fair value change in investments</b>	<u>7,661</u>	<u>22</u>	<u>7,683</u>	<u>29,443</u>
<b>Excess of revenues over expenditures for the year</b>	30,855	27	30,882	35,062
<b>Fund balances – Beginning of year</b>	<u>365,435</u>	<u>819</u>	<u>366,254</u>	<u>331,192</u>
<b>Fund balances – End of year</b>	<u>396,290</u>	<u>846</u>	<u>397,136</u>	<u>366,254</u>

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

# The Jewish Foundation of Greater Toronto

## Statement of Cash Flows

For the year ended June 30, 2019

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(in thousands of dollars)

	2019 \$	2018 \$
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
Excess of revenues over expenditures for the year	30,882	35,062
Items not involving cash		
Fair value change in investments	(7,683)	(29,443)
Reinvested investment income	(8,306)	(7,373)
	<hr/> 14,893	<hr/> (1,754)
Changes in non-cash components of working capital items		
Amounts receivable and sundry assets	(676)	1,765
Accounts payable and accrued liabilities	(1,700)	1,721
	<hr/> 12,517	<hr/> 1,732
<b>Investing activities</b>		
Purchases of marketable securities and investments	(49,585)	(50,949)
Proceeds from sale of marketable securities and investments	17,050	41,391
Funds invested on behalf of other parties – net	15,623	14,040
	<hr/> (16,912)	<hr/> 4,482
<b>Change in cash and cash equivalents during the year</b>	(4,395)	6,214
<b>Cash and cash equivalents – Beginning of year</b>	<hr/> 12,531	<hr/> 6,317
<b>Cash and cash equivalents – End of year</b>	<hr/> <b>8,136</b>	<hr/> <b>12,531</b>
<b>Non-cash transaction:</b>		
Transfers to marketable securities from investments – net	(3,068)	2,017

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

# The Jewish Foundation of Greater Toronto

## Notes to Financial Statements

June 30, 2019

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(in thousands of dollars)

### 1 Purpose of the Organization

The Jewish Foundation of Greater Toronto (the Organization) is a community foundation that makes charitable giving easy and rewarding so that individuals and families can fulfill their personal philanthropic goals and translate their charitable vision into viable solutions to some of the community's most pressing needs. Together with United Jewish Appeal of Greater Toronto (UJAGT), the Organization operates as UJA Federation of Greater Toronto.

The Organization is incorporated under the laws of Canada.

### 2 Summary of significant accounting policies

#### Basis of accounting

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO), Part III of the Chartered Professional Accountants of Canada Handbook – Accounting, as issued by the Canadian Accounting Standards Board.

The significant accounting policies followed by the Organization are as follows.

#### Revenue recognition policies

- Revenue recognition

The Organization follows the restricted fund method of accounting for revenue. Revenue that is subject to external restrictions is recognized in the appropriate fund when received or receivable. Externally restricted revenue for which no funds exist is deferred and recognized as the related expense occurs. Revenue that is not subject to external restrictions is recognized in the General Funds when received.

The Organization from time to time has been named the beneficiary in a number of wills. Bequests under these wills are recorded in the accounts of the Organization when the funds are received.

- The Organization maintains Endowment, Restricted and General 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. Included in the Endowment and Restricted funds is \$58,714 (2018 – \$58,714) of endowed funds.

- 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.

# The Jewish Foundation of Greater Toronto

## Notes to Financial Statements

June 30, 2019

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(in thousands of dollars)

- General Funds

The application of these funds is at the discretion of the Organization for activities compatible with its purposes.

### **Allocation of expenses**

The Foundation incurs a number of administrative costs common to the activities in the endowment, restricted and general funds. The Foundation allocates the administrative costs to individual funds based on the administrative fee policy. The fee is tiered ranging from 0.25% to 1.5% based on the total market value of the fund at the end of the fiscal year and charged prospectively in the following year. Investment counsel and custodial fees are allocated based on the average value of investments in each fund that is managed. The methodology is reviewed by management each year and has been applied consistently.

### **Marketable securities**

Marketable securities consist mainly of guaranteed investment certificates with initial maturities of 12 months or less.

### **Donated services**

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

### **Financial instruments**

The Organization initially measures its financial assets and financial 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 the fair value of investments are recognized in the statement of revenues and expenditures and changes in fund balances and consist of realized and unrealized gains (losses) on financial instruments. 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.

It is management's opinion that the Organization is not exposed to significant liquidity or credit risk arising from its financial instruments as the risk is mitigated by spreading the investment portfolio across 12 investment managers and the Organization transacts with reputable entities.

# The Jewish Foundation of Greater Toronto

## Notes to Financial Statements

June 30, 2019

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(in thousands of dollars)

Market risk arises due to fluctuations in fair 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.

The Organization holds cash and investments and receives and makes payments denominated in currencies other than Canadian dollars. The net liability resulting from these transactions is offset, in part, through the purchase of foreign currency exchange forward contracts.

### **Foreign currency translation**

Monetary assets and liabilities denominated in foreign currencies are translated into Canadian dollars at the exchange rate prevailing at the statement of financial position date. Other assets, liabilities and operating items have been translated at exchange rates prevailing at the respective transaction dates. Exchange gains and losses are included in the statement of revenues and expenditures and changes in fund balances.

### **Derivative financial instruments**

In order to limit its exposure to foreign exchange rate changes and foreign exchange risk, the Organization utilizes foreign currency exchange forward contracts. The Organization does not designate these contracts for hedge accounting. Accordingly, these instruments are recorded at fair value and any unrealized gains and losses related to foreign currency exchange forward contracts are recognized in the statement of revenues and expenditures and changes in fund balances. Derivative financial instruments are subject to standard credit terms and conditions, financial controls, management and risk monitoring procedures.

### **Use of estimates**

The preparation of 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 financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

## **3 Related party transactions**

The Organization is related to a number of incorporated entities controlled by the membership of UJA Federation of Greater Toronto. The following organizations are under common control:

- Joseph and Wolf Lebovic Jewish Community Campus
- Lipa Green Centre for Jewish Community Services
- Sherman Campus
- 750 Spadina Ave. Association
- Jewish Community Properties of Greater Toronto
- Prosserman Jewish Community Centre
- Schwartz/Reisman Centre
- 1867942 Ontario Inc. (Lebovic food services contract)
- Jewish Museum of Canada

# The Jewish Foundation of Greater Toronto

## Notes to Financial Statements

June 30, 2019

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(in thousands of dollars)

- American Friends of United Jewish Appeal of Greater Toronto Inc.
- Greater Toronto Jewish Federation New Ventures
- United Jewish Appeal of Greater Toronto (UJAGT)

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

During the year, the Organization paid \$12,609 (2018 – \$9,890) from donor designated funds to UJAGT in accordance with donor recommendations. At year-end, the Organization had a receivable balance of \$8 (2018 – \$1) from UJAGT.

#### 4 Amounts receivable and sundry assets

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

	2019 \$	2018 \$
Loans – UJAGT	7,800	7,800
Other	247	178
	<hr/> 8,047	<hr/> 7,978

In 2014, the Organization loaned a total of \$5,000 to UJAGT with the understanding that the funds would in turn be loaned to Joseph and Wolf Lebovic Jewish Community Campus (JWLJCC). JWLJCC used the funds to pay down its debt. The remaining loan of \$4,000 is broken down into two tranches (Loan 1 and 2), as noted below.

In 2015, the Organization loaned a further \$3,800 to UJAGT (Loan 3), which in turn loaned this amount to JWLJCC to fulfill a donor commitment.

	2019 \$	2018 \$
Loan 1	1,000	1,000
Loan 2	3,000	3,000
Loan 3	3,800	3,800
	<hr/> 7,800	<hr/> 7,800

All loans are unsecured. Loans 1 and 2 bear interest at 6% per annum, calculated and compounded quarterly. Effective July 1, 2019, all loans are non-interest bearing.

Loan 1 is repayable immediately when JWLJCC collects sufficient unrestricted donations for its capital campaign.

Loans 2 and 3 are repayable the later of:

# The Jewish Foundation of Greater Toronto

## Notes to Financial Statements

June 30, 2019

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(in thousands of dollars)

- i) receipt of funds by UJAGT from JWLJCC equal to any amount of the loan; and
- ii) on or before June 30, 2024 or such later date as may be determined by UJAGT, but in any event no later than June 30, 2029.

### 5 Investments

	2019 \$	2018 \$
Fixed income investments		
State of Israel bonds	10,331	10,326
Pooled funds	79,888	70,416
	<hr/> 90,219	<hr/> 80,742
Equity investments		
Domestic pooled funds	43,386	42,266
Foreign pooled funds	271,739	230,826
	<hr/> 315,125	<hr/> 273,092
	<hr/> <b>405,344</b>	<hr/> <b>353,834</b>

#### Foreign currency exchange forward contracts

The Organization has some investments denominated in US dollars. In order to limit its exposure to exchange rate changes, the Organization used foreign currency exchange forward contracts during the year. As at June 30, 2019, the following contracts were held:

Type	Currency \$	Amount \$	Average exchange rate
Forward contracts	US	<hr/> 49,500	1.3063

The comparable amount of contracts outstanding in the prior year was US\$49,500. All contracts held as at June 30, 2019 will come due within one year. The fair value of the contracts is a gain of \$595 (2018 – a loss of \$1,713) and is included in the Organization's amounts receivable and sundry assets in 2019 and accounts payable and accrued liabilities in 2018.

# **The Jewish Foundation of Greater Toronto**

## Notes to Financial Statements

**June 30, 2019**

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(in thousands of dollars)

### **6 Funds invested on behalf of other parties**

Funds invested on behalf of other parties represent the pro rata share of the investment assets of the Organization and are recorded at the fair market value of such investments. These funds may be withdrawn at any time. The receipts, disbursements, investment and administrative activity for these funds are not reflected in the statement of revenues and expenditures and changes in fund balances.

### **7 Contingent assets**

The Organization is the beneficiary under various life insurance policies with an aggregate face value of \$24,127 (2018 – \$23,027).

### **8 Comparative figures**

Certain balances from the prior year have been reclassified to conform to the current year's financial statement presentation.