

United Jewish Appeal of Greater Toronto

Financial Statements
June 30, 2010

December 9, 2010

Auditors' Report

To the Members of United Jewish Appeal of Greater Toronto

We have audited the balance sheet of **United Jewish Appeal of Greater Toronto** as at June 30, 2010 and the statements of net proceeds available for allocation to beneficiaries and net assets and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the **United Jewish Appeal of Greater Toronto** as at June 30, 2010 and its net assets and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

PricewaterhouseCoopers LLP
Chartered Accountants, Licensed Public Accountants

United Jewish Appeal of Greater Toronto

Balance Sheet

As at June 30, 2010

(in thousands of dollars)

	2010 \$	2009 \$
Assets		
Cash and cash equivalents	292	359
Campaign pledges receivable - net (notes 3 and 5)	36,142	37,752
Sundry assets	1,352	1,205
	<u>37,786</u>	<u>39,316</u>
Liabilities		
Accounts payable, accrued liabilities and pledge payments received in advance (note 4)	<u>2,957</u>	<u>3,385</u>
Allocations payable - non-interest bearing (note 7)		
United Jewish Welfare Fund of Toronto	27,683	31,889
United Israel Appeal of Canada Inc.	<u>7,146</u>	<u>3,042</u>
	34,829	34,931
Net Assets	<u>-</u>	<u>1,000</u>
	<u>34,829</u>	<u>35,931</u>
	<u>37,786</u>	<u>39,316</u>

Approved by the Board of Directors

_____ Director

_____ Director

United Jewish Appeal of Greater Toronto

Statement of Net Proceeds for Allocation to Beneficiaries and Net Assets

For the year ended June 30, 2010

(in thousands of dollars)

	2010	2009
	\$	\$
Revenue	67,517	65,816
Expenses		
Campaign	7,045	7,822
Provision for doubtful pledges	1,959	2,342
Change in fair value of campaign pledges recoverable	(57)	(352)
	<u>8,947</u>	<u>9,812</u>
Net campaign proceeds	58,570	56,004
Allocated	(59,570)	(55,004)
Net assets - Beginning of year	<u>1,000</u>	-
Net assets - End of year	<u>-</u>	<u>1,000</u>

United Jewish Appeal of Greater Toronto

Statement of Cash Flows

For the year ended June 30, 2010

(in thousands of dollars)

	2010 \$	2009 \$
Cash provided by (used in)		
Operating activities		
Net proceeds of campaigns	59,570	56,004
Net change in campaign pledges receivable	1,610	(3,039)
Net change in other assets and liabilities	(1,575)	283
	<hr/> 59,605	<hr/> 53,248
Distributions		
United Jewish Welfare Fund of Toronto - operations and development fund	(32,223)	(32,854)
United Israel Appeal of Canada Inc.	(27,449)	(20,191)
	<hr/> (59,672)	<hr/> (53,045)
Increase (decrease) in cash and cash equivalents during the year	(67)	203
Cash and cash equivalents - Beginning of year	<hr/> 359	<hr/> 156
Cash and cash equivalents - End of year	<hr/> <hr/> 292	<hr/> <hr/> 359
Cash and cash equivalents are comprised of		
Cash	175	257
State of Israel bonds	117	102
	<hr/> 292	<hr/> 359

United Jewish Appeal of Greater Toronto

Notes to Financial Statements

June 30, 2010

(in thousands of dollars)

1 Purpose of the Organization

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

2 Summary of significant accounting policies

Revenue recognition

The Organization follows the restricted fund method of accounting. Campaign revenue is recognized on an accrual basis when a pledge is received. Education mission revenue is recognized when received or receivable in the year in which the related expenses are recognized.

Allocation of net proceeds

The net proceeds from the annual campaign of the Organization are allocated between the UJWF and the United Israel Appeal of Canada Inc., in accordance with approved budgets.

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

Financial assets and financial liabilities are initially recognized at fair value and their subsequent measurement is dependent on their classification as described below. The classification depends on the purpose for which the financial instruments were acquired or issued, their characteristics and the Organization's designation of such instruments. The accounting standards require that all financial assets be classified as held-for-trading (HFT), available-for-sale (AFS), held-to-maturity (HTM) or loans and receivables (LR). Financial liabilities should be classified as HFT or as other liabilities (OL).

The following is a summary of the accounting model the Organization has elected to apply to each of its significant categories of financial instruments outstanding:

Assets/liabilities	Category	Measurement
Cash and cash equivalents	HFT	fair value
Campaign pledges receivable	HFT	fair value
Sundry assets	LR	amortized cost
Accounts payable, accrued liabilities and pledge payments received in advance	OL	amortized cost
Allocations payable	OL	amortized cost

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(in thousands of dollars)

Interest earned or accrued, gains and losses realized on disposal and unrealized gains and losses for changes in fair value are included in income (loss) from securities. Transaction costs are expensed as incurred.

Use of estimates

Financial statements prepared in conformity with Canadian generally accepted accounting principles require management to make estimates and assumptions about reported assets and liabilities, the disclosure of contingent assets and liabilities, and the reported amounts of revenues and expenses. Management must also make estimates and judgments about future results of operations related to specific elements of the Organization in assessing the recoverability of assets and the recorded values of liabilities. Actual results could differ from those estimates.

Changes in accounting policy

- Section 4400, Financial Statement Presentation By Not-for-Profit Organizations

Effective July 1, 2009, the Organization adopted retrospectively the changes to the recommendations in The Canadian Institute of Chartered Accountants Handbook Section 4400, Financial Statement Presentation By Not-for-Profit Organizations, that includes the option to eliminate the requirement to separately disclose the amount of fund balances invested in capital assets, as well as the requirement to recognize revenues and expenses at their gross amounts when the Organization is acting as a principal in the transactions. The Organization has historically chosen to report sponsorship income, other expense recoveries and education mission revenues and expenses at their net amount in the Statement of Net Proceeds for Allocation to Beneficiaries and Net Assets. The requirement to report these figures at their gross amounts has resulted in gross revenue of \$1,760 and expenses of \$658 being reported separately, representing an increase in both revenues and expenses of \$1,760 in fiscal 2009.

3 Campaign pledges receivable - net

	2010	2009
	\$	\$
Face value		
Current campaign	27,658	30,705
Prior year campaign	5,911	5,037
Previous campaigns	3,006	2,500
Fair value adjustment	(433)	(490)
	36,142	37,752

United Jewish Appeal of Greater Toronto

Notes to Financial Statements

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(in thousands of dollars)

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

	2010 \$	2009 \$
Accounts payable and accrued liabilities	1,147	1,407
Pledge payments received in advance	1,810	1,978
	2,957	3,385

5 Contingent liabilities

Assignment of campaign pledges receivable

The Organization has provided a guarantee of certain debts and liabilities owing by the UJWF to the Royal Bank of Canada and TD Canada Trust, limited to \$3,600 and \$9,732, respectively, supported by a security interest in all present and future intangible assets owned by the Organization including, but not limited to, all campaign pledges receivable. As at June 30, 2010, the amount owing by UJWF is \$1,310 (2009 - \$1,400) and \$9,732 (2009 - \$4,918), respectively.

Subsequent to the year-end, the Organization's guarantee to the Royal Bank of Canada was increased to a maximum of \$13,200 including a line of credit of \$6,000 and foreign exchange forward contract exposure of \$6,000.

6 Related party transaction

Included in campaign expenses is \$4,571 (2009 - \$5,703), which has been paid by the UJWF on behalf of the Organization.

7 Allocations payable

	United Jewish Welfare Fund of Toronto		United Israel Appeal of Canada Inc.	
	2010 \$	2009 \$	2010 \$	2009 \$
Annual campaign				
Balance - Beginning of year	31,889	30,490	3,042	2,482
Net proceeds of campaigns	28,017	34,252	31,553	20,751
	59,906	64,742	34,595	23,233
Deduct: Distributions during the year	32,223	32,853	27,449	20,191
	27,683	31,889	7,146	3,042

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(in thousands of dollars)

8 Management of capital

In managing capital, the Organization focuses on liquid resources available for operations. The Organization's objective is to have sufficient liquid resources to continue to operate despite adverse events with financial consequences and to provide it with the flexibility to take advantage of opportunities that will advance its purposes. The need for sufficient resources is considered in the preparation of an annual budget and in the monitoring of cash flows and actual operating results compared to budget. As at June 30, 2010, the Organization has met its objective in having sufficient resources to meet its current obligations.

9 Comparative figures

Certain comparative figures have been reclassified to conform to the current year's financial statement presentation.