

Federation CJA

Financial statements

March 31, 2021



Independent auditor's report

To the Members of **Federation CJA**

Opinion

We have audited the financial statements of **Federation CJA** [the "Organization"], which comprise the statements of financial position as at March 31, 2021, and the statements of operations, and changes in fund balances and of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at March 31, 2021, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

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 Financial Statements* section of our report. We are independent of the Organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

In preparing the 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.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

*Ernst & Young LLP*¹

Montréal, Canada
September 10, 2021

¹ FCPA auditor, FCA, public accountancy permit no. A112179

FEDERATION CJA

Incorporated under the laws of Quebec

Statement of financial position

As at March 31, 2021

	Endowment Fund	Legacy and Other Funds	General Fund	Campaign Fund	Total 2021	Total 2020
	\$	\$	\$	\$	\$	\$
Assets						
Current						
Cash	—	—	5,123,882	21,347,912	26,471,794	16,952,636
Accounts and sundry receivables [note 13]	—	—	1,352,307	—	1,352,307	596,795
Prepaid expenses and allocations	—	—	571,829	—	571,829	2,193,540
Interfund balances	—	3,885,304	(3,827,089)	(58,215)	—	—
Current portion of long-term loans receivable [note 4]	—	—	158,830	—	158,830	165,257
Pledges and other receivables for the current and prior year annual campaigns [note 5]	—	—	—	27,063,494	27,063,494	19,705,017
Pledges and other receivables for future annual campaigns [note 5]	—	—	—	21,493,950	21,493,950	—
Investments [note 6]	—	—	45,534,075	—	45,534,075	3,900,000
Total current assets	—	3,885,304	48,913,834	69,847,141	122,646,279	43,513,245
Accrued employee future benefits [note 7]	—	—	—	—	—	482,000
Long-term loans receivable [note 4]	—	—	487,391	—	487,391	675,521
Long-term portion of pledges and other receivables [note 5]	—	—	—	475,334	475,334	768,600
Investments [note 6]	6,116,557	33,921,809	—	—	40,038,366	34,691,584
Property and equipment [note 8]	—	—	12,341,579	—	12,341,579	12,744,824
	6,116,557	37,807,113	61,742,804	70,322,475	175,988,949	92,875,774
Liabilities and fund balances						
Current						
Accounts and allocations payable	—	43,302	2,075,707	3,779,794	5,898,803	6,361,103
Accounts payable to Jewish Community Foundation [note 6]	—	—	45,534,075	—	45,534,075	—
Deferred revenue [note 5]	—	—	1,791,442	24,568,870	26,360,312	3,646,731
Total current liabilities	—	43,302	49,401,224	28,348,664	77,793,190	10,007,834
Deferred revenue	—	—	—	475,334	475,334	768,600
Deferred contributions [note 9]	—	—	7,080,783	—	7,080,783	7,463,363
Total liabilities	—	43,302	56,482,007	28,823,998	85,349,307	18,239,797
Fund balances						
Externally restricted [note 10]	6,116,557	—	—	41,498,477	47,615,034	36,991,435
Internally restricted [note 11]	—	20,870,287	5,260,797	—	26,131,084	22,203,621
Unrestricted	—	16,893,524	—	—	16,893,524	15,440,921
Total fund balances	6,116,557	37,763,811	5,260,797	41,498,477	90,639,642	74,635,977
	6,116,557	37,807,113	61,742,804	70,322,475	175,988,949	92,875,774

See accompanying notes

On behalf of the Board:



Director



Director

FEDERATION CJA

Statement of operations and changes in fund balances

Year ended March 31, 2021

	Endowment Fund	Legacy and Other Funds	General Fund	Campaign Fund	Total 2021	Total 2020
	\$	\$	\$	\$	\$	\$
Revenue						
Campaign – Regular	—	—	—	38,930,643	38,930,643	38,715,119
Provision for doubtful pledges	—	—	—	(726,640)	(726,640)	(1,255,271)
Campaign – Other	—	—	—	15,526,334	15,526,334	—
	—	—	—	53,730,337	53,730,337	37,459,848
Investment income (loss) [note 6]	594,786	5,503,803	212,345	(42,268)	6,268,666	(323,623)
Gain on repayment of loan receivable [note 4]	—	—	—	—	—	1,196,304
Gain on disposition of property [note 8]	—	—	—	—	—	569,932
Montreal Jewish Community Campus	—	—	382,580	—	382,580	382,577
Special one-time donation of investments [note 6]	—	—	45,420,000	—	45,420,000	—
Other donations, bequests and income [notes 12 and 13]	—	—	11,213,782	—	11,213,782	11,019,856
	594,786	5,503,803	57,228,707	53,688,069	117,015,365	50,304,894
Allocations and expenses						
International	—	—	—	6,689,515	6,689,515	5,413,561
National & advocacy [schedule]	—	—	1,791,996	68,720	1,860,716	3,397,684
Administrative and occupancy [schedule]	—	—	8,050,370	21,890	8,072,260	9,812,749
Strengthening Jewish life and continuity [schedule]	—	36,667	10,967,956	1,762,594	12,767,217	18,092,046
Caring for the vulnerable [schedule]	—	281,000	15,034,256	1,185,674	16,500,930	14,198,957
Special projects and miscellaneous [schedule]	—	—	2,795,625	2,051,655	4,847,280	3,025,091
Amortization	—	—	863,782	—	863,782	973,029
Other allocations	90,000	—	—	—	90,000	90,000
Special one time contribution to the pension plan [note 11]	—	—	3,900,000	—	3,900,000	—
Special one-time donation of investments [note 6]	—	—	45,420,000	—	45,420,000	—
	90,000	317,667	88,823,985	11,780,048	101,011,700	55,003,117
Excess (deficiency) of revenue over allocations and expenses						
	504,786	5,186,136	(31,595,278)	41,908,021	16,003,665	(4,698,223)
Fund balances, beginning of year	5,611,771	32,363,081	5,281,461	31,379,664	74,635,977	79,334,200
Interfund transfers						
Campaign	—	—	31,789,208	(31,789,208)	—	—
Operation Montreal	—	(330,233)	330,233	—	—	—
Unrestricted, externally and internally restricted	—	544,827	(544,827)	—	—	—
Fund balances, end of year	6,116,557	37,763,811	5,260,797	41,498,477	90,639,642	74,635,977

See accompanying notes

FEDERATION CJA

Statement of cash flows

Year ended March 31, 2021

	2021	2020
	\$	\$
Operating activities		
Excess (deficiency) of revenue over allocations and expenses	16,003,665	(4,698,223)
Items not affecting cash		
Unrealized loss (gain) on investments	(6,221,502)	675,057
Amortization of property and equipment	863,782	973,029
Write-off of construction in progress	—	183,810
Realized gain on repayment of loans receivable	—	(1,196,304)
Realized gain on disposition of property	—	(569,932)
Increase (decrease) in accrued employee future benefits	482,000	(128,000)
Decrease in deferred contributions	(382,580)	(382,580)
Accretion on loans receivable	(10,008)	(12,475)
	<u>10,735,357</u>	<u>(5,155,618)</u>
Decrease (increase) in accounts and sundry receivables	(755,512)	199,007
Decrease (increase) in prepaid expenses and allocations	1,621,711	(8,164)
Decrease (increase) in pledges and other receivables	(28,559,161)	1,350,824
Increase (decrease) in accounts and allocations payable	(348,225)	2,704,673
Increase in deferred revenue	22,420,315	1,870
Cash provided by operating activities	<u>5,114,485</u>	<u>(907,408)</u>
Investing activities		
Net dispositions (acquisitions) of investments	4,660,645	(1,360,251)
Purchases of property and equipment	(460,537)	(152,707)
Decrease in loans receivable	204,565	2,178,394
Proceeds from disposition of property	—	569,932
Cash used by investing activities	<u>4,404,673</u>	<u>1,235,368</u>
Net increase in cash during the year	9,519,158	327,960
Cash, beginning of year	<u>16,952,636</u>	<u>16,624,676</u>
Cash, end of year	<u>26,471,794</u>	<u>16,952,636</u>

See accompanying notes

FEDERATION CJA

Schedule of general fund allocations and expenses

Year ended March 31, 2021

	2021	2020
	\$	\$
National and advocacy	1,791,996	3,308,542
Administrative and occupancy		
Administration, occupancy and campaign expenses <i>[note 12]</i>	6,737,680	7,857,638
Administration, occupancy and campaign expenses recoverable from others <i>[note 12]</i>	1,312,690	1,884,292
	8,050,370	9,741,930
Strengthening Jewish life and continuity		
Engagement and outreach	544,020	1,437,212
Generations fund	5,379,349	3,947,405
GenMTL	1,412,925	4,660,271
Program's share of administration and occupancy	878,692	1,188,628
Camp B'nai Brith	442,333	541,102
Communauté Sépharade Unifiée du Québec	820,155	964,760
Jewish Public Library	80,198	604,874
Montreal Holocaust Museum	34,775	360,584
Segal Centre for Performing Arts	69,370	384,549
Sylvan Adams YM-YWHA	324,347	563,460
Agencies' share of administration and occupancy	886,110	969,676
Other expenses	95,682	368,987
	10,967,956	15,991,508
Caring for the vulnerable		
Agence Ometz	1,190,938	2,520,630
Caldwell Residences	96,933	104,344
Community Poverty Relief	1,717,490	2,041,720
Cummings Centre	935,258	1,893,743
Grants	445,250	516,950
Inclusion Initiative	40,000	57,512
JEM Workshop Inc.	319,474	599,634
Kehilla Montreal Residential Programs	336,399	301,804
Limmud Centre	—	100,000
Project Genesis	10,447	138,144
Tuition Assistance Allocation	2,954,700	2,942,297
COVID-19 relief related expenses <i>[note 2]</i>	5,616,468	84,017
Agencies' share of administration and occupancy	1,370,899	1,503,199
	15,034,256	12,803,994
Special projects and miscellaneous		
Change in net pension obligation and pension costs	482,000	291,439
Gelber food services	276,249	1,006,244
Centennial	—	25,934
Security initiative related expenses	446,942	—
Other expenses	1,590,434	947,156
	2,795,625	2,270,773
Amortization	863,782	973,029
Special one time contribution to the pension plan <i>[note 11]</i>	3,900,000	—
Special one-time donation of investments <i>[note 6]</i>	45,420,000	—
Total General Fund expenses	88,823,985	45,089,776

See accompanying notes

Federation CJA

Notes to financial statements

March 31, 2021

1. Purpose of the organization

Federation CJA [the "Organization"] is at the heart of the organized Jewish community in Montreal. In partnership with a vast network of agencies and organizations locally, nationally and internationally, Federation CJA builds and sustains this community by providing leadership and by supporting the delivery of services and programs to care for the vulnerable and those in need, to ensure a bright Jewish future, to represent communal interests and to positively affect issues in the wider society.

Federation CJA is incorporated pursuant to a private act of the legislature of the Province of Quebec and is a registered charity under the Income Tax Act (Canada) and Loi sur les impôts du Québec, and, as such, is exempt from income taxes.

2. COVID-19 outbreak

The COVID-19 outbreak was declared a pandemic by the World Health Organization in March 2020. This has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. As a result of these measures, certain agencies were forced to limit activities, resulting in a decrease in the amount of allocations required to be made by the Organization for the current year. To support the communities most vulnerable, the Organization made the decision to carry out a COVID-19 emergency campaign. During the current year, the Organization allocated additional emergency allocations totaling \$5,616,468, and will continue to respond to community needs as they arise.

The current economic climate may lead to changes in cash flows, working capital levels, collections of pledges receivable and/or revenues, which may also have a direct impact on the Organization's operating results and financial position in the future. The situation is dynamic and the ultimate duration and magnitude of the impact on the economy and the financial effect on the Organization is not known at this time.

3. Significant accounting policies

These financial statements were prepared in accordance with Part III of the *CPA Canada Handbook – Accounting*, "Accounting Standards for Not-for-Profit Organizations", which sets out generally accepted accounting principles for not-for-profit organizations in Canada and includes the significant accounting policies described below.

Fund accounting

Federation CJA follows the restricted fund method of accounting for contributions.

The Endowment Fund reports resources contributed as endowments. Investment income earned on the Endowment Fund is spent in accordance with the restrictions imposed by the contributors.

The Legacy and Other Funds report resources set aside for other than current needs. These fund balances consist of internally restricted funds for "Operation Montreal" initiatives, capital improvements, the defined benefit pension plan, and an unrestricted fund for future General Fund activities.

Federation CJA

Notes to financial statements

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The General Fund reports revenue and expenses related to the Organization's fundraising, administration and operations, which include allocations to affiliated agencies, charitable programs, and occupancy and administration expenses incurred on behalf of certain agencies and Federation CJA programs. The General Fund also reports the assets, liabilities and operations related to Federation CJA's property and equipment.

The Campaign Fund reports the proceeds raised through the annual Combined Jewish Appeal campaign, allocations to Jewish Federations of Canada – UIA, and designated allocations. The fund balance is restricted to the funding of the operations and allocations of the following year.

Cash

Cash consists of cash on hand and balances held at financial institutions.

Property and equipment

Property and equipment are recorded at cost and amortized on a straight-line basis over their estimated useful lives, as follows:

Buildings	40 years
Furniture, fixtures and equipment	5 or 15 years
Computer hardware	2 years
Computer software	5 years

Amortization expense is reported in the General Fund.

Collections

Part of the collections consists of items and artifacts relating to Jewish history.

The assets of the collections are recognized in the Organization's statement of financial position at a nominal value of \$1 due to the difficulty in determining the fair value.

Impairment

Property and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. Impairment is assessed by comparing the carrying amount of an asset to be held and used with the total of the undiscounted cash flows expected from its use and disposition. If the asset is impaired, the impairment loss to be recognized is measured by the amount by which the carrying amount of the asset exceeds its fair value, generally determined on a discounted cash flow basis. Any impairment results in a write-down of the assets and a charge to income during the year. An impairment loss is not reversed if the fair value of the related long-lived asset subsequently increases.

Investments

Investments managed by the Jewish Community Foundation of Montreal are classified as held for trading financial assets. They are measured at the lesser of fair value, determined on the basis of market value, and net realizable value. Investment income includes changes in fair value, which are recognized in the statement of operations in the period in which the changes occur.

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Notes to financial statements

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Pooled funds are valued based on reported unit values. Transactions are recorded on a settlement basis and transaction costs are expensed as incurred. Investment income, which consists of interest, dividends, income distributions from pooled funds and realized and unrealized gains and losses, is recorded as revenue in the statement of operations and changes in fund balances.

The preferred shares in private companies are recorded at amortized cost.

Revenue recognition

Restricted contributions are recognized as revenue of the appropriate restricted fund. Restricted contributions for which no corresponding restricted fund is presented should be recognized in the general fund in accordance with the deferral method. Restricted contributions for expenses of one or more future periods should be deferred and recognized as revenue in the same period or periods as the related expenses are recognized.

Endowment contributions are recognized as revenue in the Endowment Fund.

Unrestricted contributions are recognized as revenue of the General Fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Regular campaign revenue is recognized on an accrual basis, net of a provision for doubtful pledges. Certain long-term pledges are recognized on a cash basis.

Allocation of expenses

In addition to direct funding made to affiliated agencies and Federation CJA programs, the Organization provides office space and administrative assistance free of charge. For financial statement purposes, the cost of these services is allocated to the Strengthening Jewish life and continuity and Caring for the vulnerable categories of expenses based on the costs related to the agencies and programs benefiting from the services provided. Agencies' and programs' share of costs for occupancy is determined by premises square footage and costs for administrative assistance is determined by estimated time spent by Federation CJA staff.

Employee future benefits

Until December 31, 2006, the Organization offered its employees a defined benefit pension plan whereby benefits are determined based on years of service and the final average salary. Effective January 1, 2007, this plan was closed to new employees, who became members of the defined contribution plan described below. Commencing January 1, 2007, the service accrual in the defined benefit component of the Plan was frozen and the pension benefits earned to that date for employees who continue to render services are calculated based on the maximum average eligible earnings of each employee during the best average three years. The defined benefit obligation as at the statement of financial position date is determined using the most recent actuarial valuation report prepared for funding purposes. The measurement date of the plan assets and the defined benefit plan obligation is the Organization's statement of financial position date.

In its year-end statement of financial position, the Organization recognizes the defined benefit obligation, less the fair value of plan assets, adjusted for any valuation allowance. The plan cost for the year is recognized in the statement of operations and changes in fund balances. Past service costs resulting from changes in the plan are recognized as an expense in the statement of operations at the date of the changes.

Notes to financial statements

March 31, 2021

Remeasurements and other items comprise the aggregate of the following: the difference between the actual return on plan assets and the return calculated using the discount rate; actuarial gains and losses; past service costs; and gains and losses arising from settlements and curtailments.

Employee defined contribution plan

On January 1, 2007, the defined contribution portion of the plan commenced for all employees. The respective contribution rates of the employer and employee are 5% and 3% of eligible salaries. The recorded expense consists of amounts paid during the year for employees who participate in the plan and amounts to \$355,417 [2020 – \$393,264].

Foreign currency translation

In the case of the Organization's foreign currency transactions, the Organization uses the temporal method. Under this method, monetary assets and liabilities are translated into Canadian dollars at the exchange rate in effect as at the statement of financial position date, and non-monetary items are translated at the prevailing historical rate at the time of the transaction. Revenue and expenses arising from foreign currency transactions are translated into Canadian dollars at the exchange rate in effect at the transaction date. The exchange gains or losses resulting from the translation of monetary items are included in the excess (deficiency) of revenue over allocations and expenses.

Volunteer services

Federation CJA benefits from substantial services in the form of volunteer time. Due to the difficulty of determining their fair value, volunteer services are not recorded in these financial statements.

Financial instruments

The Organization initially records a financial instrument at its fair value, which is recorded at the carrying or exchange amount depending on the circumstances.

The Organization recognizes its transaction costs in net income in the period incurred. However, financial instruments that will not be subsequently measured at fair value are adjusted by the transaction costs that are directly attributable to their origination, issuance or assumption.

Subsequently, the Organization measures financial instruments as follows:

- investments in equity instruments that are quoted in an active market at fair value;
- all other investments in equity instruments at cost less impairment;
- all other financial assets at amortized cost;
- all financial liabilities at amortized cost; and
- derivative contracts, not designated as a hedge, at fair value.

Financial assets at amortized cost are composed of cash, and accounts and sundry receivables. Financial assets initially recorded at fair value, then subsequently measured at amortized cost, include loans receivable. Financial liabilities at amortized cost include accounts and allocations payable.

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Notes to financial statements

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Government assistance

Amounts received or receivable resulting from government assistance programs are reflected as income when the Organization becomes eligible to accrue them, provided there is reasonable assurance the benefits will be realized.

4. Long-term loans receivable

Long-term loans receivable bear interest at rates between 0 % and 5 % per annum, are collateralized by land and buildings, and are repayable at various dates until 2029.

	\$
Current	
2022	158,830
Long-term	
2023	152,671
2024	136,296
2025	86,413
2026	21,348
Thereafter	90,663
	<u>487,391</u>
	<u>646,221</u>

During the year, the Organization recorded accretion amounting to \$10,008 [2020 – \$12,475].

During the year ended March 31, 2020, the Organization received proceeds amounting to \$2,000,000 for the early repayment of a loan with an amortized cost of \$802,339, resulting in a gain amounting to \$1,196,304. The gain was included in investment income in the General Fund.

The Organization develops its fair value estimates using present value techniques that consider and incorporate significant assumptions including credit risk, discount rates and the timing and frequency of the repayment. Fair value estimates are then discounted back to their present value using the credit adjusted risk-free rate, which is the rate of interest that is essentially free of default risk, plus an adjustment for credit standing. The credit adjusted risk-free rate is based on management's understanding of current and future economic conditions. Although the Organization regularly reviews its credit risk exposures, default risk may arise from events or circumstances that are difficult to detect or foresee.

5. Pledges and other receivables

During the year ended March 31, 2021, the Organization ran the 2020 and 2021 annual campaigns simultaneously. Pledges for the 2021 annual campaign are included in deferred revenue until the 2021 campaign commences. The pledges and other receivables for the current and prior year annual campaigns as at March 31, 2021 are net of an allowance for doubtful accounts of \$2,693,767 [2020 – \$3,063,813].

Federation CJA

Notes to financial statements

March 31, 2021

6. Investments

	2021	2020
	\$	\$
Listed equity	45,534,075	—
Guaranteed Investment Certificates	—	3,900,000
Total current investments	45,534,075	3,900,000
The Jewish Community Foundation of Montreal Equity Fund	29,852,923	25,838,148
The Jewish Community Foundation of Montreal Fixed Income Fund	7,185,443	5,853,436
Total Investments managed by the Jewish Community Foundation of Montreal	37,038,366	31,691,584
Retractable preferred shares in private companies	3,000,000	3,000,000
Total long-term investments	40,038,366	34,691,584
Total investments	85,572,441	38,591,584

On March 19, 2021, the Organization received a special one time donation of \$45,420,000 worth of listed equity shares with a fair market value as at March 31, 2021 of \$45,534,075 (included in current assets), which is payable to Jewish Community Foundation (included in accounts payable to Jewish Community Foundation).

During the year ended March 31, 2020, the Organization invested \$3.9 million in guaranteed investment certificates ["GIC"] which matured on March 25, 2021. These GICs earned an interest rate of 1.20% annually.

The Jewish Community Foundation of Montreal Equity Fund invests in Canadian, US and other money market funds, equity funds, hedge funds and other investments, which are recorded at the published market values as at March 31, 2021.

The Jewish Community Foundation of Montreal Fixed Income Fund invests in Canadian Bond Funds and State of Israel Bonds, which are recorded at the published market values of their funds as at March 31, 2021.

7. Employee defined benefit plan

The Organization provides pension and post-employment benefits to most of its employees. The pension plan is a multi-employer plan and covers certain employees of Federation CJA and the following associated employers: Agence Ometz, Association of Jewish Day Schools, Baron de Hirsch – Back River Cemeteries Inc./Les Cimetières de Baron de Hirsch-Back River Inc., Caldwell Residences, Camp B'nai Brith, Communauté Sépharade Unifiée du Québec, Cummings Jewish Centre for Seniors Foundation, Cummings Jewish Centre for Seniors, Jewish Community Foundation of Montreal, Jewish Public Library, JEM Workshop Inc., Kehilla Montreal Residential Programs, Montreal Holocaust Museum, Segal Centre for Performing Arts/Centre Segal des arts de la scène, iTALAM.org, and the Young Men's and Young Women's Hebrew Association of Montréal.

Effective July 29, 2020, the employee defined benefit plan was amended and restated to remove the Bronfman Jewish Education Centre as an associated employer as they transferred all employees included in the plan to the Organization.

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Notes to financial statements

March 31, 2021

Commencing January 1, 2007, the service accrual in the defined benefit component of the Plan was frozen. At the same date, a defined contribution plan was introduced.

Upon termination, the participant may transfer their vested funds to another registered investment vehicle if they have not attained their early retirement date of 55 years of age. Effective July 1, 2017, terminated members younger than 55 years old can leave their vested funds in the defined benefit Plan until retirement or withdraw them based on the degree of solvency of the defined benefit Plan.

Information about the Organization's share of the multi-employer defined benefit plan as at March 31 is as follows:

	2021 \$	2020 \$
Accrued benefit obligations	3,640,000	6,960,000
Fair market value of plan assets	4,394,000	7,442,000
Valuation allowance on plan assets	(754,000)	—
Funded status – plan deficiency (surplus)	—	(482,000)

Information about the Organization's multi-employer defined benefit plan including the above obligation as at March 31 is as follows:

	2021 \$	2020 \$
Accrued benefit obligations	11,859,000	27,175,000
Fair market value of plan assets	14,316,000	29,060,000
Valuation allowance on plan assets	(2,457,000)	—
Funded status – plan deficiency (surplus)	—	(1,885,000)

The most recent actuarial valuation of the Pension Plan and the other post-employment benefits was as of December 31, 2017. On April 30, 2021, the Organization made the decision to wind up the defined benefit component and thus no further actuarial evaluation on a funding basis will be performed. Once approval of the wind-up is received, the Organization will be required to fund any deficit that exists, and assets will be disbursed which will be expected to be completed by October 30, 2021. Given the termination of the defined benefit component of the pension plan, and that the Organization does not expect to realize future benefit from any funding status surplus, a valuation allowance was recorded amounting to \$754,000.

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Notes to financial statements

March 31, 2021

8. Property and equipment

	Cost	Accumulated amortization	Net book value
	\$	\$	\$
2021			
Land	325,000	—	325,000
Construction in progress	431,339	—	431,339
Artwork	527,065	—	527,065
Cummings Campus and Gelber Conference Centre Building	19,461,656	11,320,229	8,141,427
Cummings Centre Building	2,477,063	2,394,240	82,823
West Island Building	1,010,187	394,558	615,629
Furniture, fixtures and equipment	6,126,188	3,984,754	2,141,434
Computer hardware and software	856,632	779,771	76,861
Collections	1	—	1
	31,215,131	18,873,552	12,341,579
2020			
Land	325,000	—	325,000
Construction in progress	45,891	—	45,891
Artwork	527,065	—	527,065
Cummings Campus and Gelber Conference Centre Building	19,461,656	10,883,616	8,578,040
Cummings Centre Building	2,477,063	2,369,115	107,948
West Island Building	1,010,187	369,303	640,884
Furniture, fixtures and equipment	6,126,188	3,659,195	2,466,993
Computer hardware and software	781,543	728,541	53,002
Collections	1	—	1
	30,754,594	18,009,770	12,744,824

During the year, the Organization wrote off \$nil [2020 – \$183,810] of construction in progress.

During the year ended March 31, 2020, the Organization sold the Centre Hillel with a cost of \$155,000 and a net carrying value of \$nil for net proceeds amounting to \$569,932. The gain of \$569,932 was included in the Legacy and other funds.

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9. Deferred contributions

Deferred contributions represent restricted contributions relating to the Montreal Jewish Community Campus. Revenue is recognized on the same basis as expenses, which include the amortization of the acquired property and equipment and allocations relating to the Montreal Jewish Community Campus.

Changes in the deferred contributions balance are as follows:

	2021	2020
	\$	\$
Balance, beginning of year	7,463,363	7,845,943
Revenue recognized	(382,580)	(382,580)
Balance, end of year	7,080,783	7,463,363

10. Externally restricted fund balances

Major categories of the externally restricted fund balances are as follows:

	2021	2020
	\$	\$
Endowment Fund		
Montreal Jewish Community Campus	3,048,533	2,554,765
Donors	3,000,000	3,000,000
Other	68,024	57,006
	6,116,557	5,611,771
Campaign Fund	41,498,477	31,379,664
	47,615,034	36,991,435

During the year ended March 31, 2021, the Organization renewed a funding agreement with The Maccabee Task Force Foundation. The Organization is to spend the funds received on certain projects on the campuses of McGill University and Concordia University. An amount of \$191,470 was received in addition to the balance of \$190,191 from the prior year totalling \$381,661 of funds received. As at September 10, 2021, \$47,780 of the funds received was expended.

The income generated in the Endowment Fund must be used in accordance with the wishes of the donors and the capital portion cannot be spent without the consent of the donors.

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March 31, 2021

11. Internally restricted fund balances

Major categories of internally restricted fund balances are as follows:

	2021	2020
	\$	\$
Operation Montreal	14,002,395	12,294,680
Property and equipment reserve	4,931,370	3,070,503
Allocations fund	980,702	821,860
Awards fund	148,290	65,017
Pension plan reserve	807,530	670,100
Legacy and other Funds	20,870,287	16,922,160
General Fund	5,260,797	5,281,461
	26,131,084	22,203,621

During the year ended March 31, 2021, the Organization funded its defined benefit pension plan by \$3.9 million and purchased annuities to reduce the financial risk exposure of the defined benefit component of the pension plan, for retired members.

During the year ended March 31, 2020, the Organization used \$3.9 million of the pension plan reserve to invest in guaranteed investment certificates ["GIC"]. These GICs were included in investments in the General Fund.

12. Other Donations, bequest and income

Cost recoveries and sponsorships are included in other donations, bequest and income amounting to \$1,254,791 [2020 – \$1,690,666] in the General Fund and \$57,899 [2020 – \$175,683] in the Campaign Fund. The corresponding expenses can be found in administration, occupancy and campaign expenses recoverable in the Schedule of General Fund expenses.

13. Government assistance

During the fiscal year ended March 31, 2021, the Organization was eligible for the Canada Emergency Wage Subsidy ["CEWS"]. The CEWS is available to a Canadian employer who has seen a drop in revenue during the COVID-19 pandemic, for which they may receive a subsidy to cover part of their employee wages. The Organization recognized an amount of \$1,910,773 as income during the fiscal year ended March 31, 2021. The income is included in other donations, bequests and income in the General Fund. As at March 31, 2021, \$417,570 of salary subsidies have not yet been received from the government and are included in accounts and sundry receivables.

14. Financial instruments and risk management

The Organization is exposed to various financial risks through transactions in financial instruments. The following provides information in assessing the extent of the Organization's exposure to these risks.

Notes to financial statements

March 31, 2021

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The following table provides a summary of US dollar denominated financial assets and liabilities:

	2021 \$	2020 \$
Cash	<u>697,018</u>	<u>1,757,610</u>

Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices [other than those arising from interest rate risk or currency risk], whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The carrying value of cash, accounts and sundry receivables, and pledges and other receivables approximates their fair value due to their short-term nature.

The Organization is exposed to market and currency risk with regards to its investments. Market risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market. The investment policy provides for diversified investment options in order to mitigate the market risk. Currency risk is the risk that the value of investments will fluctuate as a result of changes in foreign exchange rates. Currency risk derives from investments denominated in foreign currencies. The investment managers of the pooled funds manage the currency risk as part of their mandates.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Organization's main credit risk relates to its pledges and other receivables. To mitigate this risk, the Organization evaluates its donors on a continuing basis. As at March 31, 2021, one donor comprised 14% of pledges and other receivables [2020 – one donor; 19%]. The Organization is also exposed to credit risk on its long-term loans receivable. However, the Organization believes that the security held on the loans mitigates this risk.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Organization is exposed to interest rate risk, specifically fair value risk on its long-term loans receivable and investment in the Jewish Community Foundation of Montreal's fixed income fund.

Liquidity risk

Liquidity risk is the risk that the Organization will encounter difficulty in meeting obligations associated with financial liabilities. The Organization is exposed to this risk mainly in respect of its accounts and allocations payable.

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15. Capital management

In managing capital, the Organization focuses on liquid resources available for operations. The Organization's objectives are to have sufficient liquid resources to continue operating despite events with adverse financial consequences and to provide itself with the flexibility to take advantage of opportunities that will advance its purposes. The need for sufficient liquid resources is considered in the preparation of an annual budget and in the monitoring of cash flows and actual operating results compared to the budget. As at March 31, 2021, the Organization has met its objective of having sufficient liquid resources to meet its current obligations.

16. Comparative figures

Certain of the comparative figures have been reclassified to conform to the basis of presentation adopted for the current year.