

United Jewish Welfare Fund of Toronto

Combined Financial Statements
June 30, 2016



November 11, 2016

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, 2016 and the combined statements of revenues and expenditures, 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 financial position of United Jewish Welfare Fund of Toronto as at June 30, 2016 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, 2016

(in thousands of dollars)

	2016				2015	
	Jewish Foundation of Greater Toronto					
	General and Capital Funds \$	Endowment and Restricted Funds \$	Unrestricted Funds \$	Subtotal \$	Total \$	Total \$
Assets						
Current assets						
Cash and cash equivalents	5,651	3,062	53	3,115	8,766	21,452
Marketable securities	5,067	15,573	270	15,843	20,910	53,895
Due from United Jewish Appeal of Greater Toronto (note 4(a))	27,466	-	-	-	27,466	25,755
Amounts receivable and sundry assets (notes 5, 6(b) and 7(vii))	4,642	1,717	-	1,717	6,359	3,735
	42,826	20,352	323	20,675	63,501	104,837
Amounts receivable and sundry assets (note 5)	724	9,463	167	9,630	10,354	10,624
Investments and marketable securities (note 6)	180	256,775	4,446	261,221	261,401	201,773
Property and equipment (note 7)	163,341	-	-	-	163,341	169,940
	207,071	286,590	4,936	291,526	498,597	487,174
Liabilities						
Current liabilities						
Bank indebtedness (note 8)	2,647	-	-	-	2,647	21,429
Accounts payable, accrued liabilities and unpaid allocations (notes 6(b) and 12(c))	8,324	118	2	120	8,444	11,382
Deferred revenue (note 9)	43,775	-	-	-	43,775	47,213
	54,746	118	2	120	54,866	80,024
Bank indebtedness (note 8)	38,841	-	-	-	38,841	34,595
Loans payable (note 4(b))	8,800	-	-	-	8,800	8,800
Pension obligations (note 10)	1,260	-	-	-	1,260	1,410
	48,901	-	-	-	48,901	44,805
	103,647	118	2	120	103,767	124,829
Net Assets	103,424	286,472	4,934	291,406	394,830	362,345
	207,071	286,590	4,936	291,526	498,597	487,174
Contingencies (note 12)						

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 and Expenditures

For the year ended June 30, 2016

(in thousands of dollars)

	2016				2015	
	Jewish Foundation of Greater Toronto					
	General and Capital Funds \$	Endowment and Restricted Funds \$	Unrestricted Funds \$	Subtotal \$	Total \$	Total \$
Revenues						
Share of net proceeds from previous year's campaign of the United Jewish Appeal of Greater Toronto	36,377	-	-	-	36,377	29,928
Bequests and endowments received	-	38,538	-	38,538	38,538	31,783
Community centre operations	16,115	-	-	-	16,115	14,161
Designated gifts and related income	6,193	-	-	-	6,193	8,268
Capital project donations	3,962	-	-	-	3,962	5,266
Government grants	322	-	-	-	322	786
Sundry income	4,329	-	-	-	4,329	4,568
Income from investments	74	4,160	73	4,233	4,307	4,426
Rental income	4,633	-	-	-	4,633	4,246
	72,005	42,698	73	42,771	114,776	103,432
Expenditures						
Allocations, grants and programs	25,451	16,606	2,300	18,906	44,357	47,371
Community centre operations	15,483	-	-	-	15,483	13,790
Designated grants	6,193	-	-	-	6,193	8,268
Administrative costs	5,463	895	37	932	6,395	6,741
Building operating expenses	7,215	-	-	-	7,215	6,951
Property and equipment amortization	4,953	-	-	-	4,953	5,010
Interest expense	2,206	-	-	-	2,206	2,558
Investment counsel and custodial fees	-	1,910	45	1,955	1,955	2,287
Capital project expenses (note 11)	1,418	-	-	-	1,418	1,468
Catering operations	26	-	-	-	26	25
Fundraising	477	-	-	-	477	663
	68,885	19,411	2,382	21,793	90,678	95,132
Excess (deficiency) of revenues over expenditures before undernoted items	3,120	23,287	(2,309)	20,978	24,098	8,300
Gain on sale of land (note 7(vii))	11,505	-	-	-	11,505	-
Fair value change in investments	-	(2,625)	(54)	(2,679)	(2,679)	17,461
Excess (deficiency) of revenues over expenditures for the year	14,625	20,662	(2,363)	18,299	32,924	25,761

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

**Combined Statement of Changes in Net Assets
For the year ended June 30, 2016**

2016	
General and Capital Funds	

Net assets - End of year	(6,224)	1,102	(7)	103,896	98,767	4,657	103,424
						2016	2015

Net assets - End of year	286,472	291,406	394,830	362,345
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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, 2016

(in thousands of dollars)

	2016		2015
	General and Capital Fund \$	Jewish Foundation of Greater Toronto \$	Total \$
			Total \$
Cash provided by (used in)			
Operating activities			
Excess of revenues over expenditures for the year	14,625	18,299	32,924
Items not involving cash			
Amortization of property and equipment	4,953	-	4,953
Gain on sale of land	(11,505)	-	(11,505)
Fair value change in investments	-	2,679	2,679
	8,073	20,978	29,051
Changes in non-cash components of working capital items			
Due from United Jewish Appeal of Greater Toronto	(1,711)	-	(1,711)
Deferred revenue	(3,438)	-	(3,438)
Amounts receivable and sundry assets	(1,275)	(1,079)	(2,354)
Accounts payable, accrued liabilities and unpaid allocations and pension obligations	(2,065)	(1,462)	(3,527)
	(8,489)	(2,541)	(11,030)
	(416)	18,437	18,021
Investing activities			
Net proceeds from land sale	14,594	-	14,594
Additions to property and equipment	(1,443)	-	(1,443)
Purchase of investments and marketable securities - net	1,514	(30,836)	(29,322)
	14,665	(30,836)	(16,171)
Financing activities			
Bank debt repayments	(14,536)	-	(14,536)
Proceeds from loans payable	-	-	3,800
	(14,536)	-	(14,536)
Increase (decrease) in cash and cash equivalents during the year	(287)	(12,399)	(12,686)
Cash and cash equivalents - Beginning of year	5,938	15,514	21,452
Cash and cash equivalents - End of year	5,651	3,115	8,766

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, 2016

(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 (Lipa Green);
- 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

The operating fund is unrestricted and used for the activities and operations of the organization.

United Jewish Welfare Fund of Toronto

Notes to Combined Financial Statements

June 30, 2016

(in thousands of dollars)

- Building Operations Fund

This includes the rental income and related building operation expenses.

- Community Centre Operations Fund

This represents the activities of the Prosserman Jewish Community Centre and the Schwartz/Reisman Centre.

- Capital Projects Fund

This fund represents the amounts invested in property and equipment and capital projects in progress. Donations specifically received for capital projects, net of capital project expenses and amortization are recorded in this fund.

- Capital Reserve Fund

Funds are held to fund future capital repairs and replacements.

Jewish Foundation of Greater Toronto

- Endowment
- 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.

United Jewish Welfare Fund of Toronto

Notes to Combined Financial Statements

June 30, 2016

(in thousands of dollars)

- **Deferred revenue**

The allocated share of the Organization out of the 2016 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. During the year, \$4,627 deferred designated gifts from 2015 were moved into Endowment and Restricted Funds and were recognized as bequests and endowments received in the Jewish Foundation (note 9).

Revenue received from memberships, summer camps and early childhood education is recognized over the period of the membership or program. Amounts received in advance are recorded 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.

- **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.

United Jewish Welfare Fund of Toronto

Notes to Combined Financial Statements

June 30, 2016

(in thousands of dollars)

- **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.

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 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 discount rate, salary escalation, retirement ages of employees and expected health-care costs.

United Jewish Welfare Fund of Toronto

Notes to Combined Financial Statements

June 30, 2016

(in thousands of dollars)

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 and expenditures 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.

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, 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 and expenditures.

Derivative financial instruments

In order to limit its exposure to foreign exchange rate changes, 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 combined statement of revenues and expenditures. Derivative financial instruments are subject to standard credit terms and conditions, financial controls, management and risk monitoring procedures.

United Jewish Welfare Fund of Toronto

Notes to Combined Financial Statements

June 30, 2016

(in thousands of dollars)

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. In 2016, the Organization was allocated \$37,282 (2015 - \$36,377) out of the 2016 UJA Campaign, which has been recorded as deferred revenue (note 9). On July 1, 2016, the Organization completed a corporate restructuring with UJA (note 14). During the year, the Organization paid campaign expenses of \$5,519 (2015 - \$6,207) 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.

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 \$45 (2015 - \$39). As at June 30, 2016, THMP owed the Organization \$nil (2015 - \$nil).

- b) In 2014, 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.

In 2015, UJWF loaned a further \$3,800 to UJA, which in turn loaned this amount 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.

	2016 \$	2015 \$
Loan 1	2,000	2,000
Loan 2	3,000	3,000
Loan 3	3,800	3,800
	<u>8,800</u>	<u>8,800</u>

United Jewish Welfare Fund of Toronto

Notes to Combined Financial Statements

June 30, 2016

(in thousands of dollars)

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 unsecured and non-interest bearing.

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

Loans 2 and 3 are 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.

5 Amounts receivable and sundry assets

Included in amounts receivable and sundry assets is a loan of \$856 (2015 - \$1,397) 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 2017 of \$330 (2015 - \$614) is included in current assets; the remaining balance amounting to \$526 (2015 - \$783) is included in long-term amounts receivable and sundry assets.

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

	2016 \$	2015 \$
General and Capital Funds		
MNJCC	526	783
Tenant lease inducement and others	198	147
Jewish Foundation of Greater Toronto		
Loans - United Jewish Appeal of Greater Toronto (note 4(b))	8,800	8,800
Interest in charitable remainder trust	825	889
Cash surrender value of life insurance policies	5	5
	<u>10,354</u>	<u>10,624</u>

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(b)).

In addition, the Organization is the beneficiary under other policies with an aggregate face value of \$20,892 (2015 - \$23,453).

United Jewish Welfare Fund of Toronto

Notes to Combined Financial Statements

June 30, 2016

(in thousands of dollars)

6 Investments and marketable securities

a) Summary

	2016 \$	2015 \$
Jewish Foundation of Toronto		
Fixed income investments		
State of Israel bonds	9,325	4,851
Pooled funds	53,738	49,352
	<u>63,063</u>	<u>54,203</u>
Equity investments		
Domestic pooled funds	40,284	28,582
Foreign pooled funds	157,874	118,808
	<u>198,158</u>	<u>147,390</u>
Total marketable securities	261,221	201,593
General and Capital Funds		
State of Israel bonds, government bonds and bank guaranteed investment certificates	180	180
	<u>261,401</u>	<u>201,773</u>

b) 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, 2016, the following contracts were held:

Type	Currency \$	Amount \$	Average exchange rate \$
Forward contracts	US	<u>43,500</u>	1.2914

The comparable amount of contracts outstanding in the prior year was US\$39,000. All contracts held as at June 30, 2016 will come due during the 2017 financial year. The fair value of the contracts is \$1,184 and is included in the Foundation's amounts receivable and sundry assets. In the prior year, the fair value of the contract was a loss of \$1,461 and was 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, 2016

(in thousands of dollars)

7 Property and equipment - General and Capital Funds

	2016		
	Cost \$	Accumulated amortization \$	Net \$
Lebovic Campus (i)			
Land and related acquisition and infrastructure costs	14,053	-	14,053
Building - Kimel Family Education Centre	34,759	7,636	27,123
Building - Community Services Building	87,487	8,949	78,538
	136,299	16,585	119,714
Sherman Campus (ii)			
Land	1,700	-	1,700
Buildings - Lipa Green Centre and Gales Family Pavilion	40,183	11,462	28,721
Capital project development costs	6,552	-	6,552
	48,435	11,462	36,973
Land and building - 750 Spadina Ave. (iii)			
Land	900	-	900
Building	2,555	1,591	964
	3,455	1,591	1,864
Building on leased land - Wolfond Centre (iv)	3,489	1,090	2,399
Land - Simcoe County (v)	1,111	-	1,111
Furniture, fixtures and equipment	10,890	9,610	1,280
	203,679	40,338	163,341
	2015		
	Cost \$	Accumulated amortization \$	Net \$
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
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

United Jewish Welfare Fund of Toronto

Notes to Combined Financial Statements

June 30, 2016

(in thousands of dollars)

	2015		
	Cost \$	Accumulated amortization \$	Net \$
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

- i) 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) 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 Sherman Campus Phase II (proposed new community centre).
- 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 (2015 - \$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 13).
- v) The Organization owns land in Simcoe County, which is licensed for use as a not-for-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.
- vii) During the previous year, the Organization entered into a purchase and sale agreement to sell the Organization's excess lands at the Lebovic Campus for gross 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 during the year. \$2,100 was received subsequent to year-end and is recorded in accounts receivable. The sale of the land resulted in a gain of \$11,505. The transaction closed in December 2015. The net proceeds were used to pay the bank loan (note 8).

United Jewish Welfare Fund of Toronto

Notes to Combined Financial Statements

June 30, 2016

(in thousands of dollars)

8 Bank indebtedness

Bank indebtedness comprises the following:

	2016 \$	2015 \$
Facility I	31,894	45,000
Facility II	2,000	3,000
Facility III	3,804	3,988
Facility IV	3,790	4,036
	<hr/>	<hr/>
	41,488	56,024
Less: Current portion	2,647	21,429
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	38,841	34,595

Facility I is a facility provided by a consortium of banks to fund the construction of Lebovic Campus.

- The facility comprised a construction loan of \$45,000 bearing interest at the prime rate plus 0.75%. On November 13, 2015, the credit agreement was amended, resulting in requirements for monthly repayments of principal and interest based on a 20-year amortization and a five-year term, with the option to enter into hedge contracts.
- In December 2015, after a loan repayment of \$12,450 from the net proceeds from the land sale, the Organization executed a five-year term interest rate swap contract to fix the effective interest cost of \$25,000 of the facility at 4.18% per annum. The contract is effective January 25, 2016, expiring January 25, 2021. The remaining \$6,894 is variable at 2.75% plus floating CDOR. The current effective variable rate is 3.6% per annum.
- The borrower is Lebovic Campus and the guarantor is the Organization; endowment assets of the Foundation and loan of \$8,800 to UJA (note 5) are excluded from any support required for this guarantee.

Facility II 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.

Facility III was established in 2004 (refinanced in 2009) to refinance loans payable by 750 Spadina Ave. The loan bears interest at 5.89%, is repayable in blended monthly payments of \$34, and is repayable in full in September 2019.

Facility IV 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.

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June 30, 2016

(in thousands of dollars)

In addition, the Organization has an available line of credit of \$6,000 which has not been drawn upon and bears interest at prime rate plus 1%. The Prosserman Jewish Community Centre also has a \$1,250 line of credit, bearing interest at the prime rate plus 1.25% and has not been drawn upon. The facility is guaranteed by the Organization.

Of the total indebtedness of \$41,488 (2015 - \$56,024), \$37,698 (2015 - \$51,988) is attributable to property and equipment and \$3,790 (2015 - \$4,036) is attributable to funding of operations. The carrying amount of assets pledged as security is \$158,552 (2015 - \$164,522).

Total indebtedness includes accrued interest of \$11 (2015 - \$11).

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

	Facility I \$	Facility II \$	Facility III \$	Facility IV \$	Total \$
2017	1,198	1,000	196	253	2,647
2018	1,232	1,000	206	265	2,703
2019	1,268	-	220	275	1,763
2020	1,308	-	3,182	2,997	7,487
2021	26,888	-	-	-	26,888
	31,894	2,000	3,804	3,790	41,488

Security for bank indebtedness:

- The Organization's line of credit is secured by a security agreement over receivables of the borrower and a guarantee by UJA of \$16,530 supported by a security interest in all accounts receivable of UJA. The \$16,530 guarantee comprises a line of credit of \$6,000, foreign exchange forward contract exposure of \$9,900, VISA of \$300 and lease line of credit of \$330.
- Facility I 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 of Lebovic Campus (excluding property at 750 Spadina Ave.), and an assignment of pledge receivables of the borrower and guarantor (excluding pledges and assets of the Jewish Foundation, pledges designated for use other than for Lebovic Campus, unrestricted pledges and donations to the extent they are not designated for the project).
- Facility II 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).

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(in thousands of dollars)

- Facilities III and IV are secured by a first position security agreement executed by 750 Spadina Ave., a guarantee of \$7,594 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

	2016 \$	2015 \$
Allocated share of the 2016 United Jewish Appeal Campaign (note 4(a))	37,282	36,377
Designated donations received for distribution in future years	-	4,627
Community centre program and membership fees	3,048	2,772
Rent received for long-term ground lease	624	634
Program gifts and grants received for expenses in future years	2,821	2,803
	<u>43,775</u>	<u>47,213</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.

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

	Pension plans		Supplementary retirement benefits		Total	
	2016 \$	2015 \$	2016 \$	2015 \$	2016 \$	2015 \$
Accrued benefit obligation	(23,530)	(22,857)	(7,946)	(7,673)	(31,476)	(30,530)
Fair value of plan assets - at market	30,216	29,120	-	-	30,216	29,120
Pension obligations	<u>6,686</u>	<u>6,263</u>	<u>(7,946)</u>	<u>(7,673)</u>	<u>(1,260)</u>	<u>(1,410)</u>
Expense	240	296	714	611	954	907
Cash contributions	1,190	859	352	352	1,542	1,211
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 \$415 (2015 - \$315) of pension costs related to United Jewish Appeal of Greater Toronto.

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(in thousands of dollars)

Percentage of plan assets consists of:

	2016 %	2015 %
Equities	51	51
Fixed income	13	12
Cash and short-term deposits	2	2
Balanced funds	34	35
	<hr/>	<hr/>
	100	100

11 Capital project expenses

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

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 ten years is estimated at a maximum of \$2,827. 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, 2016, the Organization has outstanding letters of guarantee amounting to \$1,365 (2015 - \$1,529) 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.

United Jewish Welfare Fund of Toronto

Notes to Combined Financial Statements

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(in thousands of dollars)

13 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:

	\$
2017	53
2018	53
2019	53
2020	58
2021	62
Thereafter	658
	<hr/>
	937
	<hr/>

14 Subsequent events

On July 1, 2016, the Organization completed a corporate restructuring initiative. United Jewish Welfare Fund of Toronto, excluding its Foundation's net assets, merged into United Jewish Appeal of Greater Toronto. Centre for Jewish Campus Life and Haliburton Jewish Community Property merged with Jewish Community Properties of Greater Toronto. Concurrent with the amalgamation, United Jewish Appeal of Greater Toronto has assumed the position of guarantor for the bank indebtedness.