

The Jewish Foundation of Greater Toronto

Financial Statements
June 30, 2023

To the Audit Committee members of The Jewish Foundation of Greater Toronto:

Opinion

We have audited the financial statements of The Jewish Foundation of Greater Toronto (the "Foundation"), which comprise the statement of financial position as at June 30, 2023, and the statements of revenue and expenditures and changes in fund balances and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as at June 30, 2023, 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.

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 are independent of the Foundation in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

The financial statements for the year ended June 30, 2022 were audited by another auditor who expressed an unmodified opinion on those statements on November 24, 2022.

Responsibilities of the Audit Committee and Those Charged with Governance for the Financial Statements

Members of the Audit Committee are 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 the Audit Committee determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, members of the Audit Committee are responsible for assessing the Foundation'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 the Audit Committee either intends to liquidate the Foundation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Foundation'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 Foundation'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 Foundation'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 Foundation 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.

MNP LLP

Markham, Ontario

Chartered Professional Accountants

November 23, 2023

Licensed Public Accountants

The Jewish Foundation of Greater Toronto

Statement of Financial Position

As at June 30, 2023

(in thousands of dollars)

	2023		2022
	Restricted Funds \$	General Funds \$	Total \$
Assets			
Current assets			
Cash and cash equivalents	19,613	37	19,650
Marketable securities	13,187	25	13,212
Due from related party (note 3)	-	-	-
Amounts receivable and sundry assets (note 4)	28,115	63	28,178
Investments (notes 3 and 5)	109,325	-	109,325
	170,240	125	170,365
Amounts receivable and sundry assets (note 4)	9,178	-	9,178
Investments (note 5)	591,895	1,339	593,234
	771,313	1,464	772,777
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	210	-	210
Funds invested on behalf of other parties (notes 3 and 6)	115,745	-	115,745
	115,955	-	115,955
Fund Balances	655,358	1,464	656,822
	771,313	1,464	772,777

Approved by the Board of Directors

e-Signed by Glenys Lindenberg
2023-11-24 12:10:49 MST

Director

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

The Jewish Foundation of Greater Toronto

Statement of Revenue and Expenditures and Changes in Fund Balances

For the year ended June 30, 2023

(in thousands of dollars)

	2023		2022
	Restricted Funds \$	General Funds \$	Total \$
Revenues			
Contributions (note 3)	65,697	3	65,700
Investment income	12,862	29	12,891
	78,559	32	78,591
Expenditures			
Grants (note 3)	48,241	-	48,241
Administrative fees	1,825	10	1,835
Investment counsel and custodial fees	4,075	10	4,085
	54,141	20	54,161
Excess of revenues over expenditures before undernoted item	24,418	12	24,430
Fair value change in investments	47,274	113	47,387
Excess of revenues over expenditures (expenditures over revenues) for the year	71,692	125	71,817
Fund balances – Beginning of year	583,673	1,332	585,005
Inter-fund transfer (note 8)	(7)	7	-
Fund balances – End of year	655,358	1,464	656,822

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, 2023

(in thousands of dollars)

	2023 \$	2022 \$
Cash provided by (used in)		
Operating activities		
Excess of revenues over expenditures (expenditures over revenues) for the year	71,817	(22,148)
Items not involving cash		
Fair value change in investments	(58,384)	52,230
Reinvested investment income	(8,527)	(21,521)
	4,906	8,561
Changes in non-cash components of working capital items		
Amounts receivable and sundry assets	(2,346)	1,708
Due from related party	42	(42)
Accounts payable and accrued liabilities	(984)	984
Funds invested on behalf of other parties	51,829	11,637
	53,447	22,848
Investing activities		
Purchases of marketable securities	(8,291)	(11,683)
Purchases of investments	(122,739)	(63,363)
Proceeds from sale of marketable securities	4,380	11,650
Proceeds from sale of investments	70,414	36,099
	(56,236)	(27,297)
Change in cash and cash equivalents during the year	(2,789)	(4,449)
Cash and cash equivalents – Beginning of year	22,439	26,888
Cash and cash equivalents – End of year	19,650	22,439
Non-cash transaction		
Transfers to marketable securities from investments – net	3,836	459
Amount receivable from settlement on sale of investment	26,320	-

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

The Jewish Foundation of Greater Toronto

Notes to Financial Statements

June 30, 2023

(in thousands of dollars)

1 Purpose of the Foundation

The Jewish Foundation of Greater Toronto (the “Foundation”) is a community foundation that makes charitable giving easy and rewarding, enabling individuals, families, advisors and organizations to fulfill their philanthropic goals and provide a positive impact on the community. The Foundation 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”), as set out in, Part III of the Chartered Professional Accountants of Canada Handbook – Accounting, as issued by the Canadian Accounting Standards Board and include the following significant accounting policies:

Revenue recognition policies

- Revenue recognition

The Foundation follows the restricted fund method of accounting for revenue. Revenue that is subject to internal and 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 internal and external restrictions is recognized in the General Funds when received.

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

- The Foundation maintains Restricted and General Funds as follows:

- 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 Foundation’s purposes. Contributions for which the donor has imposed restrictions, or where there are other restrictions placed upon the contribution, are recognized as revenue in Restricted Funds when received.

Included in Restricted Funds are contributions that are established with the intention to be maintained as permanent resources to be held in perpetuity. Investment income is recognized when earned and is credited to the applicable fund.

Management has reclassified amounts previously described as Endowment Funds to Restricted Funds in order to better reflect the nature of the funds. There is no change to the legal form, governance or investment strategy of these amounts as a result of the aforementioned reclassification.

The Jewish Foundation of Greater Toronto

Notes to Financial Statements

June 30, 2023

(in thousands of dollars)

Revenue recognition policies (continued from previous page)

- General Funds

The application of these funds is at the discretion of the Foundation for activities compatible with its purposes. Unrestricted contributions from donors are recognized as revenue in General Funds when received.

- Investment income

The Foundation recognizes investment income as earned.

Allocation of expenses

The Foundation incurs administrative costs common to the activities in the Restricted and General Funds. These costs are paid on behalf of the Foundation by the United Jewish Appeal of Greater Toronto ("UJAGT"), a related party. In order to cover these costs, administrative fees are charged and allocated to individual funds based on the Foundation's Administration Fee Policy. The annual fee rate is tiered ranging from 0.25% to 1.5% based on the total market value of each applicable fund at the end of each fiscal quarter and charged in arrears at the end of the following fiscal quarter.

Investment counsel and custodial fees are allocated based on the average value of investments in each fund that is managed by investment managers. 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 Foundation are voluntarily provided by the community. Since these services are not normally purchased by the Foundation 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 Foundation's policies for its financial instruments originated/acquired or issued/assumed in both arm's length transactions and related party transactions are outlined below.

The Foundation recognizes its financial instruments when the Foundation becomes party to the contractual provisions of the financial instrument.

Financial instruments originated/acquired or issued/assumed are initially recorded at their fair value.

The Jewish Foundation of Greater Toronto

Notes to Financial Statements

June 30, 2023

(in thousands of dollars)

Financial instruments (continued from previous page)

At initial recognition, the Foundation may irrevocably elect to subsequently measure any financial instrument at fair value. The Foundation has made this election for all of its investments in equity instruments, including fixed income pooled funds.

The Foundation subsequently measures investments in equity instruments, including fixed income pooled funds, and all derivative instruments, at fair value.

With the exception of financial liabilities indexed to a measure of the Foundation's performance or value of its equity and those instruments designated at fair value, all other financial assets and liabilities are subsequently measured at amortized cost.

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in net earnings. Conversely, transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

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 as part of fair value change in investments.

Derivative financial instruments

In order to limit its exposure to foreign exchange rate changes and foreign exchange risk, the Foundation utilizes foreign currency exchange forward contracts. The Foundation 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 as part of fair value change in investments. 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 judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenditures during the year and the disclosure of contingent assets and liabilities at the date of the financial statements. Significant items subject to such estimates and assumptions include the valuation of investments, amounts receivable and accruals. Actual results could differ from those estimates.

The Jewish Foundation of Greater Toronto

Notes to Financial Statements

June 30, 2023

(in thousands of dollars)

3 Related party transactions

The Foundation is related to the following incorporated entities controlled by UJA Federation of Greater Toronto:

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

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

During the year, the Foundation paid \$22,314 (2022 – \$19,226) in grants from funds to UJAGT and received \$23,931 (2022 – \$4,542) in contributions to funds from UJAGT. The Foundation also received \$4,690 (2022- \$1,603) in deposits into funds from UJAGT.

At year-end, the Foundation had a receivable balance of \$nil (2022 - \$42) from UJAGT.

The Foundation has amounts invested on behalf of related parties as follows:

	2023 \$	2022 \$
Joseph and Wolf Lebovic Jewish Community Campus	5,084	4,575
Sherman Campus	779	674
Lipa Green Centre for Jewish Community Services	1,131	922
UJAGT	5,678	784
	<hr/>	<hr/>
	12,672	6,955

In 2023, the Foundation invested in a fund that employs one of the Board members. Total investment management fees paid to this investment manager during fiscal 2023 totalled \$63 (2022 - \$56).

The Jewish Foundation of Greater Toronto

Notes to Financial Statements

June 30, 2023

(in thousands of dollars)

4 Amounts receivable and sundry assets

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

	2023 \$	2022 \$
Loans – UJAGT	9,300	8,300
Other	103	141
Total Loans	9,403	8,441
Current portion of Loans - UJAGT	(225)	-
Long Term Amounts Receivable	9,178	8,441
Loans – UJAGT		
	2023 \$	2022 \$
Loan 1	1,000	1,000
Loan 2	3,000	3,000
Loan 3	3,800	3,800
Loan 4	1,500	500
	9,300	8,300

In 2014, the Foundation 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 Foundation loaned a further \$3,800 to UJAGT (Loan 3), which in turn loaned this amount to JWLJCC to fulfill a donor commitment.

In 2022, the Foundation loaned a total of \$500 to UJAGT (Loan 4) with the understanding that the funds would in turn be loaned to Camp Ramah as part of the Community Resilience Loan program. In 2023, the Foundation loaned a total of \$1,000 to UJAGT (Loan 4) with the understanding that the funds would in turn be loaned to the Miles Nadal JCC as part of the Community Resilience Loan program.

All loans are unsecured and non-interest bearing.

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

The Jewish Foundation of Greater Toronto

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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.

Loan 4 is repayable commencing on December 31, 2023 and annually thereafter at 10% of the principal amount for eight years and the remaining 20% of the principal amount in the ninth year.

The current amounts receivable and sundry assets includes an amount of \$26,320 (2022 - \$nil) relating to funds due from an investment manager for a redemption which occurred before year-end, but for which settlement of the amounts did not occur until after year-end.

5 Investments

	2023 \$	2022 \$
Fixed income investments		
State of Israel bonds (i)	7,531	11,911
Pooled funds (ii)	132,297	97,623
	<hr/> 139,828	<hr/> 109,534
Equity investments		
Domestic pooled funds (iii)	160,335	114,159
Foreign pooled funds (iii)	402,396	390,033
	<hr/> 562,731	<hr/> 504,192
	<hr/> 702,559	<hr/> 613,726

i State of Israel bonds

The State of Israel Bonds including short-term amounts held in marketable securities consist of fixed rate instruments and have various terms to maturity ranging from one year to approximately five years and bearing annual interest that ranges between 3.22% and 4.01%.

ii Pooled funds holding fixed income investments

The Foundation has holdings in pooled funds which primarily hold Canadian and foreign fixed income investments.

The Jewish Foundation of Greater Toronto

Notes to Financial Statements

June 30, 2023

(in thousands of dollars)

iii *Equity investments*

The Foundation has holdings in pooled funds which hold a diverse range of Canadian and foreign public and private equity interests, along with other investments.

Foreign currency exchange forward contracts

The Foundation has several investments denominated in U.S. dollars ("USD"). In order to limit its exposure to exchange rate changes, the Foundation used foreign currency exchange forward contracts during the year. As at June 30, 2023, the following contracts were held:

Type	Currency \$	Amount \$	Average exchange rate
Forward contracts	US	62,440	1.3205

All contracts held as at June 30, 2023 will come due within one year. The fair value of the contracts is \$1,291 and is included in amounts receivable and sundry assets (2022 – \$954 and was included in amounts payable and accrued liabilities).

6 Funds invested on behalf of other parties

Funds invested on behalf of other parties represent their pro rata share of the investment assets of the Foundation and are recorded at the fair value of such investments. These funds may be withdrawn at any time. The deposits, withdrawals, and 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 Foundation is the beneficiary under various life insurance policies with an aggregate face value of \$28,205 (2022 – \$28,800).

8 Inter-fund transfer

Inter-fund transfer consists of a transfer from Restricted Funds to General Funds in accordance with the ongoing activities of the Foundation.

9 Financial instruments

The Foundation is exposed to various risks through its financial instruments, without being exposed to concentrations of risk. The following analysis provides a measure of the Foundation's risk as at June 30, 2023.

The Jewish Foundation of Greater Toronto

Notes to Financial Statements

June 30, 2023

(in thousands of dollars)

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprised three types of risk: currency risk, interest rate risk and other price risk.

Currency Risk

The Foundation holds assets in USD which are exposed to foreign exchange fluctuations. As at June 30, 2023, balances held in USD consist of the following:

Type	2023 USD\$	2022 USD\$
Cash	553	730
Investments	76,936	102,736

The Foundation manages its direct foreign currency exposure as described in Note 5.

Interest rate risk

Interest rate risk refers to the risk that the fair value of financial instruments or future cash flows associated with the instruments will fluctuate due to changes in market interest rates.

The Foundation's interest rate exposure and related risk arises from its interest-bearing assets.

Liquidity risk

Liquidity risk is defined as the risk that the Foundation will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

The Foundation holds investments which are not actively traded in a public market. The related liquidity risk may arise from either a significant period of time required to realize the value of its positions in these investments, or restrictions on their redemptions (Note 5).

The Foundation manages its liquidity risk by investing the majority of its assets in pooled funds which hold investments in active public markets and its interests in these pooled funds may be readily disposed of (Note 5).

10 Commitments

The Foundation has outstanding commitments relating to limited partnerships and other private investments, which are expected to be drawn on over time. As at June 30, 2023, the committed amount is \$40,789 (2022 – \$44,682).