United Jewish Appeal of Greater Toronto

Financial Statements
June 30, 2011

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December 19, 2011

Independent Auditor's Report

To the Members of
United Jewish Appeal of Greater Toronto

We have audited the accompanying financial statements of United Jewish Appeal of Greater Toronto, which comprise the balance sheet as at June 30, 2011 and the statements of net proceeds for allocation to beneficiaries and net assets, and cash flows for the year ended, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, 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.

Auditor's responsibility
Our responsibility is to express an opinion on these 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of United Jewish Appeal of Greater Toronto as at June 30, 2011 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

PricewaterhouseCoopers LLP

Chartered Accountants, Licensed Public Accountants

United Jewish Appeal of Greater Toronto

Balance Sheet

As at June 30, 2011

(in thousands of dollars)

	2011 $	2010 $
Assets		
Cash and cash equivalents	303	292
Campaign pledges receivable - net (notes 3 and 5)	37,366	36,142
Sundry assets	2,080	1,352
	39,749	37,786
Liabilities		
Accounts payable, accrued liabilities and pledge payments received in advance (note 4)	7,027	2,957
Allocations payable - non-interest bearing (note 7)		
United Jewish Welfare Fund of Toronto	30,599	27,683
United Israel Appeal of Canada Inc.	2,123	7,146
	32,722	34,829
Net Assets	-	-
	32,722	34,829
	39,749	37,786

Approved by the Board of Directors

______________________________ Director ______________________________ Director

United Jewish Appeal of Greater Toronto

Statement of Net Proceeds for Allocation to Beneficiaries and Net Assets

For the year ended June 30, 2011

(in thousands of dollars)

	2011 $	2010 $
Revenue (note 8)	61,842	67,517
Expenses		
Campaign	8,156	6,714
Missions	997	331
Provision for doubtful pledges	2,253	1,959
Change in fair value of campaign pledges recoverable	-	(57)
	11,406	8,947
Net campaign proceeds (note 7)	50,436	58,570
Allocated	50,436	(59,570)
Net assets - Beginning of year	-	1,000
Net assets - End of year	-	-

United Jewish Appeal of Greater Toronto

Statement of Cash Flows

For the year ended June 30, 2011

(in thousands of dollars)

	2011 $	2010 $
Cash provided by (used in)		
Operating activities		
Net proceeds of campaigns	50,436	59,570
Net change in campaign pledges receivable	(1,224)	1,610
Net change in other assets and liabilities	3,342	(1,575)
	52,554	59,605
Distributions		
United Jewish Welfare Fund of Toronto - operations and development fund	(26,153)	(32,223)
United Israel Appeal of Canada Inc.	(20,222)	(27,449)
Designated and special campaign grants	(6,168)	-
	(52,543)	(59,672)
Increase (decrease) in cash and cash equivalents during the year	11	(67)
Cash and cash equivalents - Beginning of year	292	359
Cash and cash equivalents - End of year	303	292
Cash and cash equivalents are comprised of		
Cash	190	175
State of Israel bonds	113	117
	303	292

(in thousands of dollars)

1 Purpose of the Organization

The United Jewish Appeal of Greater Toronto (the Organization) raises funds for charitable purposes. It distributes funds to the United Jewish Welfare Fund of Toronto (UJWF) and the United Israel Appeal of Canada Inc.

2 Summary of significant accounting policies

Revenue recognition

The Organization follows the restricted fund method of accounting. Campaign revenue is recognized when a pledge is received. A provision for uncollectible pledges is recorded to reduce pledges receivable and revenue. Revenue from special campaigns and other overseas initiatives is recognized as amounts are received.

Designated grants and related expenses

Designated grants and expenses include costs directly associated with raising these amounts. These costs are recognized on an accrual basis. The designated grants are recognized as an expense when the related designated revenues have been received.

Allocation of net proceeds

The net proceeds from the annual campaign of the Organization are allocated between the UJWF and the United Israel Appeal of Canada Inc., in accordance with approved budgets.

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

Financial assets and financial liabilities are initially recognized at fair value and their subsequent measurement is dependent on their classification as described below. The classification depends on the purpose for which the financial instruments were acquired or issued, their characteristics and the Organization’s designation of such instruments. The accounting standards require that all financial assets be classified as held-for-trading (HFT), available-for-sale (AFS), held-to-maturity (HTM) or loans and receivables (LR). Financial liabilities should be classified as HFT or as other liabilities (OL).

(in thousands of dollars)

The following is a summary of the accounting model the Organization has elected to apply to each of its significant categories of financial instruments outstanding:

Assets/liabilities	**Category**	**Measurement**
Cash and cash equivalents	HFT	fair value
Campaign pledges receivable	HFT	fair value
Sundry assets	LR	amortized cost
Accounts payable, accrued liabilities and pledge payments received in advance	OL	amortized cost
Allocations payable	OL	amortized cost

Interest earned or accrued, gains and losses realized on disposal and unrealized gains and losses for changes in fair value are included in income (loss) from securities. Transaction costs are expensed as incurred.

Use of estimates

Financial statements prepared in conformity with Canadian generally accepted accounting principles require management to make estimates and assumptions about reported assets and liabilities, the disclosure of contingent assets and liabilities, and the reported amounts of revenues and expenses. Management must also make estimates and judgments about future results of operations related to specific elements of the Organization in assessing the recoverability of assets and the recorded values of liabilities. Actual results could differ from those estimates.

3 Campaign pledges receivable - net

	2011 **$**	**2010** **$**
Face value		
Current campaign	29,189	27,658
Prior year campaign	4,547	5,911
Previous campaigns	4,063	3,006
Fair value adjustment	(433)	(433)
	37,366	36,142

4 Accounts payable, accrued liabilities and pledge payments received in advance

	2011 **$**	**2010** **$**
Accounts payable and accrued liabilities	6,003	1,147
Pledge payments received in advance	1,024	1,810
	7,027	2,957

(in thousands of dollars)

5 Contingent liabilities

Assignment of campaign pledges receivable

The Organization has provided guarantees of a line of credit and mortgage debt owing by UJWF to the Royal Bank of Canada (RBC) and TD Canada Trust (TD), limited to $6,000 and $9,431, respectively. RBC is supported by a security position on the Organization's accounts receivable. TD is supported by a second position general security agreement in the Organization's assets. As at June 30, 2011, the amounts owing by UJWF are $4,250 (2010 - $1,310) and $9,431 (2010 - $9,732), respectively.

The Organization's total guarantee to RBC is $12,600 including the line of credit of $6,000 and foreign exchange forward contract limit of $6,000.

6 Related party transaction

Included in campaign expenses is $6,236 (2010 - $4,571), which has been paid by the UJWF on behalf of the Organization.

7 Allocations payable

	United Jewish Welfare Fund of Toronto		United Israel Appeal of Canada Inc.		Designated and Special Campaign		Total	
	2011 $	2010 $	2011 $	2010 $	2011 $	2010 $	2011 $	2010 $
Annual campaign								
Balance - Beginning of year	27,683	31,889	7,146	3,042	-	-	34,829	34,931
Net proceeds of campaigns	29,069	28,017	15,199	31,553	6,168	-	50,436	59,570
	56,752	59,906	22,345	34,595	6,168	-	85,265	94,501
Deduct: Distributions during the year	26,153	32,223	20,222	27,449	6,168	-	52,543	59,672
Balance - End of year	30,599	27,683	2,123	7,146	-	-	32,722	34,829

8 Revenue

	$
Annual campaign	55,920
Designated and special campaign revenue	3,358
Sponsorship and mission revenue	2,564
	61,842

(in thousands of dollars)

9 Management of capital

In managing capital, the Organization focuses on liquid resources available for operations. The Organization's objective is to have sufficient liquid resources to continue to operate despite adverse events with financial consequences and to provide it with the flexibility to take advantage of opportunities that will advance its purposes. The need for sufficient resources is considered in the preparation of an annual budget and in the monitoring of cash flows and actual operating results compared to budget. As at June 30, 2011, the Organization has met its objective in having sufficient resources to meet its current obligations.