

United Jewish Welfare Fund of Toronto

**Combined Financial Statements
June 30, 2015**



November 16, 2015

Independent Auditor's Report

To the Members of United Jewish Welfare Fund of Toronto

We have audited the accompanying combined financial statements of United Jewish Welfare Fund of Toronto, which comprise the combined statement of financial position as at June 30, 2015 and the combined statements of revenues, expenditures and net assets, changes in net assets 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.

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



Opinion

In our opinion, the combined financial statements present fairly, in all material respects, the combined financial position of United Jewish Welfare Fund of Toronto as at June 30, 2015 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 Welfare Fund of Toronto


Combined Statement of Financial Position

As at June 30, 2015

(in thousands of dollars)

| | Jewish Foundation of Greater Toronto | | | | 2015 | 2014 |
|---|--------------------------------------|-----------------------------------|-----------------------|-------------|----------|----------------------------------|
| | General and Capital Funds \$ | Endowment and Restricted Funds \$ | Unrestricted Funds \$ | Subtotal \$ | Total \$ | Total \$ (Restated - note 10) |
| Assets | | | | | | |
| Current assets | | | | | | |
| Cash and cash equivalents | 5,938 | 15,098 | 416 | 15,514 | 21,452 | 15,616 |
| Marketable securities | 6,581 | 46,045 | 1,269 | 47,314 | 53,895 | 17,215 |
| Due from United Jewish Appeal of Greater Toronto (note 4(a)) | 25,755 | - | - | - | 25,755 | 25,177 |
| Amounts receivable and sundry assets (notes 4 and 5) | 3,161 | 325 | 249 | 574 | 3,735 | 3,772 |
| | 41,435 | 61,468 | 1,934 | 63,402 | 104,837 | 61,780 |
| Amounts receivable and sundry assets (note 5) | 930 | 9,694 | - | 9,694 | 10,624 | 7,588 |
| Investments and marketable securities (note 6) | 180 | 196,188 | 5,405 | 201,593 | 201,773 | 215,862 |
| Property and equipment (note 7) | 169,940 | - | - | - | 169,940 | 174,053 |
| | 212,485 | 267,350 | 7,339 | 274,689 | 487,174 | 459,283 |
| Liabilities | | | | | | |
| Current liabilities | | | | | | |
| Bank indebtedness (note 8) | 21,429 | - | - | - | 21,429 | 11,449 |
| Accounts payable, accrued liabilities and unpaid allocations (notes 6(c) and 13(c)) | 9,800 | 1,540 | 42 | 1,582 | 11,382 | 15,776 |
| Deferred revenue (note 9) | 47,213 | - | - | - | 47,213 | 42,734 |
| | 78,442 | 1,540 | 42 | 1,582 | 80,024 | 69,959 |
| Bank indebtedness (note 8) | 34,595 | - | - | - | 34,595 | 46,026 |
| Loans payable (note 4(c)) | 8,800 | - | - | - | 8,800 | 5,000 |
| Pension obligations (note 10) | 1,410 | - | - | - | 1,410 | 2,402 |
| | 44,805 | - | - | - | 44,805 | 53,428 |
| | 123,247 | 1,540 | 42 | 1,582 | 124,829 | 123,387 |
| Net Assets | 89,238 | 265,810 | 7,297 | 273,107 | 362,345 | 335,896 |
| | 212,485 | 267,350 | 7,339 | 274,689 | 487,174 | 459,283 |

Approved by the Board of Directors


 _____ Director _____ Director

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

United Jewish Welfare Fund of Toronto
Combined Statement of Revenues, Expenditures and Net Assets
For the year ended June 30, 2015

(in thousands of dollars)

| | Jewish Foundation of Greater Toronto | | | | 2015 | 2014 |
|---|--|---|-----------------------------|----------------|----------------|--|
| | General and Capital Funds \$ | Endowment and Restricted Funds \$ | Unrestricted Funds \$ | Subtotal \$ | Total \$ | Total \$ (Restated - note 10) |
| Revenue | | | | | | |
| Share of net proceeds from previous year's campaign of the United Jewish Appeal of Greater Toronto (note 9) | 29,928 | - | - | - | 29,928 | 34,972 |
| Bequests and endowments received | - | 31,783 | - | 31,783 | 31,783 | 14,280 |
| Community centre operations | 14,161 | - | - | - | 14,161 | 12,471 |
| Designated gifts and related income | 8,268 | - | - | - | 8,268 | 11,516 |
| Capital project donations | 5,266 | - | - | - | 5,266 | 8,395 |
| Government grants | 786 | - | - | - | 786 | 5,650 |
| Sundry income | 4,568 | - | - | - | 4,568 | 4,081 |
| Income from investments | 101 | 4,217 | 108 | 4,325 | 4,426 | 4,019 |
| Rental income | 4,246 | - | - | - | 4,246 | 4,002 |
| Catering operations | - | - | - | - | - | 257 |
| | 67,324 | 36,000 | 108 | 36,108 | 103,432 | 99,643 |
| Expenditures | | | | | | |
| Allocations, grants and programs | 30,508 | 16,584 | 279 | 16,863 | 47,371 | 58,262 |
| Community centre operations | 13,790 | - | - | - | 13,790 | 13,095 |
| Designated grants | 8,268 | - | - | - | 8,268 | 11,516 |
| Administrative costs | 6,062 | 644 | 35 | 679 | 6,741 | 7,464 |
| Building operating expenses | 6,951 | - | - | - | 6,951 | 6,885 |
| Property and equipment amortization | 5,010 | - | - | - | 5,010 | 5,155 |
| Interest expense (note 11) | 2,558 | - | - | - | 2,558 | 2,644 |
| Investment counsel and custodial fees | - | 2,212 | 75 | 2,287 | 2,287 | 2,154 |
| Capital project expenses (note 12) | 1,468 | - | - | - | 1,468 | 1,338 |
| Catering operations | 25 | - | - | - | 25 | 906 |
| Fundraising | 663 | - | - | - | 663 | 677 |
| | 75,303 | 19,440 | 389 | 19,829 | 95,132 | 110,096 |
| Excess (deficiency) of revenues over expenditures before undernoted items | (7,979) | 16,560 | (281) | 16,279 | 8,300 | (10,453) |
| Fair value change in investments | - | 16,879 | 582 | 17,461 | 17,461 | 28,879 |
| Excess of revenues over expenditures for the year | (7,979) | 33,439 | 301 | 33,740 | 25,761 | 18,426 |
| Net assets - Beginning of year - restated (note 10) | 96,529 | 232,371 | 6,996 | 239,367 | 335,896 | 315,380 |
| Remeasurement of pension plan gains | 688 | - | - | - | 688 | 2,090 |
| Net assets - End of year | 89,238 | 265,810 | 7,297 | 273,107 | 362,345 | 335,896 |

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

United Jewish Welfare Fund of Toronto

Combined Statement of Changes in Net Assets

For the year ended June 30, 2015

(in thousands of dollars)

| | General and Capital Funds | | | | | | 2015 |
|--|---------------------------|---------------------|-----------------------------|------------------|---------------|----------------------|---------------|
| | Operating Fund | Building operations | Community centre operations | Capital projects | Subtotal | Capital Reserve Fund | Subtotal |
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Net assets - Beginning of year - restated (note 10) | (7,611) | 812 | - | 100,801 | 94,002 | 2,527 | 96,529 |
| Excess of revenues over expenditures for the year - before special internal grants below | (2,274) | 1,617 | (1,651) | (5,671) | (7,979) | - | (7,979) |
| Special internal grants | (37) | (1,035) | 1,072 | - | - | - | - |
| Remeasurement of pension plan gains | 688 | - | - | - | 688 | - | 688 |
| Interfund transfers | - | (1,141) | - | - | (1,141) | 1,141 | - |
| Net assets - End of year | (9,234) | 253 | (579) | 95,130 | 85,570 | 3,668 | 89,238 |

Jewish Foundation of Greater Toronto

| | Endowment and Restricted Funds | Unrestricted Funds | Subtotal | Total |
|--|--------------------------------|--------------------|----------------|----------------|
| | \$ | \$ | \$ | \$ |
| Net assets - Beginning of year - restated (note 10) | 232,371 | 6,996 | 239,367 | 315,380 |
| Excess of revenues over expenditures for the year - before special internal grants below | 33,439 | 301 | 33,740 | 18,426 |
| Special internal grants | - | - | - | - |
| Remeasurement of pension plan gains | - | - | - | 688 |
| Interfund transfers | - | - | - | - |
| Net assets - End of year | 265,810 | 7,297 | 273,107 | 335,896 |

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

United Jewish Welfare Fund of Toronto

Combined Statement of Cash Flows

For the year ended June 30, 2015

(in thousands of dollars)

| | | | 2015 | 2014 |
|---|---|---|-------------|-------------|
| | General and Capital Fund \$ | Jewish Foundation of Greater Toronto \$ | Total \$ | Total \$ |
| Cash provided by (used in) | | | | |
| Operating activities | | | | |
| Excess (deficiency) of revenues over expenditures for the year | (7,979) | 33,740 | 25,761 | 18,426 |
| Items not involving cash | | | | |
| Amortization of property and equipment | 5,010 | - | 5,010 | 5,155 |
| Fair value change in investments | - | (17,461) | (17,461) | (28,879) |
| | (2,969) | 16,279 | 13,310 | (5,298) |
| Changes in non-cash components of working capital items | | | | |
| Due from United Jewish Appeal of Greater Toronto | (578) | - | (578) | 1,976 |
| Amounts receivable and sundry assets | 616 | (3,615) | (2,999) | (4,445) |
| Accounts payable and accrued liabilities and unpaid allocations | (5,869) | 1,171 | (4,698) | (2,199) |
| Deferred revenue | 4,479 | - | 4,479 | (5,759) |
| | (1,352) | (2,444) | (3,796) | (10,427) |
| | (4,321) | 13,835 | 9,514 | (15,725) |
| Investing activities | | | | |
| Additions to property and equipment | (897) | - | (897) | (3,828) |
| Disposition (purchases) of investments and marketable securities - net | (3,843) | (1,287) | (5,130) | 14,014 |
| | (4,740) | (1,287) | (6,027) | 10,186 |
| Financing activities | | | | |
| Bank debt repayments | (1,451) | - | (1,451) | (8,963) |
| Loans payable | 3,800 | - | 3,800 | 5,000 |
| | 2,349 | - | 2,349 | (3,963) |
| Increase (decrease) in cash and cash equivalents during the year | (6,712) | 12,548 | 5,836 | (9,502) |
| Cash and cash equivalents - Beginning of year | 12,650 | 2,966 | 15,616 | 25,118 |
| Cash and cash equivalents - End of year | 5,938 | 15,514 | 21,452 | 15,616 |
| Cash and cash equivalents comprise | | | | |
| Cash | 5,938 | 15,514 | 21,452 | 8,674 |
| Money market securities | - | - | - | 6,942 |
| | 5,938 | 15,514 | 21,452 | 15,616 |

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

United Jewish Welfare Fund of Toronto

Notes to Combined Financial Statements

June 30, 2015

(in thousands of dollars)

1 Purpose of the Organization

United Jewish Welfare Fund of 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 United Jewish Appeal of Greater Toronto and the Jewish Foundation of Greater Toronto, the Organization operates as UJA Federation of Greater Toronto.

2 Basis of combined financial statement presentation

The Organization operates through a number of incorporated entities controlled by the membership of the UJA Federation of Greater Toronto. 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 (Lebovic Campus);
- Lipa Green Centre for Jewish Community Services;
- Sherman Campus (formerly 4588 Bathurst);
- 750 Spadina Ave. Association;
- Centre for Jewish Campus Life;
- Haliburton Jewish Community Property;
- Jewish Community Properties of Greater Toronto;
- Prosserman Jewish Community Centre;
- Schwartz/Reisman Centre;
- 1867942 Ontario Inc. (Lebovic food services contract);
- Jewish Museum of Canada; and
- Jewish Foundation of Greater Toronto.

These combined financial statements do not include United Jewish Appeal of Greater Toronto (UJA), which is also controlled by the membership of the UJA Federation of Greater Toronto.

The combined balances are presented after elimination of intercompany balances.

The combined financial statements of the Organization are presented to show the following funds:

General and Capital Funds

Operating Fund

Building operations

Catering operations

Community centre operations

Capital projects, comprising Lebovic Campus and Sherman Campus

Capital Reserve Fund - fund for future capital repairs and replacements - Lebovic Campus and Sherman Campus

United Jewish Welfare Fund of Toronto

Notes to Combined Financial Statements

June 30, 2015

(in thousands of dollars)

Jewish Foundation of Greater Toronto
Endowment Fund
Restricted Funds
Unrestricted Funds

3 Summary of significant accounting policies

Basis of accounting

These combined financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO), Part III of the Chartered Professional Accountants of Canada (CPA 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 revenues. Revenue that is subject to external restrictions is recognized in the appropriate fund when received. Externally restricted revenue for which no fund exists is deferred and recognized as the related expense occurs. Revenue that is not subject to external restrictions is recognized in the Unrestricted General Fund when received.

- Deferred revenue

The allocated share of the Organization out of the 2015 UJA Campaign is deferred and is reflected as revenue in the following fiscal year.

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. The amount not yet taken into income is shown as deferred revenue.

- Capital campaigns

The Organization receives pledges for the Lebovic Campus and 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.

United Jewish Welfare Fund of Toronto

Notes to Combined Financial Statements

June 30, 2015

(in thousands of dollars)

- **Bequests**

The United Jewish Welfare Fund of Toronto - Jewish Foundation of Greater Toronto (the Foundation) from time to time has been named beneficiary in a number of wills. Bequests under these wills are recorded in the accounts of the Foundation when the funds are received.

- **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.

Jewish Foundation of Greater Toronto

The Foundation consists of endowment, restricted and unrestricted 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 Fund is \$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.
- **Unrestricted Funds** - The application of these funds is at the discretion of the Organization for activities compatible with its purposes.

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 |

* The building at 750 Spadina Ave. Association (750 Spadina Ave.) is amortized on the declining balance basis at 5%.

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.

United Jewish Welfare Fund of Toronto

Notes to Combined Financial Statements

June 30, 2015

(in thousands of dollars)

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.

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 Organization has adopted the following policies:

- The cost of pensions and other retirement benefits earned by employees is actuarially determined using the projected benefit method pro-rated on service and management's best estimate of expected plan investment performance for funded plans, salary escalation, retirement ages of employees and expected health-care costs.
- In compliance with new accounting rules for pension plans, CPA Canada Handbook Section 3463, Reporting Employee Future Benefits by Not-for-profit Organization, which is effective for fiscal years beginning on or after January 1, 2014, the Organization has changed its accounting policy from the deferral and amortization approach to immediate recognition approach. The Organization has elected to use a funding valuation to measure its defined benefit obligation (note 10).

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 revenues, expenditures and net assets 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 credit risk arising from its financial instruments.

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.

United Jewish Welfare Fund of Toronto

Notes to Combined Financial Statements

June 30, 2015

(in thousands of dollars)

The Organization holds cash and investments, 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 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 revenues, expenditures and net assets.

Derivative financial instruments

In order to limit its exposure to foreign exchange rate changes, the Organization used foreign currency exchange forward contracts during the year. The Organization does not designate these contracts for hedge accounting. Accordingly, these instruments are recorded at fair value determined on a mark-to-market basis, and any unrealized gains and losses related to foreign currency exchange forward contracts are recognized in the combined statement of revenues, expenditures and net assets. Derivative financial instruments are subject to standard credit terms and conditions, financial controls, management and risk monitoring procedures.

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 revenues and expenditures during the reporting period. Actual results could differ from those estimates.

4 Related party transactions

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

- a) As described in note 2, UJA is under the common control of UJA Federation of Greater Toronto. During the year, the Organization was allocated \$36,376 (2014 - \$29,928) out of the 2015 UJA Campaign, which has been recorded as deferred revenue (note 9). The Organization paid campaign expenses of \$6,207 (2014 - \$5,665) on behalf of UJA. These expenditures have been charged to the account between the Organization and UJA and, accordingly, have not been recorded as an expense of the Organization.
- b) The Organization has the right to appoint 50% of the Board of Directors of Toronto Hebrew Memorial Park (THMP), and as such, has significant influence over this organization. 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 \$39 (2014 - \$39). As at June 30, 2015, THMP owed the Organization \$nil (2014 - \$nil). During the year, the Organization received a contribution of \$nil (2014 - \$150) from THMP.

United Jewish Welfare Fund of Toronto

Notes to Combined Financial Statements

June 30, 2015

(in thousands of dollars)

c) Loans payable - United Jewish Appeal of Greater Toronto

In the previous year, UJWF loaned a total of \$5,000 to UJA 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 the Facility II loan (note 8). The total loan of \$5,000 was broken down into two tranches, as noted below.

During the year, UJWF loaned a further \$3,800 to UJA, which in turn loaned to JWLJCC. JWLJCC used the funds to fulfill a donor commitment.

The related receivables are included in amounts receivable and sundry assets (note 5). UJWF, JWLJCC and UJA are all under common control by the membership of the UJA Federation of Greater Toronto.

| | 2015 \$ | 2014 \$ |
|--------|-------------|-------------|
| Loan 1 | 2,000 | 2,000 |
| Loan 2 | 3,000 | 3,000 |
| Loan 3 | 3,800 | - |
| | <hr/> 8,800 | <hr/> 5,000 |

All loans are unsecured. Loans 1 and 2 bear interest at 6% per annum, calculated and compounded quarterly. Interest is repayable quarterly.

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

Loan 2 is repayable the later of:

- i) immediately following the collection of sufficient donations to pay back in full the Lebovic Campus construction loan (see note 8); and
- ii) on or before June 30, 2024 or such later date as may be determined by the Organization, but in any event no later than June 30, 2029.

Loan 3 is interest free and is repayable under the same terms as Loan 2.

United Jewish Welfare Fund of Toronto

Notes to Combined Financial Statements

June 30, 2015

(in thousands of dollars)

5 Amounts receivable and sundry assets

Included in amounts receivable and sundry assets is a loan of \$1,397 (2014 - \$1,822) 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 2015 of \$614 (2014 - \$320) is included in current assets; the remaining balance amounting to \$783 (2014 - \$1,502) is included in long-term amounts receivable and sundry assets.

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

| | 2015 \$ | 2014 \$ |
|--|--------------|-------------|
| General and Capital Funds | | |
| MNJCC | 783 | 1,502 |
| Tenant lease inducement | 147 | 141 |
| Jewish Foundation of Greater Toronto | | |
| Loans - United Jewish Appeal of Greater Toronto (note 4(c)) | 8,800 | 5,000 |
| Interest in charitable remainder trust | 889 | 907 |
| Cash surrender value of life insurance policies | 5 | 38 |
| | <hr/> 10,624 | <hr/> 7,588 |

The loans from the Foundation to UJA are subject to the same terms and conditions as the loans payable by General and Capital Funds to UJA (see note 4(c)).

The Foundation has received contributions from individuals to enable it to purchase insurance policies on their lives with the Organization named as beneficiary. The face values of these policies aggregate \$54 (2014 - \$199) with cash surrender values of \$5 (2014 - \$38).

In addition, the Organization is the beneficiary under other policies with an aggregate face value of \$23,453 (2014 - \$23,028).

United Jewish Welfare Fund of Toronto

Notes to Combined Financial Statements

June 30, 2015

(in thousands of dollars)

6 Investments and marketable securities

a) Summary

| | 2015 | 2014 |
|--|---------------------|---------------------|
| | Fair value \$ | Fair value \$ |
| Jewish Foundation of Toronto | | |
| Fixed income investments | | |
| State of Israel bonds | 4,851 | 9,345 |
| Pooled funds | 49,352 | 44,342 |
| | <u>54,203</u> | <u>53,687</u> |
| Equity investments | | |
| Domestic pooled funds | 28,582 | 42,700 |
| Foreign pooled funds (b) | 118,808 | 119,295 |
| | <u>147,390</u> | <u>161,995</u> |
| Total marketable securities | 201,593 | 215,682 |
| General and Capital Funds | | |
| State of Israel bonds, government bonds and bank guaranteed investment certificates | 180 | 180 |
| | <u>201,773</u> | <u>215,862</u> |

b) Investments with a fair value of \$118,808 (2014 - \$119,295) are subject to currency fluctuations.

c) Foreign exchange contracts

The Organization has some transactions 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, 2015, the following contracts were held:

| Type | Currency \$ | Amount \$ | Average exchange rate \$ |
|-------------------|----------------|--------------|-----------------------------------|
| Forward contracts | US | 39,000 | 1.2515 |

The comparable amount of contracts outstanding in the prior year (2014) was US\$40,000. All contracts held as at June 30, 2015 will come due during the 2016 financial year. The fair value of the contract is \$1,461 (2014 - \$128) and is included in the Foundation's accounts payable, accrued liabilities and unpaid allocations.

United Jewish Welfare Fund of Toronto

Notes to Combined Financial Statements

June 30, 2015

(in thousands of dollars)

7 Property and equipment - General and Capital Funds

| | 2015 | | |
|---|------------|-----------------------------------|-----------|
| | Cost \$ | Accumulated amortization \$ | Net \$ |
| Capital project - Lebovic Campus (i) | | | |
| Land and related acquisition and infrastructure costs | 17,123 | - | 17,123 |
| Building - Kimel Family Education Centre | 34,517 | 6,765 | 27,752 |
| Building - Community Services Building | 87,419 | 6,705 | 80,714 |
| | 139,059 | 13,470 | 125,589 |
| Capital project - Sherman Campus (ii) | | | |
| Land | 1,700 | - | 1,700 |
| Buildings - Lipa Green Centre and Gales Family Pavilion | 39,892 | 10,559 | 29,333 |
| Capital project development costs | 5,985 | - | 5,985 |
| | 47,577 | 10,559 | 37,018 |
| Land and building - 750 Spadina Ave. (iii) | | | |
| Land | 900 | - | 900 |
| Building | 2,555 | 1,540 | 1,015 |
| | 3,455 | 1,540 | 1,915 |
| Building on leased land - Wolfond Centre (iv) | 3,489 | 1,003 | 2,486 |
| Land - Simcoe County (v) | 1,111 | - | 1,111 |
| Furniture, fixtures and equipment | 10,669 | 8,848 | 1,821 |
| | 205,360 | 35,420 | 169,940 |
| | | | 2014 |
| | Cost \$ | Accumulated amortization \$ | Net \$ |
| Capital project - Lebovic Campus (i) | | | |
| Land and related acquisition and infrastructure costs | 16,984 | - | 16,984 |
| Building - Kimel Family Education Centre | 34,517 | 5,897 | 28,620 |
| Building - Community Services Building | 87,312 | 4,463 | 82,849 |
| | 138,813 | 10,360 | 128,453 |
| Capital project - Sherman Campus (ii) | | | |
| Land | 1,700 | - | 1,700 |
| Buildings - Lipa Green Centre and Gales Family Pavilion | 39,460 | 9,666 | 29,794 |
| Capital project development costs | 5,857 | - | 5,857 |
| | 47,017 | 9,666 | 37,351 |

United Jewish Welfare Fund of Toronto

Notes to Combined Financial Statements

June 30, 2015

(in thousands of dollars)

| | 2014 | | |
|---|------------|-----------------------------------|-----------|
| | Cost \$ | Accumulated amortization \$ | Net \$ |
| Land and building - 750 Spadina Ave. (iii) | | | |
| Land | 900 | - | 900 |
| Building | 2,546 | 1,487 | 1,059 |
| | 3,446 | 1,487 | 1,959 |
| Building on leased land - Wolfond Centre (iv) | 3,480 | 916 | 2,564 |
| Land - Simcoe County (v) | 1,111 | - | 1,111 |
| Furniture, fixtures and equipment | 10,596 | 7,981 | 2,615 |
| | 204,463 | 30,410 | 174,053 |

- i) Capital project - Lebovic Campus represents the costs to date of Joseph and Wolf Lebovic Jewish Community Campus, comprising land and infrastructure costs, Kimel Family Education Centre, the Community Services Building and capital project development costs of the future Phase III of the project.
- ii) Capital project - Sherman Campus represents the cost of Lipa Green Centre, which houses UJA Federation's offices, and the Gales Family Pavilion, which houses Prosserman Jewish Community Centre, and the land and redevelopment costs to date of 4588 Bathurst.
- 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 (2014 - \$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 non-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 in 1946, 1954 and 1964 for a 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.

United Jewish Welfare Fund of Toronto

Notes to Combined Financial Statements

June 30, 2015

(in thousands of dollars)

8 Bank indebtedness

Bank indebtedness comprises the following:

| | 2015 \$ | 2014 \$ |
|-----------------------|------------|------------|
| Facility I | - | - |
| Facility II | 45,000 | 45,000 |
| Facility III | 3,000 | 4,046 |
| Facility IV | 3,988 | 4,163 |
| Facility V | 4,036 | 4,266 |
| Facility VI | - | - |
| | <hr/> | <hr/> |
| | 56,024 | 57,475 |
| Less: Current portion | 21,429 | 11,449 |
| | <hr/> | <hr/> |
| | 34,595 | 46,026 |

Facility I is a \$6,000 line of credit, repayable on demand. The interest rate is at the prime rate plus 1%.

Facility II is a facility provided by a consortium of banks to fund the construction of Lebovic Campus Phase 2. The borrower is JWLJCC and the guarantor is the Organization; endowment assets of the Foundation are excluded from any support required for this guarantee. The amount owing as at June 30, 2015 comprises advances on the Phase 2 facility, bearing interest at the prime rate plus 0.75%. The Phase 2 facility comprises a construction loan commitment of \$45,000 and a letter of guarantee commitment of \$1,474. The loan commitment principal is repayable at a rate of \$10,000 annually, with the balance to be paid in full by June 30, 2019. No further advances can be made on this facility.

The banks have agreed in principle to defer the payment of \$10,000, which was due on June 30, 2015, to no later than December 31, 2015 under the following terms:

- A lump sum principal payment of at least \$10,000 is required from the sale of excess Lebovic Campus lands on or before December 31, 2015. To the extent that the net proceeds of the excess lands exceed \$10,000, such additional proceeds will also be applied towards reduction of the loan (note 15).
- The Organization is required to pay interest only until the above payment is made.
- Thereafter, repayments of principal and interest will be made based on a 20-year amortization, with the exact nature of the loan instrument still to be agreed upon.

Facility III 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; endowment assets of the Foundation are excluded from any support required for this guarantee. 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.

United Jewish Welfare Fund of Toronto

Notes to Combined Financial Statements

June 30, 2015

(in thousands of dollars)

Facility IV was established in 2004 (refinanced in 2009) to refinance loans payable by 750 Spadina Ave. The loan bears interest at 5.819%, is repayable in blended monthly payments of \$34, and is repayable in full in September 2019.

Facility V 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 5). The loan bears interest at 3.83%, repayable in blended monthly instalments of \$33, and is repayable in full in August 2019.

Facility VI is a \$1,250 line of credit established by Prosserman Jewish Community Centre, bearing interest at the prime rate plus 1.25% and repayable on demand. The facility is guaranteed by the Organization.

Of the total indebtedness of \$56,024 (2014 - \$57,475), \$51,988 (2014 - \$53,209) is attributable to property and equipment and \$4,036 (2014 - \$4,266) is attributable to funding of operations. The carrying amount of assets pledged as security is \$164,522 (2014 - \$167,763).

Total indebtedness includes accrued interest of \$11 (2014 - \$12).

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

| | Facility I \$ | Facility II \$ | Facility III \$ | Facility IV \$ | Facility V \$ | Facility VI \$ | Total \$ |
|------|------------------|-------------------|--------------------|-------------------|------------------|-------------------|-------------|
| 2016 | - | 20,000 | 1,000 | 184 | 245 | - | 21,429 |
| 2017 | - | 10,000 | 1,000 | 196 | 253 | - | 11,449 |
| 2018 | - | 10,000 | 1,000 | 206 | 265 | - | 11,471 |
| 2019 | - | 5,000 | - | 220 | 275 | - | 5,495 |
| 2020 | - | - | - | 3,182 | 2,998 | - | 6,180 |
| | - | 45,000 | 3,000 | 3,988 | 4,036 | - | 56,024 |

Security for bank indebtedness:

- Facility I is secured by a security agreement over receivables of the borrower and a guarantee by UJA of \$12,600 supported by a security interest in all accounts receivable of UJA. The \$12,600 guarantee comprises a line of credit of \$6,000, foreign exchange forward contract exposure of \$6,000, VISA of \$300 and lease line of credit of \$300.
- Facility II 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 (excluding property at 750 Spadina Ave. and 4588 Bathurst), and an assignment of pledge receivables (excluding pledges and assets of the Foundation, pledges designated for use other than for Lebovic Campus and unrestricted pledges and donations to the extent they are not designated for the project).
- Facility III 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).

United Jewish Welfare Fund of Toronto

Notes to Combined Financial Statements

June 30, 2015

(in thousands of dollars)

- Facilities IV and V are secured by a first position security agreement executed by 750 Spadina Ave., a guarantee of \$8,024 by UJA and a second position general security agreement executed by UJA, 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.

9 Deferred revenue

| | 2015 | 2014 |
|--|---------------|---------------|
| | \$ | \$ |
| Allocated share of the 2015 United Jewish Appeal Campaign (note 4(a)) | 36,376 | 29,928 |
| Designated donations received for distribution in future years | 4,627 | 7,535 |
| Community centre program and membership fees | 2,772 | 2,626 |
| Rent received for long-term ground lease | 634 | 604 |
| Program gifts and grants received for expenses in future years | 2,804 | 2,041 |
| | <u>47,213</u> | <u>42,734</u> |

10 Pension and supplementary retirement benefits obligations

The Organization maintains defined benefit pension plans for its employees. The Organization has also committed to pay certain supplementary pension benefits to active executives and retired employees.

With the transition to new accounting rules for pension plans, which require immediate recognition of gains or losses, the Organization can no longer defer unamortized plan deficits. As a result, the Organization has changed its accounting policy from the deferred recognition approach to the immediate recognition approach, using the funding method for valuation purposes. These changes are applied retroactively. As a result of these changes, the opening net assets have been increased by \$4,135 (2014 - \$2,045), with a corresponding decrease in pension obligations shown on the combined statement of financial position.

United Jewish Welfare Fund of Toronto

Notes to Combined Financial Statements

June 30, 2015

(in thousands of dollars)

Information about the Organization's pension and supplementary retirement benefits in aggregate is as follows:

| | Pension plans | | Supplementary retirement benefits | | Total | |
|--|---------------|--------------------------|-----------------------------------|--------------------------|------------|--------------------------|
| | 2015 \$ | 2014 \$ (Restated) | 2015 \$ | 2014 \$ (Restated) | 2015 \$ | 2014 \$ (Restated) |
| Accrued benefit obligation | (22,857) | (22,063) | (7,673) | (7,447) | (30,530) | (29,510) |
| Fair value of plan assets - at market | 29,120 | 27,108 | - | - | 29,120 | 27,108 |
| Accrued asset (liability) | 6,263 | 5,045 | (7,673) | (7,447) | (1,410) | (2,402) |
| Expense | 296 | 528 | 611 | 593 | 906 | 1,121 |
| Cash contributions | 859 | 898 | 352 | 398 | 1,211 | 1,296 |
| Discount rate | 6.00% | 6.00% | 6.00% | 6.00% | | |
| Expected rate of compensation increase | 3.00% | 3.00% | 3.00% | 3.00% | | |

Defined benefit plans

The Organization measures 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 July 1, 2014. The most recent actuarial valuation of the supplementary retirement benefits plan was as at June 30, 2015.

The expense includes \$315 (2014 - \$284) of pension costs related to United Jewish Appeal of Greater Toronto.

Percentage of plan assets consists of:

| | 2015 % | 2014 % |
|------------------------------|------------|------------|
| Equities | 51 | 54 |
| Fixed income | 12 | 6 |
| Cash and short-term deposits | 2 | 2 |
| Balanced funds | 35 | 38 |
| | <u>100</u> | <u>100</u> |

11 Interest

Total interest for the year was \$2,558 (2014 - \$2,644), none of which has been capitalized.

12 Capital project expenses

Capital project expenses comprise fundraising, marketing, strategic planning and other costs.

United Jewish Welfare Fund of Toronto

Notes to Combined Financial Statements

June 30, 2015

(in thousands of dollars)

13 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 ten years is estimated at a maximum of \$2,881. 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, 2015, the Organization has outstanding letters of guarantee amounting to \$1,529 (2014 - \$2,198) 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.

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:

| | \$ |
|------------|-------|
| 2016 | 53 |
| 2017 | 53 |
| 2018 | 53 |
| 2019 | 53 |
| 2020 | 58 |
| Thereafter | 720 |
| | <hr/> |
| | 990 |
| | <hr/> |

15 Subsequent events

During the year, UJWF entered into a purchase and sale agreement to sell the excess lands at the Lebovic Campus for 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 subsequent to year-end. In addition, \$2,100 of the proceeds are contingent on the re-zoning of the property in the City of Vaughan. The agreement is expected to close in November 2015. The net proceeds will be used to pay Facility II related to Lebovic Campus (note 8).