United Jewish Appeal of Greater Toronto

Combined Financial Statements
June 30, 2017

November 23, 2017

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, which comprise the combined statement of financial position as at June 30, 2017 and the combined statements of revenue, expenditures, 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.

PricewaterhouseCoopers LLP
PwC Tower, 18 York Street, Suite 2600, Toronto, Ontario, Canada M5J 0B2
T: +1 416 863 1133, F: +1 416 365 8215

Opinion
In our opinion, the combined financial statements present fairly, in all material respects, the financial position of United Jewish Appeal of Greater Toronto as at June 30, 2017 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.

PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants

United Jewish Appeal of Greater Toronto

Combined Statement of Financial Position

As at June 30, 2017

(in thousands of dollars)

	2017 $	2016 $
Assets		
Current assets		
Cash and cash equivalents	14,878	8,467
Marketable securities	8,968	5,067
Campaign pledges receivable (note 5)	31,625	32,230
Amounts receivable and sundry assets (notes 4(b) and 6)	3,422	5,522
	58,893	51,286
Amounts receivable and sundry assets (note 6)	918	904
Pension assets (note 11)	145	-
Property and equipment (note 7)	161,137	163,341
	221,093	215,531
Liabilities		
Current liabilities		
Bank indebtedness (note 10)	2,710	2,647
Accounts payable and accrued liabilities	9,387	9,599
Allocations payable to UIA (note 8)	4,977	5,636
Deferred revenue (note 9)	9,476	8,042
	26,550	25,924
Bank indebtedness (note 10)	34,025	38,841
Pension obligations (note 11)	-	1,260
Loans payable (note 4(a))	7,800	8,800
	68,375	74,825
Fund Balances		
Operating Fund	(91)	(6,224)
Annual Campaign Fund	37,817	37,282
Real Estate Operations	2,872	1,102
Community Centre Operations	(136)	(7)
Capital Projects	107,321	103,896
Capital Reserve Fund	4,935	4,657
	152,718	140,706
	221,093	215,531

Contingencies and commitments (notes 12 and 14)

Approved by the Board of Directors

_______________ Director _______________ 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, 2017

(in thousands of dollars)

	Operating Fund $	Annual Campaign Fund $	Real Estate Operations $	Community Centre Operations $	Capital Projects $	Capital Reserve Fund $	2017 Total $	2016 Total $
Revenue								
Annual campaign revenue	-	57,509	-	-	-	-	57,509	57,551
Targeted supplementary gifts	492	-	-	-	-	-	492	-
Designated gifts and related income	35,738	-	-	-	-	-	35,738	33,628
Capital project donations	-	-	-	-	9,750	-	9,750	3,962
Corporate partner revenue	-	760	-	-	-	-	760	1,025
Community centre operations	-	-	-	17,118	-	-	17,118	16,115
Government grants	25	-	-	519	-	-	544	322
Sundry income	4,985	1,363	509	-	-	-	6,857	5,849
Rental income	-	-	4,652	-	-	-	4,652	4,342
Interest income	10	-	66	-	55	-	131	74
Foundation administration fee recovery	1,088	-	-	-	-	-	1,088	931
	42,338	59,632	5,227	17,637	9,805	-	134,639	123,799
Expenditures								
Allocations, grants and programs	25,902	12,812	28	-	-	-	38,742	39,053
Designated grants and related expenses	35,738	-	-	-	-	-	35,738	33,643
Community centre operations expenses	-	-	-	19,665	-	-	19,665	18,655
Capital project expenses	715	-	-	-	413	-	1,128	1,457
Administrative costs	6,757	-	55	-	8	-	6,820	5,845
Annual campaign expenses	-	7,698	-	-	-	-	7,698	7,437
Foundation administration costs	1,483	-	-	-	-	-	1,483	1,482
Strategic plan costs	414	-	-	-	-	-	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, 2017

(in thousands of dollars)

	Operating Fund $	Annual Campaign Fund $	Real Estate Operations $	Community Centre Operations $	Capital Projects $	Capital Reserve Fund $	2017 Total $	2016 Total $
Building operating expenses	-	-	3,152	-	-	-	3,152	3,066
Amortization of property and equipment	9	-	342	193	4,465	-	5,009	4,953
Interest expense	2	-	352	-	1,494	-	1,848	2,206
Provision for doubtful pledges	-	1,250	-	-	-	-	1,250	1,600
Financial transaction cost	-	377	-	-	-	-	377	377
	71,020	22,137	3,929	19,858	6,380	-	123,324	119,774
Excess (deficiency) of revenue over expenditures before undernoted item	(28,682)	37,495	1,298	(2,221)	3,425	-	11,315	4,025
Gain on sale of land	-	-	-	-	-	-	-	11,505
Excess (deficiency) of revenue over expenditures for the year	(28,682)	37,495	1,298	(2,221)	3,425	-	11,315	15,530
Fund balance - Beginning of year	(6,224)	37,282	1,102	**(7)**	103,896	4,657	140,706	125,615
Net actuarial gain (loss) on pension obligations	697	-	-	**-**	-	-	697	(439)
Interfund transfer (note 13)	34,118	(36,960)	472	2,092	-	278	-	**-**
Fund balance - End of year	(91)	37,817	2,872	(136)	107,321	4,935	152,718	140,706

United Jewish Appeal of Greater Toronto

Combined Statement of Cash Flows

For the year ended June 30, 2017

(in thousands of dollars)

	2017 $	2016 $
Cash provided by (used in)		
Operating activities		
Excess of revenue over expenditures for the year	11,315	15,530
Items not involving cash		
Amortization of property and equipment	5,009	4,953
Gain on sale of land	-	(11,505)
Changes in non-cash working capital items		
Campaign pledges receivable	605	(99)
Amounts receivable and sundry assets	(14)	1,153
Accounts payable and accrued liabilities	(212)	(3,316)
Deferred revenue	1,434	(2,794)
Pension assets/obligations	(708)	(589)
Allocations payable to UIA	(659)	(600)
	16,770	2,733
Investing activities		
Proceeds from land sale	2,100	12,494
Additions to property and equipment	(2,805)	(1,443)
Marketable securities - net	(3,901)	1,514
	(4,606)	12,565
Financing activities		
Repayments of bank debt	(4,753)	(14,536)
Repayment of loan payable	(1,000)	-
	(5,753)	(14,536)
Increase in cash and cash equivalents during the year	6,411	762
Cash and cash equivalents - Beginning of year	8,467	7,705
Cash and cash equivalents - End of year	14,878	8,467
Cash and cash equivalents comprise		
Cash	14,603	8,078
State of Israel bonds	275	389
	14,878	8,467

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

(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

Effective July 1, 2016, the Organization and United Jewish Welfare Fund of Toronto (UJWF) completed a corporate restructuring initiative. UJWF transferred its net assets, excluding its Foundation's fund balances, to the Organization for $nil consideration and UJWF's name was changed to Jewish Foundation of Greater Toronto.

The comparative 2016 balances were calculated as follows:

				2016
	United Jewish Appeal $	United Jewish Welfare Fund $	Elimination entries $	Total $
Assets				
Current	35,926	42,826	(27,466)	51,286
Long-term				
Amounts receivable and sundry assets	-	904	-	904
Property and equipment	-	163,341	-	163,341
Loan receivable	8,800	-	(8,800)	-
	44,726	207,071	(36,266)	215,531

(in thousands of dollars)

				2016
	United Jewish Appeal $	United Jewish Welfare Fund $	Elimination entries $	Total $
Liabilities				
Current	35,926	54,746	(64,748)	25,924
Long-term				
Loan payable	8,800	8,800	(8,800)	8,800
Bank indebtedness	-	38,841	-	38,841
Pension obligation	-	1,260	-	1,260
	44,726	103,647	(73,548)	74,825
Net assets	-	103,424	37,282	140,706
	44,726	207,071	(36,266)	215,531
Revenue	87,951	72,005	(37,471)	122,485
Expenditures	87,951	68,885	(38,376)	118,460
	-	3,120	905	4,025
Operating activities				
Excess of revenue over expenditures for the year	-	3,120	905	4,025
Items not involving cash	-	(6,552)	-	(6,552)
Gain on sale of land	-	11,505	-	11,505
Changes in non-cash components of working capital items	1,049	(7,294)	-	(6,245)
	1,049	779	905	2,733
Investing activities	-	12,565	-	12,565
Financing activities	-	(14,536)	-	(14,536)
Increase (decrease) in cash and cash equivalents during the year	1,049	(1,192)	905	762
Cash and cash equivalents - Beginning of year	1,767	5,938	-	7,705
Cash and cash equivalents - End of year	2,816	4,746	905	8,467

In accordance with Canadian accounting standards for not-for-profit organizations (ASNPO), the comparative figures in these combined financial statements include all the transferred UJWF assets, liabilities and operations for fiscal 2016 to reflect the new corporate structure.

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

Prior to the corporate restructuring initiative, UJWF followed the restricted fund method of accounting for contributions, while the Organization followed the deferral method of accounting for contributions. Management elected to follow the restricted fund method for the Organization effective July 1, 2016 and applied it retroactively.

(in thousands of dollars)

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.

- Community Centre Operations Fund

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

(in thousands of dollars)

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.

- Capital campaigns

  The Organization receives pledges for the Lebovic Campus and the Sherman Campus. Consistent with common accounting practices for some not-for-profit organizations, 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.

Amortization of property and equipment

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

Capital projects 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.

(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 unit credit valuation method, which represents the present value of pensions in payment plus that portion of the future benefits expected to be paid to present active members which are related to their credited service up to the valuation date. The calculation includes management's best estimate of salary escalation, retirement ages of employees and expected health-care costs.

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 and expenditures 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.

Marketable securities

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

(in thousands of dollars)

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.

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 the 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.

	2017 $	2016 $
Loan 1	1,000	2,000
Loan 2	3,000	3,000
Loan 3	3,800	3,800
	7,800	8,800

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.

(in thousands of dollars)

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 JWLJCC at its sole discretion but in any event no later than June 30, 2029.

b) During the year, the Organization received $9,009 (2016 - $6,783) from the Foundation's donor funds to fulfill donor requests, of which $427 (2016 - $nil) is included in amounts receivable and sundry assets.

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 $45 (2016 - $45). As at June 30, 2017, THMP owed the Organization $nil (2016 - $nil).

5 Campaign pledges receivable

	2017 $	2016 $
Current campaign	30,054	30,672
Prior year campaign	2,304	2,185
Previous campaigns	2,067	2,121
Allowance and fair value adjustment	(3,710)	(3,483)
Annual campaign	30,715	31,495
Breakthrough family giving	910	735
	31,625	32,230

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 $624 (2016 - $856) 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 2018 of $200 (2016 - $330) is included in current assets; the remaining balance amounting to $424 (2016 - $526) is included in long-term amounts receivable and sundry assets.

(in thousands of dollars)

7 Property and equipment

			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
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

			2016
	Cost $	Accumulated amortization $	Net $
Lebovic Campus (i)			
Land and related acquisition and infrastructure costs	14,053	-	14,053
Buildings			
Kimel Family Education Centre	34,759	7,636	27,123
Community Services Building	87,487	8,949	78,538
	136,299	16,585	119,714

(in thousands of dollars)

	2016		
	Cost $	Accumulated amortization $	Net $
Sherman Campus (ii)			
Land	1,700	-	1,700
Buildings			
Lipa Green Centre	27,530	9,055	18,475
Gales Family Pavilion	12,653	2,407	10,246
Capital project development costs	6,552	-	6,552
	48,435	11,462	36,973
750 Spadina Ave. (iii)			
Land	900	-	900
Building	2,555	1,591	964
	3,455	1,591	1,864
Building on leased land - Wolfond Centre (iv)	3,489	1,090	2,399
Land - Simcoe County (v)	1,111	-	1,111
Furniture, fixtures and equipment	10,890	9,610	1,280
	15,490	10,700	4,790
	203,679	40,338	163,341

i) Lebovic Campus represents the costs to date 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 (proposed new community centre).

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 (2016 - $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 and is recorded at cost.

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.

(in thousands of dollars)

vii) During 2015, the Organization entered into a purchase and sale agreement to sell the Organization's excess lands at the Lebovic Campus for gross proceeds of $15,100. There were a number of conditions that were required to be met in order for the agreement to be finalized and these conditions were met in fiscal 2016. $2,100 was recorded in accounts receivable at June 30, 2016 and was received during the year ended June 30, 2017. The sale of the land resulted in a gain of $11,505. The transaction closed in December 2015 and the net proceeds were used to pay the bank loan (note 10).

8 Allocations payable to UIA

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

	2017 $	2016 $
Balance - Beginning of year	5,636	6,236
Net proceeds of campaigns	12,812	13,385
Distributions during the year	(13,471)	(13,985)
Balance - End of year	4,977	5,636

9 Deferred revenue

	2017 $	2016 $
Annual campaign gifts received in advance	582	616
Designated donations received for distribution in future years	1,968	893
Community centre program and membership fees	2,799	3,048
Rent received for long-term ground lease	614	624
Program gifts and grants received for expenses in future years	3,513	2,861
	9,476	8,042

10 Bank indebtedness

Bank indebtedness comprises the following:

	2017 $	2016 $
Facility I	28,595	31,894
Facility II	1,000	2,000
Facility III	3,607	3,804
Facility IV	3,533	3,790
	36,735	41,488
Less: Current portion	2,710	2,647
	34,025	38,841

(in thousands of dollars)

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, after a loan repayment of $12,450 from the net proceeds from the land sale (note 7(vii)), 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 $23,837), which expires on January 25, 2021. The remaining portion of the facility of $4,758 is variable at 2.75% plus floating CDOR. The current effective variable rate is 3.62% per annum. Additional land sale proceeds of $2,100 received during the year (note 7(vii)) were utilized to make a loan repayment.

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

Facility II is a facility provided by a consortium of banks to fund the construction of Sherman Campus Phase I. The borrower is Lipa Green Centre for Jewish Community Services and the guarantor is the Organization. The loan bears interest at the prime rate plus 0.75% and is repayable in full by June 30, 2018. No further advances can be made on this facility.

Facility III was established in 2004 (refinanced in 2009) 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 upon and bears interest at prime rate plus 1%. The 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 upon. The facility is guaranteed by the Organization.

Of the total indebtedness of $36,735 (2016 - $41,488), $33,202 (2016 - $37,698) is attributable to property and equipment and $3,533 (2016 - $3,790) is attributable to the funding of operations. The carrying amount of assets pledged as security is $157,292 (2016 - $158,552).

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 $
2018	1,239	1,000	206	265	2,710
2019	1,273	-	220	275	1,768
2020	1,312	-	3,181	2,993	7,486
2021	24,771	-	-	-	24,771
	28,595	1,000	3,607	3,533	36,735

(in thousands of dollars)

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).

- Facility II is secured by a first ranking collateral mortgage of $23,500 on a portion of the Sherman Campus property, general assignment of leases, contracts and insurance relating to the project, and an assignment of pledge receivables (excluding pledges and assets of the Foundation, pledges designated for use other than for Sherman Campus and 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 and supplementary retirement benefits obligations

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	
	2017 $	2016 $	2017 $	2016 $	2017 $	2016 $
Accrued benefit obligation	(25,739)	(23,530)	(8,169)	(7,946)	(33,908)	(31,476)
Fair value of plan assets - at market	34,053	30,216	-	-	34,053	30,216
Pension assets (obligations)	8,314	6,686	(8,169)	(7,946)	145	(1,260)
Expense	167	240	778	714	945	954
Cash contributions	1,202	1,190	452	352	1,654	1,542
Discount rate	5.75%	6.00%	5.75%	6.00%	-	-
Expected rate of compensation increase	3.00%	3.00%	3.00%	3.00%	-	-

(in thousands of dollars)

Defined benefit plans

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 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:

	2017 %	2016 %
Equities	51	51
Fixed income	14	12
Cash and short-term deposits	2	2
Balanced funds	33	35
	100	100

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 $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.

b) As at June 30, 2017, the Organization has outstanding letters of guarantee amounting to $1,365 (2016 - $1,365) relating primarily to the Lebovic Campus capital project.

c) The 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 $34,118 (2016 - $31,914) from the Annual Campaign Fund to the Operating Fund relates to the transfer of the 2016 Annual Campaign funds raised, which was approved by the Board of Directors.

(in thousands of dollars)

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:

	$
2018	53
2019	53
2020	58
2021	62
2022	62
Thereafter	596
	884