

The Jewish Foundation of Greater Toronto

Financial Statements
June 30, 2020



Independent auditor's report

To the Directors of The Jewish Foundation of Greater Toronto

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, 2020 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, 2020;
- 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 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 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.

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.

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 16, 2020

The Jewish Foundation of Greater Toronto

Statement of Financial Position

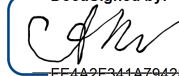
As at June 30, 2020

(in thousands of dollars)

			2020	2019
	Endowment and Restricted Funds \$	General Funds \$	Total \$	Total \$
Assets				
Current assets				
Cash and cash equivalents	26,643	51	26,694	8,136
Marketable securities	4,415	8	4,423	4,599
Amounts receivable and sundry assets	926	1	927	1,093
Investments (notes 5 and 6)	36,209	-	36,209	29,935
	68,193	60	68,253	43,763
Amounts receivable and sundry assets (note 4)	8,011	-	8,011	8,047
Investments (note 5)	413,292	853	414,145	375,409
	489,496	913	490,409	427,219
Liabilities				
Current liabilities				
Accounts payable and accrued liabilities (notes 3 and 5)	627	1	628	148
Funds invested on behalf of other parties (note 6)	36,209	-	36,209	29,935
	36,836	1	36,837	30,083
Fund Balances	452,660	912	453,572	397,136
	489,496	913	490,409	427,219

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, 2020

(in thousands of dollars)

			2020	2019
	Endowment and Restricted Funds \$	General Funds \$	Total \$	Total \$
Revenues				
Bequests and endowments (note 3)	89,140	5	89,145	51,393
Investment income	8,908	18	8,926	9,668
	98,048	23	98,071	61,061
Expenditures				
Grants (note 3)	41,690	-	41,690	33,880
Administrative costs	1,306	8	1,314	1,333
Investment counsel and custodial fees	2,841	7	2,848	2,649
	45,837	15	45,852	37,862
Excess of revenues over expenditures before undernoted item	52,211	8	52,219	23,199
Fair value change in investments	4,199	18	4,217	7,683
Excess of revenues over expenditures for the year	56,410	26	56,436	30,882
Fund balances – Beginning of year	396,290	846	397,136	366,254
Interfund transfer (note 8)	(40)	40	-	-
Fund balances – End of year	452,660	912	453,572	397,136

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, 2020

(in thousands of dollars)

	2020 \$	2019 \$
Cash provided by (used in)		
Operating activities		
Excess of revenues over expenditures for the year	56,436	30,882
Items not involving cash		
Fair value change in investments	(4,217)	(7,683)
Reinvested investment income	(8,375)	(8,306)
	<hr/> 43,844	<hr/> 14,893
Changes in non-cash components of working capital items		
Amounts receivable and sundry assets	202	(676)
Accounts payable and accrued liabilities	480	(1,700)
	<hr/> 44,526	<hr/> 12,517
Investing activities		
Purchases of marketable securities and investments	(109,089)	(49,585)
Proceeds from sale of marketable securities and investments	76,847	17,050
Receipt of funds invested on behalf of other parties – net	6,274	15,623
	<hr/> (25,968)	<hr/> (16,912)
Change in cash and cash equivalents during the year	18,558	(4,395)
Cash and cash equivalents – Beginning of year	<hr/> 8,136	<hr/> 12,531
Cash and cash equivalents – End of year	<hr/> 26,694	<hr/> 8,136
Non-cash transaction		
Transfers to marketable securities from investments – net	(267)	(3,068)

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

The Jewish Foundation of Greater Toronto

Notes to Financial Statements

June 30, 2020

(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.

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 (2019 – \$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, 2020

(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 multiple investment managers and the Organization transacts with reputable entities.

The Jewish Foundation of Greater Toronto

Notes to Financial Statements

June 30, 2020

(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, 2020

(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)
- Toronto Hebrew Memorial Park

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

During the year, the Organization paid \$13,517 (2019 – \$12,609) from donor designated funds to UJAGT in accordance with donor recommendations and received \$6,679 (2019 – \$2,682) in donor designated grants from UJAGT. At year-end, the Organization had a payable balance of \$12 (2019 – \$8) to UJAGT.

4 Amounts receivable and sundry assets

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

	2020 \$	2019 \$
Loans – UJAGT	7,800	7,800
Other	211	247
	<hr/> 8,011	<hr/> 8,047

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 (Loans 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.

	2020 \$	2019 \$
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.

The Jewish Foundation of Greater Toronto

Notes to Financial Statements

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(in thousands of dollars)

Loans 2 and 3 are repayable the later of:

- 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

	2020 \$	2019 \$
Fixed income investments		
State of Israel bonds	10,336	10,331
Pooled funds	98,096	79,888
	<hr/> 108,432	<hr/> 90,219
Equity investments		
Domestic pooled funds	43,517	43,386
Foreign pooled funds	298,405	271,739
	<hr/> 341,922	<hr/> 315,125
	<hr/> 450,354	<hr/> 405,344

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, 2020, the following contracts were held:

Type	Currency \$	Amount \$	Average exchange rate
Forward contracts	US	<hr/> 49,500	1.3570

The comparable amount of contracts outstanding in the prior year was US\$49,500. All contracts held as at June 30, 2020 will come due within one year. The fair value of the contracts has increased by \$299 (2019 – increase of \$595) and is included in the Organization's accounts payable and accrued liabilities in 2020 and amounts receivable and sundry assets in 2019.

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Notes to Financial Statements

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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 Insurance policies

The Organization is the beneficiary under various life insurance policies with an aggregate face value of \$23,427 (2019 – \$24,127).

8 Interfund transfer

The interfund transfer of \$40 (2019 – \$nil) from the Endowment and Restricted Funds to the General Funds is to reflect a donor's wishes to unrestrict certain funds that they previously had designated as restricted.

9 Impact of COVID-19

In March 2020, the World Health Organization declared the novel coronavirus (COVID-19) a global pandemic. The outbreak and continuing spread of COVID-19 and the related disruption to the worldwide economy is affecting regions in which the Organization operates. Global equity markets have experienced significant volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. There is uncertainty as to the likely effects of this outbreak which, among other things, may have an impact on fundraising and the performance of the investment portfolio. Given the rapidly evolving situation, it is not possible to predict the duration of the outbreak's disruption and the extent of the financial impact, which could be material, on the future financial statements.

10 Comparative figures

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