



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

Financial Statements
September 30, 2018

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

Financial Statements

September 30, 2018



March 21, 2019

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, 2018, 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, 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.

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.



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, 2018, 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 MacArthur LLP

**Chartered Accountants
Licensed Public Accountants**

Hamilton, Ontario

Canadian Friends of Tel Aviv University Inc.

Statement of Financial Position

	September 30	
	2018	2017
Assets		
Current assets		
Cash and cash equivalents	\$ 103,046	\$ 192,411
Short term investments (Note 2)	27,017	26,781
GST/HST/QST public service bodies rebate receivable	35,774	35,097
Contributions receivable	84,298	19,159
Restricted cash - TAU (Note 3)	58,800	190,864
Restricted cash - deferred contributions (Note 4)	<u>48,627</u>	<u>90,011</u>
	357,562	554,323
Restricted investments - Endowment Fund (Note 5)	4,043,735	2,338,047
Furniture, fixtures and computer equipment (Note 6)	<u>1,135</u>	<u>1,484</u>
	<u>\$ 4,402,432</u>	<u>\$ 2,893,854</u>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (Note 7)	\$ 18,517	\$ 82,808
Restricted contributions - TAU (Note 3)	58,800	190,864
Deferred contributions (Note 4)	<u>48,627</u>	<u>90,011</u>
	<u>125,944</u>	<u>363,683</u>
Fund balances		
Endowment Fund (Note 5)	4,043,735	2,338,047
Operating Fund	<u>232,753</u>	<u>192,124</u>
	<u>4,276,488</u>	<u>2,530,171</u>
	<u>\$ 4,402,432</u>	<u>\$ 2,893,854</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		2018	2017
Balance, beginning of year	\$ 1,484	\$ 190,640	\$ -	\$ 192,124	\$ 2,338,047	\$ 2,530,171	\$ 1,187,097
Excess (deficiency) of revenues over expenses - Operating Fund	-	40,629	-	40,629	-	40,629	(18,678)
Excess of revenues over expenses - Endowment Fund	-	-	-	-	388,900	388,900	11,366
Endowment contributions	-	-	-	-	1,316,788	1,316,788	1,350,386
Amortization	(349)	349	-	-	-	-	-
Balance, end of year	\$ 1,135	\$ 231,618	\$ -	\$ 232,753	\$ 4,043,735	\$ 4,276,488	\$ 2,530,171

Canadian Friends of Tel Aviv University Inc.

Statement of Financial Activities

Operating Fund

	Year ended September 30, 2018			Year ended September 30, 2017		
	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total
Revenues						
Contributions	\$ 108,614	\$ 1,585,606	\$ 1,694,220	\$ 230,402	\$ 1,450,854	\$ 1,681,256
Signature event - Montreal	-	494,213	494,213	-	-	-
Signature event - Toronto	-	177,039	177,039	-	-	-
Contributions - SASEI	-	41,429	41,429	-	3,764,523	3,764,523
Contributions - CIREC	-	29,256	29,256	-	87,901	87,901
	<u>108,614</u>	<u>2,327,543</u>	<u>2,436,157</u>	<u>230,402</u>	<u>5,303,278</u>	<u>5,533,680</u>
Expenses						
Contributions forwarded to TAU	-	2,000,665	2,000,665	-	5,254,211	5,254,211
Salaries, wages and benefits	584,711	-	584,711	533,458	-	533,458
Signature event - Montreal	-	163,148	163,148	-	-	-
Signature event - Toronto	-	109,649	109,649	-	-	-
Travel and accommodation	83,337	-	83,337	85,932	8,144	94,076
Office and general	53,074	-	53,074	51,664	-	51,664
Scholarships	-	48,810	48,810	2,000	-	2,000
Program and fundraising activities	19,554	28,203	47,757	77,076	-	77,076
SASEI project management	-	41,429	41,429	-	40,923	40,923
Professional fees	35,714	-	35,714	84,245	-	84,245
Rent and occupancy costs	29,539	-	29,539	30,392	-	30,392
Advertising and promotion	22,427	-	22,427	16,341	-	16,341
Interest and bank charges	16,400	-	16,400	8,534	-	8,534
Telephone and internet	11,343	-	11,343	11,736	-	11,736
Insurance	6,369	-	6,369	6,138	-	6,138
Loss on foreign exchange	4,183	-	4,183	33,038	-	33,038
Amortization	349	-	349	464	-	464
Interest income	(327)	-	(327)	(301)	-	(301)
Recovery of expenses	(798,688)	(64,361)	(863,049)	(691,637)	-	(691,637)
	<u>67,985</u>	<u>2,327,543</u>	<u>2,395,528</u>	<u>249,080</u>	<u>5,303,278</u>	<u>5,552,358</u>
Excess (deficiency) of revenues over expenses for the year	<u>\$ 40,629</u>	<u>\$ -</u>	<u>\$ 40,629</u>	<u>\$ (18,678)</u>	<u>\$ -</u>	<u>\$ (18,678)</u>

Canadian Friends of Tel Aviv University Inc.

Statement of Financial Activities

Endowment Fund

	Year ended September 30	
	2018	2017
Investment revenues		
Unrealized gain on investments	569,085	5,563
Interest and investment income	26,755	18,320
Realized gain (loss) on sale of investments	<u>(34,312)</u>	<u>206,781</u>
	<u>561,528</u>	<u>230,664</u>
Expenses		
Fund administration and management fees	140,814	57,370
Commissions	51,384	20,372
Remitted to Tel Aviv University	36,000	20,000
Unrealized (gain) loss on foreign exchange	<u>(55,570)</u>	<u>121,556</u>
	<u>172,628</u>	<u>219,298</u>
Excess of revenues over expenses	<u>\$ 388,900</u>	<u>\$ 11,366</u>

Canadian Friends of Tel Aviv University Inc.

Statement of Cash Flows

	Year ended September 30	
	2018	2017
Cash flows from (used in) operating activities		
Excess (deficiency) of revenues over expenses for the year - Operating Fund	\$ 40,629	\$ (18,678)
Excess of revenues over expenses - Endowment Fund	388,900	11,366
Items not involving cash		
Amortization	349	464
Realized loss (gain) on sale of investments	34,312	(206,781)
Unrealized gain on change in fair value of investments	(569,085)	(5,563)
Unrealized (gain) loss on foreign exchange - Endowment Fund	<u>(55,570)</u>	<u>121,556</u>
	<u>(160,465)</u>	<u>(97,636)</u>
Net change in non-cash working capital balances relating to operations		
Increase in GST/HST/QST public service bodies rebate receivable	(677)	(6,792)
Decrease (increase) in contributions receivable	(65,139)	11,472
Increase (decrease) in accounts payable and accrued liabilities	(64,291)	6,904
Decrease in restricted contributions - TAU	(132,064)	(54,911)
Increase (decrease) in deferred contributions (note 4)	<u>(41,384)</u>	<u>29,837</u>
	<u>(303,555)</u>	<u>(13,490)</u>
	<u>(464,020)</u>	<u>(111,126)</u>
Cash flows from (used in) investing activities		
Endowment contributions	1,316,789	1,350,386
Proceeds on sale of investments	62,960	253,515
Purchase of investments, net of fees and commissions	<u>(1,178,542)</u>	<u>(1,524,753)</u>
	<u>201,207</u>	<u>79,148</u>
Net decrease in cash during the year	(262,813)	(31,978)
Cash at beginning of the year	<u>473,286</u>	<u>505,264</u>
Cash at end of the year	<u>\$ 210,473</u>	<u>\$ 473,286</u>
Cash consists of:		
Cash and cash equivalents	\$ 103,046	\$ 192,411
Restricted cash - TAU	58,800	190,864
Restricted cash - deferred contributions	<u>48,627</u>	<u>90,011</u>
	<u>\$ 210,473</u>	<u>\$ 473,286</u>

Canadian Friends of Tel Aviv University Inc.

Notes to Financial Statements

September 30, 2018

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 accounting 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, GICs 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%

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.

Canadian Friends of Tel Aviv University Inc.

Notes to Financial Statements

September 30, 2018

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 that 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 transaction 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 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.

Canadian Friends of Tel Aviv University Inc.

Notes to Financial Statements

September 30, 2018

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 excess (deficiency) of revenues 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 - TAU.

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

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 excess (deficiency) of revenues 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 excess (deficiency) of revenues 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.

Canadian Friends of Tel Aviv University Inc.

Notes to Financial Statements

September 30, 2018

2. Short term investments

As at September 30, 2018, short term investments consisted of:

	September 30	
	2018	2017
GIC, bearing interest at 1.00%, maturing July 2019	\$ 27,017	\$ -
GIC, matured during the year	<u>-</u>	<u>26,781</u>
	<u>\$ 27,017</u>	<u>\$ 26,781</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 programs.

	September 30	
	2018	2017
Balance, beginning of year	\$ 190,864	\$ 245,775
Contributions received during the year	2,124,794	1,395,943
Contributions recognized on the statement of financial activities - Operating Fund	<u>(2,256,858)</u>	<u>(1,450,854)</u>
Balance, end of year	<u>\$ 58,800</u>	<u>\$ 190,864</u>

As of September 30, 2018, the amount payable to TAU from the Montreal office is \$18,287 (2017 - \$105,498) and \$40,512 (2017 - \$85,366) from the Toronto office.

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 Institute (SASI). The amounts deferred for the CIREC are held by the Toronto office and the amounts deferred for SASI are held by the Montreal office. Changes in the balance of deferred contributions are as follows:

	September 30	
	2018	2017
Balance, beginning of year	\$ 90,011	\$ 60,174
Contributions received during the year	29,301	3,882,261
Contributions recognized on the statement of financial activities - Operating Fund	<u>(70,685)</u>	<u>(3,852,424)</u>
Balance, end of year	<u>\$ 48,627</u>	<u>\$ 90,011</u>

As of September 30, 2018, the amount payable for each program is \$47,130 (2017 - \$88,559) for SASI and \$1,497 (2017 - \$1,452) for CIREC.

Canadian Friends of Tel Aviv University Inc.

Notes to Financial Statements

September 30, 2018

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 annual realized investment income generated from the endowments must be used in accordance with the purposes established by the donors.

As of September 30, 2018, the balance of the endowment's growth, including unrealized gains and losses and net of amounts spent, is \$404,001 (2017 - \$4,701) for the Toronto office and \$47,061 (2017 - \$57,460) for the Montreal office.

	September 30	
	2018	2017
Toronto - principal	\$ 3,322,673	\$ 2,005,886
Toronto - endowment growth (Note A)	404,001	4,701
Montreal - principal	270,000	270,000
Montreal - endowment growth	<u>47,061</u>	<u>57,460</u>
	<u>\$ 4,043,735</u>	<u>\$ 2,338,047</u>

A) The funds are to be disbursed contingent upon the funds performance and in accordance with the donor's agreement.

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

6. Furniture, fixtures and computer equipment

	September 30			
	Cost	Accumulated Amortization	2018 Net Book Value	2017 Net Book Value
Furniture and fixtures	\$ 11,350	\$ 10,580	\$ 770	\$ 962
Computer equipment	<u>18,807</u>	<u>18,442</u>	<u>365</u>	<u>522</u>
	<u>\$ 30,157</u>	<u>\$ 29,022</u>	<u>\$ 1,135</u>	<u>\$ 1,484</u>

7. Accounts payable and accrued liabilities

Accounts payable and accrued liabilities include government remittances for payroll withholdings in the aggregate amount of \$2,703 (2017 - \$8,536).

Canadian Friends of Tel Aviv University Inc.

Notes to Financial Statements

September 30, 2018

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:

2019	\$ 29,900
2020	29,300
2021	11,100
2022	6,500
2023	<u>2,200</u>
	<u>\$ 79,000</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. Pledges

As at September 30, 2018, the Organization had pledges receivable amounting to approximately \$22,527,000 (2017 - \$23,488,000). These pledges are not included in the financial statements as their ultimate collection cannot be reasonably assured.

Subsequent, after the fiscal year-end, a pledge from one particular donor was increased by \$10,000,000 USD in November 2018 in connection with SASI.

10. 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.

Canadian Friends of Tel Aviv University Inc.

Notes to Financial Statements

September 30, 2018

10. Financial instruments, continued

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. As at September 30, 2018, the Organization held cash and cash equivalents, including restricted cash, in \$USD at a value of \$90,824 (2017 - \$252,689) and restricted investments at a value of \$2,878,852 (2017 - \$1,611,048).

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.

11. Comparative figures

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