

The Jewish Foundation of Greater Toronto

Financial Statements
June 30, 2018



November 23, 2018

Independent Auditor's Report

To the Members of The Jewish Foundation of Greater Toronto

We have audited the accompanying financial statements of The Jewish Foundation of Greater Toronto, which comprise the statement of financial position as at June 30, 2018 and the statements of revenues and expenditures and 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 financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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



Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of The Jewish Foundation of Greater Toronto as at June 30, 2018 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

The Jewish Foundation of Greater Toronto

Statement of Financial Position

As at June 30, 2018

(in thousands of dollars)

			2018	2017
	Endowment and Restricted Funds \$	General Funds \$	Total \$	Total \$
Assets				
Current assets				
Cash and cash equivalents	12,503	28	12,531	6,317
Marketable securities	7,568	17	7,585	9,154
Amounts receivable and sundry assets (note 5)	485	1	486	1,414
	20,556	46	20,602	16,885
Amounts receivable and sundry assets (note 4)	7,978	-	7,978	8,815
Investments (note 5)	353,056	778	353,834	305,891
	381,590	824	382,414	331,591
Liabilities				
Current liabilities				
Accounts payable and accrued liabilities (note 5)	1,843	5	1,848	127
Funds invested on behalf of other parties (note 6)	14,312	-	14,312	272
	16,155	5	16,160	399
Fund Balances	365,435	819	366,254	331,192
	381,590	824	382,414	331,591

Approved by the Board of Directors



Director

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

The Jewish Foundation of Greater Toronto
Statement of Revenues and Expenditures and Changes in Fund Balances
For the year ended June 30, 2018

(in thousands of dollars)

			<u>2018</u>	<u>2017</u>
	Endowment and Restricted Funds \$	General Funds \$	Total \$	Total \$
Revenues				
Bequests and endowments received	29,319	1	29,320	35,355
Investment income	6,361	28	6,389	4,914
	<u>35,680</u>	<u>29</u>	<u>35,709</u>	<u>40,269</u>
Expenditures				
Grants (note 3)	23,757	2,300	26,057	22,475
Administrative costs	1,198	25	1,223	1,087
Investment counsel and custodial fees	2,797	13	2,810	2,195
	<u>27,752</u>	<u>2,338</u>	<u>30,090</u>	<u>25,757</u>
Excess (deficiency) of revenues over expenditures before undernoted item	7,928	(2,309)	5,619	14,512
Fair value change in investments	<u>29,289</u>	<u>154</u>	<u>29,443</u>	<u>25,274</u>
Excess (deficiency) of revenues over expenditures for the year	37,217	(2,155)	35,062	39,786
Fund balances - Beginning of year	<u>328,218</u>	<u>2,974</u>	<u>331,192</u>	<u>291,406</u>
Fund balances - End of year	<u>365,435</u>	<u>819</u>	<u>366,254</u>	<u>331,192</u>

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

The Jewish Foundation of Greater Toronto

Statement of Cash Flows

For the year ended June 30, 2018

(in thousands of dollars)

	2018 \$	2017 \$
Cash provided by (used in)		
Operating activities		
Excess of revenues over expenditures for the year	35,062	39,786
Items not involving cash		
Fair value change in investments	(29,443)	(25,274)
Reinvested investment income	(7,373)	(4,313)
	<u>(1,754)</u>	<u>10,199</u>
Changes in non-cash components of working capital items		
Amounts receivable and sundry assets	1,765	1,118
Accounts payable and accrued liabilities	1,721	279
	<u>3,486</u>	<u>1,397</u>
Investing activities		
Purchases of marketable securities and investments	(55,936)	(58,463)
Proceeds from sale of marketable securities and investments	46,378	50,069
Funds invested on behalf of other parties	14,040	-
Transfer of cash to United Jewish Appeal of Greater Toronto	-	(5,651)
	<u>4,482</u>	<u>(14,045)</u>
Increase (decrease) in cash and cash equivalents during the year	6,214	(2,449)
Cash and cash equivalents - Beginning of year	6,317	8,766
Cash and cash equivalents - End of year	<u>12,531</u>	<u>6,317</u>

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

The Jewish Foundation of Greater Toronto

Notes to Financial Statements

June 30, 2018

(in thousands of dollars)

1 Purpose of the Organization

The Jewish Foundation of Greater Toronto (the Organization) is a community foundation that makes charitable giving easy and rewarding so that individuals and families can fulfill their personal philanthropic goals and translate their charitable vision into viable solutions to some of the community's most pressing needs. Together with United Jewish Appeal of Greater Toronto (UJAGT), the Organization operates as UJA Federation of Greater Toronto.

The Organization is incorporated under the laws of Canada.

2 Summary of significant accounting policies

Basis of accounting

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO), Part III of the Chartered Professional Accountants of Canada Handbook - Accounting, as issued by the Canadian Accounting Standards Board.

The significant accounting policies followed by the Organization are as follows.

Revenue recognition policies

- Revenue recognition

The Organization follows the restricted fund method of accounting for revenues. Revenue that is subject to external restrictions is recognized in the appropriate fund when received or receivable. Externally restricted revenue for which no funds exist is deferred and recognized as the related expense occurs. Revenue that is not subject to external restrictions is recognized in the General Funds when received.

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

- The Organization maintains Endowment, Restricted and General Funds as follows:

- Endowment Fund

The Endowment Fund includes those contributions that are established as permanent resources and preclude capital encroachment under any circumstances. Investment income is recognized when earned and is credited to the applicable restricted fund. Included in the Endowment and Restricted Funds is \$58,714 (2017 - \$58,714) of endowed funds.

- Restricted Funds

The application of these funds is subject to the terms under which they were received: for specific purposes, field of interest or donor recommendation compatible with the Organization's purposes.

The Jewish Foundation of Greater Toronto

Notes to Financial Statements

June 30, 2018

(in thousands of dollars)

- General Funds

The application of these funds is at the discretion of the Organization for activities compatible with its purposes.

Marketable securities

Marketable securities consist mainly of guaranteed investment certificates with initial maturities of 12 months or less.

Donated services

As is common with many charitable organizations, many services of the Organization are voluntarily provided by the community. Since these services are not normally purchased by the Organization and because of the difficulties in determining their fair value, the value of the donated services is not recognized in these financial statements.

Financial instruments

The Organization initially measures its financial assets and financial liabilities at fair value, except related party transactions, which are measured at the exchange amount. Equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at amortized cost, unless management has elected to carry the instruments at fair value. The Organization has elected to carry its investments at fair value.

Changes in the fair value of investments are recognized within the statement of revenues and expenditures and changes in fund balances and consist of realized and unrealized gains (losses) on financial instruments. Financial assets are tested for impairment at the end of each reporting period when there are indicators the assets may be impaired.

Transactions are recorded on a trade date basis and transaction costs are expensed as incurred.

It is management's opinion that the Organization is not exposed to significant liquidity or credit risk arising from its financial instruments as the risk is mitigated by spreading the investment portfolio across 12 investment managers and the Organization transacts with reputable entities.

Market risk arises due to fluctuations in fair values, currency rates and interest rates. The Organization is exposed to market risk on its investments. The Organization manages this risk through investing in lower risk securities and diversification of the investment portfolios.

The Organization holds cash and investments and receives and makes payments denominated in currencies other than Canadian dollars. The net liability resulting from these transactions is offset, in part, through the purchase of foreign currency exchange forward contracts.

The Jewish Foundation of Greater Toronto

Notes to Financial Statements

June 30, 2018

(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 statement of financial position date. Other assets, liabilities and operating items have been translated at exchange rates prevailing at the respective transaction dates. Exchange gains and losses are included in the statement of revenues and expenditures and changes in fund balances.

Derivative financial instruments

In order to limit its exposure to foreign exchange rate changes and foreign exchange risk, the Organization utilizes foreign currency exchange forward contracts. The Organization does not designate these contracts for hedge accounting. Accordingly, these instruments are recorded at fair value and any unrealized gains and losses related to foreign currency exchange forward contracts are recognized in the statement of revenues and expenditures and changes in fund balances. Derivative financial instruments are subject to standard credit terms and conditions, financial controls, management and risk monitoring procedures.

Use of estimates

The preparation of financial statements in accordance with ASNPO requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

3 Related party transactions

The Organization is related to a number of incorporated entities controlled by the membership of UJA Federation of Greater Toronto. The following organizations are under common control:

- Joseph and Wolf Lebovic Jewish Community Campus
- Lipa Green Centre for Jewish Community Services
- Sherman Campus
- 750 Spadina Ave. Association
- Jewish Community Properties of Greater Toronto
- Prosserman Jewish Community Centre
- Schwartz/Reisman Centre
- 1867942 Ontario Inc. (Lebovic food services contract)
- Jewish Museum of Canada
- American Friends of United Jewish Appeal of Greater Toronto Inc.
- Greater Toronto Jewish Federation New Ventures
- United Jewish Appeal of Greater Toronto (UJAGT)

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

During the year, the Organization paid \$9,890 (2017 - \$9,009) from donor designated funds to UJAGT in accordance with donor recommendations.

The Jewish Foundation of Greater Toronto

Notes to Financial Statements

June 30, 2018

(in thousands of dollars)

4 Amounts receivable and sundry assets

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

	2018 \$	2017 \$
Loans - UJAGT	7,800	7,800
Interest in charitable remainder trust	-	880
Other	178	135
	<hr/>	<hr/>
	7,978	8,815

In addition, the Organization is the beneficiary under various life insurance policies with an aggregate face value of \$23,027 (2017 - \$22,532).

In 2014, the Organization loaned a total of \$5,000 to UJAGT with the understanding that the funds would in turn be loaned to Joseph and Wolf Lebovic Jewish Community Campus (JWLJCC). JWLJCC used the funds to pay down its debt. The remaining loan of \$4,000 is broken down into two tranches, as noted below.

In 2015, the Organization loaned a further \$3,800 to UJAGT, which in turn loaned this amount to JWLJCC to fulfill a donor commitment.

	2018 \$	2017 \$
Loan 1	1,000	1,000
Loan 2	3,000	3,000
Loan 3	3,800	3,800
	<hr/>	<hr/>
	7,800	7,800

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

Loans 2 and 3 are repayable the later of:

- i) receipt of funds by UJAGT from JWLJCC equal to any amount of the loan; and
- ii) on or before June 30, 2024 or such later date as may be determined by UJAGT, but in any event no later than June 30, 2029.

The Jewish Foundation of Greater Toronto

Notes to Financial Statements

June 30, 2018

(in thousands of dollars)

5 Investments

	2018 \$	2017 \$
Fixed income investments		
State of Israel bonds	10,326	10,326
Pooled funds	70,416	58,436
	<hr/>	<hr/>
	80,742	68,762
Equity investments		
Domestic pooled funds	42,266	34,375
Foreign pooled funds	230,826	202,754
	<hr/>	<hr/>
	273,092	237,129
	<hr/>	<hr/>
	353,834	305,891

Foreign currency exchange forward contracts

The Organization has some investments denominated in US dollars. In order to limit its exposure to exchange rate changes, the Organization used foreign currency exchange forward contracts during the year. As at June 30, 2018, the following contracts were held:

Type	Currency \$	Amount \$	Average exchange rate
Forward contracts	US	<hr/> 49,500	1.3097

The comparable amount of contracts outstanding in the prior year was US\$38,500. All contracts held as at June 30, 2018 will come due within one year. The fair value of the contracts is a loss of \$1,713 (2017 - a gain of \$740) and is included in the Organization's accounts payable and accrued liabilities in 2018 and amounts receivable and sundry assets in 2017.

6 Funds invested on behalf of other parties

Funds invested on behalf of other parties represent the pro rata share of the investment assets of the Organization and are recorded at the fair market value of such investments. These funds may be withdrawn at any time. The receipts, disbursements, investment and administrative activity for these funds are not reflected in the statement of revenues and expenditures and changes in fund balances.

The Jewish Foundation of Greater Toronto

Notes to Financial Statements

June 30, 2018

(in thousands of dollars)

7 Comparative figures

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