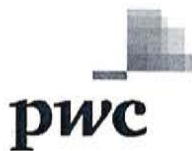


# **United Jewish Appeal of Greater Toronto**

Combined Financial Statements  
**June 30, 2018**



November 23, 2018

## **Independent Auditor's Report**

**To the Members of  
United Jewish Appeal of Greater Toronto**

We have audited the accompanying combined financial statements of United Jewish Appeal of Greater Toronto and its subsidiaries, which comprise the combined statement of financial position as at June 30, 2018 and the combined statements of revenue, expenditures and changes in fund balances 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 accounting standards for not-for-profit organizations, 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 Appeal of Greater Toronto and its subsidiaries as at June 30, 2018 and the results of their operations and their cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

*PricewaterhouseCoopers LLP*

**Chartered Professional Accountants, Licensed Public Accountants**

# United Jewish Appeal of Greater Toronto

## Combined Statement of Financial Position

As at June 30, 2018

(in thousands of dollars)

	2018 \$	2017 \$
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	17,133	14,603
Marketable securities	3,630	8,968
Campaign pledges receivable (note 5)	30,945	31,625
Amounts receivable and sundry assets (notes 4(b) and 6)	5,733	3,422
	<u>57,441</u>	<u>58,618</u>
Amounts receivable and sundry assets (note 6)	637	738
Investments	3,054	455
Pension assets - net (note 11)	70	145
Property and equipment (note 7)	<u>167,360</u>	<u>161,137</u>
	<u>228,562</u>	<u>221,093</u>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Bank indebtedness (note 10)	1,777	2,710
Accounts payable and accrued liabilities	9,104	9,387
Allocations payable to UIA (note 8)	2,024	4,977
Deferred revenue (note 9)	<u>10,152</u>	<u>9,476</u>
	<u>23,057</u>	<u>26,550</u>
Bank indebtedness (note 10)	32,255	34,025
Loans payable (note 4(a))	<u>7,800</u>	<u>7,800</u>
	<u>63,112</u>	<u>68,375</u>
<b>Fund Balances</b>		
Operating Fund	545	(91)
Annual Campaign Fund	41,396	37,817
Real Estate Operations	3,206	2,872
Community Centre Operations	6	(136)
Capital Projects	114,039	107,321
Capital Reserve Fund	<u>6,258</u>	<u>4,935</u>
	<u>165,450</u>	<u>152,718</u>
	<u>228,562</u>	<u>221,093</u>
Contingencies and commitments (notes 12 and 14)		

Approved by the Board of Directors



Director

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

# United Jewish Appeal of Greater Toronto

## Combined Statement of Revenue, Expenditures and Changes in Fund Balances

For the year ended June 30, 2018

(in thousands of dollars)

	2018					2017				
	Operating Fund \$	Annual Campaign Fund \$	Real Estate Operations \$	Community Centre Operations \$	Capital Projects \$	Capital Reserve Fund \$	Total \$		Total \$	
<b>Revenue</b>										
Annual campaign revenue	-	59,603	-	-	-	-	59,603		57,509	
Targeted supplementary gifts	1,626	-	-	-	-	-	1,626		492	
Designated gifts and related income	39,454	-	-	-	-	-	39,454		35,738	
Capital project donations	-	-	-	-	8,841	-	8,841		9,750	
Corporate partner revenue	-	350	-	-	-	-	350		760	
Community centre operations	-	-	-	17,629	-	-	17,629		17,118	
Government grants	-	-	-	711	1,859	-	2,570		544	
Sundry income	7,370	1,957	435	-	-	-	9,762		6,857	
Rental income	-	-	4,278	-	-	-	4,278		4,652	
Interest income	-	-	87	-	98	-	185		131	
Foundation administration fee recovery	1,237	-	-	-	-	-	1,237		1,088	
	49,687	61,910	4,800	18,340	10,798	-	145,535		134,639	
<b>Expenditures</b>										
Allocations, grants and programs	28,498	11,354	25	-	-	-	39,877		38,742	
Designated grants and related expenses	39,502	-	-	-	-	-	39,502		35,738	
Community centre operations expenses	-	-	-	20,240	-	-	20,240		19,665	
Capital project expenses	380	-	-	-	501	-	881		1,128	
Administrative costs	9,778	-	57	-	8	-	9,843		6,820	
Annual campaign expenses	-	7,758	-	-	-	-	7,758		7,698	
Foundation administration costs	1,689	-	-	-	-	-	1,689		1,483	
Strategic plan costs	1,043	-	-	-	-	-	1,043		414	

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

# United Jewish Appeal of Greater Toronto

Combined Statement of Revenue, Expenditures and Changes in Fund Balances ...continued  
For the year ended June 30, 2018

(in thousands of dollars)

	2018					2017				
	Operating Fund \$	Annual Campaign Fund \$	Real Estate Operations \$	Community Centre Operations \$	Capital Projects \$	Capital Reserve Fund \$	Total \$	Total \$	Total \$	Total \$
Building operating expenses	-	-	3,243	-	-	-	3,243	3,152	3,152	3,152
Amortization of property and equipment	4	-	235	51	4,327	-	4,617	5,009	5,009	5,009
Interest expense	-	-	333	-	1,430	-	1,763	1,848	1,848	1,848
Provision for doubtful pledges	-	1,250	-	-	-	-	1,250	1,250	1,250	1,250
Financial transaction cost	-	374	-	-	-	-	374	377	377	377
	80,894	20,736	3,893	20,291	6,266	-	132,080	123,324	123,324	123,324
<b>Excess (deficiency) of revenue over expenditures for the year</b>	(31,207)	41,174	907	(1,951)	4,532	-	13,455	11,315	11,315	11,315
<b>Fund balance - Beginning of year</b>	(91)	37,817	2,872	(136)	107,321	4,935	152,718	140,706	140,706	140,706
<b>Net actuarial gain (loss) on pension obligations</b>	(723)	-	-	-	-	-	(723)	697	697	697
<b>Interfund transfer (note 13)</b>	32,566	(37,595)	(573)	2,093	2,186	1,323	-	-	-	-
<b>Fund balance - End of year</b>	545	41,396	3,206	6	114,039	6,258	165,450	152,718	152,718	152,718

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

# United Jewish Appeal of Greater Toronto

## Combined Statement of Cash Flows

For the year ended June 30, 2018

(in thousands of dollars)

	2018 \$	2017 \$
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
Excess of revenue over expenditures for the year	13,455	11,315
Items not involving cash		
Amortization of property and equipment	4,617	5,009
Reinvested investment income	(94)	(97)
Pension assets/obligations	(648)	(708)
Changes in non-cash working capital items		
Campaign pledges receivable	680	605
Amounts receivable and sundry assets	(2,210)	(14)
Accounts payable and accrued liabilities	(283)	(212)
Deferred revenue	676	1,434
Allocations payable to UIA	(2,953)	(659)
	<u>13,240</u>	<u>16,673</u>
<b>Investing activities</b>		
Proceeds from sale of land	-	2,100
Purchases of property and equipment	(10,840)	(2,805)
Purchases of marketable securities and investments	(9,307)	(9,264)
Proceeds from sale of marketable securities and investments	<u>12,140</u>	<u>5,574</u>
	<u>(8,007)</u>	<u>(4,395)</u>
<b>Financing activities</b>		
Repayments of bank debt	(2,703)	(4,753)
Repayment of loan payable	-	(1,000)
	<u>(2,703)</u>	<u>(5,753)</u>
<b>Increase in cash and cash equivalents during the year</b>	<u>2,530</u>	<u>6,525</u>
<b>Cash and cash equivalents - Beginning of year</b>	<u>14,603</u>	<u>8,078</u>
<b>Cash and cash equivalents - End of year</b>	<u>17,133</u>	<u>14,603</u>

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



# United Jewish Appeal of Greater Toronto

## Notes to Combined Financial Statements

June 30, 2018

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(in thousands of dollars)

### 1 Purpose of the Organization

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

### 2 Basis of combined financial statement presentation

The Organization operates through a number of incorporated entities controlled by the membership of UJA. 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
- 750 Spadina Ave. Association
- Jewish Community Properties of Greater Toronto
- Prosserman Jewish Community Centre
- Schwartz/Reisman Centre
- 1867942 Ontario Inc. (Lebovic food services contract)
- The Jewish Museum of Canada
- American Friends of United Jewish Appeal of Greater Toronto
- Greater Toronto Jewish Federation New Ventures

These combined financial statements do not include the Foundation, which is also controlled by the membership of UJA.

The combined financial statements of the Organization are prepared to present the following funds:

- Operating Fund

The Operating Fund is unrestricted and used for the activities and operations of the Organization.

- Annual Campaign Fund

This fund includes the revenue from the annual campaign net of related expenses.

- Real Estate Operations Fund

This fund includes the rental income and related building operation expenses.



# United Jewish Appeal of Greater Toronto

## Notes to Combined Financial Statements

June 30, 2018

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(in thousands of dollars)

- Community Centre Operations Fund

This fund represents the activities of Prosserman Jewish Community Centre and Schwartz/Reisman Centre.

- Capital Projects Fund

This fund represents the amounts invested in property and equipment and capital projects in progress. Donations specifically received for capital projects, capital project expenses and amortization are recorded in this fund. Capital project expenses comprise fundraising, marketing, strategic planning and other costs.

- Capital Reserve Fund

Funds are held to fund future capital repairs and replacements.

### 3 Summary of significant accounting policies

#### Basis of accounting

These combined 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

The Organization follows the restricted fund method of accounting for contributions. Revenue that is subject to external restrictions is recognized in the appropriate fund when received or receivable. Externally restricted revenue for which no fund exists is deferred and recognized in the Operating Fund as the related expense occurs.

Annual Campaign revenue relating to the current and prior year's campaigns is recognized when a pledge is received and assessed as collectible. Future campaign pledges are deferred and recorded as pledge payments received in advance and are reflected as revenue in future fiscal years. A provision for uncollectible pledges is recorded to reduce pledges receivable and revenue.

- Deferred revenue

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. Amounts received in advance are recorded as deferred revenue.

# United Jewish Appeal of Greater Toronto

## Notes to Combined Financial Statements

June 30, 2018

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(in thousands of dollars)

- **Capital campaigns**

The Organization receives pledges for the Lebovic Campus and the Sherman Campus and 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.

- **Rental revenue**

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

### **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.

### **Cash and cash equivalents**

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

### **Marketable securities**

Marketable securities are guaranteed investment certificates with expiry dates of less than one year from the combined statement of financial position date.

### **Property and equipment**

Property and equipment 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.

Amortization is recorded as follows:

Buildings	straight-line basis over 40 years
Furniture, fixtures and equipment	straight-line basis over 5 years

Amortization will only commence on the new community centre once the facility is available for use.

### **Pension plan and supplementary retirement benefits**

The Organization records its liability under the pension plans as its defined benefit obligations less the fair value of plan assets. The defined benefit obligation is measured using a funding valuation.

# United Jewish Appeal of Greater Toronto

## Notes to Combined Financial Statements

June 30, 2018

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(in thousands of dollars)

The cost of pensions and other retirement benefits earned by employees is actuarially determined using the projected benefit method, prorated on service and management's best estimate of salary escalation, retirement ages of employees and expected health-care costs.

Remeasurements and other items are composed of actuarial gains (losses) on the accrued benefit obligation and arise from differences between the actual and expected experience and from changes in the actuarial assumptions used to determine the accrued benefit obligation, past service costs and gains and losses arising from settlements and curtailments. Actuarial gains and losses arise when the accrued benefit obligations change during the year. The actuarial gains and losses and other remeasurements including plan amendments are recorded in the combined statement of revenue, expenditures and changes in fund balances when incurred.

### 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 within the combined statement of revenue, 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.

Unless otherwise noted, it is management's opinion that the Organization is not exposed to significant liquidity or market risk arising from its financial instruments.

The Organization holds cash 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.

The Organization is subject to credit risk given the significant campaign pledge receivables. Pledges receivable are due from a number of donors. The Organization maintains provisions for potential uncollectible balances, which are assessed on a regular basis.

### Foreign currency translation

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

# United Jewish Appeal of Greater Toronto

## Notes to Combined Financial Statements

June 30, 2018

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(in thousands of dollars)

### Use of estimates

The preparation of combined financial statements in accordance with ASNPO requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the combined financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

## 4 Related party balances and transactions

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

- a) In 2014, the Organization received loans totalling \$5,000 from the Foundation with the understanding that the funds would in turn be loaned to Joseph and Wolf Lebovic Jewish Community Campus (JWLJCC) to pay down the Facility II loan (note 10). The total loan of \$5,000 was provided in two tranches as noted below.

In 2015, the Organization received a further loan of \$3,800 from the Foundation. The Organization used the funds to fulfill a donor commitment.

The Organization and the Foundation are both under common control by the membership of UJA.

	2018 \$	2017 \$
Loan 1	1,000	1,000
Loan 2	3,000	3,000
Loan 3	3,800	3,800
	<hr/>	<hr/>
	7,800	7,800

All loans are unsecured. Loans 1 and 2 bear interest at 6% per annum, calculated and compounded quarterly. Interest is repayable quarterly. Loan 3 is non-interest bearing.

Loan 1 will be repaid immediately when JWLJCC collects sufficient unrestricted donations for its capital campaign.

Loans 2 and 3 will be repaid on the later of:

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

# United Jewish Appeal of Greater Toronto

## Notes to Combined Financial Statements

June 30, 2018

(in thousands of dollars)

- b) During the year, the Organization received \$9,890 (2017 - \$9,009) from the Foundation's donor funds to fulfill donor requests, of which \$20 (2017 - \$427) is included in amounts receivable and sundry assets.

The Organization has the right to appoint 50% of the board of directors of Toronto Hebrew Memorial Park (THMP), and as a result, it has significant influence over THMP. 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 \$45 (2017 - \$45).

### 5 Campaign pledges receivable

	2018 \$	2017 \$
Current campaign	30,420	30,054
Prior year campaign	1,767	2,304
Previous campaigns	2,219	2,067
Allowance and fair value adjustment	(3,891)	(3,710)
Annual campaign	30,515	30,715
Breakthrough family giving	430	910
	<u>30,945</u>	<u>31,625</u>

Breakthrough family giving is a special fundraising initiative to fund multi-year strategic priorities.

### 6 Amounts receivable and sundry assets

Included in amounts receivable and sundry assets is a loan of \$394 (2017 - \$624) to Miles Nadal Jewish Community Centre (MNJCC). The loan is secured by MNJCC's leasehold improvements and has no specific terms of repayment. The portion expected to be repaid in 2019 of \$100 (2017 - \$200) is included in current assets; the remaining balance amounting to \$294 (2017 - \$424) is included in long-term amounts receivable and sundry assets.

### 7 Property and equipment

	2018		
	Cost \$	Accumulated amortization \$	Net \$
Lebovic Campus (i)			
Land and related acquisition and infrastructure costs	14,104	-	14,104
Buildings			
Kimel Family Education Centre	34,771	9,385	25,386
Community Services Building	87,595	13,442	74,153
	<u>136,470</u>	<u>22,827</u>	<u>113,643</u>

# United Jewish Appeal of Greater Toronto

## Notes to Combined Financial Statements

June 30, 2018

(in thousands of dollars)

	2018		
	Cost \$	Accumulated amortization \$	Net \$
Sherman Campus (ii)			
Land	1,700	-	1,700
Buildings			
Lipa Green Centre	28,485	10,194	18,291
Gales Family Pavilion	12,653	3,110	9,543
Capital project development costs	18,298	-	18,298
	61,136	13,304	47,832
750 Spadina Ave. (iii)			
Land	900	-	900
Building	2,555	1,694	861
	3,455	1,694	1,761
Building on leased land - Wolfond Centre (iv)	3,494	1,265	2,229
Land - Simcoe County (v)	1,111	-	1,111
Furniture, fixtures and equipment	11,658	10,874	784
	16,263	12,139	4,124
	217,324	49,964	167,360
	2017		
	Cost \$	Accumulated amortization \$	Net \$
Lebovic Campus (i)			
Land and related acquisition and infrastructure costs	14,040	-	14,040
Buildings			
Kimel Family Education Centre	34,771	8,511	26,260
Community Services Building	87,587	11,194	76,393
	136,398	19,705	116,693
Sherman Campus (ii)			
Land	1,700	-	1,700
Buildings			
Lipa Green Centre	28,219	9,618	18,601
Gales Family Pavilion	12,653	2,758	9,895
Capital project development costs	8,255	-	8,255
	50,827	12,376	38,451



# United Jewish Appeal of Greater Toronto

## Notes to Combined Financial Statements

June 30, 2018

(in thousands of dollars)

	2017		
	Cost \$	Accumulated amortization \$	Net \$
750 Spadina Ave. (iii)			
Land	900	-	900
Building	2,555	1,643	912
	3,455	1,643	1,812
Building on leased land - Wolfond Centre (iv)	3,489	1,178	2,311
Land - Simcoe County (v)	1,111	-	1,111
Furniture, fixtures and equipment	11,204	10,445	759
	15,804	11,623	4,181
	206,484	45,347	161,137

- i) Lebovic Campus represents the costs of JWLJCC, comprising land and infrastructure costs, Kimel Family Education Centre and the Community Services Building.
- ii) Sherman Campus represents the cost of Lipa Green Centre, which houses UJA offices, the Gales Family Pavilion, which houses Prosserman Jewish Community Centre, and the land and redevelopment costs to date of Sherman Campus Phase II. The new community centre is expected to open in January 2020. The remaining balance of committed construction costs is \$38,701.
- iii) The Organization owns the land and building at 750 Spadina Ave. In prior years, the major tenant, MNJCC, constructed and paid for significant leasehold improvements to the property at a cost of \$16,449.
- iv) The Wolfond Centre for Jewish Campus Life at the University of Toronto was constructed on leased land. The initial lease term ends on December 31, 2030, with a ten-year renewal option (note 14).
- v) The Organization owns land in Simcoe County, which is licensed for use as a not-for-profit youth camp.
- vi) The Organization is the owner of a parcel of land in the Haliburton Region of Ontario, which was acquired for 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.



# United Jewish Appeal of Greater Toronto

## Notes to Combined Financial Statements

June 30, 2018

(in thousands of dollars)

### 8 Allocations payable to UIA

The Organization allocates a portion of the annual campaign proceeds to United Israel Appeal (UIA).

	2018 \$	2017 \$
Balance - Beginning of year	4,977	5,636
Net proceeds of campaigns	11,354	12,812
Distributions during the year	(14,307)	(13,471)
Balance - End of year	2,024	4,977

### 9 Deferred revenue

	2018 \$	2017 \$
Annual campaign gifts received in advance	994	582
Designated donations received for distribution in future years	2,714	1,968
Community centre program and membership fees	3,223	2,799
Rent received for long-term ground lease	663	614
Program gifts and grants received for expenses in future years	2,558	3,513
	10,152	9,476

### 10 Bank indebtedness

Bank indebtedness comprises the following:

	2018 \$	2017 \$
Facility I	27,365	28,595
Facility II	-	1,000
Facility III	3,400	3,607
Facility IV	3,267	3,533
	34,032	36,735
Less: Current portion	1,777	2,710
	32,255	34,025

Facility I is a facility provided by a consortium of banks to fund the construction of the Lebovic Campus.

- The facility requires monthly repayments of principal and interest based on a 20-year amortization and a five-year term, with the option to enter into hedge contracts.
- In December 2015, the Organization executed a five-year term interest rate swap contract to fix the effective interest cost of \$25,000 of the facility at 4.18% per annum (current balance \$22,982 (2017 - \$23,837)), which expires on January 25, 2021. The remaining portion of the facility of \$4,383 (2017 -

# United Jewish Appeal of Greater Toronto

## Notes to Combined Financial Statements

June 30, 2018

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(in thousands of dollars)

\$4,758) is variable at 2.75% plus floating CDOR. The current effective variable rate is 4.39% (2017 - 3.62%) per annum.

- The borrower is Lebovic Campus and the guarantor is the Organization.

Facility III was established 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 IV relates to a borrowing in 2009 by 750 Spadina Ave., which was utilized to provide a grant to MNJCC, which in turn used the funds to repay amounts owing to the Organization (note 6). The loan bears interest at 3.83%, is repayable in blended monthly instalments of \$33 and is repayable in full in August 2019.

In addition, the Organization has an available line of credit of \$6,000, which has not been drawn on and bears interest at the prime rate plus 1%. Prosserman Jewish Community Centre also has a \$1,250 line of credit, bearing interest at the prime rate plus 1.25%, which has not been drawn on. The facility is guaranteed by the Organization.

On June 26, 2018, a credit agreement was entered into with a consortium of banks to fund the Sherman Campus Phase 2 capital project. A summary of the main provisions is as follows:

- The borrower is Sherman Campus and the guarantor is United Jewish Appeal of Greater Toronto.
- The total construction facility commitment is \$32,000. In addition, there is a swing line commitment of \$1,000 and a letter of guarantee commitment of \$3,000.
- The construction facility will revolve during the construction period and converts into a non-revolving reducing facility on the term date (July 31, 2021). The facility is made available by way of prime loans or bankers' acceptances. The facility reduces to a maximum of \$18,000 by June 30, 2021 and \$14,000 by June 30, 2022. The maturity date of the facility is June 26, 2023. The borrower may request an extension, which is at the sole discretion of the lenders; such an extension would result in a maturity date of June 30, 2027.
- The interest rate on prime loans is prime plus 1.1% per annum. The fee on bankers' acceptances is 2.6% plus the bankers' acceptances discount rate.
- The facility is secured by a collateral mortgage of \$36,000 on the land and improvements, general assignment of leases, contracts and insurance relating to the project, security interest in all personal property of Sherman Campus and an assignment of pledge receivables of the borrower and guarantor (excluding pledges designated for use other than for Sherman Campus, unrestricted pledges and donations to the extent they are not designated for the project).
- No amounts have been drawn to date.

Of the total indebtedness of \$34,032 (2017 - \$36,735), \$30,765 (2017 - \$33,202) is attributable to property and equipment and \$3,267 (2017 - \$3,533) is attributable to the funding of operations. The carrying amount of assets pledged as security is \$144,945 (2017 - \$157,292).

# United Jewish Appeal of Greater Toronto

## Notes to Combined Financial Statements

June 30, 2018

(in thousands of dollars)

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

	Facility I \$	Facility II \$	Facility III \$	Facility IV \$	Total \$
2019	1,282	-	220	275	1,777
2020	1,312	-	3,180	2,992	7,484
2021	24,771	-	-	-	24,771
	27,365	-	3,400	3,267	34,032

Security for bank indebtedness is as follows:

- The Organization's line of credit is secured by a security agreement over receivables of the borrower.
- Facility I 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 of Lebovic Campus and an assignment of pledge receivables of the borrower and guarantor (excluding pledges and assets of the Foundation, pledges designated for use other than for Lebovic Campus, unrestricted pledges and donations to the extent they are not designated for the project).
- Facilities III and IV are secured by a first position security agreement executed by 750 Spadina Ave., a guarantee of \$7,140 by the Organization and a second position general security agreement executed by the Organization, 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.

## 11 Pension assets - net

The Organization maintains defined benefit pension plans for its employees. The Organization has also committed to paying 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		Total	
	2018 \$	2017 \$	2018 \$	2017 \$	2018 \$	2017 \$
Accrued benefit obligation	(28,585)	(25,739)	(7,662)	(8,169)	(36,247)	(33,908)
Fair value of plan assets - at market	36,317	34,053	-	-	36,317	34,053
Pension assets (obligations)	7,732	8,314	(7,662)	(8,169)	70	145

# United Jewish Appeal of Greater Toronto

## Notes to Combined Financial Statements

June 30, 2018

(in thousands of dollars)

	Pension plans		Supplementary retirement benefits		Total	
	2018 \$	2017 \$	2018 \$	2017 \$	2018 \$	2017 \$
Expense	191	167	538	778	729	945
Cash contributions	859	1,202	518	452	1,377	1,654
Discount rate	5.90%	5.75%	5.90%	5.75%	-	-
Expected rate of compensation increase	3.00%	3.00%	3.00%	3.00%	-	-

The Organization calculates its accrued benefit obligations and the fair value of plan assets for accounting purposes as at June 30 of each year.

For funding purposes, an actuarial valuation is prepared every three years. The most recent actuarial valuation of the employees' pension plans for funding purposes was as at June 30, 2017. The most recent actuarial valuation of the supplementary retirement benefits plan was as at June 30, 2017.

Percentage of plan assets consists of:

	2018 %	2017 %
Equities	45	51
Fixed income	14	14
Cash and short-term deposits	7	2
Balanced funds	34	33
	<u>100</u>	<u>100</u>

## 12 Contingent liabilities

- Under agreements between the Organization and the City of Toronto (the City), and as a condition of exemption from municipal and school taxes, the Organization is obligated, on the sale of certain 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 last ten years is estimated at a maximum of \$661. 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 these combined financial statements for these potential contingencies.
- As at June 30, 2018, the Organization has outstanding letters of guarantee amounting to \$1,242 (2017 - \$1,365) relating primarily to the Lebovic Campus capital project.
- A Lebovic Campus catering contract was terminated effective May 21, 2014. The company providing the catering services has claimed an amount of \$1,344 from the Organization. Included in liabilities at year-end are invoices owing to the catering company as well as a previously deferred capital investment balance of \$875 for a total of \$1,344. The Organization is disputing certain aspects of the claim. Therefore, although the outcome is unknown at this time, there is no additional exposure to the Organization.

# United Jewish Appeal of Greater Toronto

## Notes to Combined Financial Statements

June 30, 2018

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(in thousands of dollars)

### 13 Interfund transfer

The interfund transfer of \$32,566 (2017 - \$34,118) from the Annual Campaign Fund to the Operating Fund relates to the transfer of the 2017 Annual Campaign funds raised, which was approved by the Board of Directors.

### 14 Operating lease

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

	\$
2019	53
2020	58
2021	62
2022	62
2023	62
Thereafter	534
	<hr/>
	831
	<hr/>

### 15 Comparative figures

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