

**FINANCIAL STATEMENTS**  
**For**  
**JEWISH VOCATIONAL SERVICE OF METROPOLITAN TORONTO**  
**For year ended**  
**MARCH 31, 2021**

**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors of

**JEWISH VOCATIONAL SERVICE OF METROPOLITAN TORONTO**

*Opinion*

We have audited the financial statements of Jewish Vocational Service of Metropolitan Toronto (the "Agency"), which comprise the statement of financial position as at March 31, 2021, and the statements of operations, changes in net assets and 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 Agency as at March 31, 2021 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

*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 Agency in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our 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 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.

In preparing the financial statements, management is responsible for assessing the Agency'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 Agency or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Agency's financial reporting process.

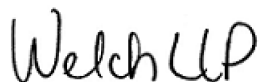
## *Auditor's Responsibilities for the Audit of the Financial Statements*

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 Agency'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 Agency'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 Agency 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.



Chartered Professional Accountants  
Licensed Public Accountants

Toronto, Ontario  
June 24, 2021.

**JEWISH VOCATIONAL SERVICE OF METROPOLITAN TORONTO**

**STATEMENT OF FINANCIAL POSITION**

**MARCH 31, 2021**

	<u>2021</u>	<u>2020</u>
<b><u>ASSETS</u></b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents (note 3)	\$ 3,454,368	\$ 2,390,277
Accounts receivable (note 15)	143,047	194,218
Grants receivable	206,307	346,200
HST receivable	156,101	158,737
Prepaid expenses	<u>120,948</u>	<u>39,068</u>
	4,080,771	3,128,500
<b>AMOUNTS ON DEPOSIT IN TRUST ACCOUNTS</b> (note 4)	254,776	213,755
<b>TANGIBLE CAPITAL ASSETS</b> (note 6)	<u>2,040,724</u>	<u>2,232,194</u>
	<u>\$ 6,376,271</u>	<u>\$ 5,574,449</u>
<b><u>LIABILITIES AND NET ASSETS</u></b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities	\$ 1,590,830	\$ 1,465,296
Deferred contributions (note 7)	<u>1,247,513</u>	<u>679,067</u>
	2,838,343	2,144,363
<b>DEFERRED CONTRIBUTIONS</b> (note 7)	185,998	178,261
<b>DEFERRED CAPITAL CONTRIBUTIONS</b> (note 8)	1,133,765	1,286,232
<b>EMPLOYEE FUTURE BENEFIT LIABILITY</b> (note 5)	<u>297,800</u>	<u>787,100</u>
	<u>4,455,906</u>	<u>4,395,956</u>
<b>NET ASSETS</b>		
Unrestricted	973,203	862,439
Pension remeasurements and other items	(1,710,573)	(2,164,673)
Endowments	100,776	85,268
Invested in tangible capital assets (note 9)	906,959	945,962
Internally restricted (note 10)	<u>1,650,000</u>	<u>1,449,497</u>
	<u>1,920,365</u>	<u>1,178,493</u>
	<u>\$ 6,376,271</u>	<u>\$ 5,574,449</u>

Approved on behalf of the Board:



..... Director



..... Director

(See accompanying notes)

**JEWISH VOCATIONAL SERVICE OF METROPOLITAN TORONTO**

**STATEMENT OF OPERATIONS**

**YEAR ENDED MARCH 31, 2021**

	<u>2021</u>	<u>2020</u>
<b>Revenue</b>		
Grants (notes 7 and 11)	\$ 14,975,153	\$ 15,238,610
Fees for service	648,863	893,502
Other income	34,948	30,719
Recognition of deferred contributions (note 7)	115,087	161,353
Amortization of deferred capital contributions (note 8)	<u>277,135</u>	<u>261,597</u>
	<u>16,051,186</u>	<u>16,585,781</u>
<b>Expenses</b>		
Salaries	8,635,248	8,538,296
Employee benefits	1,676,325	1,685,852
Client	2,141,136	2,505,594
Rent and occupancy	944,823	1,079,091
Purchased services	607,901	613,521
Miscellaneous	288,125	473,516
Delivery partners	343,209	427,179
Office	463,190	419,173
Computer maintenance	362,827	344,820
Amortization of tangible capital assets	<u>316,138</u>	<u>301,977</u>
	<u>15,778,922</u>	<u>16,389,019</u>
<b>Excess of revenue over expenses</b>	<u>\$ 272,264</u>	<u>\$ 196,762</u>

(See accompanying notes)

**JEWISH VOCATIONAL SERVICE OF METROPOLITAN TORONTO**

**STATEMENT OF CHANGES IN NET ASSETS**

**YEAR ENDED MARCH 31, 2021**

	2021					Total
	Unrestricted	Pension remeasurements and other items	Endowments	Invested in tangible capital assets	Internally restricted	
Net assets (deficit), beginning of year	\$ 862,439	\$ (2,164,673)	\$ 85,268	\$ 945,962	\$ 1,449,497	\$ 1,178,493
Excess of revenues over expenses (expenses over revenue)	311,267	-	-	(39,003)	-	272,264
Endowment contributions and changes in investment value	-	-	15,508	-	-	15,508
Pension remeasurements and other items (note 5)	-	454,100	-	-	-	454,100
Interfund transfer (note 10)	<u>(200,503)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>200,503</u>	<u>-</u>
Net assets (deficit), end of year	<u>\$ 973,203</u>	<u>\$ (1,710,573)</u>	<u>\$ 100,776</u>	<u>\$ 906,959</u>	<u>\$ 1,650,000</u>	<u>\$ 1,920,365</u>
	2020					
	Unrestricted	Pension remeasurements and other items	Endowments	Invested in tangible capital assets	Internally restricted	Total
Net assets (deficit), beginning of year	\$ 826,317	\$ (836,673)	\$ 88,620	\$ 985,322	\$ 1,249,497	\$ 2,313,083
Excess of revenues over expenses (expenses over revenue)	236,122	-	-	(39,360)	-	196,762
Endowment contributions and changes in investment value	-	-	(3,352)	-	-	(3,352)
Pension remeasurements and other items (note 5)	-	(1,328,000)	-	-	-	(1,328,000)
Interfund transfer (note 10)	<u>(200,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>200,000</u>	<u>-</u>
Net assets (deficit), end of year	<u>\$ 862,439</u>	<u>\$ (2,164,673)</u>	<u>\$ 85,268</u>	<u>\$ 945,962</u>	<u>\$ 1,449,497</u>	<u>\$ 1,178,493</u>

(See accompanying notes)

**Welch LLP<sup>®</sup>**

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**JEWISH VOCATIONAL SERVICE OF METROPOLITAN TORONTO**

**STATEMENT OF CASH FLOWS**

**YEAR ENDED MARCH 31, 2021**

	<u>2021</u>	<u>2020</u>
<b>CASH FLOWS FROM (USED IN)</b>		
<b>OPERATING ACTIVITIES</b>		
Excess of revenue over expenses	\$ 272,264	\$ 196,762
Items not involving cash:		
Amortization of tangible capital assets	316,138	301,977
Amortization of deferred capital contributions	(277,135)	(261,597)
Defined benefit pension expense	<u>127,200</u>	<u>110,100</u>
	438,467	347,242
Changes in non-cash working capital components:		
Accounts receivable	51,171	140,675
Grants receivable	139,893	825,686
HST receivable	2,636	(20,199)
Prepaid expenses	(81,880)	6,063
Accounts payable and accrued liabilities	125,534	(312,139)
Deferred contributions	<u>576,183</u>	<u>(70,317)</u>
	<u>1,252,004</u>	<u>917,011</u>
<b>INVESTING ACTIVITIES</b>		
Purchase of tangible capital assets	(124,668)	(116,415)
Decrease (increase) in deposit in trust accounts, net of transfers	<u>(41,021)</u>	<u>9,256</u>
	<u>(165,689)</u>	<u>(107,159)</u>
<b>FINANCING ACTIVITIES</b>		
Deferred capital contributions received	124,668	115,395
Endowment contributions	15,508	(3,352)
Employer defined benefit pension contributions	<u>(162,400)</u>	<u>(110,200)</u>
	<u>(22,224)</u>	<u>1,843</u>
<b>INCREASE IN CASH AND CASH EQUIVALENTS</b>	1,064,091	811,695
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>2,390,277</u>	<u>1,578,582</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>\$ 3,454,368</u>	<u>\$ 2,390,277</u>

(See accompanying notes)

**JEWISH VOCATIONAL SERVICE OF METROPOLITAN TORONTO**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED MARCH 31, 2021**

**1. NATURE OF OPERATIONS**

Jewish Vocational Service of Metropolitan Toronto (the "Agency") is an Ontario organization providing educational, counselling, assessment 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).

**2. SIGNIFICANT ACCOUNTING POLICIES**

*Basis of accounting*

The financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations.

*Revenue recognition*

The Agency follows the deferral method of accounting for contributions. These contributions generally consist of grants and donations. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Externally restricted contributions, other than endowment contributions, are recognized as revenue in the year in which the related expenses are recognized. Contributions restricted for the purchase of tangible capital assets are deferred and amortized into revenue on a straight-line basis, at a rate corresponding with the amortization rate for the related tangible capital assets.

Endowment contributions are recognized as direct increases in endowment net assets.

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

*Cash and cash equivalents*

Cash and cash equivalents include cash on hand, and cashable guaranteed investment certificates.

*Financial instruments*

Financial instruments are recorded at fair value on initial recognition and subsequently measured at cost or amortized cost.

*Tangible capital assets*

Purchased tangible capital assets are recorded at cost. Contributed tangible capital assets are recorded at fair value on the date of contribution. When a tangible 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	Term of lease



**JEWISH VOCATIONAL SERVICE OF METROPOLITAN TORONTO**

**NOTES TO THE FINANCIAL STATEMENTS - Cont'd.**

**YEAR ENDED MARCH 31, 2021**

**2. SIGNIFICANT ACCOUNTING POLICIES - Cont'd.**

*Employee future benefits*

The Agency has adopted the following policies with respect to employee benefit plans:

The cost of pensions earned by employees under the Defined Benefit Plan (the "Plan") is actuarially determined using the projected benefit method prorated on service and management's best estimate of expected plan investment performance, salary escalation and retirement ages. The Agency accrues its obligations as employees render the services necessary to earn the pensions.

The actuarial gains (losses) on Plan assets arising from the difference between the actual return on Plan assets for a period and the expected return on Plan assets for that period are immediately recognized in the statement of changes in net assets. Actuarial gains (losses) on the accrued benefit obligation arising from differences between actual and expected experience and from changes in the actuarial assumptions used to determine the accrued benefit obligation are immediately recognized in the statement of changes in net assets. Past service costs arising from Plan amendments are immediately recognized in the statement of changes in net assets.

The Agency recognizes an accrued benefit obligation on the statement of financial position, which is the net of the amount of the accrued benefit obligations and the fair value of the Plan assets.

The cost of the defined contribution component is based on a percentage of the employee's pensionable earnings. An expense is recorded in the period in which the contributions are made.

*Donated materials*

Donated materials are recorded at fair value when fair value can reasonably be determined.

*Contributed services*

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.

*Use of estimates*

The preparation of the Agency's financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires Management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Accounts where significant estimates are used involve the valuation of assets and obligations related to employee future benefits, allowance for doubtful accounts, and useful lives of tangible capital assets. Actual results could differ from the estimates.

**JEWISH VOCATIONAL SERVICE OF METROPOLITAN TORONTO**

**NOTES TO THE FINANCIAL STATEMENTS - Cont'd.**

**YEAR ENDED MARCH 31, 2021**

**3. CASH AND CASH EQUIVALENTS**

Cash and cash equivalents include the following:

	<u>2021</u>	<u>2020</u>
Cash	\$ 3,454,368	\$ 1,191,059
Cashable guaranteed investment certificate bearing interest (2020 - 0.80% to 1.80%) per annum	<u>                  -</u>	<u>1,199,218</u>
	<u>\$ 3,454,368</u>	<u>\$ 2,390,277</u>

**4. AMOUNTS ON DEPOSIT IN TRUST ACCOUNTS**

The Agency has an agreement with United Jewish Welfare Fund of Toronto ("UJWF") whereby UJWF maintains certain of the Agency's endowment funds in designated funds (the "Funds") as well as provides accounting with respect to the receipts, earnings and disbursements of the Funds. UJWF invests endowed and similar funds over which it has full investment discretion, in a pooled portfolio. The returns of these co-mingled accounts are averaged for purposes of allocations to the individual funds. The Agency has the right to appoint any registered charity, including the Agency itself, as successor to UJWF and accordingly, maintains control of the assets.

While the Funds are under the trusteeship of UJWF, UJWF is bound to apply the income and capital of the Funds exclusively in furtherance of the Agency's purposes as defined in the agreement. Although the Agency may provide written advice to UJWF regarding distributions of income and capital from the Funds, such advice is not binding on UJWF.

At March 31, 2021, the Funds had sustained an unrealized gain of \$40,165 (2020 - unrealized loss of \$12,893) and investment earnings, net of fees, of \$4,488 (2020 - \$3,638), which are recorded in deferred contributions.

**5. EMPLOYEE FUTURE BENEFIT ASSET (LIABILITY)**

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 at 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.

The value of actuarial liability as at March 31, 2021 has been extrapolated based on the results of the December 31, 2018 actuarial valuation for funding purposes, as well as the actual benefit disbursements made in the period from January 1, 2019 to March 31, 2021. The measurement date of the plan assets and accrued benefit obligation coincides with the Agency's fiscal year. Assumptions used to project the accrued benefit obligation were as follows:

- consumer price index increase - 2.00%
- discount rate - 4.50%
- salary increase - 3.00%
- yearly maximum pensionable earnings increase - 3.00%
- maximum pension increase - 3.00%

**JEWISH VOCATIONAL SERVICE OF METROPOLITAN TORONTO**

**NOTES TO THE FINANCIAL STATEMENTS - Cont'd.**

**YEAR ENDED MARCH 31, 2021**

**5. EMPLOYEE FUTURE BENEFIT ASSET (LIABILITY) - Cont'd.**

Accrued benefit asset (liability) is as follows:

	<u>2021</u>	<u>2020</u>
Accrued benefit obligation	\$ (5,072,400)	\$ (4,938,300)
Fair value of plan assets	<u>4,774,600</u>	<u>4,151,200</u>
Accrued future benefit asset (liability)	\$ <u>(297,800)</u>	\$ <u>(787,100)</u>

Continuity of the accrued benefit asset (liability) is as follows:

	<u>2021</u>	<u>2020</u>
Balance, beginning of year	\$ (787,100)	\$ 540,800
Benefit expense	(127,200)	(110,100)
Employer contributions	162,400	110,200
Pension remeasurements and other items	<u>454,100</u>	<u>(1,328,000)</u>
Balance, end of year	\$ <u>(297,800)</u>	\$ <u>(787,100)</u>

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

	<u>2021</u>	<u>2020</u>
Current service cost	\$ 91,300	\$ 87,300
Interest cost	<u>35,900</u>	<u>22,800</u>
Defined benefit pension expense	127,200	110,100
Defined contribution pension expense	<u>281,500</u>	<u>244,000</u>
	\$ <u>408,700</u>	\$ <u>354,100</u>

**6. TANGIBLE CAPITAL ASSETS**

Tangible capital assets consist of the following:

	<u>2021</u>		<u>2020</u>	
	<u>Cost</u>	<u>Accumulated amortization</u>	<u>Cost</u>	<u>Accumulated amortization</u>
Land - 74 Tycos Drive	\$ 645,000	\$ -	\$ 645,000	\$ -
Building - 74 Tycos Drive	717,001	584,575	717,001	571,898
Building improvements	1,223,686	486,883	1,223,686	425,699
Furniture and equipment	906,388	728,227	906,388	649,646
Computers	198,985	163,590	198,985	111,447
Leasehold improvements	<u>712,746</u>	<u>399,807</u>	<u>588,078</u>	<u>288,254</u>
	4,403,806	\$ <u>2,363,082</u>	4,279,138	\$ <u>2,046,944</u>
Less: accumulated amortization	<u>(2,363,082)</u>		<u>(2,046,944)</u>	
	\$ <u>2,040,724</u>		\$ <u>2,232,194</u>	

**JEWISH VOCATIONAL SERVICE OF METROPOLITAN TORONTO**

**NOTES TO THE FINANCIAL STATEMENTS - Cont'd.**

**YEAR ENDED MARCH 31, 2021**

**7. REVENUE AND DEFERRED CONTRIBUTIONS**

Operating deferred contributions relate to unspent externally restricted operating funding received. Deferred contributions consist of the following:

	<u>Grants</u>	<u>Other</u>	<u>2021 Total</u>	<u>2020 Total</u>
Balance, beginning of year	\$ 495,386	\$ 361,942	\$ 857,328	\$ 927,645
Contributions received	15,513,692	152,731	15,666,423	15,329,646
Contribution revenue recognized	<u>(14,975,153)</u>	<u>(115,087)</u>	<u>(15,090,240)</u>	<u>(15,399,963)</u>
Balance, end of year	1,033,925	399,586	1,433,511	857,328
Less: Short-term	<u>(1,033,925)</u>	<u>(213,588)</u>	<u>(1,247,513)</u>	<u>(679,067)</u>
	<u>\$ -</u>	<u>\$ 185,998</u>	<u>\$ 185,998</u>	<u>\$ 178,261</u>

**8. DEFERRED CAPITAL CONTRIBUTIONS**

Deferred capital contributions include the unamortized portions of restricted contributions with which tangible capital assets were originally purchased. Deferred capital contributions consist of the following:

	<u>2021</u>	<u>2020</u>
Balance, beginning of year	\$ 1,286,232	\$ 1,432,434
Contributions received	124,668	115,395
Amortization of deferred capital contributions	<u>(277,135)</u>	<u>(261,597)</u>
Balance, end of year	<u>\$ 1,133,765</u>	<u>\$ 1,286,232</u>

**9. INVESTED IN TANGIBLE CAPITAL ASSETS**

Invested in tangible capital assets is calculated as follows:

	<u>2021</u>	<u>2020</u>
Tangible capital assets	\$ 2,040,724	\$ 2,232,194
Amounts financed by deferred capital contributions	<u>(1,133,765)</u>	<u>(1,286,232)</u>
	<u>\$ 906,959</u>	<u>\$ 945,962</u>

Net change in net assets invested in tangible capital assets is calculated as follows:

	<u>2021</u>	<u>2020</u>
Excess of expenditures over revenue:		
Amortization of tangible capital assets	\$ (316,138)	\$ (301,977)
Amortization of deferred capital contributions.	<u>277,135</u>	<u>261,597</u>
	<u>(39,003)</u>	<u>(40,380)</u>
Net change in investment in tangible capital assets:		
Additions to tangible capital assets	124,668	116,415
Amounts financed by deferred capital contributions	<u>(124,668)</u>	<u>(115,395)</u>
	<u>-</u>	<u>1,020</u>
	<u>\$ (39,003)</u>	<u>\$ (39,360)</u>

**JEWISH VOCATIONAL SERVICE OF METROPOLITAN TORONTO**

**NOTES TO THE FINANCIAL STATEMENTS - Cont'd.**

**YEAR ENDED MARCH 31, 2021**

**10. INTERNALLY RESTRICTED NET ASSETS**

The Board of Directors has internally restricted net assets for the future obligations of the Agency. These funds cannot be used for other purposes without the approval of the Board of Directors.

During the year, the Board of Directors approved the transfer of \$200,503 (2020 - \$200,000) from unrestricted net assets to internally restricted net assets.

**11. GRANT REVENUE**

Grant revenue consists of the following:

	<u>2021</u>	<u>2020</u>
Federal, provincial, municipal and other	\$ 14,022,862	\$ 14,272,767
UJA Federation of Greater Toronto	382,477	345,952
United Way Greater Toronto	<u>569,814</u>	<u>619,891</u>
	<u>\$ 14,975,153</u>	<u>\$ 15,238,610</u>

**12. CREDIT FACILITY**

The Agency has credit facilities available in the amount of \$850,000 (2020 - \$850,000). A revolving demand facility in the amount of \$800,000 (2020 - \$800,000) bears interest at the Royal Bank of Canada's prime rate plus 0.75%. VISA business card is available to a limit of \$50,000 (2020 - \$50,000) at prevailing VISA account rates. No amounts have been drawn on the revolving demand facility in 2020 or 2021.

**13. COMMITMENTS**

The Agency has leases for premises and equipment expiring up to May 2025. The future minimum lease payments, excluding variable costs, required under these leases are as follows:

2022	\$ 392,164
2023	373,767
2024	309,427
2025	290,277
Thereafter	<u>47,253</u>
	<u>\$ 1,412,888</u>

**14. INDEMNITIES**

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.

**JEWISH VOCATIONAL SERVICE OF METROPOLITAN TORONTO**  
**NOTES TO THE FINANCIAL STATEMENTS - Cont'd.**  
**YEAR ENDED MARCH 31, 2021**

**15. FINANCIAL INSTRUMENTS**

The Agency is exposed to and manages various risks resulting from its financial instruments. The following analysis provides a measure of the Agency's risk exposure and concentrations.

*Credit risk*

The Agency is exposed to credit risk resulting from the possibility that parties may default on their financial obligations. The Agency's maximum exposure to credit risk represents the sum of the carrying value of its cash and cash equivalents, accounts receivable, grants receivable, and HST receivable. The Agency's cash and cash equivalents are deposited with Canadian chartered banks. As a result, management believes the risk of loss of cash and cash equivalents to be remote. The Agency manages its credit risk of accounts receivable by reviewing and following up on outstanding amounts, and providing for an allowance for doubtful accounts when necessary. Management believes that all accounts receivable, after providing for an allowance for doubtful accounts of \$16,440 (2020 - \$16,440), will be collected. Grants receivable and HST receivable consists of amounts due from the federal and provincial governments. As a result, Management believes there is minimal credit risk associated with these amounts.

*Liquidity risk*

Liquidity risk is the risk that the Agency cannot meet a demand for cash or fund its financial obligations as they become due. The Agency manages its liquidity risk by preparing budgets and cash flow forecasts to ensure it has sufficient funds to fulfill its obligations. As a result, Management believes its exposure to liquidity risk is minimal.

*Market risk*

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk is comprised of currency risk, interest rate risk and other price risk.

i) *Currency risk*

Currency risk refers to the risk that the fair value of instruments or future cash flows associated with the instruments will fluctuate relative to the Canadian dollar due to changes in foreign exchange rates. The Agency's financial instruments are all denominated in Canadian dollars and it transacts primarily in Canadian dollars. As a result, management does not believe it is exposed to significant currency risk.

ii) *Interest rate risk*

Interest rate risk refers to the risk that the fair value of financial instruments or future cash flows associated with the instruments will fluctuate due to changes in market interest rates. The Agency's exposure to interest rate risk arises from its line of credit which bears a floating interest rate based on the bank prime rate. The Agency also has cash equivalents of guaranteed investment certificates but interest rate risk is minimal as it bears a fixed rate of interest. As a result, Management does not believe it is exposed to significant interest rate risk.

iii) *Other price risk*

Other price risk refers to the risk that the fair value of financial instruments or future cash flows associated will fluctuate because of changes in market prices (other than those arising from currency risk or interest rate risk), whether those changes are caused by factors specific to the individual instrument, its issuers, or factors affecting all similar instruments traded in the market. The Agency does not have investments in publicly traded securities, and therefore Management does not believe it is exposed to significant other price risk.

*Changes in risk*

There are no significant changes in the Agency's risk exposure from the prior year.

**JEWISH VOCATIONAL SERVICE OF METROPOLITAN TORONTO**

**NOTES TO THE FINANCIAL STATEMENTS - Cont'd.**

**YEAR ENDED MARCH 31, 2021**

**16. UNCERTAINTY DUE TO THE ECONOMIC CONSEQUENCES OF COVID-19**

In mid-March 2020, the province of Ontario declared a state of emergency in response to the public health concerns originating from the spread of COVID-19. On March 19, 2020, the Agency closed its offices while operations continued remotely.

While still evolving, the COVID-19 pandemic has caused significant global economic and financial market disruption, which have had negative impact on the Agency's accrued benefit obligation and fair value of the plan assets for the defined benefit component of the pension plan.

A high degree of uncertainty persists surrounding the full economic impact of the situation. The unpredictable nature of the spread of COVID-19 makes it difficult to determine the length of time that the Agency's operations will be impacted and the severity of the impact. Consequently, the effects of any subsequent outbreaks or abrupt declines in economic activity will have on the Agency's operations, assets, liabilities, revenues and expenses are unknown at this time.