

The Jewish Foundation of Greater Toronto

(formerly United Jewish
Welfare Fund of Toronto)

Financial Statements
June 30, 2017



November 20, 2017

Independent Auditor's Report

To the Members of The Jewish Foundation of Greater Toronto

We have audited the accompanying financial statements of The Jewish Foundation of Greater Toronto, which comprise the statement of financial position as at June 30, 2017 and the statements of revenues and expenditures, changes in fund balances and cash flows for the year then ended, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

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

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of The Jewish Foundation of Greater Toronto as at June 30, 2017 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants

The Jewish Foundation of Greater Toronto

Statement of Financial Position

As at June 30, 2017

(in thousands of dollars)

			2017	2016
			(note 2)	
	Endowment and Restricted Funds \$	Unrestricted Funds \$	Total \$	Total \$
Assets				
Current assets				
Cash and cash equivalents	6,259	58	6,317	8,766
Marketable securities	9,069	85	9,154	20,910
Due from United Jewish Appeal of Greater Toronto	-	-	-	27,466
Amounts receivable and sundry assets (note 6(b))	1,403	11	1,414	6,359
	16,731	154	16,885	63,501
Amounts receivable and sundry assets (note 5)	8,815	-	8,815	10,354
Investments and marketable securities (note 6(a))	303,067	2,824	305,891	261,401
Property and equipment	-	-	-	163,341
	328,613	2,978	331,591	498,597
Liabilities				
Current liabilities				
Bank indebtedness	-	-	-	2,647
Accounts payable, accrued liabilities and unpaid allocations	395	4	399	8,444
Deferred revenue	-	-	-	43,775
	395	4	399	54,866
Bank indebtedness	-	-	-	38,841
Loans payable	-	-	-	8,800
Pension obligations	-	-	-	1,260
	-	-	-	48,901
	395	4	399	103,767
Fund Balances	328,218	2,974	331,192	394,830
	328,613	2,978	331,591	498,597

Approved by the Board of Directors



Director

Director

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

The Jewish Foundation of Greater Toronto

Statement of Revenues and Expenditures

For the year ended June 30, 2017

(in thousands of dollars)

	2017			2016
	(note 2)			
	Endowment and Restricted Funds \$	Unrestricted Funds \$	Total \$	Total \$
Revenues				
Bequests and endowments received	35,355	-	35,355	38,538
Income from investments	4,861	53	4,914	4,307
Share of net proceeds from previous year's campaign of United Jewish Appeal of Greater Toronto	-	-	-	36,377
Community centre operations	-	-	-	16,115
Designated gifts and related income	-	-	-	6,193
Capital project donations	-	-	-	3,962
Government grants	-	-	-	322
Sundry income	-	-	-	4,329
Rental income	-	-	-	4,633
	<u>40,216</u>	<u>53</u>	<u>40,269</u>	<u>114,776</u>
Expenditures				
Allocations, grants and programs (note 4)	20,174	2,301	22,475	44,357
Administrative costs	1,050	37	1,087	6,395
Investment counsel and custodial fees	2,166	29	2,195	1,955
Community centre operations	-	-	-	15,483
Designated grants	-	-	-	6,193
Building operating expenses	-	-	-	7,215
Amortization of property and equipment	-	-	-	4,953
Interest expense	-	-	-	2,206
Capital project expenses	-	-	-	1,418
Catering operations	-	-	-	26
Fundraising	-	-	-	477
	<u>23,390</u>	<u>2,367</u>	<u>25,757</u>	<u>90,678</u>
Excess (deficiency) of revenues over expenditures before undernoted items	16,826	(2,314)	14,512	24,098
Gain on sale of land	-	-	-	11,505
Fair value change in investments	24,920	354	25,274	(2,679)
Excess (deficiency) of revenues over expenditures for the year	<u>41,746</u>	<u>(1,960)</u>	<u>39,786</u>	<u>32,924</u>

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

The Jewish Foundation of Greater Toronto

Statement of Changes in Fund Balances

For the year ended June 30, 2017

(in thousands of dollars)

	Jewish Foundation of Greater Toronto				2017	2016
	General and Capital Funds \$	Endowment and Restricted Funds \$	Unrestricted Funds \$	Subtotal \$	Total \$	Total \$
Fund balance - Beginning of year	103,424	286,472	4,934	291,406	394,830	362,345
Excess (deficiency) of revenues over expenditures for the year	-	41,746	(1,960)	39,786	39,786	32,924
Transfer of fund balances to United Jewish Appeal of Greater Toronto (note 2)	(103,424)	-	-	-	(103,424)	-
Net actuarial loss on pension obligations	-	-	-	-	-	(439)
Fund balance - End of year	-	328,218	2,974	331,192	331,192	394,830

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

The Jewish Foundation of Greater Toronto

Statement of Cash Flows

For the year ended June 30, 2017

(in thousands of dollars)

	2017 \$	2016 \$
Cash provided by (used in)		
Operating activities		
Excess of revenues over expenditures for the year	39,786	32,924
Items not involving cash		
Amortization of property and equipment	-	4,953
Gain on sale of land	-	(11,505)
Fair value change in investments	(25,274)	2,679
	<u>14,512</u>	<u>29,051</u>
Changes in non-cash components of working capital items		
Due from United Jewish Appeal of Greater Toronto	-	(1,711)
Deferred revenue	-	(3,438)
Amounts receivable and sundry assets	1,118	(2,354)
Accounts payable, accrued liabilities and unpaid allocations	279	(3,527)
	<u>1,397</u>	<u>(11,030)</u>
	<u>15,909</u>	<u>18,021</u>
Investing activities		
Net proceeds from land sale	-	14,594
Additions to property and equipment	-	(1,443)
Purchase of investments and marketable securities - net	(12,707)	(29,322)
Transfer of cash to United Jewish Appeal of Greater Toronto (note 2)	(5,651)	-
	<u>(18,358)</u>	<u>(16,171)</u>
Financing activities		
Bank debt repayments	-	(14,536)
Decrease in cash and cash equivalents during the year	(2,449)	(12,686)
Cash and cash equivalents - Beginning of year	8,766	21,452
Cash and cash equivalents - End of year	6,317	8,766
Non-cash transaction (note 2)		

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

The Jewish Foundation of Greater Toronto

Notes to Financial Statements

June 30, 2017

(in thousands of dollars)

1 Purpose of the Organization

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

The Organization is incorporated under the laws of Canada.

2 Basis of financial statement presentation

Effective July 1, 2016, the Organization, previously known as United Jewish Welfare Fund of Toronto (UJWF), completed a corporate restructuring initiative. All of the assets in UJWF, excluding the Organization assets, liabilities and Endowment and Restricted Funds and Unrestricted Funds balances, were transferred to UJAGT.

The total assets and liabilities transferred from UJWF to UJAGT on July 1, 2016 were as follows:

	\$
Assets	
Cash and cash equivalents	5,651
Marketable securities	5,067
Due from UJAGT	27,466
Amounts receivable and sundry assets	5,366
Investments	180
Property and equipment	163,341
	<u>207,071</u>
Liabilities	
Bank indebtedness	41,488
Accounts payable and accrued liabilities	8,324
Deferred revenue	43,775
Loans payable	8,800
Pension obligation	1,260
	<u>103,647</u>
Net assets	<u>103,424</u>

In accordance with Canadian accounting standards for not-for-profit organizations (ASNPO), the comparative figures in these financial statements include all the UJWF assets, liabilities and operations for fiscal 2016.

These financial statements do not include UJAGT, which is also controlled by the membership of UJA Federation of Greater Toronto.

The Jewish Foundation of Greater Toronto

Notes to Financial Statements

June 30, 2017

(in thousands of dollars)

3 Summary of significant accounting policies

Basis of accounting

These financial statements have been prepared in accordance with ASNPO, Part III of the Chartered Professional Accountants of Canada Handbook - Accounting, as issued by the Canadian Accounting Standards Board.

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

Revenue recognition policies

- Revenue recognition

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

- Bequests

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

- The Organization 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 Funds is \$58,714 (2016 - \$58,714) of endowed funds.
- Restricted Funds - The application of these funds is subject to the terms under which they were received: for specific purposes, field of interest or donor recommendation compatible with the Organization's purposes.
- Unrestricted Funds - The application of these funds is at the discretion of the Organization for activities compatible with its purposes.

Marketable securities

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

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Notes to Financial Statements

June 30, 2017

(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 financial statements.

Financial instruments

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

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

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

It is management's opinion that the Organization is not exposed to significant liquidity or credit risk arising from its financial instruments as the risk is mitigated by investing in a diversified portfolio with various investment managers.

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

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 statement of revenues and expenditures. Derivative

The Jewish Foundation of Greater Toronto

Notes to Financial Statements

June 30, 2017

(in thousands of dollars)

financial instruments are subject to standard credit terms and conditions, financial controls, management and risk monitoring procedures.

Use of estimates

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

4 Related party transactions

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

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

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

During the year, the Organization paid \$9,009 (2016 - \$6,783) from donor funds to UJAGT to fulfill donor requests.

5 Amounts receivable and sundry assets

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

	2017	2016
	\$	\$
Loans - UJAGT	7,800	8,800
Interest in charitable remainder trust	880	825
Other	135	5
UJWF General and Capital Funds	-	724
	<hr/>	<hr/>
	8,815	10,354
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The Jewish Foundation of Greater Toronto

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June 30, 2017

(in thousands of dollars)

In addition, the Organization is the beneficiary under various life insurance policies with an aggregate face value of \$22,532 (2016 - \$20,892).

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

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

The related loan payable, included in JWLJCC's financial statements, was transferred to UJAGT as a result of the corporate restructuring initiative (note 2).

	2017 \$	2016 \$
Loan 1	1,000	2,000
Loan 2	3,000	3,000
Loan 3	3,800	3,800
	<hr/> 7,800	<hr/> 8,800

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

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

Loans 2 and 3 are repayable the later of:

- i) receipt of funds from JWLJCC equal to the full amount of the loan; 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.

The Jewish Foundation of Greater Toronto

Notes to Financial Statements

June 30, 2017

(in thousands of dollars)

6 Investments and marketable securities

a) Summary of long-term investments and marketable securities

	2017 \$	2016 \$
Fixed income investments		
State of Israel bonds	10,326	9,325
Pooled funds	58,436	53,738
	<u>68,762</u>	<u>63,063</u>
Equity investments		
Domestic pooled funds	34,375	40,284
Foreign pooled funds	202,754	157,874
	<u>237,129</u>	<u>198,158</u>
Other	305,891	261,221
	<u>-</u>	<u>180</u>
Total long-term investments and marketable securities	<u>305,891</u>	<u>261,401</u>

b) Foreign currency exchange forward 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, 2017, the following contracts were held:

Type	Currency \$	Amount \$	Average exchange rate
Forward contracts	US	<u>38,500</u>	1.2936

The comparable amount of contracts outstanding in the prior year was US\$43,000. All contracts held as at June 30, 2017 will come due during the 2018 financial year. The fair value of the contracts is \$740 (2016 - \$1,184) and is included in the Organization's amounts receivable and sundry assets.

