

United Jewish Appeal of Greater Toronto

Financial Statements
June 30, 2015



November 23, 2015

Independent Auditor's Report

**To the Members of
United Jewish Appeal of Greater Toronto**

We have audited the accompanying financial statements of United Jewish Appeal of Greater Toronto, which comprise the balance sheet as at June 30, 2015 and the statements of net proceeds for allocation to beneficiaries and 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 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 United Jewish Appeal of Greater 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 Appeal of Greater Toronto

Balance Sheet

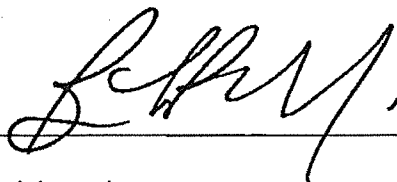
As at June 30, 2015

(in thousands of dollars)

	2015 \$	2014 \$
Assets		
Current assets		
Cash and cash equivalents	1,767	2,241
Campaign pledges receivable - net (note 3)	32,131	32,792
Sundry assets	1,208	783
	<u>35,106</u>	<u>35,816</u>
Loans receivable (note 5)	8,800	5,000
	<u>43,906</u>	<u>40,816</u>
Liabilities		
Current liabilities		
Accounts payable, accrued liabilities and pledge payments received in advance (note 4)	3,115	4,784
Allocations payable (note 7)	31,991	31,032
	<u>35,106</u>	<u>35,816</u>
Loans payable (note 5(a))	8,800	5,000
	<u>43,906</u>	<u>40,816</u>
Net assets	<u>43,906</u>	<u>40,816</u>

Approved by the Board of Directors

Director



Director

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

United Jewish Appeal of Greater Toronto

Statement of Net Proceeds for Allocation to Beneficiaries and Net Assets

For the year ended June 30, 2015

(in thousands of dollars)

	2015 \$	2014 \$
Revenue (note 8)	92,862	84,905
Expenses		
Campaign (note 5(b))	8,192	7,565
Missions (note 5(b))	462	552
Loan interest	308	-
Provision for doubtful pledges	2,500	4,350
	<hr/> 11,462	<hr/> 12,467
Net proceeds of campaigns (note 7)	81,400	72,438
Allocated	<hr/> 81,400	<hr/> 72,438
Excess of revenue over expenses	-	-
Net assets - Beginning of year	<hr/> -	<hr/> -
Net assets - End of year	<hr/> -	<hr/> -

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

United Jewish Appeal of Greater Toronto

Statement of Cash Flows

For the year ended June 30, 2015

(in thousands of dollars)

	2015 \$	2014 \$
Cash provided by (used in)		
Operating activities		
Excess of revenue over expenses	-	-
Changes in non-cash working capital items		
Campaign pledges receivable	661	861
Sundry assets	(425)	145
Accounts payable and other liabilities	(1,669)	955
Allocations payable	959	(671)
	<hr/>	<hr/>
Increase (decrease) in cash and cash equivalents during the year	(474)	1,290
Cash and cash equivalents - Beginning of year	2,241	951
	<hr/>	<hr/>
Cash and cash equivalents - End of year	1,767	2,241
	<hr/>	<hr/>
Cash and cash equivalents comprise		
Cash	1,294	1,823
State of Israel bonds	473	418
	<hr/>	<hr/>
	1,767	2,241
	<hr/>	<hr/>

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

United Jewish Appeal of Greater Toronto

Notes to Financial Statements

June 30, 2015

(in thousands of dollars)

1 Purpose of the Organization

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

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 (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 deferral method of accounting. Campaign revenue is recognized when a pledge is received. Future campaign pledges are deferred and recorded as pledge payments received in advance and reflected as revenue in future fiscal years. A provision for uncollectible pledges is recorded to reduce pledges receivable and revenue. Revenue from special campaigns and other overseas initiatives is recognized as amounts are received.

Designated grants are monies received for specific purposes and are recognized when the related expense occurs. The related expenses include costs directly associated with raising these amounts and are recognized on an accrual basis.

Allocation of net proceeds

The net proceeds from the annual campaign of the Organization are allocated between the UJWF and the UIA, in accordance with the budgets approved by the Board of Directors.

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.

Cash and cash equivalents

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

United Jewish Appeal of Greater Toronto

Notes to Financial Statements

June 30, 2015

(in thousands of dollars)

Financial instruments

The Organization initially measures its financial assets and liabilities at fair value, except related party transactions, which are measured at the exchange amount. Financial instruments are subsequently recorded at amortized cost, unless management has elected to carry the instruments at fair value. Changes in fair value are recognized in the statement of net proceeds for allocation to beneficiaries and net assets. Financial assets are tested for impairment at the end of each reporting period when there are indicators the assets may be impaired.

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

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

The Organization is subject to credit risk given the significant campaign pledge receivables. Pledges receivable are due from a number of donors. The Organization maintains provisions for potential uncollectible balances, which are assessed on a regular basis.

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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

3 Campaign pledges receivable - net

	2015	2014
	\$	\$
Current campaign	28,622	27,871
Prior year campaign	2,109	2,419
Previous campaigns	1,833	2,935
Fair value adjustment	(433)	(433)
	<u>32,131</u>	<u>32,792</u>

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

	2015	2014
	\$	\$
Accounts payable and accrued liabilities	2,572	3,947
Pledge payments received in advance	543	837
	<u>3,115</u>	<u>4,784</u>

United Jewish Appeal of Greater Toronto

Notes to Financial Statements

June 30, 2015

(in thousands of dollars)

5 Related party balances and transactions

- a) In 2014, UJA received two loans totalling \$5,000 from UJWF with the understanding the funds would in turn be loaned to the Joseph and Wolf Lebovic Jewish Community Campus (JWLJCC). The total loan of \$5,000 was broken down into two tranches as noted below. The loans receivable are from JWLJCC and the loans payable are owing to UJWF. The Organization, JWLJCC and UJWF are all under common control by the membership of the UJA Federation of Greater Toronto. The loans receivable mirror the terms and conditions of the loans payable as described below.

In 2015, UJA received a further loan of \$3,800 from UJWF with the understanding the funds would in turn be loaned to JWLJCC.

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

Loans 1 and 2 are unsecured and bear interest at 6% per annum, calculated and compounded quarterly. Interest is repayable quarterly. Loan 3 is unsecured and non-interest bearing.

Loan 1 will be repaid immediately following receipt of:

- all/part of the funds from JWLJCC generated from unrestricted donations for its capital campaign; and/or
- receipt of one or more unrestricted capital donations (other than donations for capital projects for any of the UJA group of entities and donations for UJA's annual campaign).

Loans 2 and 3 will be repaid on the later of the receipt of funds:

- immediately following the collection of sufficient donations to pay back in full the capital loans outstanding on the Lebovic Campus to the banks; and
- on or before June 30, 2024 or such later date as may be determined by JWLJCC at its sole discretion but in any event no later than June 30, 2029.

- b) The Organization incurred campaign and mission expenses of \$6,207 (2014 - \$5,665), which were paid by UJWF on behalf of the Organization. These amounts were settled through intercompany accounts.

United Jewish Appeal of Greater Toronto

Notes to Financial Statements

June 30, 2015

(in thousands of dollars)

6 Contingent liabilities

The Organization has provided guarantees of a line of credit and mortgage debt owing by UJWF to the Royal Bank of Canada (RBC) and TD Canada Trust (TD), limited to \$6,000 and \$8,024, respectively. RBC is supported by a security position on the Organization's accounts receivable. TD is supported by a second position general security agreement on the Organization's assets. As at June 30, 2015, the amounts owing by UJWF are \$nil (2014 - \$nil) and \$8,024 (2014 - \$8,429), respectively.

The Organization's total guarantee to RBC is \$12,600 including the line of credit of \$6,000, foreign exchange forward contract limit of \$6,000, VISA of \$300 and lease line of credit of \$300.

7 Allocations payable

The organization allocated the net campaign proceeds to related parties UJWF and UIA.

	United Jewish Welfare Fund of Toronto		United Israel Appeal of Canada Inc.		Designated and Special Campaign		Total	Total
	2015 \$	2014 \$	2015 \$	2014 \$	2015 \$	2014 \$	2015 \$	2014 \$
Annual campaign								
Balance - Beginning of year	25,177	27,153	5,855	4,550	-	-	31,032	31,703
Net proceeds of campaigns	36,376	29,928	13,385	14,865	31,639	27,645	81,400	72,438
	61,553	57,081	19,240	19,415	31,639	27,645	112,432	104,141
Deduct: Distributions during the year	35,798	31,904	13,004	13,560	31,639	27,645	80,441	73,109
Balance - End of year	25,755	25,177	6,236	5,855	-	-	31,991	31,032

8 Revenue

	2015 \$	2014 \$
Annual campaign	56,817	56,614
Designated and special campaign revenue	32,440	25,401
Sponsorship and mission revenue	2,057	2,080
Corporate partner revenue	1,240	810
Loan interest revenue	308	-
	92,862	84,905