

# **United Jewish Appeal of Greater Toronto**

Combined Financial Statements  
**June 30, 2020**



## *Independent auditor's report*

To the Directors of United Jewish Appeal of Greater Toronto

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### *Our opinion*

In our opinion, the accompanying combined financial statements present fairly, in all material respects, the financial position of United Jewish Appeal of Greater Toronto and its subsidiaries (together, the Organization) as at June 30, 2020 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, 2020;
- 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 a summary of significant accounting policies.

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### *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.

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

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.

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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.

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### *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

Toronto, Ontario  
November 16, 2020

# United Jewish Appeal of Greater Toronto

## Combined Statement of Financial Position

As at June 30, 2020

(in thousands of dollars)

	2020 \$	2019 \$ (restated – note 4)
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	33,528	18,393
Marketable securities	4,387	3,992
Amounts receivable and sundry assets (note 6)	6,619	6,915
	<u>44,534</u>	<u>29,300</u>
<b>Amounts receivable and sundry assets</b> (note 6)	542	671
<b>Investments</b>	4,016	5,106
<b>Property and equipment</b> (note 7)	201,230	186,635
	<u>250,322</u>	<u>221,712</u>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Bank indebtedness (note 10)	18,334	7,495
Accounts payable and accrued liabilities	11,816	10,143
Allocations payable to UIA (note 8)	3,262	2,568
Deferred revenue (note 9)	33,981	15,630
	<u>67,393</u>	<u>35,836</u>
<b>Accounts payable and accrued liabilities</b>	-	2,908
<b>Bank indebtedness</b> (note 10)	13,097	24,771
<b>Loans payable</b> (note 5(a))	7,800	7,800
<b>Post retirement benefits</b> (note 11)	2,664	1,174
	<u>90,954</u>	<u>72,489</u>
<b>Fund Balances</b>		
<b>Operating Fund</b>	12,685	10,033
<b>Real Estate Operations</b>	3,324	3,930
<b>Community Centre Operations</b>	(515)	10
<b>Capital Projects</b>	135,995	127,664
<b>Capital Reserve Fund</b>	7,879	7,586
	<u>159,368</u>	<u>149,223</u>
	<u>250,322</u>	<u>221,712</u>
<b>Contingencies and commitments</b> (notes 7(ii), 12 and 14)		

### Approved by the Board of Directors

DocuSigned by:



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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, 2020

(in thousands of dollars)

						2020	2019
	Operating Fund \$	Real Estate Operations \$	Community Centre Operations \$	Capital Projects \$	Capital Reserve Fund \$	Total \$	Total \$ (restated – note 4)
<b>Revenue</b>							
Annual campaign revenue	60,144	-	-	-	-	60,144	60,539
Designated gifts and related income	31,368	-	-	-	-	31,368	29,144
Community centre operations	-	-	14,378	-	-	14,378	18,644
Capital project donations	-	-	-	14,016	-	14,016	10,780
Government grants	25	18	1,983	454	-	2,480	7,714
Sundry income	6,866	373	-	49	-	7,288	7,481
Rental income	-	3,938	-	-	-	3,938	4,840
Foundation administration fee recovery	1,462	-	-	-	-	1,462	1,439
Targeted supplementary gifts	2,366	-	-	-	-	2,366	1,208
Corporate partner revenue	665	-	-	-	-	665	940
Interest income	-	96	-	-	-	96	73
	102,896	4,425	16,361	14,519	-	138,201	142,802
<b>Expenditures</b>							
Allocations, grants and programs	43,479	25	-	-	-	43,504	42,241
Designated grants and related expenses	31,368	-	-	-	-	31,368	29,179
Community centre operations expenses	-	-	18,746	-	-	18,746	21,527
Administrative costs	11,153	2	-	10	-	11,165	11,583
Annual campaign expenses	6,955	-	-	-	-	6,955	7,128
Amortization of property and equipment	3	143	207	4,704	-	5,057	4,597
Building operating expenses	-	4,436	-	-	-	4,436	3,851
Strategic plan costs	1,039	-	-	-	-	1,039	1,715
Interest expense	-	213	-	1,036	-	1,249	1,713
Foundation administration costs	1,542	-	-	-	-	1,542	1,546
Capital project expenses	149	-	-	438	-	587	743
Credit card transaction fees	583	-	-	-	-	583	392
	96,271	4,819	18,953	6,188	-	126,231	126,215

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, 2020

(in thousands of dollars)

						2020	2019
	Operating Fund \$	Real Estate Operations \$	Community Centre Operations \$	Capital Projects \$	Capital Reserve Fund \$	Total \$	Total \$ (restated – note 4)
<b>Excess (deficiency) of revenue over expenditures before undernoted item</b>	6,625	(394)	(2,592)	8,331	-	11,970	16,587
<b>Fair value change in investments</b>	-	81	-	-	-	81	152
<b>Excess (deficiency) of revenue over expenditures for the year</b>	6,625	(313)	(2,592)	8,331	-	12,051	16,739
<b>Fund balance – Beginning of year</b>	10,033	3,930	10	127,664	7,586	149,223	134,405
<b>Net actuarial loss on post retirement benefits</b>	(1,906)	-	-	-	-	(1,906)	(1,921)
<b>Interfund transfers (note 13)</b>	(2,067)	(293)	2,067	-	293	-	-
<b>Fund balance – End of year</b>	12,685	3,324	(515)	135,995	7,879	159,368	149,223

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, 2020

(in thousands of dollars)

	2020 \$	2019 \$ (restated – note 4)
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
Excess of revenue over expenditures for the year	12,051	16,739
Items not involving cash		
Amortization of property and equipment	5,057	4,597
Fair value change in investments	(81)	(152)
Accrued interest income	(6)	-
Reinvested investment income	(72)	(56)
Post retirement benefits	(416)	(677)
Donated securities	(111)	(1,140)
Changes in non-cash working capital items		
Amounts receivable and sundry assets	425	(1,316)
Accounts payable and accrued liabilities	(2,917)	1,039
Deferred revenue	18,351	5,478
Allocations payable to UIA	694	544
	<u>32,975</u>	<u>25,056</u>
<b>Investing activities</b>		
Purchases of property and equipment	(17,970)	(20,964)
Purchases of marketable securities and investments	(4,095)	(4,711)
Proceeds from sale of marketable securities and investments	5,060	3,645
	<u>(17,005)</u>	<u>(22,030)</u>
<b>Financing activities</b>		
Proceeds received from bank indebtedness	10,276	-
Repayments of bank indebtedness	(11,111)	(1,766)
	(835)	(1,766)
<b>Increase in cash and cash equivalents during the year</b>	15,135	1,260
<b>Cash and cash equivalents – Beginning of year</b>	18,393	17,133
<b>Cash and cash equivalents – End of year</b>	<u>33,528</u>	<u>18,393</u>
<b>Non-cash item</b>		
Purchases of property and equipment included in accounts payable and accrued liabilities	1,682	2,908

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



# United Jewish Appeal of Greater Toronto

## Notes to Combined Financial Statements

June 30, 2020

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(in thousands of dollars)

### 1 Purpose of the Organization

United Jewish Appeal of Greater 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.

### 2 Basis of combined financial statement presentation

The Organization operates through a number of incorporated entities controlled by the membership of UJA. 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
- Prosserman Jewish Community Centre
- Schwartz/Reisman Centre
- 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

These combined financial statements do not include the Foundation, which is also controlled by the membership of UJA, or 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. The Organization decided to collapse the Annual Campaign Fund into this fund due to the change in accounting policy (note 4).

- Real Estate Operations Fund

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

# United Jewish Appeal of Greater Toronto

## Notes to Combined Financial Statements

June 30, 2020

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(in thousands of dollars)

- Community Centre Operations Fund

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

- 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.

- 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 (note 4). 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.

# United Jewish Appeal of Greater Toronto

## Notes to Combined Financial Statements

June 30, 2020

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(in thousands of dollars)

- **Community Centre operations**

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 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.

### **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 comprised of 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.

# United Jewish Appeal of Greater Toronto

## Notes to Combined Financial Statements

June 30, 2020

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(in thousands of dollars)

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.

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. 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 in the combined statement of revenue, expenditures and changes in fund balances and consist of realized and unrealized gains (losses) on financial instruments. Financial assets are tested for impairment at the end of each reporting period when there are indicators the assets may be impaired.

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

Unless otherwise noted, it is management's opinion that the Organization is not exposed to significant 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

# United Jewish Appeal of Greater Toronto

## Notes to Combined Financial Statements

June 30, 2020

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(in thousands of dollars)

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

### **Change in accounting policies**

Effective July 1, 2019, the Organization adopted the new standards of the CPA Canada Handbook, Part III – ASNPO, Section 4433 – Tangible Capital Assets Held by Not-for-Profit Organizations (Section 4433), Section 4432 – Intangible Assets Held by Not-for-Profit Organization and Section 4441 – Collections Held by Not-for-Profit Organizations.

The adoption of Section 4433 resulted in a change to the Organization's accounting policies with respect to componentization and amortization of tangible capital assets. The cost of tangible capital assets made up of significant separable component parts is now allocated to the component parts when practicable and when estimates can be made of the estimated useful lives of the separate components.

In accordance with transitional provisions in Section 4433, the cost and related accumulated amortization of those tangible capital assets identified as having significant separable components were allocated to their component parts as at July 1, 2019, based on the proportional value of their original cost at the date the assets were acquired. Estimates of the useful lives of the components were made and applied on a prospective basis.

# United Jewish Appeal of Greater Toronto

## Notes to Combined Financial Statements

June 30, 2020

(in thousands of dollars)

### 4 Restatement due to change in accounting policy

Effective July 1, 2019, the Organization has changed its revenue recognition accounting policy from accounting for annual campaign pledges to recording annual campaign revenue when received in order to reduce the estimation risk relating to recording annual campaign pledge revenue. As a result of the change in accounting policy, the prior year balances have been retroactively restated. The Organization's comparative figures have been restated as follows:

	As previously stated \$	Increase (decrease) \$	As restated \$
Combined statement of financial position			
Pledges receivable	30,410	(30,410)	-
Amounts receivable and sundry assets	7,015	(100)	6,915
Operating Fund	(2,289)	12,322	10,033
Annual Campaign Fund	42,832	(42,832)	-
Combined statement of revenue, expenditures and changes in fund balances			
Annual campaign revenue	61,004	(465)	60,539
Provision for doubtful pledges	1,000	(1,000)	-
Excess of revenue over expenditures before undernoted items	16,052	535	16,587
Excess of revenue over expenditures	16,204	535	16,739
Combined statement of cash flows			
Campaign pledges receivable	535	(535)	-
Excess of revenue over expenditures	16,204	535	16,739

### 5 Related party balances and transactions

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

- a) 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 II loan (note 10). The remaining loan of \$4,000 consists of two tranches (Loans 1 and 2) as noted below.

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

The Organization and the Foundation are both under common control by the membership of UJA.

	2020 \$	2019 \$
Loan 1	1,000	1,000
Loan 2	3,000	3,000
Loan 3	3,800	3,800
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	7,800	7,800
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# United Jewish Appeal of Greater Toronto

## Notes to Combined Financial Statements

June 30, 2020

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(in thousands of dollars)

All loans are unsecured. Loans 1 and 2 bear interest at 6% per annum, calculated and compounded quarterly. Effective July 1, 2019, all loans are 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 \$13,517 (2019 – \$12,609) from the Foundation’s donor funds to fulfill donor requests and distributed \$6,679 (2019 – \$2,682) designated grants to the Foundation.
- c) The Organization has the right to appoint 50% of the board of directors of Toronto Hebrew Memorial Park (THMP), and as a result, it has significant influence over THMP. 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 \$60 (2019 – \$41).

### 6 Amounts receivable and sundry assets

Included in amounts receivable and sundry assets is a loan of \$285 (2019 – \$389) 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 2021 of \$nil (2019 – \$100) is included in current assets; the remaining balance amounting to \$285 (2019 – \$289) is included in long-term amounts receivable and sundry assets.

# United Jewish Appeal of Greater Toronto

## Notes to Combined Financial Statements

June 30, 2020

(in thousands of dollars)

### 7 Property and equipment

	<b>2020</b>		
	<b>Cost</b>	<b>Accumulated</b>	<b>Net</b>
	<b>\$</b>	<b>amortization</b>	<b>\$</b>
		<b>\$</b>	
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
	<u>136,765</u>	<u>29,426</u>	<u>107,339</u>
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
	<u>102,538</u>	<u>15,264</u>	<u>87,274</u>
750 Spadina Ave. (iii)			
Land	900	-	900
Building	2,556	1,795	761
	<u>3,456</u>	<u>1,795</u>	<u>1,661</u>
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	13,462	11,692	1,770
	<u>18,089</u>	<u>13,133</u>	<u>4,956</u>
	<u>260,848</u>	<u>59,618</u>	<u>201,230</u>



# United Jewish Appeal of Greater Toronto

## Notes to Combined Financial Statements

June 30, 2020

(in thousands of dollars)

	2019		
	Cost \$	Accumulated amortization \$	Net \$
Lebovic Campus (i)			
Land and related acquisition and infrastructure costs	14,272	-	14,272
Buildings			
Kimel Family Education Centre	34,771	10,259	24,512
Community Services Building	87,651	15,690	71,961
	136,694	25,949	110,745
Sherman Campus (ii)			
Land	1,700	-	1,700
Buildings			
Lipa Green Centre	28,485	10,772	17,713
Gales Family Pavilion	12,653	3,462	9,191
Capital project development costs	41,213	-	41,213
	84,051	14,234	69,817
750 Spadina Ave. (iii)			
Land	900	-	900
Building	2,556	1,744	812
	3,456	1,744	1,712
Building on leased land – Wolfond Centre (iv)	3,513	1,353	2,160
Land – Simcoe County (v)	1,111	-	1,111
Furniture, fixtures and equipment	12,371	11,281	1,090
	16,995	12,634	4,361
	241,196	54,561	186,635

- i) Lebovic Campus represents the costs of JWLJCC, comprising land and infrastructure costs, Kimel Family Education Centre and the Community Services Building.
- 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 2021. The remaining balance of committed construction costs is \$3,237.
- 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).

# United Jewish Appeal of Greater Toronto

## Notes to Combined Financial Statements

June 30, 2020

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(in thousands of dollars)

- 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).

	2020 \$	2019 \$
Balance – Beginning of year	2,568	2,024
Net proceeds of campaigns	12,612	12,694
Distributions during the year	(11,918)	(12,150)
Balance – End of year	<u>3,262</u>	<u>2,568</u>

### 9 Deferred revenue

	2020 \$	2019 \$
Annual campaign gifts received in advance	19,073	866
Designated donations received for distribution in future years	4,115	6,342
Community centre program and membership fees	3,554	3,294
Rent received for long-term ground lease	683	673
Program gifts and grants received for expenses in future years	6,556	4,455
	<u>33,981</u>	<u>15,630</u>

### 10 Bank indebtedness

Bank indebtedness comprises the following:

	2020 \$	2019 \$
Facility I	17,791	26,095
Facility II	5,649	6,171
Facility III	7,991	-
	<u>31,431</u>	<u>32,266</u>
Less: Current portion	18,334	7,495
	<u>13,097</u>	<u>24,771</u>

# United Jewish Appeal of Greater Toronto

## Notes to Combined Financial Statements

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(in thousands of dollars)

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

- The facility requires 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, 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 was effective January 25, 2016, expiring on January 25, 2021. The remaining balance is variable at 2.75% plus floating CDOR. 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.
- The borrower is Lebovic Campus and the guarantor is the Organization.

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 converts 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).

# United Jewish Appeal of Greater Toronto

## Notes to Combined Financial Statements

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(in thousands of dollars)

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%. Prosserman Jewish Community Centre also has a \$1,250 line of credit, bearing interest at the prime rate plus 1.25%, which has not been drawn on. The facility is guaranteed by the Organization.

Of the total indebtedness of \$31,431 (2019 – \$32,266), \$28,699 (2019 – \$29,274) is attributable to property and equipment and \$2,732 (2019 – \$2,992) is attributable to the funding of operations. The carrying amount of assets pledged as security is \$174,585 (2019 – \$161,653).

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

	Facility I \$	Facility II \$	Facility III \$	Total \$
2021	17,791	543	-	18,334
2022	-	559	-	559
2023	-	577	7,991	8,568
2024	-	594	-	594
2025	-	3,376	-	3,376
	<u>17,791</u>	<u>5,649</u>	<u>7,991</u>	<u>31,431</u>

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.

### 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.

# United Jewish Appeal of Greater Toronto

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

	Pension plans		Supplementary retirement benefits		Total	
	2020 \$	2019 \$	2020 \$	2019 \$	2020 \$	2019 \$
Accrued benefit obligation	(30,415)	(29,622)	(8,558)	(8,425)	(38,973)	(38,047)
Fair value of plan assets	36,309	36,873	-	-	36,309	36,873
Post retirement benefits liability	5,894	7,251	(8,558)	(8,425)	(2,664)	(1,174)
Expense	326	190	538	488	864	678
Cash contributions	754	828	525	527	1,279	1,355
Discount rate	5.70%	5.90%	5.70%	5.90%		
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:

	2020 %	2019 %
Equities	37	41
Fixed income	21	16
Cash and short-term deposits	6	9
Balanced funds	36	34
	<u>100</u>	<u>100</u>

## 12 Contingent liabilities

- 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 \$705. 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.

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(in thousands of dollars)

- b) As at June 30, 2020, the Organization has outstanding letters of guarantee amounting to \$2,676 (2019 – \$3,498) 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 \$2,067 (2019 – \$2,212) from the Operating Fund to the Community Centre is to fund community centre operations and programs, which was approved by the Board of Directors.

The interfund transfer of \$293 (2019 – \$1,328) 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:

	\$
2021	62
2022	62
2023	62
2024	62
2025	67
Thereafter	405
	<hr/>
	720
	<hr/>

### 15 Impact of COVID-19

In March 2020, the World Health Organization declared the novel coronavirus (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. Global equity markets have experienced significant volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. There is uncertainty as to the likely effects of this outbreak which, among other things, may cause a decrease in rental and membership income at our community centres and lower event revenue as a result of government mandated social distancing measures. Given the rapidly evolving situation, it is not possible to predict the duration of the outbreak's disruption and the extent of the financial impact, which could be material, on the future combined financial statements.

# United Jewish Appeal of Greater Toronto

## Notes to Combined Financial Statements

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(in thousands of dollars)

### **16 Comparative figures**

To conform to the current year's financial statement presentation, the prior year property and equipment and accounts payable and accrued liabilities balances were increased by \$2,908.