Financial Statements of

JEWISH VOCATIONAL SERVICE OF METROPOLITAN TORONTO

Years ended March 31, 2013 and 2012

KPMG LLP
Chartered Accountants
Yonge Corporate Centre
4100 Yonge Street Suite 200
Toronto ON M2P 2H3
Canada

Telephone (416) 228-7000
Fax (416) 228-7123
Internet www.kpmg.ca

INDEPENDENT AUDITORS' REPORT

To the Directors of
Jewish Vocational Service of Metropolitan Toronto

We have audited the accompanying financial statements of Jewish Vocational Service of Metropolitan Toronto, which comprise the statements of financial position as at March 31, 2013, March 31, 2012 and April 1, 2011, the statements of operations and changes in fund balances and cash flows for the years ended March 31, 2013 and March 31, 2012, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Jewish Vocational Service of Metropolitan Toronto as at March 31, 2013, March 31, 2012 and April 1, 2011, and its results of operations and its cash flows for the years ended March 31, 2013 and March 31, 2012 in accordance with Canadian accounting standards for not-for-profit organizations.

KPMG LLP

Chartered Accountants, Licensed Public Accountants

June 26, 2013
Toronto, Canada

JEWISH VOCATIONAL SERVICE OF METROPOLITAN TORONTO

Statements of Financial Position

March 31, 2013, March 31, 2012 and April 1, 2011

	Operating fund	Restricted fund	Reserve fund	Capital asset fund	Building fund	March 31, 2013 Total	March 31, 2012 Total (Schedules)	April 1, 2011 Total (Schedules)
Assets								
Current assets:								
Cash and cash equivalents	$ 93,540	$ 493,626	$ 182,683	$ –	$ 188,253	$ 958,102	$ 1,635,497	$ 1,415,153
Accounts receivable (note 2)	292,045	–	–	–	–	292,045	668,793	586,313
Grants receivable	837,610	–	–	–	–	837,610	307,173	1,087,931
Harmonized sales tax receivable	80,761	–	–	–	–	80,761	94,071	127,568
Prepaid expenses	37,939	–	–	–	–	37,939	91,699	146,985
Due to/from other funds	(151,320)	(63,624)	206,868	13,049	(4,973)	–	–	–
	1,190,575	430,002	389,551	13,049	183,280	2,206,457	2,797,233	3,363,950
Cash surrender value of life insurance policy	–	142,647	–	–	–	142,647	131,751	–
Accrued benefit asset (note 3)	746,800	–	–	–	–	746,800	683,000	492,800
Property and equipment (note 4)	–	–	–	1,940,357	–	1,940,357	2,358,602	2,394,757
	$ 1,937,375	$ 572,649	$ 389,551	$ 1,953,406	$ 183,280	$ 5,036,261	$ 5,970,586	$ 6,251,507
Liabilities and Fund Balances								
Current liabilities:								
Accounts payable and accrued liabilities (note 9)	$ 1,411,597	$ –	$ 184,014	$ –	$ –	$ 1,595,611	$ 1,292,373	$ 1,329,470
Deferred contributions (note 5)	525,778	497,928	–	–	–	1,023,706	1,406,381	1,597,739
	1,937,375	497,928	184,014	–	–	2,619,317	2,698,754	2,927,209
Deferred capital contributions (note 5(c))	–	–	–	909,769	–	909,769	1,263,197	1,291,880
Fund balances	–	74,721	205,537	1,043,637	183,280	1,507,175	2,008,635	2,032,418
	$ 1,937,375	$ 572,649	$ 389,551	$ 1,953,406	$ 183,280	$ 5,036,261	$ 5,970,586	$ 6,251,507

See accompanying notes to financial statements.

On behalf of the Board:

______________________________ Director

______________________________ Director

JEWISH VOCATIONAL SERVICE OF METROPOLITAN TORONTO

Statements of Operations and Changes in Fund Balances

Years ended March 31, 2013 and 2012

March 31, 2013	Operating fund	Restricted fund	Reserve fund	Capital asset fund	Building fund	Total
Revenue:						
Grants (note 6)	$ 12,973,365	$ –	$ –	$ –	$ –	$ 12,973,365
Fees for service	1,511,775	–	–	–	–	1,511,775
Workshop sale	39,298	–	–	–	–	39,298
Other income	36,448	1,339	472	–	–	38,259
Recognition of deferred contributions	241,482	223,503	–	399,000	–	863,985
	14,802,368	224,842	472	399,000	–	15,426,682
Expenses:						
Salaries	8,648,082	109,208	203,018	–	–	8,960,308
Employee benefits	1,773,840	22,960	30,409	–	–	1,827,209
Client	1,154,223	2,189	–	–	–	1,156,412
Rent and occupancy	848,847	9,899	–	–	–	858,746
Purchased services	674,839	2,974	46,889	–	–	724,702
Miscellaneous	306,360	93,734	–	–	–	400,094
Office	440,833	10,322	–	–	–	451,155
Delivery partners	787,158	–	–	–	–	787,158
Amortization	–	–	–	463,817	–	463,817
Computer maintenance	301,201	4,144	–		–	305,345
	14,935,383	255,430	280,316	463,817	–	15,934,946
Deficiency of revenue over expenses	(133,015)	(30,588)	(279,844)	(64,817)	–	(508,264)
Fund balances, beginning of year	9,446	73,869	633,586	1,108,454	183,280	2,008,635
Endowment contributions (note 7(a))	–	6,804	–	–	–	6,804
Interfund transfers (note 7(b))	123,569	24,636	(148,205)	–	–	–
Fund balance, end of year	$ –	$ 74,721	$ 205,537	$ 1,043,637	$ 183,280	$ 1,507,175

JEWISH VOCATIONAL SERVICE OF METROPOLITAN TORONTO

Statements of Operations and Changes in Fund Balances (continued)

Years ended March 31, 2013 and 2012

March 31, 2012	Operating fund	Restricted fund	Reserve fund	Capital asset fund	Building fund	Total
Revenue:						
Grants (note 6)	$ 13,634,073	$ –	$ –	$ –	$ –	$ 13,634,073
Fees for service	1,612,090	–	–	–	–	1,612,090
Workshop sales	43,102	–	–	–	–	43,102
Other income	92,889	3,300	–	–	–	96,189
Recognition of deferred contributions	236,992	279,436	–	415,913	–	932,341
	15,619,146	282,736	–	415,913	–	16,317,795
Expenses:						
Salaries	9,330,991	86,798	47,286	–	–	9,465,075
Employee benefits	1,772,927	18,085	921	–	–	1,791,933
Client	1,262,339	2,710	–	–	–	1,265,049
Rent and occupancy	771,634	7,647	–	–	–	779,281
Purchased services	602,465	17,726	9,695	–	–	629,886
Miscellaneous	448,994	130,220	–	–	–	579,214
Office	556,221	13,145	3,408	–	–	572,774
Delivery partners	508,720	–	–	–	–	508,720
Amortization	–	–	–	466,264	–	466,264
Computer maintenance	282,241	3,591	–	–	–	285,832
	15,536,532	279,922	61,310	466,264	–	16,344,028
Excess (deficiency) of revenue over expenses	82,614	2,814	(61,310)	(50,351)	–	(26,233)
Fund balances, beginning of year	26,832	68,605	647,774	1,115,927	173,280	2,032,418
Endowment contributions (note 7(a))	–	2,450	–	–	–	2,450
Interfund transfers (note 7(b))	(100,000)	–	47,122	42,878	10,000	–
Fund balance, end of year	$ 9,446	$ 73,869	$ 633,586	$ 1,108,454	$ 183,280	$ 2,008,635

See accompanying notes to financial statements.

JEWISH VOCATIONAL SERVICE OF METROPOLITAN TORONTO

Statements of Cash Flows

Years ended March 31, 2013 and 2012

		2013		2012
Cash flows from (used in):				
Operating activities:				
Deficiency of revenue over expenses	$	(508,264)	$	(26,233)
Items not involving cash:				
Amortization of property and equipment		463,817		466,264
Amortization of deferred capital contributions		(399,000)		(415,913)
Deferred contributions - recognition		(10,509,003)		(14,387,493)
Pension expense		204,300		140,200
Deferred contributions received		10,115,432		14,064,384
Employer defined benefit pension contributions		(268,100)		(330,400)
Change in non-cash operating working capital (note 8)		216,619		749,964
		(684,199)		260,773
Financing activities:				
Increase in deferred capital contributions		45,572		387,230
Endowment contributions		6,804		2,450
		52,376		389,680
Investing activities:				
Additions to property and equipment		(45,572)		(430,109)
Increase (decrease) in cash and cash equivalents		(677,395)		220,344
Cash and cash equivalents, beginning of year		1,635,497		1,415,153
Cash and cash equivalents, end of year	$	958,102	$	1,635,497
Supplemental non-cash information:				
Cash surrender value of life insurance policy recorded in deferred contributions	$	10,896	$	131,751

See accompanying notes to financial statements.

Jewish Vocational Service of Metropolitan Toronto (the "Agency") is an Ontario organization providing educational and employment services to individuals in the Greater Toronto Area. For Canadian income tax purposes, the Agency qualifies as a not-for-profit organization and a registered charity (registration number 107535015RR0001), which is exempt from income tax under the Income Tax Act (Canada).

On April 1, 2012, the Agency adopted Canadian Accounting Standards for Not-For-Profit Organizations ("ASNPO") in Part III of The Canadian Institute of Chartered Accountants' Handbook. These are the first financial statements prepared in accordance with ASNPO.

In accordance with the transitional provisions in ASNPO, the Agency has adopted the changes retrospectively, subject to certain exemptions allowed under these standards. The transition date is April 1, 2011 and all comparative information provided has been presented by applying ASNPO.

A summary of transitional adjustments recorded to fund balances and deficiency of revenue over expenses is provided in note 14.

1. Significant accounting policies:

The financial statements have been prepared by management in accordance with ASNPO.

(a) Fund accounting:

Revenue and expenses related to program delivery and administrative activities are reported in the operating fund.

The restricted fund reports all contributions received related to fundraising and expenses related to fundraising campaigns. The funds are externally restricted to providing individuals with access to the Agency's programs. In addition, it reports the endowments of the Agency.

1. Significant accounting policies (continued):

The reserve fund was established by the Agency to reserve for future liabilities not in the normal course of operations. The maximum balance of the fund has been determined by a resolution of the Board of Directors. Use of the fund will also be determined by the Board of Directors.

The capital asset fund reports revenue and expenses related to the Agency's property and equipment.

The building fund was established by the Agency to finance the replacement of major building components at 74 Tycos Drive, Toronto, Ontario, when they reach the end of their normal service lives. Use of the fund is determined by the Board of Directors.

(b) Revenue recognition:

The Agency follows the deferral method of accounting for contributions. These contributions generally consist of grants and donations.

Operating grants are recorded in the operating fund as revenue in the period to which they relate. Grants approved but not received at the end of an accounting period are accrued. Where a portion of a grant relates to a future period, it is deferred and recognized in that subsequent period.

Restricted donations are recognized as revenue of the appropriate fund in the year in which the related expenses are incurred.

Contributions restricted for the purchase of property and equipment are deferred and amortized into revenue in the capital fund on a straight-line basis, at a rate corresponding with the amortization rate for the related property and equipment.

Endowment contributions are recognized as direct increases in the restricted fund balance.

Fees for services and workshop sales are recorded when services have been rendered and payments are assured.

1. Significant accounting policies (continued):

(c) Financial instruments:

Financial instruments are recorded at fair value on initial recognition and subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Agency has not elected to carry any such financial instruments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Agency determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Agency expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement not exceeding the initial carrying value.

(d) Cash surrender value of life insurance policy:

The Agency records its cash surrender value of life insurance policy at fair market value.

1. Significant accounting policies (continued):

(e) Property and equipment:

Purchased property and equipment are recorded in the capital asset fund at cost. Contributed property and equipment are recorded in the capital asset fund at fair value on the date of contribution. When a capital asset no longer contributes to the Agency's ability to provide services, its carrying amount is written down to its residual value. Annual amortization rates adopted by the Agency are applied on a straight-line basis as follows:

Building	40 years
Building improvements	20 years
Furniture and equipment	5 years
Computers	3 years
Leasehold improvements	Over term of lease

Amortization expense is reported in the capital asset fund.

(f) Employee future benefits:

The Agency maintains a pension plan that consists of a defined benefit component and a defined contribution component. The defined benefit pension plan was closed for new entries as of November 1, 2002. All new employees after November 1, 2002 join the defined contribution component of the plan. Employees have the option to make contributions, which are matched at a specific rate by the Agency. The defined benefit component of the pension provides pension benefits based upon the best three consecutive years' earnings and years of service.

1. Significant accounting policies (continued):

The Agency uses the deferral and amortization approach to account for its defined benefit plan. The Agency accrues its obligations under the defined benefit plan as the employees render the services necessary to earn the pension. The actuarial determination of the accrued benefit obligation for the pension uses the projected benefit method prorated on service (which incorporates management's best estimate of future salary levels, other cost escalation, retirement ages of employees and other actuarial factors). The measurement date of the plan assets and accrued benefit obligation coincides with the Agency's fiscal year. The most recent actuarial valuation of the defined benefit plans for funding purposes was performed as at December 31, 2009, and the next valuation is required at December 31, 2012.

Actuarial gains (losses) on plan assets arise from the difference between the actual return on plan assets for a period and the expected return on plan assets for that period. For the purpose of calculating the expected return on plan assets, the assets are valued at fair value. Actuarial gains (losses) on the accrued benefit obligation arise from differences between actual and expected experience and from changes in the actuarial assumptions used to determine the accrued benefit obligation. The excess of the net accumulated actuarial gains (losses) over 10% of the greater of the accrued benefit obligation and the fair value of plan assets is amortized over the average remaining service lifetime on a straight-line basis. The average remaining service lifetime of the active employees covered by the pension plan was 11 years as at April 1, 2011 and was 10 years as at April 1, 2012.

(g) Donated materials and services:

Donated materials and services that are normally purchased are recorded at fair market value where such can reasonably be determined. Donated goods of $24,311 (2012 - $36,400) are included in revenue of the restricted fund and also recorded as miscellaneous expenses in the restricted fund.

JEWISH VOCATIONAL SERVICE OF METROPOLITAN TORONTO

Notes to Financial Statements (continued)

Years ended March 31, 2013 and 2012

1. Significant accounting policies (continued):

(h) Volunteers:

A number of volunteers contribute a significant amount of their time each year. Because of the difficulty of determining the fair value, contributed services are not recognized in the financial statements.

(i) Expense allocation:

Various general and administration expenses are allocated to fundraising and other funds, including salaries, computer, insurance and rent. These expenses are allocated on a consistent basis each year based on a predetermined cost-sharing formula.

(j) Use of estimates:

The preparation of financial statements requires the Agency to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenue and expenses during the years. Significant areas requiring the use of estimates include the measurement of assets and obligations related to employee future benefits and amortization of property and equipment. Actual results could differ from those estimates.

2. Accounts receivable:

The provision for accounts receivable for March 31, 2013 is $28,667 (March 31, 2012 - $40,195; April 1, 2011 - $23,720). No amounts have been provided for grants receivable.

3. Employee future benefits:

	March 31, 2013	March 31, 2012	April 1, 2011
Accrued benefit obligation	$ (4,452,700)	$ (4,160,900)	$ (3,639,300)
Fair value of plan asset	3,436,300	3,243,300	3,210,700
Plan deficit	(1,016,400)	(917,600)	(428,600)
Unamortized net actuarial loss	1,763,200	1,600,600	921,400
Accrued benefit asset	$ 746,800	$ 683,000	$ 492,800

The following table summarizes the allocation of plan assets of the defined benefit pension plan by major asset category:

	Allocation of plan assets		
	March 31, 2013	March 31, 2012	April 1, 2011
Diversified funds	95%	96%	96%
Real estate funds	5%	4%	4%

3. Employee future benefits (continued):

The significant assumptions used are as follows:

	March 31, 2013	March 31, 2012	April 1, 2011
Accrued benefit obligation:			
Discount rate	4.0%	4.1%	5.6%
Rate of compensation increase	2.5%	2.5%	4.0%
Benefit costs:			
Discount rate	4.1%	4.1%	5.6%
Expected long-term rate of return on plan assets	6.5%	6.5%	6.5%
Rate of compensation increase	2.5%	2.5%	4.0%

The Agency's net benefit plan expenses (credits) are as follows:

	2013	2012
Current service cost	$ 126,200	$ 108,200
Interest cost	170,200	191,300
Expected return on plan assets	(210,600)	(210,000)
Amortization of net actuarial loss	118,500	50,700
Defined benefit pension expense	204,300	140,200
Defined contribution pension expense	279,100	298,000
	$ 483,400	$ 438,200

JEWISH VOCATIONAL SERVICE OF METROPOLITAN TORONTO

Notes to Financial Statements (continued)

Years ended March 31, 2013 and 2012

4. Property and equipment:

March 31, 2013	Cost	Accumulated amortization	Net book value
Land - 74 Tycos Drive	$ 645,000	$ –	$ 645,000
Building - 74 Tycos Drive	717,001	483,162	233,839
Building improvements	490,587	117,447	373,140
Furniture and equipment	1,107,170	946,728	160,442
Computers	1,328,563	1,066,038	262,525
Leasehold improvements	1,477,524	1,212,113	265,411
	$ 5,765,845	$ 3,825,488	$ 1,940,357

March 31, 2012	Cost	Accumulated amortization	Net book value
Land - 74 Tycos Drive	$ 645,000	$ –	$ 645,000
Building - 74 Tycos Drive	717,001	470,479	246,522
Building improvements	490,587	92,917	397,670
Furniture and equipment	1,322,287	1,093,873	228,414
Computers	2,028,322	1,536,373	491,949
Leasehold improvements	1,450,626	1,101,579	349,047
	$ 6,653,823	$ 4,295,221	$ 2,358,602

April 1, 2011	Cost	Accumulated amortization	Net book value
Land - 74 Tycos Drive	$ 645,000	$ –	$ 645,000
Building - 74 Tycos Drive	717,001	457,808	259,193
Building improvements	485,165	68,524	416,641
Furniture and equipment	1,413,226	982,534	430,692
Computers	1,562,482	1,349,626	212,856
Leasehold improvements	1,400,840	970,465	430,375
	$ 6,223,714	$ 3,828,957	$ 2,394,757

On April 1, 2011, $110,411 of the computer cost of $1,562,482 relates to computers not available for use.

5. Deferred contributions:

(a) Operating deferred contributions:

Operating deferred contributions relate to operating funding received in the current year to be recognized in a subsequent year. Changes in the operating deferred contributions balance reported are as follows:

	2013	2012
Balance, beginning of year	$ 762,771	$ 1,165,001
Grants received	9,807,025	13,468,835
Grant revenue recognized	(10,044,018)	(13,871,065)
Balance, end of year	$ 525,778	$ 762,771

(b) Restricted deferred contributions:

Restricted deferred contributions relate to donations received in the current year as part of fundraising campaigns to be recognized in a subsequent year. Changes in the restricted deferred contributions reported are as follows:

	2013	2012
Balance, beginning of year	$ 643,610	$ 432,738
Contributions received	308,407	595,549
Amounts recognized in the operating fund	(241,482)	(236,992)
Recognition of restricted deferred contributions	(223,503)	(279,436)
Change in cash surrender value of life insurance policy	10,896	131,751
Balance, end of year	$ 497,928	$ 643,610

5. Deferred contributions (continued):

(c) Deferred capital contributions:

Deferred capital contributions include the unamortized portions of restricted contributions with which property and equipment were originally purchased, as well as unexpended restricted contributions for the purchase of property and equipment. Changes in the deferred capital contributions balance are as follows:

	2013	2012
Balance, beginning of year	$ 1,263,197	$ 1,291,880
Property and equipment grants and donations	45,572	387,230
Recognition of deferred capital contributions	(399,000)	(415,913)
Balance, end of year	$ 909,769	$ 1,263,197

6. Grant revenue:

	2013	2012
Federal, provincial municipal and other grants	$ 11,596,734	$ 12,239,621
UJA Federation of Greater Toronto and Jewish Day School system	818,194	847,364
United Way of Greater Toronto	558,437	547,088
	$ 12,973,365	$ 13,634,073

7. Fund balances:

(a) Endowment contributions:

Included in restricted funds are $74,721 of endowment contributions as at March 31, 2013 (March 31, 2012 - $67,917; April 1, 2011 - $65,467). During the year, $6,804 of endowment contributions were received (2012 - $2,450).

7. Fund balances (continued):

(b) Interfund transfers:

The following transfers are approved by the Board of Directors:

March 31, 2013	Operating fund	Restricted fund	Reserve fund	Capital asset fund	Building fund
Transfer from the reserve fund to the operating fund	$ 123,569	$ –	$ (123,569)	$ –	$ –
Transfer from the reserve fund to the restricted fund	–	24,636	(24,636)	–	–
	$ 123,569	$ 24,636	$ (148,205)	$ –	$ –

March 31, 2012	Operating fund	Restricted fund	Reserve fund	Capital asset fund	Building fund
Transfer from the operating fund to the reserve fund	$ (84,578)	$ –	$ 84,578	$ –	$ –
Transfer from the operating fund to the building fund	(10,000)	–	–	–	10,000
Transfer from the reserve fund to the capital asset fund to finance acquisition of property and equipment	–	–	(37,456)	37,456	–
Transfer from the operating fund to the capital asset fund to finance acquisition of property and equipment	(5,422)	–	–	5,422	–
	$ (100,000)	$ –	$ 47,122	$ 42,878	$ 10,000

8. Change in non-cash operating working capital:

	2013	2012
Accounts receivable	$ 376,748	$ (82,480)
Grants receivable	(530,437)	780,758
Harmonized sales tax receivable	13,310	33,497
Prepaid expenses	53,760	55,286
Accounts payable and accrued liabilities	303,238	(37,097)
	$ 216,619	$ 749,964

9. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of $6,694 (March 31, 2012 - nil; April 1, 2011 - $7,318), which includes amounts payable for payroll-related taxes.

10. Credit facility:

The Agency has credit facilities available in the amount of $600,000. A revolving demand facility in the amount of $550,000 bears interest at the Royal Bank of Canada's prime rate plus 0.75%. VISA business card is available to a limit of $44,500 at prevailing VISA account rates. The credit facilities are secured by a general security agreement constituting a first interest in all personal property of the Agency. As at March 31, 2013 and 2012, no amounts have been drawn on the revolving demand facility.

11. Commitments and contingencies:

(a) The Agency has undertaken to indemnify its past, present and future directors, officers, employees and volunteers against expenses (including legal expenses), judgments and any amount actually or reasonably incurred by them in connection with any action, suit or proceeding in which the directors are sued as a result of their service, if they acted honestly and in good faith with a view to the best interests of the Agency. The nature of the indemnity prevents the Agency from reasonably estimating the maximum exposure. The Agency has purchased directors' and officers' liability insurance with respect to this indemnification.

11. Commitments and contingencies (continued):

(b) The minimum annual rental payments payable under the leases for the Agency's premises for the next five years and future annual lease payments required under operating leases for equipment are approximately as follows:

2014	$ 595,000
2015	528,000
2016	169,000
2017	41,000
2018	13,000

(c) In 2012, an employee of the Agency filed a Human Rights complaint relating to an alleged breach of the terms of her employment. With respect this claim management believes the Agency has valid defenses in place. In the event the claim is successful, management believes that such claims are not expected to have a material effect on the Agency's financial position.

12. Service Contract/CFSA approval:

The Agency has a Service Contract/CFSA approval with the Ministry of Community and Social Services and the Ministry of Children's Services. One requirement of the contract is the production by management of a Transfer Payment Annual Reconciliation ("TPAR") report, which shows a summary of all revenue and admissible expenditures and any resulting surplus or deficit that relate to the Service Contract/CFSA Approval on a modified accrual basis, as defined by the Ministry. TPAR reports were prepared for the Ministry of Community and Social Services Development Services Programs.

13. Financial instruments:

The significant financial risks to which the Agency is exposed are credit risk, interest rate risk, liquidity risk and concentration of risk as follows:

(a) Credit risk:

The Agency is exposed to credit risk with respect to accounts receivable from funders. The Agency believes there is minimal risk associated with these amounts which primarily consist of grants receivable from the federal and provincial governments.

(b) Interest rate risk:

The Agency's credit facility bears interest at floating rates based on the bank prime rate, and, as such, is subject to interest rate risk resulting from market fluctuations in interest rates, whenever the facility is used.

(c) Liquidity risk:

Liquidity risk is the risk that the Agency will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Agency manages its liquidity risk by monitoring its operating requirements. The Agency prepares budget and cash flow forecasts to ensure it has sufficient funds to fulfill its obligations. There has been no change to the risk exposures from prior year.

(d) Concentration of risk:

The Agency operates as a not-for-profit organization and is affected by general economic trends. A decline in economic conditions and government funding could lead to reduced revenue and services provided.

14. Transitional adjustments:

(a) Fund balances:

The following table summarizes the impact of the transition to ASNPO on the Agency's fund balances as of April 1, 2011:

Net assets:	
As previously reported under Canadian generally accepted accounting principles, March 31, 2011	$ 1,328,151
Transition election to record capital assets at fair value (i)	612,000
Transition adjustment to employee future benefits to recognize unamortized transitional asset	26,800
Restatement of endowment contribution[1]	65,467
Restated, April 1, 2011	$ 2,032,418

[1] During the transition to ASNPO, the Agency identified endowment contributions that were previously recorded as restricted deferred contributions.

In accordance with the transitional provisions of ASNPO, the Agency has elected to use the following exemption:

(i) Fair value:

The Agency has elected to measure land at April 1, 2011 using the fair value election.

(b) Excess (deficiency) of revenue over expenses:

As a result of the above-noted elections and the retrospective application of ASNPO, the Agency recorded the following adjustments to excess (deficiency) of revenue over expenses for the year ended March 31, 2012:

Excess (deficiency) of revenue over expenses:	
As previously reported under Canadian generally accepted accounting principles for year ended March 31, 2012	$ (7,153)
Increase to employee future benefit expense as a result of recognizing unamortized transitional asset	(19,080)
Restated for the year ended March 31, 2012	$ (26,233)

JEWISH VOCATIONAL SERVICE OF METROPOLITAN TORONTO

Schedules of Financial Position Balances by Fund

March 31, 2012 and April 1, 2011

March 31, 2012	Operating fund	Restricted fund	Reserve fund	Capital asset fund	Building fund	Total
Cash and cash equivalents	$ 273,086	$ 614,954	$ 561,129	$ –	$ 186,328	$ 1,635,497
Accounts receivable	668,793	–	–	–	–	668,793
Grants receivable	307,173	–	–	–	–	307,173
Harmonized sales tax receivable	94,071	–	–	–	–	94,071
Prepaid expenses	91,699	–	–	–	–	91,699
Due to/from other funds	(73,735)	(29,226)	92,960	13,049	(3,048)	–
Cash surrender value of life insurance policy	–	131,751	–	–	–	131,751
Accrued benefit asset	683,000	–	–	–	–	683,000
Property and equipment	–	–	–	2,358,602	–	2,358,602
	$ 2,044,087	$ 717,479	$ 654,089	$ 2,371,651	$ 183,280	$ 5,970,586
Accounts payable and accrued liabilities	$ 1,271,870	$ –	$ 20,503	$ –	$ –	$ 1,292,373
Deferred contributions	762,771	643,610	–	–	–	1,406,381
Deferred capital contributions	–	–	–	1,263,197	–	1,263,197
Fund balance	9,446	73,869	633,586	1,108,454	183,280	2,008,635
	$ 2,044,087	$ 717,479	$ 654,089	$ 2,371,651	$ 183,280	$ 5,970,586

April 1, 2011	Operating fund	Restricted fund	Reserve fund	Capital asset fund	Building fund	Total
Cash and cash equivalents	$ 142,525	$ 612,927	$ 473,373	$ –	$ 186,328	$ 1,415,153
Accounts receivable	586,313	–	–	–	–	586,313
Grants receivable	1,087,931	–	–	–	–	1,087,931
Harmonized sales tax receivable	127,568	–	–	–	–	127,568
Prepaid expenses	146,985	–	–	–	–	146,985
Due to/from other funds	(62,819)	(111,584)	174,401	13,050	(13,048)	–
Accrued benefit asset	492,800	–	–	–	–	492,800
Property and equipment	–	–	–	2,394,757	–	2,394,757
	$ 2,521,303	$ 501,343	$ 647,774	$ 2,407,807	$ 173,280	$ 6,251,507
Accounts payable and accrued liabilities	$ 1,329,470	$ –	$ –	$ –	$ –	$ 1,329,470
Deferred contributions	1,165,001	432,738	–	–	–	1,597,739
Deferred capital contributions	–	–	–	1,291,880	–	1,291,880
Fund balance	26,832	68,605	647,774	1,115,927	173,280	2,032,418
Fund balance	$ 2,521,303	$ 501,343	$ 647,774	$ 2,407,807	$ 173,280	$ 6,251,507