



Canadian Friends of Tel Aviv University Inc. / Les Amis Canadiens de L'Universite de Tel Aviv, Inc.

**Financial Statements**  
September 30, 2017

**Canadian Friends of Tel Aviv University  
Inc. / Les Amis Canadiens de L'Université  
de Tel Aviv, Inc.**

**Financial Statements**

**September 30, 2017**



T 905 522 6555 F 905 522 6574 6th Floor, One James Street South Hamilton ON L8P 4R5

March 12, 2018

## **Independent Auditor's Report**

To the Members of Canadian Friends of Tel Aviv University Inc.

We have audited the accompanying financial statements of Canadian Friends of Tel Aviv University Inc., which comprise the statement of financial position as at September 30, 2017, the statement of changes in net assets, statement of financial activities for both the Operating and Endowment Funds and the statement of cash flows for the year then ended, as well as 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.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we 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 the auditor's 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, the auditor considers internal control relevant to the organization'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 organization'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 is sufficient and appropriate to provide a basis for our audit opinion.

**PETTINELLI MASTROLUISI LLP**

CHARTERED ACCOUNTANTS



T 905 522 6555 F 905 522 6574 6th Floor, One James Street South Hamilton ON L8P 4R5

## **Independent Auditor's Report, continued**

### **Opinion**

In our opinion, the financial statements present fairly, in all material respects, the financial position of Canadian Friends of Tel Aviv University Inc. as at September 30, 2017, 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.

*Pettinelli Marchisiani LLP*

**Chartered Accountants  
Licensed Public Accountants**

**Hamilton, Ontario**

# Canadian Friends of Tel Aviv University Inc.

## Statement of Financial Position

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	September 30	
	2017	2016
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ 192,411	\$ 199,315
Short term investments (Note 2)	26,781	26,507
GST/HST/QST public service bodies rebate receivable	35,076	28,284
Contributions receivable	19,180	30,652
Restricted cash - to be remitted to TAU (Note 3)	190,864	245,775
Restricted cash - deferred contributions (Note 4)	<u>90,011</u>	<u>60,174</u>
	554,323	590,707
Restricted investments - endowment (Note 5)	2,338,047	976,295
Furniture, fixtures and computer equipment (Note 6)	<u>1,484</u>	<u>1,948</u>
	<u>\$ 2,893,854</u>	<u>\$ 1,568,950</u>
<b>Liabilities</b>		
Current liabilities		
Accounts payable and accrued liabilities (Note 7)	\$ 82,808	\$ 75,904
Restricted contributions - TAU (Note 3)	190,864	245,775
Deferred contributions (Note 4)	<u>90,011</u>	<u>60,174</u>
	<u>363,683</u>	<u>381,853</u>
<b>Net assets</b>		
Endowment Fund (Note 5)	2,338,047	976,295
Operating Fund	<u>192,124</u>	<u>210,802</u>
	<u>2,530,171</u>	<u>1,187,097</u>
	<u>\$ 2,893,854</u>	<u>\$ 1,568,950</u>
Lease commitments (Note 8)		

APPROVED BY THE BOARD:

\_\_\_\_\_ Director

\_\_\_\_\_ Director

## Canadian Friends of Tel Aviv University Inc.

### Statement of changes in Net Assets

	Operating Fund				Endowment Fund (Note 5)	Year ended September 30	
	Invested in Capital Assets	Unrestricted	Restricted	Total		2017	2016
Balance, beginning of year	\$ 1,948	\$ 208,854	\$ -	\$ 210,802	\$ 976,295	\$ 1,187,097	\$ 609,623
Deficiency of contributions over expenses - Operating Fund	-	(18,678)	-	(18,678)	-	(18,678)	(84,599)
Excess of revenues over expenses - Endowment Fund	-	-	-	-	11,366	11,366	6,573
Endowment contributions	-	-	-	-	1,350,386	1,350,386	655,500
Amortization	(464)	464	-	-	-	-	-
Balance, end of year	\$ 1,484	\$ 190,640	\$ -	\$ 192,124	\$ 2,338,047	\$ 2,530,171	\$ 1,187,097

# Canadian Friends of Tel Aviv University Inc.

## Statement of Financial Activities

### Operating Fund

	Year ended September 30, 2017			Year ended September 30, 2016		
	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total
Contributions - SASEI	\$ -	\$ 3,764,523	\$ 3,764,523	\$ -	\$ -	\$ -
Contributions	230,402	1,387,071	1,617,473	42,728	1,537,056	1,579,784
Herbert Marx gala	-	63,783	63,783	-	240,321	240,321
Contributions - CIREC	-	87,901	87,901	-	9,878	9,878
	<u>230,402</u>	<u>5,303,278</u>	<u>5,533,680</u>	<u>42,728</u>	<u>1,787,255</u>	<u>1,829,983</u>
<b>Expenses</b>						
Contributions forwarded to TAU	-	5,190,428	5,190,428	-	1,537,056	1,537,056
Salaries, wages and benefits	533,458	-	533,458	537,539	-	537,539
Travel and accommodation	85,932	8,144	94,076	50,294	9,878	60,172
Professional fees	84,245	-	84,245	49,293	-	49,293
Program and fundraising activities	77,076	-	77,076	25,860	-	25,860
Herbert Marx gala (Note 9)	-	63,783	63,783	-	240,321	240,321
Office and general	51,664	-	51,664	54,058	-	54,058
SASEI project management	-	40,923	40,923	-	-	-
Loss on foreign exchange	33,038	-	33,038	15,904	-	15,904
Rent and occupancy costs	30,392	-	30,392	29,421	-	29,421
Advertising and promotion	16,341	-	16,341	19,224	-	19,224
Telephone and internet	11,736	-	11,736	10,545	-	10,545
Interest and bank charges	8,534	-	8,534	5,346	-	5,346
Insurance	6,138	-	6,138	6,384	-	6,384
Scholarships	2,000	-	2,000	2,906	-	2,906
Amortization	464	-	464	620	-	620
Interest income	(301)	-	(301)	(508)	-	(508)
Recovery of expenses	(691,637)	-	(691,637)	(679,559)	-	(679,559)
	<u>249,080</u>	<u>5,303,278</u>	<u>5,552,358</u>	<u>127,327</u>	<u>1,787,255</u>	<u>1,914,582</u>
Deficiency of contributions over expenses for the year	\$ (18,678)	\$ -	\$ (18,678)	\$ (84,599)	\$ -	\$ (84,599)

# Canadian Friends of Tel Aviv University Inc.

## Statement of Financial Activities

### Endowment Fund

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	Year ended September 30	
	2017	2016
Investment revenue		
Realized gain on sale of investments	\$ 206,781	\$ 29,078
Interest and investment income	18,320	1,796
Unrealized gain on investments	5,563	5,875
	<u>230,664</u>	<u>36,749</u>
Expenses		
Loss (gain) on foreign exchange	121,556	(151)
Fund administration and management fees	57,370	8,491
Commissions	20,372	1,836
Remitted to Tel Aviv University	20,000	20,000
	<u>209,298</u>	<u>30,376</u>
Excess of revenue over expenses	<u>\$ 11,366</u>	<u>\$ 6,573</u>

# Canadian Friends of Tel Aviv University Inc.

## Statement of Cash Flows

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	Year ended September 30	
	2017	2016
Cash flows from (used in) operating activities		
Deficiency of contributions over expenses - Operating Fund	\$ (18,678)	\$ (84,599)
Excess of revenue over expenses - Endowment Fund	11,366	6,573
Items not involving cash		
Amortization	464	620
Realized gain on sale of investments	(206,781)	(29,078)
Unrealized gain on change in fair value of investments	(5,563)	(5,875)
Loss (gain) on foreign exchange - Endowment Fund	<u>121,556</u>	<u>(151)</u>
	<u>(97,636)</u>	<u>(112,510)</u>
Net change in non-cash working capital balances relating to operations		
Increase in GST/HST/QST public service bodies rebate receivable	(6,792)	(8,641)
Decrease (increase) in contributions receivable	11,472	(10,822)
Increase in accounts payable and accrued liabilities	6,904	11,619
Decrease in restricted contributions - payable to TAU	(54,911)	(117,207)
Increase in deferred contributions	<u>29,837</u>	<u>27,022</u>
	<u>(13,490)</u>	<u>(98,029)</u>
	<u>(111,126)</u>	<u>(210,539)</u>
Cash flows from (used in) investing activities		
Endowment contributions	1,350,386	655,500
Proceeds on sale of investments	253,515	48,108
Purchase of investments, net of fees and commissions	<u>(1,524,753)</u>	<u>(673,476)</u>
	<u>79,148</u>	<u>30,132</u>
Net decrease in cash during the year	(31,978)	(180,407)
Cash at beginning of the year	<u>505,264</u>	<u>685,671</u>
Cash at end of the year	<u>\$ 473,286</u>	<u>\$ 505,264</u>
Cash consists of:		
Cash and cash equivalents	\$ 192,411	\$ 199,315
Restricted cash - to be remitted to TAU	190,864	245,775
Restricted cash - deferred contributions	<u>90,011</u>	<u>60,174</u>
	<u>\$ 473,286</u>	<u>\$ 505,264</u>

**Notes to Financial Statements****September 30, 2017**

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**Nature of operations**

Canadian Friends of Tel Aviv University Inc. (the "Organization") was incorporated under Part II of the Canada Corporations Act and is a registered not-for-profit organization and a registered charity and thus is exempt from income taxes under the Income Tax Act.

The Organization's purpose is to raise funds on behalf of Tel Aviv University in Israel.

**1. Significant accounting policies**

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations. The significant policies are detailed as follows:

**Cash and cash equivalents**

Cash and cash equivalents include balances with banks, net of outstanding cheques and short-term investments with maturities of 120 days or less.

**Short term/restricted investments**

Investments consist of mutual funds, GIC's and futures contracts which are measured at fair value.

**Furniture, fixtures and computer equipment**

Furniture, fixtures and computer equipment are recorded at cost. The Organization provides for amortization using the declining balance method at rates designed to amortize the cost of the furniture, fixtures and computer equipment over their estimated useful lives. The annual amortization rates are as follows:

Furniture and fixtures	20%
Computer equipment	30%

Expenditures for repairs and maintenance are charged to income.

**Revenue recognition**

The Organization follows the deferral method of accounting for contributions.

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

Restricted contributions are recognized as revenue of the Restricted Operating Fund in the year in which the related expenses are incurred. Unspent funds are recorded as deferred contributions.

Investment income earned on endowment contributions is recognized as revenue of the Endowment Fund in the year in which it is earned. Investment income earned on unrestricted contributions is recorded as revenue of the Unrestricted Operating Fund in the year in which it is earned.

**Notes to Financial Statements**

**September 30, 2017**

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**1. Significant accounting policies, continued**

**Operating Fund**

Contributions and expenses related to the day-to-day activities of the Organization are reported in the Unrestricted Operating Fund.

**Restricted Operating Fund**

Contributions received in which have been designated for a specific purpose are reported in the Restricted Operating Fund.

**Endowment Fund**

An Endowment Fund was created to hold funds that were contributed to the Organization by way of bequests or designated contributions. Investment income earned by the fund is to be spent in accordance with the donors restrictions.

**Foreign currency transactions**

These financial statements have been presented in Canadian dollars.

Transaction amounts denominated in foreign currencies are translated into their Canadian dollar equivalents at the exchange rates prevailing at the transactions dates. Carrying values of monetary assets and monetary liabilities reflect the exchange rates at the statement of financial position date. Gains and losses on translation or settlement are included in the determination of excess of revenues over expenses for the current period.

**Contributed property and services**

Contributions of property and services are recognized in the financial statements at fair value at the date of contribution, but only when a fair value can be reasonably estimated and when the property and services are used in the normal course of operations, and would otherwise have been purchased.

Volunteers contributed time to assist the Organization in carrying out its purpose. Because of the difficulty of determining their fair value, volunteer services are not recognized in the financial statements.

**Use of estimates**

The preparation of financial statements in conformity 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 balance sheet date and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates.

**Notes to Financial Statements**

**September 30, 2017**

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**1. Significant accounting policies, continued**

**Financial instruments**

**Measurement of financial instruments**

The Organization initially measures its financial assets and liabilities at fair value.

The Organization subsequently measures all its financial assets and financial liabilities at cost or amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in deficiency of contributions over expenses in the period incurred.

Financial assets measured at amortized cost include cash and cash equivalents, GST/HST/QST public service bodies rebate receivable and contributions receivable.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities and restricted contributions - payable to TAU.

Financial assets measured at fair value include short term investments and restricted investments - endowment.

**Impairment**

For financial assets measured at cost or amortized cost, the Organization determines whether there are indications of possible impairment. When there is an indication of impairment, and the Organization determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows, a write-down is recognized in deficiency of contributions over expenses. A previously recognized impairment loss may be reversed to the extent of the improvement. The carrying amount of the financial asset may not be greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in deficiency of contributions over expenses.

**Transaction costs**

Transaction costs related to financial instruments that will be subsequently measured at fair value are recognized in net income in the period incurred. Transaction costs related to financial instruments subsequently measured at amortized cost are included in the original cost of the asset or liability and recognized in net income over the life of the instrument using the straight-line method.

## Notes to Financial Statements

September 30, 2017**2. Short term investments**

As at September 30, 2017, short term investments consisted of:

	<b>September 30</b>	
	<b>2017</b>	<b>2016</b>
GIC, bearing interest at 0.85%, maturing July 2018	\$ 26,781	\$ -
GIC, matured during the year	<u>-</u>	<u>26,507</u>
	<u>\$ 26,781</u>	<u>\$ 26,507</u>

**3. Restricted cash and contributions - TAU**

These amounts are collections from donors which have been designated by the donor to be paid to TAU for various different programs.

	<b>September 30</b>	
	<b>2017</b>	<b>2016</b>
Balance, beginning of year	\$ 245,775	\$ 362,982
Contributions received during the year	1,332,160	1,419,849
Contributions recognized on the statement of financial activities - Operating Fund	<u>(1,387,071)</u>	<u>(1,537,056)</u>
Balance, end of year	<u>\$ 190,864</u>	<u>\$ 245,775</u>

The amount payable for each location is as follows:

	<b>September 30</b>	
	<b>2017</b>	<b>2016</b>
Toronto office	\$ 85,366	\$ 127,163
Montreal office	<u>105,498</u>	<u>118,612</u>
	<u>\$ 190,864</u>	<u>\$ 245,775</u>

## Notes to Financial Statements

**September 30, 2017****4. Restricted cash and deferred contributions**

The amounts included in deferred contributions are related to amounts collected from donors. The donors have designated their contributions to the Canada Israel Real Estate connection (CIREC) and the Sylvan Adams Sports Excellence Institute (SASEI). The amounts deferred for the CIREC are held by the Toronto office and the amounts deferred for SASEI are held by the Montreal office. Changes in the balance of deferred contributions are as follows:

	<b>September 30</b>	
	<b>2017</b>	<b>2016</b>
Balance, beginning of the year	\$ 60,174	\$ 33,152
Contributions received during the year	3,882,261	36,900
Contributions recognized on the statement of financial activities - Operating Fund	<u>(3,852,424)</u>	<u>(9,878)</u>
Balance, end of year	<u>\$ 90,011</u>	<u>\$ 60,174</u>

The amount payable for each program is as follows:

	<b>September 30</b>	
	<b>2017</b>	<b>2016</b>
Montreal - SASEI	\$ 88,559	\$ -
Toronto - CIREC	<u>1,452</u>	<u>60,174</u>
	<u>\$ 90,011</u>	<u>\$ 60,174</u>

**5. Endowment Fund**

Contributions restricted for endowment consist of contributions and bequests received by the Organization where the principal is required to remain unspent. The investment income generated from the endowments must be used in accordance with the purposes established by the donors. As of September 30, 2017, the endowment's growth available for designated use is \$57,460 (2016 - \$31,729) for Montreal and \$4,701 (2016 - \$19,066) for Toronto.

	<b>September 30</b>	
	<b>2017</b>	<b>2016</b>
Toronto - principal	\$ 2,005,886	\$ 655,500
Toronto - (Note A)	4,701	19,066
Montreal - principal	270,000	270,000
Montreal - available for use	<u>57,460</u>	<u>31,729</u>
	<u>\$ 2,338,047</u>	<u>\$ 976,295</u>

A) Contingent upon the funds performance and in accordance with the donor's agreement will ultimately determine how the funds are to be disbursed.

Both Toronto and Montreal endowment funds are invested in an independently managed portfolio on behalf of the Organization in accordance with the donors' instructions.

## Notes to Financial Statements

September 30, 2017**6. Furniture, fixtures and computer equipment**

			September 30 2017	September 30 2016
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Furniture and fixtures	\$ 11,350	\$ 10,388	\$ 962	\$ 1,202
Computer equipment	<u>16,729</u>	<u>16,207</u>	<u>522</u>	<u>746</u>
	<u>\$ 28,079</u>	<u>\$ 26,595</u>	<u>\$ 1,484</u>	<u>\$ 1,948</u>

**7. Accounts payable and accrued liabilities**

Accounts payable and accrued liabilities include government remittances for payroll withholdings in the aggregate amount of \$8,536 (2016 - \$7,232).

**8. Lease commitments**

The Organization's total commitments, under various operating leases and property lease agreements for the Toronto and Montreal offices, exclusive of occupancy costs, are as follows:

2018	\$ 26,174
2019	23,412
2020	22,818
2021	<u>4,626</u>
	<u>\$ 77,030</u>

The Toronto office subleases excess office space with another organization on a month to month basis. The sublease rental income in the amount of \$848/month is applied as a reduction to the rent and occupancy costs on the statement of financial activities.

**9. Herb Marx gala**

The Herb Marx gala expenses are detailed as follows:

	2017	2016
Contributions forwarded to TAU	\$ 63,000	\$ 130,900
Food, entertainment and other	<u>783</u>	<u>109,421</u>
	<u>\$ 63,783</u>	<u>\$ 240,321</u>

Included in restricted cash and contributions - TAU (Note 3) is an additional \$6,538 of contributions of which will be remitted subsequent to year end.

Notes to Financial Statements

September 30, 2017

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**10. Pledges**

As at September 30, 2017, the Organization had pledges receivable amounting to approximately \$23,488,000 (2016 - \$8,122,000).

These pledges are not included in the financial statements as their ultimate collection cannot be reasonably assured.

**11. Financial Instruments**

Transactions in financial instruments may result in an entity assuming or transferring to another party one or more of the financial risks. The required disclosures provide information that assists users of financial statements in assessing the extent of risk related to financial instruments.

Foreign exchange risk

The Organization is exposed to foreign exchange risk in United States dollars. Foreign exchange risk is the risk that the exchange rate that was in effect on the date that an obligation in a foreign currency was made to the Organization by a donor, or that an obligation in a foreign currency was made by the Organization to a recipient, is different at the time of settlement than it was at time that the obligation was determined. The Organization reduces its exposure to foreign exchange risk by carefully monitoring exchange rates on obligations that are made to the Organization. The Organization does not utilize financial instruments to manage its foreign exchange risk. The Organization maintains adequate foreign currency balances in its bank provided by its donors.

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. At September 30, 2017 the Organization held cash and cash equivalents, including restricted cash, in \$USD at a value of of \$252,689 (2016 - \$75,942) and restricted investments at a value of \$USD 1,611,048 (2016 - \$514,269).

Market risk

Market risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether the factors are specific to the instrument or all instruments traded in the market. This risk is mitigated as the Organization follows a capital preservation investment strategy and performs regular review and re-balancing of its investment portfolio.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. Changes in market interest rates may have an effect on the cash flows associated with some financial assets and liabilities, known as cash flow risk, and on the fair value of other financial assets or liabilities, known as price risk.

The Organization is exposed to interest rate cash flow risk with respect to fixed income securities held. The Organization employs investment diversification to manage this risk.

**Notes to Financial Statements**

**September 30, 2017**

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**12. Comparative figures**

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year.