United Jewish Appeal of Greater Toronto

Combined Financial Statements
June 30, 2021

Independent auditor's report

To the Board of Directors of United Jewish Appeal of Greater Toronto

Our opinion

In our opinion, the accompanying combined financial statements present fairly, in all material respects, the financial position of the entities set out in note 2 to the combined financial statements (together, the Organization) as at June 30, 2021 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.

What we have audited
The Organization's combined financial statements comprise:

- the combined statement of financial position as at June 30, 2021;
- the combined statement of revenue, expenditures and changes in fund balances for the year then ended;
- the combined statement of cash flows for the year then ended; and
- the notes to the combined financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the combined financial statements* section of our report.

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

Independence
We are independent of the Organization in accordance with the ethical requirements that are relevant to our audit of the combined financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Emphasis of matter – combined financial statements

We draw attention to the fact that, as described in note 2 to the combined financial statements, the businesses included in the combined financial statements have not operated as a single entity. These combined financial statements are, therefore, not necessarily indicative of results that would have occurred if the businesses had operated as a single business during the year presented or of future results of the Organization.

Responsibilities of management and those charged with governance for the combined financial statements

Management of United Jewish Appeal of Greater Toronto (management) is responsible for the preparation and fair presentation of the 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.

In preparing the combined financial statements, management is responsible for assessing the Organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization's financial reporting process.

Auditor's responsibilities for the audit of the combined financial statements

Our objectives are to obtain reasonable assurance about whether the combined financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these combined financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the combined financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organization's ability to continue as a going concern.

If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the combined financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Organization to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the combined financial statements, including the disclosures, and whether the combined financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Organization to express an opinion on the combined financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants

Vaughan, Ontario
November 17, 2021

United Jewish Appeal of Greater Toronto

Combined Statement of Financial Position

As at June 30, 2021

(in thousands of dollars)

	2021 $	2020 $ (restated – note 4)
Assets		
Current assets		
Cash and cash equivalents	42,212	31,687
Marketable securities	3,816	4,387
Amounts receivable and sundry assets (note 5(d) and (e))	4,424	5,547
	50,452	41,621
Amounts receivable and sundry assets (notes 5(b) and 6)	6,462	4,558
Pension assets (note 11)	3,370	-
Property and equipment (note 7)	202,123	199,919
	262,407	246,098
Liabilities		
Current liabilities		
Bank indebtedness (note 10)	1,107	18,334
Accounts payable and accrued liabilities (note 5(d))	6,673	10,631
Allocations payable to UIA (note 8)	2,993	3,262
Deferred revenue (note 9)	26,169	30,427
	36,942	62,654
Bank indebtedness (note 10)	29,470	13,097
Loans payable (note 5(a))	7,800	7,800
Post retirement benefits (note 11)	-	2,664
	74,212	86,215
Fund Balances		
Operating Fund	34,701	12,685
Real Estate Operations	2,846	3,324
Capital Projects	141,257	135,995
Capital Reserve Fund	9,391	7,879
	188,195	159,883
	262,407	246,098

Contingencies and commitments (notes 7, 12 and 14)

Approved by the Board of Directors

_______________________________ 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, 2021

(in thousands of dollars)

	2021					2020
	Operating Fund $	**Real Estate Operations $**	**Capital Projects $**	**Capital Reserve Fund $**	**Total $**	**Total $** (restated – note 4)
Revenue						
Annual campaign revenue	71,435	-	-	-	71,435	60,144
Designated gifts and related income	79,400	-	-	-	79,400	31,368
Capital project donations	-	-	10,470	-	10,470	14,016
Government grants	183	-	1,017	-	1,200	498
Sundry income	6,763	406	322	-	7,491	7,288
Rental income	-	6,306	-	-	6,306	6,888
Foundation administration fee recovery	1,637	-	-	-	1,637	1,462
Targeted supplementary gifts	1,377	-	-	-	1,377	2,366
Corporate partner revenue	762	-	-	-	762	665
Investment income (note 5(b))	-	823	-	-	823	177
	161,557	7,535	11,809	-	180,901	124,872
Expenditures						
Allocations, grants and programs (note 5(d) and (e))	48,047	-	-	-	48,047	45,570
Designated grants and related expenses (note 5(b))	79,426	-	-	-	79,426	31,368
Administrative costs	9,323	6	-	-	9,329	11,165
Annual campaign expenses	5,255	-	-	-	5,255	6,955
Amortization of property and equipment	-	150	4,874	-	5,024	4,852
Building operating expenses	-	6,181	-	-	6,181	7,386
Strategic plan costs	634	-	-	-	634	1,039
Interest expense	-	164	1,141	-	1,305	1,249
Foundation administration costs	1,609	-	-	-	1,609	1,542
Capital project expenses	411	-	532	-	943	587
Credit card transaction fees	530	-	-	-	530	583
	145,235	6,501	6,547	-	158,283	112,296

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, 2021

(in thousands of dollars)

					2021	2020
	Operating Fund $	**Real Estate Operations $**	**Capital Projects $**	**Capital Reserve Fund $**	**Total $**	**Total $** (restated – note 4)
Excess of revenue over expenditures for the year	16,322	1,034	5,262	-	22,618	12,576
Fund balance – Beginning of year	12,685	3,324	135,995	7,879	159,883	149,213
Net actuarial gain (loss) on post retirement benefits (note 11)	5,694	-	-	-	5,694	(1,906)
Interfund transfers (note 13)	-	(1,512)	-	1,512	-	-
Fund balance – End of year	34,701	2,846	141,257	9,391	188,195	159,883

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

United Jewish Appeal of Greater Toronto

Combined Statement of Cash Flows

For the year ended June 30, 2021

(in thousands of dollars)

	2021 $	2020 $ (restated – note 4)
Cash provided by (used in)		
Operating activities		
Excess of revenue over expenditures for the year	22,618	12,576
Items not involving cash		
Amortization of property and equipment	5,024	4,852
Accrued interest income	-	(6)
Reinvested investment income	(781)	(153)
Post retirement benefits	(340)	(416)
Donated securities	(5)	(111)
Changes in non-cash working capital items		
Amounts receivable and sundry assets	(202)	469
Accounts payable and accrued liabilities	(4,574)	(3,712)
Deferred revenue	(4,258)	18,091
Allocations payable to UIA	(269)	694
	17,213	32,284
Investing activities		
Purchases of property and equipment	(6,612)	(17,013)
Purchases of marketable securities	(3,624)	(4,062)
Proceeds from sale of marketable securities	4,402	5,060
	(5,834)	(16,015)
Financing activities		
Proceeds received from bank indebtedness	25,034	10,276
Repayments of bank indebtedness	(25,888)	(11,111)
	(854)	(835)
Increase in cash and cash equivalents during the year	10,525	15,434
Cash and cash equivalents – Beginning of year	31,687	16,253
Cash and cash equivalents – End of year	42,212	31,687
Non-cash transactions		
Purchases of property and equipment included in accounts payable and accrued liabilities	616	1,682
Investment income in amounts receivable and sundry assets	579	123

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) raises funds to support charitable projects, programs and community organizations that meet the needs of the Jewish community in the Greater Toronto Area, Canada, Israel and around the world.

2 Basis of combined financial statement presentation

The Organization operates through a number of incorporated entities controlled by UJA Federation of Greater Toronto (the Federation). 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
- 1867942 Ontario Inc. (Lebovic food services contract)
- The Jewish Museum of Canada
- American Friends of United Jewish Appeal of Greater Toronto Inc.
- Greater Toronto Jewish Federation New Ventures
- The Ontario Jewish Archives Foundation

These combined financial statements do not include the Jewish Foundation of Greater Toronto, Prosserman Jewish Community Centre and Schwartz Reisman Community Centre, which are not controlled by the Organization but which are controlled by the Federation; and Toronto Hebrew Memorial Park (THMP), which the Organization has significant influence over through the right to appoint 50% of the board of directors of THMP.

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.

- Real Estate Operations Fund

  This fund includes the rental income and related building operation expenses.

- Capital Projects Fund

  This fund represents the amounts invested in property and equipment and capital projects. 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.

(in thousands of dollars)

- Capital Reserve Fund

  This fund represents amounts 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 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

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.

- Annual campaign revenue

  Annual campaign revenue is recorded when received. Payments received towards future year campaigns are deferred and are reflected as revenue in future fiscal years.

- Designated gifts and related income

  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.

- Capital campaigns

  The Organization receives pledges for the Lebovic Campus and the Sherman Campus and revenue is recognized when payments are received. Payments received for future capital projects are recorded as deferred and are reflected as revenue when the projects commence.

- 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.

- Investment income

  The Organization recognizes investment income as earned.

(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.

Cash and cash equivalents

Cash and cash equivalents consist of cash and highly liquid investments with initial maturities of three months or less.

Marketable securities

Marketable securities are guaranteed investment certificates with expiry dates between three months and one year from the combined statement of financial position date.

Property and equipment

Property and equipment are recorded at cost less accumulated amortization. Maintenance, renovation, repairs and minor replacements to maintain normal operating efficiency are expensed as incurred. Capital project development costs are comprise direct construction costs, carrying costs such as interest, realty tax charges and other costs. No amortization is recorded until construction is substantially completed and the assets are ready for productive use.

Amortization is recorded on a straight-line basis over the following number of years:

Buildings	25 – 40 years
Furniture, fixtures and equipment	5 years

Amortization will only commence on the new community centre once the facility is available for use.

Pension plan and supplementary retirement benefits

The Organization records its liability under the pension plans as its defined benefit obligations net of 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 projected benefit method, pro-rated on service and management’s best estimate of salary escalation, retirement ages of employees and expected health-care costs.

(in thousands of dollars)

Remeasurements and other items are composed of actuarial gains (losses) on the accrued benefit obligation and arise from differences between the actual and expected experience and from changes in the actuarial assumptions used to determine the accrued benefit obligation, past service costs and gains and losses arising from settlements and curtailments. Actuarial gains and losses arise when the accrued benefit obligations change during the year. The actuarial gains and losses and other remeasurements including plan amendments are recorded in the combined statement of revenue, expenditures and changes in fund balances when incurred.

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. 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.

Financial assets are tested for impairment at the end of each reporting period when there are indicators the assets may be impaired.

Unless otherwise noted, it is management's opinion that the Organization is not exposed to significant credit, liquidity or market risk arising from its financial instruments.

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 judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenditures during the year and the disclosure of contingent assets and liabilities at the date of the combined financial statements. Significant items subject to such estimates and assumptions include the valuation of investments and amounts receivable, actuarial and investment return assumptions associated with pension plan and supplementary retirement benefits, accruals and the useful lives, recoverable amounts and impairment of property and equipment. Actual results could differ from those estimates.

(in thousands of dollars)

4 Restatement

During the year, management reviewed the Organization's interest in the entities they control and concluded that Prosserman Jewish Community Centre and Schwartz/Reisman Centre are not controlled by the Organization; therefore, these entities should not be combined in these combined financial statements. This change has been applied retroactively. The impact to the prior year's combined financial statements is as follows:

	As previously stated $	Increase (decrease) $	As restated $
Combined statement of financial position			
Cash and cash equivalents	33,528	(1,841)	31,687
Amounts receivable and sundry assets	6,619	(1,072)	5,547
Property and equipment	201,230	(1,311)	199,919
Accounts payable and accrued liabilities	11,816	(1,185)	10,631
Deferred revenue	33,981	(3,554)	30,427
Community Centre Operations – fund balance	(515)	515	-
Combined statement of revenue, expenditures and changes in fund balances			
Community centre operations revenue	14,378	(14,378)	-
Government grants	2,480	(1,982)	498
Rental income	3,938	2,950	6,888
Allocations, grants and programs	43,504	2,066	45,570
Community centre operations expenses	18,746	(18,746)	-
Amortization of property and equipment	5,057	(205)	4,852
Building operating expenses	4,436	2,950	7,386
Excess of revenue over expenditures	12,051	525	12,576
Fund balance – Beginning of year	149,223	(10)	149,213
Fund balance – End of year	159,368	515	159,883
Combined statement of cash flows			
Excess of revenue over expenditures	12,051	525	12,576
Amortization of property and equipment	5,057	(205)	4,852
Change in amounts receivable and sundry assets	425	44	469
Change in accounts payable and accrued liabilities	(2,917)	(795)	(3,712)
Change in deferred revenue	18,351	(260)	18,091
Purchase of property and equipment	(17,970)	957	(17,013)
Increase in cash and cash equivalents	15,135	299	15,434
Cash and cash equivalents – Beginning of year	18,393	(2,140)	16,253
Cash and cash equivalents – End of year	33,528	(1,841)	31,687

(in thousands of dollars)

5 Related party balances and transactions

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

a) The Organization and the Foundation are both under common control by UJA Federation of Greater Toronto.

	2021 $	2020 $
Loan 1	1,000	1,000
Loan 2	3,000	3,000
Loan 3	3,800	3,800
	7,800	7,800

In 2014, the Organization received loans totalling $5,000 from the Foundation with the understanding that the funds would in turn be loaned to Joseph and Wolf Lebovic Jewish Community Campus (JWLJCC) to pay down the Facility I loan (note 10). The remaining loan of $4,000 consists of two tranches (Loans 1 and 2) as noted above.

In 2015, the Organization received a further loan of $3,800 from the Foundation. The Organization used the funds to fulfill a donor commitment.

Loans 1, 2 and 3 are unsecured and non-interest bearing.

Loan 1 will be repaid immediately when JWLJCC collects sufficient unrestricted donations for its capital campaign.

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

b) During the year, the Organization received $13,523 (2020 – $13,517) from the Foundation's donor funds to fulfill donor requests and distributed $56,397 (2020 – $6,679) designated grants to the Foundation. The Organization has amounts due from the Foundation of $5,717 (2020 – $3,730) comprising capital reserve funds invested on its behalf and accumulated investment income. During the year, the increase in the investments was $781 (2020 – $81) and was recorded as investment income. The Organization does not intend to recall any of these funds in the next 12 months.

c) THMP, pursuant to a trust agreement, operates cemetery properties, Pardes Shalom and Pardes Chaim, on behalf of the Federation. The Organization incurred certain expenses on behalf of THMP and charged rent to THMP; the total for the year was $51 (2020 – $60).

(in thousands of dollars)

d) Rent of $1,477 (2020 – $2,187) was charged to Schwartz/Reisman Centre (SRC) and an allocation of $1,466 (2020 – $1,659) was paid to SRC. In addition, $72 was charged to SRC for administrative expenses. The Organization owes $102 to SRC (2020 – $445 owed by SRC) and is recorded in accounts payable and accrued liabilities (2020 – amounts receivable and sundry assets).

e) Rent of $734 (2020 – $763) was charged to Prosserman Jewish Community Centre (PJCC) and an allocation of $410 (2020 – $410) was paid to PJCC. In addition, $605 was charged to PJCC for administrative expenses. The Organization is owed $207 (2020 – $307) by PJCC and is recorded in amounts receivable and sundry assets.

6 Amounts receivable and sundry assets

Included in amounts receivable and sundry assets is a loan of $280 (2020 – $285) to Miles Nadal Jewish Community Centre (MNJCC). The loan is secured by MNJCC's leasehold improvements, has no specific terms of repayment and is included in long-term amounts receivable and sundry assets.

7 Property and equipment

			2021
	Cost $	Accumulated amortization $	Net $
Lebovic Campus (i)			
Land and related acquisition and infrastructure costs	14,304	-	14,304
Buildings			
Kimel Family Education Centre	34,771	12,210	22,561
Community Services Building	87,690	20,693	66,997
Capital project development costs	304	-	304
	137,069	32,903	104,166
Sherman Campus (ii)			
Land	1,700	-	1,700
Buildings			
Lipa Green Centre	28,493	12,017	16,476
Gales Family Pavilion	12,660	4,278	8,382
Capital project development costs	65,591	-	65,591
	108,444	16,295	92,149
750 Spadina Ave. (iii)			
Land	900	-	900
Building	2,556	1,846	710
	3,456	1,846	1,610

(in thousands of dollars)

			2021
	Cost **$**	**Accumulated amortization** **$**	**Net** **$**
Building on leased land – Wolfond Centre (iv)	3,516	1,529	1,987
Land – Simcoe County (v)	1,111	-	1,111
Furniture, fixtures and equipment	11,472	10,372	1,100
	16,099	11,901	4,198
	265,068	62,945	202,123

			2020
	Cost **$**	**Accumulated amortization** **$**	**Net** **$**
Lebovic Campus (i)			
Land and related acquisition and infrastructure costs	14,304	-	14,304
Buildings			
Kimel Family Education Centre	34,771	11,235	23,536
Community Services Building	87,690	18,191	69,499
	136,765	29,426	107,339
Sherman Campus (ii)			
Land	1,700	-	1,700
Buildings			
Lipa Green Centre	28,493	11,394	17,099
Gales Family Pavilion	12,660	3,870	8,790
Capital project development costs	59,685	-	59,685
	102,538	15,264	87,274
750 Spadina Ave. (iii)			
Land	900	-	900
Building	2,556	1,795	761
	3,456	1,795	1,661
Building on leased land – Wolfond Centre (iv)	3,516	1,441	2,075
Land – Simcoe County (v)	1,111	-	1,111
Furniture, fixtures and equipment (restated – note 4)	10,454	9,995	459
	15,081	11,436	3,645
	257,840	57,921	199,919

i) Lebovic Campus represents the costs of JWLJCC, comprising land and infrastructure costs, Kimel Family Education Centre and the Community Services Building.

(in thousands of dollars)

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. The new community centre is expected to open in fiscal 2022.

iii) The Organization owns the land and building at 750 Spadina Ave.

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.

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, an unrelated party, 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.

8 Allocations payable to UIA

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

	2021 $	2020 $
Balance – Beginning of year	3,262	2,568
Net proceeds of campaigns	9,242	12,612
Distributions during the year	(9,511)	(11,918)
Balance – End of year	2,993	3,262

9 Deferred revenue

	2021 $	2020 $ (restated – note 4)
Annual campaign gifts received in advance	15,107	19,073
Designated donations received for distribution in future years	5,395	4,115
Rent received for long-term ground lease	693	683
Program gifts and grants received for expenses in future years	4,974	6,556
	26,169	30,427

(in thousands of dollars)

10 Bank indebtedness

Bank indebtedness comprises the following:

	2021 $	2020 $
Facility I	-	17,791
Facility II	5,106	5,649
Facility III	7,471	7,991
Facility IV	18,000	-
	30,577	31,431
Less: Current portion	1,107	18,334
	29,470	13,097

Facility I is a facility provided by a consortium of banks to fund the construction of the Lebovic Campus, with a five-year term expiring on January 25, 2021. On June 29, 2021, the Organization entered into a new facility agreement (Facility IV) and used the advances of the new facility to pay off the remaining balance of this facility.

The borrower of Facility II is 750 Spadina Ave. There were previously two facilities, which were repayable in full in August and September 2019. On November 21, 2019, the Organization amalgamated the existing term loans at an interest rate of 3.05%. It requires monthly payments of $59 and is repayable in full in September 2024.

Facility III is a facility provided by a consortium of banks to fund the Sherman Campus Phase II capital project (note 7(ii)). A summary of the main provisions is as follows:

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

- The total construction facility commitment is $32,000. In addition, there is a swing line commitment of $1,000 and a letter of guarantee commitment of $3,000.

- The construction facility will revolve during the construction period and converted into a non-revolving reducing facility on July 31, 2021. The facility is made available by way of prime loans or bankers' acceptances. The facility reduces to a maximum of $18,000 by June 30, 2021 and $14,000 by June 30, 2022. The maturity date of the facility is June 26, 2023. The borrower may request an extension, which is at the sole discretion of the lenders; such an extension would result in a maturity date of June 30, 2027.

- The interest rate on prime loans is prime plus 1.1% per annum. The fee on bankers' acceptances is 2.6% plus the bankers' acceptances discount rate.

- The facility is secured by a collateral mortgage of $36,000 on the land and improvements, general assignment of leases, contracts and insurance relating to the project, security interest in all personal property of Sherman Campus and an assignment of pledge receivables of the borrower and guarantor (excluding pledges designated for use other than for Sherman Campus, unrestricted pledges and donations to the extent they are not designated for the project).

(in thousands of dollars)

- In October 2018, the Organization executed an eight-year term interest rate swap contract to fix the effective interest costs of the facility at 2.92% per annum on the nominal amount of $11,069. The contract was effective October 31, 2018, expiring on April 30, 2027. The remaining balance is variable. Should the nominal value of the interest rate swap exceed the outstanding construction facility, the client will be charged the difference between the banker's acceptance rate at initial contract date and the year-end banker's acceptance rate on the excess amount.

Facility IV is a facility that the Organization entered into on June 29, 2021 with a single bank. It was mainly used to repay the balance of Facility I. The borrower is Lipa Green. It requires monthly repayments of principal and interest based on a 25-year amortization and a ten-year term, with the option to enter into hedge contracts. The facility bears a fixed rate of 2.17%.

In addition, the Organization has an available line of credit of $6,000, which has not been drawn on and bears interest at the prime rate plus 1%.

Of the total indebtedness of $30,577 (2020 – $31,431), $28,108 (2020 – $28,699) is attributable to property and equipment and $2,469 (2020 – $2,732) is attributable to the funding of operations. The carrying amount of assets pledged as security is $93,759 (2020 – $174,585).

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

	Facility II $	Facility III $	Facility IV $	Total $
2022	560	-	547	1,107
2023	577	7,471	559	8,607
2024	594	-	570	1,164
2025	3,375	-	584	3,959
2026	-	-	597	597
Thereafter	-	-	15,143	15,143
	5,106	7,471	18,000	30,577

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 $26,083 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).

  Facilities II and III are secured by a first position security agreement executed by 750 Spadina Ave., a guarantee of $6,171 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.

(in thousands of dollars)

Facility IV is secured by a first charge collateral mortgage of $18,000 on Lipa Green's real property and all personal property.

11 Post retirement benefits

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	
	2021 $	**2020** $	**2021** $	**2020** $	**2021** $	**2020** $
Accrued benefit obligation	(31,465)	(30,415)	(8,399)	(8,558)	(39,864)	(38,973)
Fair value of plan assets	43,234	36,309	-	-	43,234	36,309
Post retirement benefits asset (liability)	11,769	5,894	(8,399)	(8,558)	3,370	(2,664)
Expense	532	326	531	538	1,063	864
Cash contributions	867	754	536	525	1,403	1,279
Discount rate	5.70%	5.70%	5.70%	5.70%		
Expected rate of compensation increase	3.00%	3.00%	3.00%	3.00%		

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 supplementary retirement benefits plan does not have access to the assets of the pension plans.

For funding purposes, an actuarial valuation is prepared every three years. The most recent actuarial valuation of the employees' pension plans for funding purposes was as at January 1, 2020. The most recent actuarial valuation of the supplementary retirement benefits plan was as at January 1, 2020.

Percentage of plan assets consists of:

	2021 %	**2020** %
Equities	40	37
Fixed income	21	21
Cash and short-term deposits	4	6
Balanced funds	35	36
	100	100

(in thousands of dollars)

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 $719. 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, 2021, the Organization has outstanding letters of guarantee amounting to $1,224 (2020 – $2,676) relating primarily to the capital projects in Sherman and Lebovic campuses.

c) A 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 transfers

The interfund transfer of $1,512 (2020 – $293) from the Real Estate Operations to the Capital Reserve Fund is the transfer of amounts set aside for future capital repairs and replacements.

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:

	$
2022	62
2023	62
2024	62
2025	67
2026	67
Thereafter	338
	658

(in thousands of dollars)

15 Impact of COVID-19

In March 2020, the World Health Organization declared the outbreak and spread of COVID-19 a global pandemic. The outbreak and continuing spread of COVID-19 and the related disruption to the worldwide economy is affecting regions in which the Organization operates. The pandemic has resulted in increased volatility in the fair market value of its investments and lower event revenue as a result of government mandated social distancing measures. The duration of the pandemic and its effects cannot be determined with certainty, nor the extent of the financial impact, which could be material, on the future combined financial statements.

16 Comparative figures

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