

United Jewish Appeal of Greater Toronto

Combined Financial Statements
June 30, 2019



Independent auditor's report

To the Members of United Jewish Appeal of Greater Toronto

Our opinion

In our opinion, the accompanying combined financial statements present fairly, in all material respects, the financial position of United Jewish Appeal of Greater Toronto and its subsidiaries (together, 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 combined financial statements comprise:

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

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 combined 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 combined financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Emphasis of matter – restriction on distribution and use

Our report is intended solely for the Board of Directors of the Organization and management and should not be distributed or used by parties other than the Board of Directors or management.

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



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

Management is responsible for the preparation and fair presentation of the 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.

In preparing the combined 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.

Auditor's responsibilities for the audit of the combined financial statements

Our objectives are to obtain reasonable assurance about whether the combined 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 combined 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 combined 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 combined 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 combined financial statements, including the disclosures, and whether the combined financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Organization to express an opinion on the combined financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

United Jewish Appeal of Greater Toronto

Combined Statement of Financial Position

As at June 30, 2019

(in thousands of dollars)

	2019 \$	2018 \$
Assets		
Current assets		
Cash and cash equivalents	18,393	17,133
Marketable securities	3,992	3,630
Campaign pledges receivable (note 5)	26,816	27,866
Amounts receivable and sundry assets (notes 4(b) and 6)	7,015	5,733
	<u>56,216</u>	<u>54,362</u>
Amounts receivable and sundry assets (note 6)	671	637
Campaign pledges receivable (note 5)	3,594	3,079
Investments	5,106	3,054
Post retirement benefits (note 11)	-	70
Property and equipment (note 7)	183,727	167,360
	<u>249,314</u>	<u>228,562</u>
Liabilities		
Current liabilities		
Bank indebtedness (note 10)	7,495	1,777
Accounts payable and accrued liabilities	10,143	9,104
Allocations payable to UIA (note 8)	2,568	2,024
Deferred revenue (note 9)	15,630	10,152
	<u>35,836</u>	<u>23,057</u>
Bank indebtedness (note 10)	24,771	32,255
Loans payable (note 4(a))	7,800	7,800
Post retirement benefits (note 11)	1,174	-
	<u>69,581</u>	<u>63,112</u>
Fund Balances		
Operating Fund	(2,289)	545
Annual Campaign Fund	42,832	41,396
Real Estate Operations	3,930	3,206
Community Centre Operations	10	6
Capital Projects	127,664	114,039
Capital Reserve Fund	7,586	6,258
	<u>179,733</u>	<u>165,450</u>
	<u>249,314</u>	<u>228,562</u>

Contingencies and commitments (notes 7(ii), 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, 2019

(in thousands of dollars)

							2019	2018
	Operating Fund \$	Annual Campaign Fund \$	Real Estate Operations \$	Community Centre Operations \$	Capital Projects \$	Capital Reserve Fund \$	Total \$	Total \$
Revenue								
Annual campaign revenue	-	61,004	-	-	-	-	61,004	59,603
Designated gifts and related income	29,144	-	-	-	-	-	29,144	39,454
Community centre operations	-	-	-	18,644	-	-	18,644	17,629
Capital project donations	-	-	-	-	10,780	-	10,780	8,841
Government grants	4	32	-	839	6,839	-	7,714	2,570
Sundry income	4,799	2,070	612	-	-	-	7,481	9,762
Rental income	-	-	4,840	-	-	-	4,840	4,278
Foundation administration fee recovery	1,439	-	-	-	-	-	1,439	1,237
Targeted supplementary gifts	1,208	-	-	-	-	-	1,208	1,626
Corporate partner revenue	-	940	-	-	-	-	940	350
Interest income	-	-	73	-	-	-	73	185
	36,594	64,046	5,525	19,483	17,619	-	143,267	145,535
Expenditures								
Allocations, grants and programs	29,547	12,694	-	-	-	-	42,241	39,877
Designated grants and related expenses	29,179	-	-	-	-	-	29,179	39,502
Community centre operations expenses	-	-	-	21,527	-	-	21,527	20,240
Administrative costs	11,517	-	66	-	-	-	11,583	9,843
Annual campaign expenses	-	7,128	-	-	-	-	7,128	7,758
Amortization of property and equipment	4	-	143	164	4,286	-	4,597	4,617
Building operating expenses	-	-	3,851	-	-	-	3,851	3,243
Strategic plan costs	1,715	-	-	-	-	-	1,715	1,043

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, 2019

(in thousands of dollars)

							2019	2018
	Operating Fund \$	Annual Campaign Fund \$	Real Estate Operations \$	Community Centre Operations \$	Capital Projects \$	Capital Reserve Fund \$	Total \$	Total \$
Interest expense	-	-	315	-	1,398	-	1,713	1,763
Foundation administration costs	1,546	-	-	-	-	-	1,546	1,689
Provision for doubtful pledges	-	1,000	-	-	-	-	1,000	1,250
Capital project expenses	102	-	-	-	641	-	743	881
Financial transaction cost	-	392	-	-	-	-	392	374
	73,610	21,214	4,375	21,691	6,325	-	127,215	132,080
Excess (deficiency) of revenue over expenditures before undernoted item	(37,016)	42,832	1,150	(2,208)	11,294	-	16,052	13,455
Fair value change in investments	-	-	152	-	-	-	152	-
Excess (deficiency) of revenue over expenditures for the year	(37,016)	42,832	1,302	(2,208)	11,294	-	16,204	13,455
Fund balance – Beginning of year	545	41,396	3,206	6	114,039	6,258	165,450	152,718
Net actuarial loss on post retirement benefits	(1,921)	-	-	-	-	-	(1,921)	(723)
Interfund transfer (note 13)	36,103	(41,396)	(578)	2,212	2,331	1,328	-	-
Fund balance – End of year	(2,289)	42,832	3,930	10	127,664	7,586	179,733	165,450

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, 2019

(in thousands of dollars)

	2019 \$	2018 \$
Cash provided by (used in)		
Operating activities		
Excess of revenue over expenditures for the year	16,204	13,455
Items not involving cash		
Amortization of property and equipment	4,597	4,617
Fair value change in investments	(152)	-
Reinvested investment income	(56)	(94)
Post retirement benefits	(677)	(648)
Donated securities	(1,140)	-
Changes in non-cash working capital items		
Campaign pledges receivable	535	680
Amounts receivable and sundry assets	(1,316)	(2,210)
Accounts payable and accrued liabilities	1,039	(283)
Deferred revenue	5,478	676
Allocations payable to UIA	544	(2,953)
	<hr/> 25,056	<hr/> 13,240
Investing activities		
Purchases of property and equipment	(20,964)	(10,840)
Purchases of marketable securities and investments	(4,711)	(9,307)
Proceeds from sale of marketable securities and investments	3,645	12,140
	<hr/> (22,030)	<hr/> (8,007)
Financing activities		
Repayments of bank indebtedness	(1,766)	(2,703)
	<hr/> 1,260	<hr/> 2,530
Increase in cash and cash equivalents during the year		
	1,260	2,530
Cash and cash equivalents – Beginning of year	<hr/> 17,133	<hr/> 14,603
Cash and cash equivalents – End of year	<hr/> 18,393	<hr/> 17,133

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, 2019

(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 Inc.
- 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, 2019

(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. 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

This fund represents amounts 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. Campaign pledge receivables are recorded initially at fair value and the long-term portion is discounted and the effective interest method is used to accrete interest into revenue over the period of collection. 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.

United Jewish Appeal of Greater Toronto

Notes to Combined Financial Statements

June 30, 2019

(in thousands of dollars)

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.

- **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.

United Jewish Appeal of Greater Toronto

Notes to Combined Financial Statements

June 30, 2019

(in thousands of dollars)

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.

The cost of pensions and other retirement benefits earned by employees is actuarially determined using the projected benefit method, pro-rated 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 and campaign pledges receivable at fair value.

Changes in the fair value of investments are recognized in 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 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, 2019

(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 remaining loan of \$4,000 is broken down into two tranches (Loans 1 and 2) 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.

	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 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, 2019

(in thousands of dollars)

- b) During the year, the Organization received \$12,609 (2018 – \$9,890) from the Foundation’s donor funds to fulfill donor requests.
- c) 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 \$41 (2018 – \$45).

5 Campaign pledges receivable

	2019 \$	2018 \$
Current campaign	29,429	30,420
Prior year campaign	2,239	1,767
Previous campaigns	575	2,219
Allowance and fair value adjustment	(1,953)	(3,891)
	<hr/>	<hr/>
Annual campaign	30,290	30,515
Less: Non-current portion	(3,594)	(3,079)
	<hr/>	<hr/>
Breakthrough family giving	26,696	27,436
	120	430
	<hr/>	<hr/>
	26,816	27,866
	<hr/>	<hr/>

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 \$389 (2018 – \$394) 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 (2018 – \$100) is included in current assets; the remaining balance amounting to \$289 (2018 – \$294) is included in long-term amounts receivable and sundry assets.

United Jewish Appeal of Greater Toronto

Notes to Combined Financial Statements

June 30, 2019

(in thousands of dollars)

7 Property and equipment

	2019		
	Cost	Accumulated	Net
	\$	amortization	\$
		\$	\$
Lebovic Campus (i)			
Land and related acquisition and infrastructure costs	14,272	-	14,272
Buildings			
Kimel Family Education Centre	34,771	10,259	24,512
Community Services Building	87,651	15,690	71,961
	<u>136,694</u>	<u>25,949</u>	<u>110,745</u>
Sherman Campus (ii)			
Land	1,700	-	1,700
Buildings			
Lipa Green Centre	28,485	10,772	17,713
Gales Family Pavilion	12,653	3,462	9,191
Capital project development costs	38,305	-	38,305
	<u>81,143</u>	<u>14,234</u>	<u>66,909</u>
750 Spadina Ave. (iii)			
Land	900	-	900
Building	2,555	1,744	811
	<u>3,455</u>	<u>1,744</u>	<u>1,711</u>
Building on leased land – Wolfond Centre (iv)	3,513	1,353	2,160
Land – Simcoe County (v)	1,111	-	1,111
Furniture, fixtures and equipment	12,372	11,281	1,091
	<u>16,996</u>	<u>12,634</u>	<u>4,362</u>
	<u>238,288</u>	<u>54,561</u>	<u>183,727</u>

United Jewish Appeal of Greater Toronto

Notes to Combined Financial Statements

June 30, 2019

(in thousands of dollars)

	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>
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
	<u>61,136</u>	<u>13,304</u>	<u>47,832</u>
750 Spadina Ave. (iii)			
Land	900	-	900
Building	2,555	1,694	861
	<u>3,455</u>	<u>1,694</u>	<u>1,761</u>
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
	<u>16,263</u>	<u>12,139</u>	<u>4,124</u>
	<u>217,324</u>	<u>49,964</u>	<u>167,360</u>

- 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 April 2020. The remaining balance of committed construction costs is \$19,157.
- iii) The Organization owns the land and building at 750 Spadina Ave.
- 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).

United Jewish Appeal of Greater Toronto

Notes to Combined Financial Statements

June 30, 2019

(in thousands of dollars)

- 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, an unrelated party, 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.

8 Allocations payable to UIA

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

	2019 \$	2018 \$
Balance – Beginning of year	2,024	4,977
Net proceeds of campaigns	12,694	11,354
Distributions during the year	(12,150)	(14,307)
Balance – End of year	<u>2,568</u>	<u>2,024</u>

9 Deferred revenue

	2019 \$	2018 \$
Annual campaign gifts received in advance	866	994
Designated donations received for distribution in future years	6,342	2,714
Community centre program and membership fees	3,294	3,223
Rent received for long-term ground lease	673	663
Program gifts and grants received for expenses in future years	4,455	2,558
	<u>15,630</u>	<u>10,152</u>

10 Bank indebtedness

Bank indebtedness comprises the following:

	2019 \$	2018 \$
Facility I	26,095	27,365
Facility II	3,179	3,400
Facility III	2,992	3,267
	<u>32,266</u>	<u>34,032</u>
Less: Current portion	7,495	1,777
	<u>24,771</u>	<u>32,255</u>

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

United Jewish Appeal of Greater Toronto

Notes to Combined Financial Statements

June 30, 2019

(in thousands of dollars)

- 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. The contract was effective January 25, 2016, expiring on January 25, 2021. The remaining balance is variable at 2.75% plus floating CDOR. The current effective variable rate is 4.70% (2018 – 4.39%) per annum.
- The borrower is Lebovic Campus and the guarantor is the Organization.

Facility II was established to refinance loans payable by 750 Spadina Ave. The loan bears interest at 5.82%, is repayable in blended monthly payments of \$34 and is repayable in full in September 2019.

Facility III 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 was refinanced in August 2014 at an interest rate of 3.80%, repayable in blended monthly payments of \$33 and repayable in full in August 2019.

Subsequent to year-end, an agreement was reached with the bank, whereby Facilities II and III were consolidated at an interest rate of 3.05%, repayable in blended monthly payments of \$59 and repayable in full in September 2029.

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 II capital project (note 7(ii)). 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 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. No amounts were drawn to date.
- 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.

United Jewish Appeal of Greater Toronto

Notes to Combined Financial Statements

June 30, 2019

(in thousands of dollars)

- 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).

Of the total indebtedness of \$32,266 (2018 – \$34,032), \$29,274 (2018 – \$30,765) is attributable to property and equipment and \$2,992 (2018 – \$3,267) is attributable to the funding of operations. The carrying amount of assets pledged as security is \$161,653 (2018 – \$144,945).

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

	Facility I \$	Facility II \$	Facility III \$	Total \$
2020	1,324	3,179	2,992	7,495
2021	24,771	-	-	24,771
	<hr/>	<hr/>	<hr/>	<hr/>
	26,095	3,179	2,992	32,266

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 \$26,083 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 II and III are secured by a first position security agreement executed by 750 Spadina Ave., a guarantee of \$6,171 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.

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Notes to Combined Financial Statements

June 30, 2019

(in thousands of dollars)

11 Post retirement benefits

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	
	2019 \$	2018 \$	2019 \$	2018 \$	2019 \$	2018 \$
Accrued benefit obligation	(29,622)	(28,585)	(8,425)	(7,662)	(38,047)	(36,247)
Fair value of plan assets – at market	36,873	36,317	-	-	36,873	36,317
Post retirement benefits – net	7,251	7,732	(8,425)	(7,662)	(1,174)	70
Expense	190	191	488	538	678	729
Cash contributions	828	859	527	518	1,355	1,377
Discount rate	5.90%	5.90%	5.90%	5.90%	-	-
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. The supplementary retirement benefits plan does not have access to the assets of the pension plans.

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 January 1, 2018. The most recent actuarial valuation of the supplementary retirement benefits plan was as at January 1, 2018.

Percentage of plan assets consists of:

	2019 %	2018 %
Equities	41	45
Fixed income	16	14
Cash and short-term deposits	9	7
Balanced funds	34	34
	<u>100</u>	<u>100</u>

United Jewish Appeal of Greater Toronto

Notes to Combined Financial Statements

June 30, 2019

(in thousands of dollars)

12 Contingent liabilities

- a) 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 \$702. 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.
- b) As at June 30, 2019, the Organization has outstanding letters of guarantee amounting to \$3,498 (2018 – \$1,242) relating primarily to the capital projects in Sherman and Lebovic campuses.
- c) 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.

13 Interfund transfer

The interfund transfer of \$36,103 (2018 – \$32,566) from the Annual Campaign Fund to the Operating Fund relates to the transfer of the 2018 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:

	\$
2020	58
2021	62
2022	62
2023	62
2024	62
Thereafter	472
	<hr/>
	778
	<hr/>

15 Comparative figures

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