

**United Jewish Welfare Fund of
Toronto**

Combined Financial Statements
June 30, 2010

November 5, 2010

Auditors' Report

To the Members of United Jewish Welfare Fund of Toronto

We have audited the combined balance sheet of **United Jewish Welfare Fund of Toronto** as at June 30, 2010 and the combined statements of revenues, expenditures and net assets, changes in 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 combined financial statements present fairly, in all material respects, the financial position of the Organization as at June 30, 2010 and the results of its operations 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 Welfare Fund of Toronto

Combined Balance Sheet

As at June 30, 2010 (note 3)

(in thousands of dollars)

| | 2010 \$ | 2009 \$ (restated - note 4) |
|---|---------------|--------------------------------------|
| Assets | | |
| Current assets | | |
| Cash and money market securities | 45,341 | 29,008 |
| Marketable securities | 572 | 2,240 |
| Due from United Jewish Appeal of Greater Toronto - non-interest bearing (note 5(a)) | 27,683 | 31,889 |
| Amounts receivable and sundry assets (note 6) | 8,457 | 13,963 |
| | <hr/> 82,053 | <hr/> 77,100 |
| Amounts receivable and sundry assets (note 6) | 1,195 | 1,086 |
| Investments and marketable securities (note 7) | 168,289 | 169,863 |
| Property and equipment (note 8) | 126,556 | 110,344 |
| | <hr/> 378,093 | <hr/> 358,393 |
| Liabilities | | |
| Current liabilities | | |
| Bank indebtedness (note 9) | 7,684 | 9,865 |
| Accounts payable, accrued liabilities and unpaid allocations (note 10) | 14,941 | 20,988 |
| Deferred revenue (note 11) | 40,203 | 41,318 |
| | <hr/> 62,828 | <hr/> 72,171 |
| Bank indebtedness (note 9) | 38,358 | 22,535 |
| Pension and supplementary retirement benefit obligations (note 12) | 5,782 | 5,594 |
| | <hr/> 44,140 | <hr/> 28,129 |
| | 106,968 | 100,300 |
| Net Assets | <hr/> 271,125 | <hr/> 258,093 |
| | <hr/> 378,093 | <hr/> 358,393 |

Approved by the Board of Directors

_____ Director

_____ Director

United Jewish Welfare Fund of Toronto
Combined Statement of Revenues, Expenditures and Net Assets
For the year ended June 30, 2010 (note 3)

(in thousands of dollars)

| | 2010 | 2009 |
|---|---------------------|------------------------|
| | \$ | \$ |
| | | (restated - note 4) |
| Revenues | | |
| Share of net proceeds from previous year's campaign of the United Jewish Appeal of Greater Toronto | 34,252 | 40,376 |
| Income (loss) from securities (note 13) | 15,693 | (17,221) |
| Sherman Campus donations | 11,352 | 6,606 |
| Lebovic Campus donations | 9,062 | 5,498 |
| Designated gifts and related income | 6,479 | 7,177 |
| Bequests and endowments received | 5,645 | 2,950 |
| Community centre operations | 3,294 | 40 |
| Rental income | 2,638 | 2,215 |
| Sundry income | 347 | 1,552 |
| | <hr/> 88,762 | <hr/> 49,193 |
| Expenditures | | |
| Allocations and grants | 40,437 | 39,308 |
| Designated grants | 6,479 | 7,177 |
| Administrative costs | 6,418 | 8,702 |
| Property and equipment amortization (note 8(ii)) | 4,838 | 2,175 |
| Community centre operations | 4,536 | 231 |
| Building operating expenses | 4,175 | 2,814 |
| Capital projects expenses (note 15) | 2,741 | 1,878 |
| Educational program and operating expenses | 2,065 | 4,217 |
| Fundraising expenses | 1,865 | 1,839 |
| Interest expense (note 14) | 1,213 | 857 |
| Investment counsel and custodial fees | 963 | 856 |
| | <hr/> 75,730 | <hr/> 70,054 |
| Excess of revenues over expenditures (expenditures over revenues) for the year | 13,032 | (20,861) |
| Net assets - Beginning of year | <hr/> 258,093 | <hr/> 278,954 |
| Net assets - End of year | <hr/> <hr/> 271,125 | <hr/> <hr/> 258,093 |

United Jewish Welfare Fund of Toronto

Combined Statement of Changes in Net Assets

For the year ended June 30, 2010

(in thousands of dollars)

2010

General and Capital Funds

| | Unrestricted General \$ | Sherman Campus \$ | Lebovic Campus \$ | Community Centres \$ | Wolfond Centre \$ | Centre for Jewish Education \$ | 750 Spadina Ave. Association \$ | Subtotal \$ |
|--|-------------------------------|-------------------------|-------------------------|----------------------------|-------------------------|---|---|----------------|
| Net assets - Beginning of year | 138 | 18,616 | 57,276 | - | 3,607 | 417 | 938 | 80,992 |
| Prior year adjustment (note 4) | - | (5,291) | (3,867) | - | - | - | - | (9,158) |
| | 138 | 13,325 | 53,409 | - | 3,607 | 417 | 938 | 71,834 |
| Excess of revenues over expenditures (expenditures over revenues) for the year | (332) | 278 | 6,715 | (686) | (129) | - | (4,541) | 1,305 |
| Interfund transfers (note 18) | 3,845 | (3,003) | - | 686 | - | (417) | - | 1,111 |
| Net assets - End of year | 3,651 | 10,600 | 60,124 | - | 3,478 | - | (3,603) | 74,250 |

United Jewish Welfare Fund of Toronto

Combined Statement of Changes in Net Assets ...continued

For the year ended June 30, 2010

(in thousands of dollars)

| | | | | | | 2010 | 2009 |
|--|--------------------------------------|---------------------------|-----------------------------|-------|----------------|-------------|---------------------------------------|
| General and Capital Funds subtotal \$ | Jewish Foundation of Greater Toronto | | | | Subtotal \$ | Total \$ | Total \$ (restated - note 4) |
| | Endowment Fund \$ | Restricted Funds \$ | Unrestricted Funds \$ | | | | |
| Net assets - Beginning of year | 80,992 | 58,714 | 119,465 | 8,080 | 186,259 | 267,251 | 286,342 |
| Prior year adjustment (note 4) | (9,158) | - | - | - | - | (9,158) | (7,388) |
| | 71,834 | 58,714 | 119,465 | 8,080 | 186,259 | 258,093 | 278,954 |
| Excess of revenues over expenditures (expenditures over revenues) for the year | 1,305 | - | 11,918 | (191) | 11,727 | 13,032 | (20,861) |
| Interfund transfers (note 18) | 1,111 | - | (1,111) | - | (1,111) | - | - |
| Net assets - End of year | 74,250 | 58,714 | 130,272 | 7,889 | 196,875 | 271,125 | 258,093 |

United Jewish Welfare Fund of Toronto

Combined Statement of Cash Flows

For the year ended June 30, 2010 (note 3)

(in thousands of dollars)

| | 2010 \$ | 2009 \$ (restated - note 4) |
|--|----------------|--------------------------------------|
| Cash provided by (used in) | | |
| Operating activities | | |
| Bequests and endowments received | 5,645 | 2,950 |
| Cash from UJA campaign | 32,222 | 32,854 |
| Cash from designated gifts | 10,770 | 7,803 |
| Other income | 2,985 | 3,761 |
| Grants, allocations, program and operating expenses | (67,232) | (59,023) |
| Decrease in amounts receivable and sundry assets | 4,786 | 2,008 |
| Income from securities | 4,978 | 1,087 |
| Amount received on behalf of outside agency | - | 625 |
| | <u>(5,846)</u> | <u>(7,935)</u> |
| Investing activities | | |
| Capital project donations | 20,414 | 12,109 |
| Expenditure on property and equipment | (23,839) | (24,189) |
| Investments and marketable securities | 13,175 | (7,841) |
| | <u>9,750</u> | <u>(19,921)</u> |
| Financing activities | | |
| Bank borrowings - net (note 9) | 13,642 | 6,651 |
| Interest expense (note 14) | (1,213) | (857) |
| | <u>12,429</u> | <u>5,794</u> |
| Increase (decrease) in cash and money market securities during the year | 16,333 | (22,062) |
| Cash and money market securities - Beginning of year | 29,008 | 51,070 |
| Cash and money market securities - End of year | <u>45,341</u> | <u>29,008</u> |
| Cash and money market securities comprise | | |
| Cash | 31,312 | 14,793 |
| Money market securities | 14,029 | 14,215 |
| | <u>45,341</u> | <u>29,008</u> |

United Jewish Welfare Fund of Toronto

Notes to Combined Financial Statements

June 30, 2010

(in thousands of dollars)

1 Purpose of the Organization

The 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 and to the perpetuation of the community's identification with the State of Israel. Together with the United Jewish Appeal of Greater Toronto, the Organization operates as UJA Federation of Greater Toronto.

2 Basis of financial statement presentation

The Organization operates through a number of incorporated entities controlled by the membership of the UJA Federation of Greater Toronto. These 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 (formerly 4588 Bathurst);
- 750 Spadina Ave. Association;
- Centre for Jewish Campus Life;
- Jewish Community Properties of Greater Toronto; and
- Prosserman Jewish Community Centre (commenced operations in July 2009).

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:

The General and Capital Funds
Unrestricted General
Capital
 Sherman Campus
 Lebovic Campus
 Wolfond Centre for Jewish Campus Life
Centre for Jewish Education
750 Spadina Ave. Association
Community Centres

United Jewish Welfare Fund of Toronto

Notes to Combined Financial Statements

June 30, 2010

(in thousands of dollars)

Jewish Foundation of Greater Toronto
Endowment Fund
Restricted Funds
Unrestricted Funds

3 Financial statement detail

The combined financial statements comprise the following:

Combined Balance Sheet

As at June 30, 2010

| | Jewish Foundation of Greater Toronto | | | | | 2010 | 2009 |
|--|--------------------------------------|---------------------|-----------------------|----------|----------|---------------------|---------|
| General and Capital Funds \$ | Endowment Fund \$ | Restricted Funds \$ | Unrestricted Funds \$ | Total \$ | Total \$ | Total \$ | |
| | | | | | | (restated - note 4) | |
| Assets | | | | | | | |
| Current assets | | | | | | | |
| Cash and money market securities | 16,753 | 7,206 | 20,436 | 946 | 28,588 | 45,341 | 29,008 |
| Marketable securities | 572 | - | - | - | - | 572 | 2,240 |
| Due from United Jewish Appeal of Greater Toronto - non-interest bearing (note 5) | 27,683 | - | - | - | - | 27,683 | 31,889 |
| Amounts receivable and sundry assets (note 6) | 8,148 | - | 91 | 218 | 309 | 8,457 | 13,963 |
| | 53,156 | 7,206 | 20,527 | 1,164 | 28,897 | 82,053 | 77,100 |
| Amounts receivable and sundry assets (note 6) | - | - | 1,195 | - | 1,195 | 1,195 | 1,086 |
| Investments and marketable securities | 613 | 51,508 | 109,407 | 6,761 | 167,676 | 168,289 | 169,863 |
| Property and equipment (note 8) | 126,556 | - | - | - | - | 126,556 | 110,344 |
| | 180,325 | 58,714 | 131,129 | 7,925 | 197,768 | 378,093 | 358,393 |
| Liabilities | | | | | | | |
| Current liabilities | | | | | | | |
| Bank indebtedness (note 9) | 7,684 | - | - | - | - | 7,684 | 9,865 |
| Accounts payable, accrued liabilities and unpaid allocations (note 10) | 14,048 | - | 857 | 36 | 893 | 14,941 | 20,988 |
| Deferred revenue (note 11) | 40,203 | - | - | - | - | 40,203 | 41,318 |
| | 61,935 | - | 857 | 36 | 893 | 62,828 | 72,171 |
| Bank indebtedness (note 9) | 38,358 | - | - | - | - | 38,358 | 22,535 |
| Pension and supplementary retirement benefit obligations (note 12) | 5,782 | - | - | - | - | 5,782 | 5,594 |
| | 44,140 | - | - | - | - | 44,140 | 28,129 |
| | 106,075 | - | 857 | 36 | 893 | 106,968 | 100,300 |
| Net Assets | 74,250 | 58,714 | 130,272 | 7,889 | 196,875 | 271,125 | 258,093 |
| | 180,325 | 58,714 | 131,129 | 7,925 | 197,768 | 378,093 | 358,393 |

United Jewish Welfare Fund of Toronto

Notes to Combined Financial Statements

June 30, 2010

(in thousands of dollars)

Combined Statement of Revenues, Expenditures and Net Assets

For the year ended June 30, 2010

| | Jewish Foundation of Greater Toronto | | | | 2010 | 2009 |
|--|--------------------------------------|---------------------------|-----------------------------|-------------|-------------|---------------------------------------|
| General and Capital Funds \$ | Endowment Fund \$ | Restricted Funds \$ | Unrestricted Funds \$ | Total \$ | Total \$ | Total \$ (restated - note 4) |
| Revenues | | | | | | |
| Share of net proceeds from previous year's campaign of the United Jewish Appeal of Greater Toronto | 34,252 | - | - | - | 34,252 | 40,376 |
| Income (loss) from securities (note 13) | 223 | 14,816 | 654 | 15,470 | 15,693 | (17,221) |
| Sherman Campus donations | 11,352 | - | - | - | 11,352 | 6,606 |
| Lebovic Campus donations | 9,062 | - | - | - | 9,062 | 5,498 |
| Designated gifts and related income | 6,479 | - | - | - | 6,479 | 7,177 |
| Bequests and endowments received | - | 5,560 | 85 | 5,645 | 5,645 | 2,950 |
| Community centre operations | 3,294 | - | - | - | 3,294 | 40 |
| Rental income | 2,638 | - | - | - | 2,638 | 2,215 |
| Sundry income | 347 | - | - | - | 347 | 1,552 |
| 67,647 | - | 20,376 | 739 | 21,115 | 88,762 | 49,193 |
| Expenditures | | | | | | |
| Allocations and grants | 32,459 | 7,141 | 837 | 7,978 | 40,437 | 39,308 |
| Designated grants | 6,479 | - | - | - | 6,479 | 7,177 |
| Administrative costs | 5,971 | 399 | 48 | 447 | 6,418 | 8,702 |
| Property and equipment amortization (note 8(ii)) | 4,838 | - | - | - | 4,838 | 2,175 |
| Community centre operations | 4,536 | - | - | - | 4,536 | 231 |
| Building operating expenses | 4,175 | - | - | - | 4,175 | 2,814 |
| Capital projects expenses (note 15) | 2,741 | - | - | - | 2,741 | 1,878 |
| Educational program and operating expenses | 2,065 | - | - | - | 2,065 | 4,217 |
| Fundraising expenses | 1,865 | - | - | - | 1,865 | 1,839 |
| Interest expense (note 14) | 1,213 | - | - | - | 1,213 | 857 |
| Investment counsel and custodial fees | - | 918 | 45 | 963 | 963 | 856 |
| 66,342 | - | 8,458 | 930 | 9,388 | 75,730 | 70,054 |
| Excess of revenues over expenditures (expenditures over revenues) for the year | 1,305 | 11,918 | (191) | 11,727 | 13,032 | (20,861) |
| Interfund transfer (note 8(v)) | 1,111 | (1,111) | - | (1,111) | - | - |
| Net assets - Beginning of year | 71,834 | 58,714 | 119,465 | 8,080 | 186,259 | 278,954 |
| Net assets - End of year | 74,250 | 58,714 | 130,272 | 7,889 | 196,875 | 271,125 |

United Jewish Welfare Fund of Toronto

Notes to Combined Financial Statements

June 30, 2010

(in thousands of dollars)

Combined Statement of Cash Flows

For the year ended June 30, 2010

| | 2010 | 2009 | | |
|--|---------------------------------------|---|-------------|---------------------------------------|
| | General and Capital Funds \$ | Jewish Foundation of Greater Toronto \$ | Total \$ | Total \$ (restated - note 4) |
| Cash provided by (used in) | | | | |
| Operating activities | | | | |
| Bequests and endowments received | - | 5,645 | 5,645 | 2,950 |
| Cash from UJA campaign | 32,222 | - | 32,222 | 32,854 |
| Cash from designated gifts | 10,770 | - | 10,770 | 7,803 |
| Other income | 2,985 | - | 2,985 | 3,761 |
| Grants, allocations, program and operating expenses | (57,690) | (9,542) | (67,232) | (59,023) |
| Decrease in amounts receivable and sundry assets | 4,743 | 43 | 4,786 | 2,008 |
| Income from securities | 223 | 4,755 | 4,978 | 1,087 |
| Amount received on behalf of outside agency | - | - | - | 625 |
| | (6,747) | 901 | (5,846) | (7,935) |
| Investing activities | | | | |
| Capital project donations | 20,414 | - | 20,414 | 12,109 |
| Expenditure on property and equipment | (23,839) | - | (23,839) | (24,189) |
| Investments and marketable securities | 673 | 12,502 | 13,175 | (7,841) |
| | (2,752) | 12,502 | 9,750 | (19,921) |
| Financing activities | | | | |
| Bank borrowings - net | 13,642 | - | 13,642 | 6,651 |
| Interest expense (note 14) | (1,213) | - | (1,213) | (857) |
| | 12,429 | - | 12,429 | 5,794 |
| Increase (decrease) in cash and money market securities during the year | 2,930 | 13,403 | 16,333 | (22,062) |
| Cash and money market securities - Beginning of year | 13,823 | 15,185 | 29,008 | 51,070 |
| Cash and money market securities - End of year | 16,753 | 28,588 | 45,341 | 29,008 |
| Cash and money market securities comprise | | | | |
| Cash | 12,729 | 18,583 | 31,312 | 14,793 |
| Money market securities | 4,024 | 10,005 | 14,029 | 14,215 |
| | 16,753 | 28,588 | 45,341 | 29,008 |

United Jewish Welfare Fund of Toronto

Notes to Combined Financial Statements

June 30, 2010

(in thousands of dollars)

4 Summary of significant accounting policies

i) 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.

- Deferred revenue

The allocated share of the Organization out of the 2010 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.

Revenue received from memberships, summer camps and early childhood education is recognized over the period of the membership or program. The amount not yet taken into income is shown as deferred revenue.

- Lebovic Campus, Sherman Campus and Wolfond Centre

The Organization receives pledges for the Lebovic Campus, Sherman Campus and the Wolfond Centre. 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 received.

ii) 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.

United Jewish Welfare Fund of Toronto

Notes to Combined Financial Statements

June 30, 2010

(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.

iii) Amortization of property and equipment

| | |
|------------------------------------|-----------------------------------|
| Building | straight-line basis over 40 years |
| Furniture, fixtures and equipment | straight-line basis over 5 years |
| Equipment held under capital lease | straight-line basis over 5 years |
| Computer equipment | straight-line basis over 5 years |

Assets of 750 Spadina Ave. Association (750 Spadina Ave.) are amortized on the declining balance basis at 5% for building, 30% for computer equipment and 20% for furniture, fixtures and equipment.

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.

iv) 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.

v) Pension plan and supplementary retirement benefits

The Organization's pension plan is a defined benefit plan. In addition, the Organization has committed to pay certain pensions to active executives and retired employees. The Organization applies defined benefit plan accounting in accordance with Canadian generally accepted accounting principles.

vi) 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. 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).

United Jewish Welfare Fund of Toronto

Notes to Combined Financial Statements

June 30, 2010

(in thousands of dollars)

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

| Assets/liabilities | Category | Measurement |
|--|----------|----------------|
| Cash and money market securities | HFT | fair value |
| State of Israel bonds | HTM | amortized cost |
| Other investments including marketable securities | HFT | fair value |
| Amounts receivable and sundry assets | LR | amortized cost |
| Bank indebtedness | HFT | fair value |
| Accounts payable, accrued liabilities and unpaid allocations | OL | amortized cost |
| Forward contracts | HFT | fair value |

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.

vii) 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 and operating units in assessing the recoverability of assets and the recorded values of liabilities. Actual results could differ from those estimates.

Changes in accounting policies

Effective July 1, 2009, the Organization adopted retrospectively the changes to the recommendations in The Canadian Institute of Chartered Accountants (CICA) Handbook Section 1000, Financial Statement Concepts. This standard clarifies that items that do not meet the definition of an asset or a liability may not be recognized on the combined balance sheet. As a result, costs that were previously capitalized but no longer met the criteria for capitalization of \$1,709 were expensed in the year and included in capital projects expenses (note 15). The change in accounting policy has been accounted for retrospectively and thus the comparative balance sheet, statement of revenues, expenditures and net assets, statement of changes in net assets and statement of cash flows for 2009 have been restated as follows:

| | As reported June 30, 2009 \$ | Adjustments \$ | As restated June 30, 2009 \$ |
|---|---------------------------------------|-------------------|---------------------------------------|
| Capital project - Lebovic Campus (note 8) | 36,045 | (3,867) | 32,178 |
| Capital project - Sherman Campus (note 8) | 33,076 | (5,291) | 27,785 |
| Capital projects expenses | 108 | 1,770 | 1,878 |
| Net assets - Beginning of year | 286,342 | (7,388) | 278,954 |
| Net assets - End of year | 267,251 | (9,158) | 258,093 |

United Jewish Welfare Fund of Toronto

Notes to Combined Financial Statements

June 30, 2010

(in thousands of dollars)

5 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 common control of UJA Federation of Greater Toronto. The allocated share of the Organization out of the 2010 UJA Campaign is \$28,017 (2009 - \$34,252), which is included in deferred revenue. The Organization paid campaign expenses of \$5,321 (2009 - \$5,703) on behalf of UJA. These expenditures have been charged to the loan account between the Organization and UJA, and accordingly, have not been recorded as an expense of the Organization.
- b) Under the bylaws of the Koffler Centre of the Arts (Koffler Centre) the Board comprises eight directors approved by the Organization, eight directors approved by the Koffler Centre Foundation (Koffler Foundation), and eight directors approved by both UJWF and the Koffler Foundation. As such, the Organization has significant influence over the Koffler Centre. The Organization paid operating grants to the Koffler Centre of \$250. In addition, the Organization incurred certain expenses on behalf of the Koffler Centre and charged rent to the Koffler Centre; the total for the year was \$401. As at June 30, 2010, the Koffler Centre owed the Organization \$262. In the prior year, the Koffler Centre was inactive and accordingly there were no related party transactions.
- c) The Organization has the right to appoint 50% of the board 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 \$69 (2009 - \$70). As at June 30, 2010, THMP owed the Organization \$95 (2009 - \$44)

6 Amounts receivable and sundry assets

Included in current amounts receivable and sundry assets are the following loans to Miles Nadal Jewish Community Centre (MNJCC):

| | 2010 \$ | 2009 \$ |
|----------------|-------------|-------------|
| General Funds | | |
| MNJCC | | |
| Operating loan | - | 3,392 |
| Other loan | 3,136 | 5,756 |
| | <hr/> 3,136 | <hr/> 9,148 |

The loans to MNJCC are secured by MNJCC's leasehold improvements, and have no specific terms of repayment. The operating loan bore interest at prime plus 1% and the other loan is non-interest bearing.

United Jewish Welfare Fund of Toronto

Notes to Combined Financial Statements

June 30, 2010

(in thousands of dollars)

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

| | 2010 | 2009 |
|---|--------------|--------------|
| | \$ | \$ |
| Jewish Foundation of Greater Toronto | | |
| Interest in charitable remainder trust | 816 | 719 |
| Cash surrender value of life insurance policies | 379 | 367 |
| | <u>1,195</u> | <u>1,086</u> |

The Foundation has received contributions from individuals to enable it to purchase insurance policies on their lives with the Organization named as beneficiary. The face values of these policies aggregate \$710 (2009 - \$710) with cash surrender values of \$379 (2009 - \$367). In addition, the Organization is the beneficiary under other policies with an aggregate face value of \$16,628 (2009 - \$16,733), which have no cash surrender value.

7 Investments and marketable securities

| | 2010 | | 2009 | |
|--|-----------------------|----------------|-----------------------|----------------|
| | Fair value | Cost | Fair value | Cost |
| | \$ | \$ | \$ | \$ |
| Jewish Foundation of Toronto | | | | |
| Marketable securities | | | | |
| Fixed income investments | | | | |
| State of Israel bonds | 15,151 | 15,151 | 14,254 | 14,254 |
| Pooled funds | 43,612 | 40,337 | 68,089 | 65,253 |
| Other fixed income | - | - | 94 | 90 |
| | <u>58,763</u> | <u>55,488</u> | <u>82,437</u> | <u>79,597</u> |
| Equity investments | | | | |
| Domestic pooled funds | 36,922 | 37,057 | 47,666 | 55,081 |
| Foreign pooled funds | 71,991 | 83,725 | 39,143 | 53,404 |
| | <u>108,913</u> | <u>120,782</u> | <u>86,809</u> | <u>108,485</u> |
| Total marketable securities | <u>167,676</u> | <u>176,270</u> | <u>169,246</u> | <u>188,082</u> |
| General and Capital Funds | | | | |
| State of Israel bonds, government bonds and bank GICs | 613 | 655 | 617 | 652 |
| | <u>168,289</u> | <u>176,925</u> | <u>169,863</u> | <u>188,734</u> |

Investments with a fair value of \$71,991 are subject to currency fluctuations. Foreign exchange contracts of US\$30,000 are outstanding.

United Jewish Welfare Fund of Toronto

Notes to Combined Financial Statements

June 30, 2010

(in thousands of dollars)

8 Property and equipment

| | 2010 | | |
|--|-------------|--------------------|---------------------|
| | Cost | Accumulated | Net |
| | \$ | amortization | \$ |
| | | \$ | \$ |
| General and Capital Funds | | | |
| Capital project - Lebovic Campus (i) | | | |
| Land and building - Kimel Family Education Centre | 35,898 | 2,426 | 33,472 |
| Other land, development costs and construction in progress | 47,378 | - | 47,378 |
| Capital project - Sherman Campus (ii) | | | |
| Land and buildings - Lipa Green Centre and Gales Family Pavilion | 36,900 | 6,314 | 30,586 |
| Land and development costs - Sherman Campus (previously 4588 Bathurst) | 6,708 | - | 6,708 |
| Land and building - 750 Spadina Ave. (iii) | 3,433 | 1,248 | 2,185 |
| Building on leased land - Wolfond Centre (iv) | 3,470 | 568 | 2,902 |
| Land - Simcoe County (v) | 1,111 | - | 1,111 |
| Furniture, fixtures and equipment | 4,731 | 2,897 | 1,834 |
| Computer equipment | 1,976 | 1,596 | 380 |
| | 141,605 | 15,049 | 126,556 |
| | | | 2009 |
| | | | |
| | Cost | Accumulated | Net |
| | \$ | amortization | \$ |
| | | \$ | \$ |
| | | | (restated - note 4) |
| General and Capital Funds | | | |
| Capital project - Lebovic Campus (i) | | | |
| Land and building - Kimel Family Education Centre | 35,881 | 1,559 | 34,322 |
| Other land and development costs | 32,178 | - | 32,178 |
| Capital project - Sherman Campus (ii) | | | |
| Land and building - Lipa Green Centre | 9,624 | 5,567 | 4,057 |
| Land and building - 4588 Bathurst Street | 4,875 | 1,111 | 3,764 |
| Other land, development costs and construction in progress | 27,785 | - | 27,785 |
| Land and building - 750 Spadina Ave. (iii) | 3,433 | 1,180 | 2,253 |
| Building on leased land - Wolfond Centre (iv) | 3,470 | 481 | 2,989 |
| Furniture, fixtures and equipment | 3,819 | 2,412 | 1,407 |
| Computer equipment | 1,710 | 1,232 | 478 |
| | 122,775 | 13,542 | 109,233 |
| Jewish Foundation of Greater Toronto land (v) | 1,111 | - | 1,111 |
| | 123,886 | 13,542 | 110,344 |

United Jewish Welfare Fund of Toronto

Notes to Combined Financial Statements

June 30, 2010

(in thousands of dollars)

- i) Capital project - Lebovic Campus \$80,850 (2009 - \$66,500)

Capital project - The Lebovic Campus represents the costs to date of the Joseph and Wolf Lebovic Jewish Community Campus, including the Kimel Family Education Centre, which was completed in 2007. Costs include land, construction and development costs of Phase I (which includes the construction of the Kimel Family Education Centre and servicing of the 50-acre site) and construction and development costs of Phase II. During the year, the Organization incurred \$15,217 (2009 - \$5,865) of construction and development costs, which have been capitalized to the carrying cost of the project. Capitalized costs for the year include interest of \$176 (2009 - \$261). Estimated cost of completion of Phase II is \$76,000.

- ii) Capital project - Sherman Campus \$37,294 (2009 - \$35,606)

Capital project - The Sherman Campus represents the cost of the Lipa Green Centre (expansion completed during the year), which houses the UJA Federation's offices, and the Gales Family Pavilion (completed during the year), which houses the Prosserman Jewish Community Centre and Koffler Centre of the Arts, and the land and redevelopment costs to date of 4588 Bathurst. The existing Bathurst Jewish Community Centre at 4588 Bathurst was in the process of demolition at June 30, 2010, and the net book value of this building (\$2,064) and demolition costs to date (\$841) have been expensed in the period. During the year, the Organization incurred \$4,499 (2009 - \$20,942) of construction and development costs of the new facility, which have been capitalized to the carrying cost of the project. Capitalized costs for the year include interest of \$61 (2009 - \$194).

- iii) Land and building - 750 Spadina Ave. \$2,185 (2009 - \$2,253)

The Organization owns the land and building at 750 Spadina Ave. The major tenant, the Miles S. Nadal Jewish Community Centre (MNJCC), constructed significant leasehold improvements to the property at a cost of \$16,573 (2009 - \$16,573).

- iv) Building on leased land - Wolfond Centre \$2,902 (2009 - \$2,989)

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.

- v) Land - Simcoe County - \$1,111

The Organization owns land in Simcoe County, which is licensed for use as a non-profit youth camp and is recorded at cost. This land was previously reflected as an asset of the Foundation. During the year, the Foundation donated the land to Jewish Community Properties of Greater Toronto, which is included in general and capital funds.

- vi) Land - Haliburton Region - \$nil

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

United Jewish Welfare Fund of Toronto

Notes to Combined Financial Statements

June 30, 2010

(in thousands of dollars)

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.

9 Bank indebtedness

Bank indebtedness is comprised of the following:

| | 2010 | 2009 |
|-----------------------|-------------|-------------|
| | \$ | \$ |
| Facility I | 710 | - |
| Facility II | 600 | 1,400 |
| Facility III | 20,839 | 14,747 |
| Facility IV | 13,841 | 11,335 |
| Facility V | 4,768 | 4,918 |
| Facility VI | 4,964 | - |
| Facility VII | 320 | - |
| | <hr/> | <hr/> |
| | 46,042 | 32,400 |
| Less: Current portion | 7,684 | 9,865 |
| | <hr/> | <hr/> |
| | 38,358 | 22,535 |
| | <hr/> | <hr/> |

Facility I - This is a \$3,000 line of credit, repayable on demand. The interest rate is prime plus 1%. Subsequent to the year-end, the facility was increased to \$6,000.

Facility II - This is a \$2,400 facility to finance the soft costs of Sherman Campus. The loan bears interest at prime plus 0.75% and is repayable in quarterly repayments of \$200, repayable in full by March 31, 2011.

Facility III - This is a facility with a consortium of banks to fund the construction of the Lebovic Campus, as follows:

- The borrower is Joseph and Wolf Lebovic Jewish Community Campus and the guarantor is the Organization; the endowment assets of the Foundation are excluded from any support required for this guarantee.
- The total commitment is \$81,000 comprising the Phase I commitment of \$23,000, the Phase II commitment of \$52,000, swing line commitment of \$1,000 and letter of guarantee commitment of \$5,000 (subsequently reduced to \$2,300).
- The Phase I and Phase II facilities revolve during the respective construction periods and convert into non-revolving facilities on the last day of each construction period. Advances are made by way of progress advances based on construction payments less pledge receipts. Funds are made available by way of loans with interest of prime plus 0.75%. The amount of \$20,839 owing at June 30, 2010 comprises prime loan advances on the Phase I facility of \$11,912 and on the Phase II facility of \$8,927.

United Jewish Welfare Fund of Toronto

Notes to Combined Financial Statements

June 30, 2010

(in thousands of dollars)

The Phase I and Phase II facilities are repayable based on financial projections, as follows:

| | Phase I | Phase II |
|---|------------------|------------------|
| | \$ | \$ |
| Final maturity date | June 30, 2014 | June 30, 2017 |
| Borrowings shall be the following maximum amounts | | |
| June 30, 2011 | 10,000 | 52,000 |
| June 30, 2012 | 8,000 | 52,000 |
| June 30, 2013 | 5,400 | 35,000 |
| June 30, 2014 | - | 25,000 |
| June 30, 2015 | - | 15,000 |
| June 30, 2016 | - | 5,000 |

Facility IV - This is a facility with a consortium of banks to fund the construction of the Sherman Campus, as follows:

- The borrower is Lipa Green Centre for Jewish Community Services and the guarantor is the Organization; the endowment assets of the Foundation are excluded from any support required for this guarantee.
- The total commitment is \$23,500 comprising: construction commitment of \$22,000; swing line facility of \$1,000; and letter of guarantee commitment of \$500.
- The facility revolves during the construction period and converts into a non-revolving facility on the last day of the construction period. Advances are made by way of progress advances based on construction payments less pledge receipts. Funds are made available by way of loans at interest of prime plus 0.75%. The amount of \$13,841 owing at June 30, 2010 comprises prime loan advances on the construction facility.
- The facility is repayable based on financial projections, with a final maturity date of June 30, 2013. Borrowings shall be reduced to a maximum of \$10,000 by June 30, 2011, and \$6,000 by June 30, 2012.

Facility V - This facility was established in 2004 to refinance mortgage and construction loans payable by 750 Spadina Ave. The loan bore interest at 5.164%, was repayable in blended monthly payments of \$39 and was repayable in full by September 2009. In September 2009, the loan was refinanced, bearing interest at 5.89%, repayable in blended monthly payments of \$34 and is repayable in full in September 2019.

Facility VI - In August 2009, 750 Spadina Ave. borrowed \$5,090. This loan was utilized to provide a grant to MNJCC, which in turn used the funds to repay amounts owing to the Organization (note 6). The loan bears interest at 4.81%, is repayable in blended monthly payments of \$33 and is repayable in full in August 2014.

Facility VII - this is a \$1,250 line of credit established by Prosserman Jewish Community Centre, repayable on demand. The interest rate is prime plus 1.25%. The facility is guaranteed by the Organization.

United Jewish Welfare Fund of Toronto

Notes to Combined Financial Statements

June 30, 2010

(in thousands of dollars)

Of the total indebtedness of \$46,042 (2009 - \$32,400), \$40,048 (2009 - \$32,400) is attributable to property and equipment, and \$5,994 is attributable to operations.

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

| | Facility I | Facility II | Facility III | Facility IV | Facility V | Facility VI | Facility VII | Total |
|------------|-----------------------|------------------------|-------------------------|------------------------|-----------------------|------------------------|-------------------------|---------------|
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| 2011 | 710 | 600 | 1,912 | 3,841 | 138 | 163 | 320 | 7,684 |
| 2012 | - | - | 2,000 | 4,000 | 145 | 169 | - | 6,314 |
| 2013 | - | - | 2,600 | 6,000 | 156 | 179 | - | 8,935 |
| 2014 | - | - | 5,400 | - | 165 | 187 | - | 5,752 |
| 2015 | - | - | - | - | 174 | 4,266 | - | 4,440 |
| Thereafter | - | - | 8,927 | - | 3,990 | - | - | 12,917 |
| | 710 | 600 | 20,839 | 13,841 | 4,768 | 4,964 | 320 | 46,042 |

The Organization has provided the following security for the indebtedness under facilities I and II:

- general security agreement over all present and future intangible assets;
- a collateral first mortgage of \$9,000 on the Lebovic Campus property (note 5(a)); and
- the debt under facilities I and II is guaranteed by UJA, up to a maximum of \$3,600, supported by a security interest in all present and future intangible assets owned by UJA. Subsequent to the year-end, UJA's guarantee 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.

The Organization has provided the following additional security for the indebtedness under facility III:

- first ranking collateral mortgage of \$90,000 on the Lebovic Campus property;
- first ranking general assignment of leases, contracts and insurance relating to the project;
- first ranking security interest in all personal property (excluding property at 750 Spadina Ave. and 4588 Bathurst Street);
- first ranking assignment of pledge receivables (excluding pledges and assets of the Foundation, pledges designated for use other than for the Lebovic Campus, and unrestricted pledges and donations to the extent that they are not designated for the project); and
- guarantee by the Organization of the borrower's obligations; the assets of the Foundation are excluded from any support required for this guarantee.

United Jewish Welfare Fund of Toronto

Notes to Combined Financial Statements

June 30, 2010

(in thousands of dollars)

The Organization has provided the following additional security for the indebtedness under facility IV:

- first ranking collateral mortgage of \$23,500 on a portion of the Sherman Campus property, comprising an identified portion of land, Lipa Green Building and Gales Family Pavilion, all as described in note 8;
- first ranking general assignment of leases, contracts, personal property and insurance relating to the project;
- first ranking 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 (the Excluded Guarantor Assets)); and
- guarantee by the Organization of the borrower's obligations; the lenders shall not be entitled to seek any recourse to recover payments from the Excluded Guarantor Assets.

The Organization has provided the following security for the indebtedness under facilities V and VI:

- first position security agreement executed by 750 Spadina Ave.;
- guarantee of \$9,732 by UJA and second position general security agreement executed by UJA;
- second position general security agreement executed by the Organization;
- collateral mortgage representing a first charge on 750 Spadina Ave.'s real property in the amount of \$10,000; and
- assignment of rents and leases of 750 Spadina Ave.

10 Accounts payable, accrued liabilities and unpaid allocations

The amount relating to the Foundation includes \$152 (2009 - \$923) relating to US\$30,000 foreign currency forward contracts acquired to mitigate foreign exchange risk on US denominated investments.

11 Deferred revenue

| | 2010 | 2009 |
|--|-------------|-------------|
| | \$ | \$ |
| Allocated share of the 2010 United Jewish Appeal Campaign | 28,017 | 34,252 |
| Designated donations received for distribution in future years | 11,357 | 7,066 |
| Community centre fees | 829 | - |
| | <hr/> | <hr/> |
| | 40,203 | 41,318 |
| | <hr/> | <hr/> |

United Jewish Welfare Fund of Toronto

Notes to Combined Financial Statements

June 30, 2010

(in thousands of dollars)

12 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:

| | <u>Pension plans</u> | | <u>Supplementary retirement benefits</u> | |
|--|----------------------|-------------------|--|-------------------|
| | 2010 \$ | 2009 \$ | 2010 \$ | 2009 \$ |
| Accrued benefit obligation | 20,112 | 15,423 | 6,235 | 5,063 |
| Fair value of plan assets - at market | 16,754 | 14,776 | - | - |
| Plan deficits | (3,358) | (647) | (6,235) | (5,063) |
| Balance of unamortized amounts | 3,334 | 293 | 477 | (177) |
| Accrued liability | (24) | (354) | (5,758) | (5,240) |
| Expense | 655 | 664 | 596 | 565 |
| Cash contributions | 924 | 898 | - | - |
| Discount rate | 5.50% | 6.75% | 5.50% | 6.75% |
| Expected rate of compensation increase | 3.25% | 4.00% | 3.25% | 4.00% |

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 pension plans for funding purposes was as at July 1, 2008.

Percentage of plan assets consists of:

| | 2010 % | 2009 % |
|------------------------------|------------------|------------------|
| Equities | 33 | 33 |
| Fixed income | 21 | 20 |
| Cash and short-term deposits | 4 | 5 |
| Balanced funds | 42 | 42 |
| | <u>100</u> | <u>100</u> |

United Jewish Welfare Fund of Toronto

Notes to Combined Financial Statements

June 30, 2010

(in thousands of dollars)

13 Income (loss) from securities

| | | | | 2010 | 2009 |
|---------------------------|---------------------------------------|---|-----------------------------|-------------|-------------|
| | General and Capital Funds \$ | Jewish Foundation of Greater Toronto | | Total \$ | Total \$ |
| | | Restricted Funds \$ | Unrestricted Funds \$ | | |
| Income from investments | 223 | 5,291 | 197 | 5,711 | 8,723 |
| Realized losses | - | (659) | (74) | (733) | (4,736) |
| Unrealized gains (losses) | - | 10,184 | 531 | 10,715 | (21,208) |
| | 223 | 14,816 | 654 | 15,693 | (17,221) |

14 Interest

Total interest for the year was \$1,449 (2009 - \$1,312), of which \$236 (2009 - \$455) has been capitalized.

15 Capital projects expenses

Capital projects expenses include the following:

| | 2010 \$ | 2009 \$ (restated - note 4) |
|--|------------|--------------------------------------|
| Fundraising, marketing, strategic planning and other costs (note 4) | 1,709 | 1,770 |
| Demolition | 841 | - |
| Other costs | 191 | 108 |
| | 2,741 | 1,878 |

16 Contingent liabilities

- a) Under agreements between the Organization and the City of Toronto, and as a condition of exemption from municipal and school taxes, the Organization is obligated, upon sale of certain of the 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 \$2,788. 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 the accounts of the Organization for these potential contingencies.

United Jewish Welfare Fund of Toronto

Notes to Combined Financial Statements

June 30, 2010

(in thousands of dollars)

- b) As at June 30, 2010, the Organization has outstanding letters of guarantee amounting to \$2,026 (2009 - \$2,557) relating primarily to the Lebovic Campus and Sherman Campus capital projects.

17 Operating lease

The future minimum lease payments are as follows:

| | \$ |
|------------------------------|--------------|
| 2011 | 49 |
| 2012 | 49 |
| 2013 | 49 |
| 2014 | 49 |
| 2015 | 53 |
| 2016 and thereafter | <u>1,062</u> |
| Total minimum lease payments | <u>1,311</u> |

18 Interfund transfers

Interfund transfers comprise:

| | \$ |
|---|-------|
| Transfer from Foundation to unrestricted general, relating to Simcoe County land, (note 8(v)) | 1,111 |
| Transfer of Bathurst Jewish Community Centre, cumulative debt retirement fund deficit from unrestricted general to Sherman Campus | 2,317 |
| Transfer of Centre for Jewish education accumulated surplus to unrestricted general | 417 |
| Transfer of Community Centre deficit to Sherman Campus | 686 |

19 Management of capital

The Organization views its capital as the combination of its General and Capital Funds and Jewish Foundation of Greater Toronto Funds, which include both restricted and unrestricted funds. Restricted funds include amounts whose use has been specified by the donor. Management believes it is in compliance with the restrictions of these funds.

The Organization's objectives in managing its capital are to safeguard its ability to continue as a going concern and fulfill its mandate as described in note 1. 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.

United Jewish Welfare Fund of Toronto

Notes to Combined Financial Statements

June 30, 2010

(in thousands of dollars)

20 Comparative figures

Prior year comparative figures have been amended to reflect the current year's presentation.