



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

Financial Statements
September 30, 2019

**CANADIAN FRIENDS OF TEL AVIV
UNIVERSITY INC.**

FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

CANADIAN FRIENDS OF TEL AVIV UNIVERSITY INC.
FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Canadian Friends of Tel Aviv University Inc.

Qualified Opinion

We have audited the financial statements of Canadian Friends of Tel Aviv University Inc. (the Organization), which comprise the statement of financial position as at September 30, 2019, and the statement of operations, statement of changes in fund balances and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section in our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at September 30, 2019, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Qualified Opinion

In common with many not-for-profit organizations, the Organization derives revenue from cash contributions the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Organization. Therefore, we were not able to determine whether any adjustments might be necessary to contribution revenue, excess of revenues over expenses, and cash flows from operations for the year ended September 30, 2019, current assets as at September 30, 2019, and fund balances as at October 1, 2018 and September 30, 2019.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Emphasis of Matter - Restated Comparative Information

We draw attention to Note 11 to the financial statements, which explains that certain comparative information presented for the year ended September 30, 2018 has been restated. The financial statements for the year ended September 30, 2018 (prior to the adjustments that were applied to restate certain comparative information explained in Note 11) were audited by another auditor who expressed an unmodified opinion on those financial statements on March 21, 2019. Our opinion is not modified in respect of this matter.

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

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

In preparing the financial statements, management is responsible for assessing the Organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Organization or to cease operations, or has no realistic alternative but to do so.

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

Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Organization to cease to continue as a going concern.



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- 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.

Crowe Soberman LLP

Chartered Professional Accountants
Licensed Public Accountants

Toronto, Canada
September 24, 2020

CANADIAN FRIENDS OF TEL AVIV UNIVERSITY INC.
STATEMENT OF FINANCIAL POSITION
At September 30

	2019	2018
		<i>(Restated, Note 11)</i>
ASSETS		
Current		
Cash	\$ 323,869	\$ 81,986
Restricted cash <i>(Note 3)</i>	989,363	159,377
Short-term investments <i>(Note 4)</i>	27,312	27,017
Contributions receivable	40,000	42,635
Government remittances receivable	32,829	35,774
Restricted investments <i>(Note 5)</i>	5,332,121	3,726,674
	6,745,494	4,073,463
Capital assets, net <i>(Note 6)</i>	948	1,135
Restricted investments - Endowment Fund	321,637	317,061
	\$ 7,068,079	\$ 4,391,659
LIABILITIES		
Current		
Accounts payable and accrued liabilities	\$ 93,619	\$ 30,515
Deferred contributions	617,725	159,377
Deferred revenue	78,030	-
Restricted deferred contributions - Restricted Fund	5,625,729	3,726,674
	6,415,103	3,916,566
Commitments <i>(Note 8)</i>		
FUND BALANCES		
Invested in Capital Assets	948	1,135
Endowment Fund	321,637	317,061
Unrestricted Operating Fund	330,391	156,897
	652,976	475,093
	\$ 7,068,079	\$ 4,391,659

The accompanying notes are an integral part of the financial statements

On behalf of the Board

Director

CANADIAN FRIENDS OF TEL AVIV UNIVERSITY INC.
STATEMENT OF CHANGES IN FUND BALANCES
Year ended September 30

	Invested in Capital Assets	Unrestricted Operating Fund	Restricted Operating Fund	Restricted Fund	Endowment Fund	Total 2019	Total 2018
							<i>(Restated, Note 11)</i>
Fund balance, beginning of year as previously stated	\$ 1,135	\$ 231,618	\$ -	\$ -	\$ 4,043,735	\$ 4,276,488	\$ 2,530,171
<u>Accounting adjustment (Note 11)</u>	-	(74,721)	-	-	(3,726,674)	(3,801,395)	(2,080,421)
As restated	1,135	156,897	-	-	317,061	475,093	449,750
Excess of revenues over expenses	-	173,307	-	-	-	173,307	35,741
Endowment net investment income	-	-	-	-	4,576	4,576	25,602
Endowment contributions (withdrawals)	-	-	-	-	-	-	(36,000)
Purchase of capital assets	109	(109)	-	-	-	-	-
<u>Amortization</u>	(296)	296	-	-	-	-	-
Fund balance, end of year	\$ 948	\$ 330,391	\$ -	\$ -	\$ 321,637	\$ 652,976	\$ 475,093

The accompanying notes are an integral part of the financial statements

CANADIAN FRIENDS OF TEL AVIV UNIVERSITY INC.
STATEMENT OF OPERATIONS
Year ended September 30

	Unrestricted Operating Fund	Restricted Funds	2019	2018 <i>(Restated, Note 11)</i>
Revenues				
Contributions	\$ 55,343	\$ 12,215,921	\$ 12,271,264	\$ 1,691,098
Events - Toronto	-	167,602	167,602	207,523
Events - Montreal	-	79,861	79,861	535,648
Interest income	323	-	323	327
	55,666	12,463,384	12,519,050	2,434,596
Expenses				
Contributions forwarded to Tel Aviv University <i>(Note 9)</i>	-	12,274,013	12,274,013	2,000,665
Salaries and benefits	546,143	-	546,143	587,711
Event expenses - Toronto	-	122,540	122,540	114,043
Travel	100,900	-	100,900	83,337
Professional fees	52,624	-	52,624	35,714
Program and fundraising activities	48,597	-	48,597	19,554
Sylvan Adams Sports Institute project management	-	48,119	48,119	41,429
Office expenses and supplies	43,383	-	43,383	53,074
Rent and occupancy costs	33,683	-	33,683	29,539
Advertising	27,963	-	27,963	22,427
Event expenses - Montreal	-	18,712	18,712	186,957
Interest and bank charges	14,156	-	14,156	16,400
Telephone and utilities	13,220	-	13,220	11,343
Insurance	4,805	-	4,805	6,369
Foreign exchange loss	2,579	-	2,579	4,183
Amortization of capital assets	296	-	296	349
Recovery of expenses <i>(Note 9)</i>	(1,005,990)	-	(1,005,990)	(863,049)
Scholarships	-	-	-	48,810
	(117,641)	12,463,384	12,345,743	2,398,855
Excess of revenues over expenses	\$ 173,307	\$ -	\$ 173,307	\$ 35,741

The accompanying notes are an integral part of the financial statements

**CANADIAN FRIENDS OF TEL AVIV UNIVERSITY INC.
STATEMENT OF CASH FLOWS**

Year ended September 30	2019	2018
		<i>(Restated, Note 11)</i>
SOURCES (USES) OF CASH		
Operating activities		
<i>Excess of revenues over expenses</i>	\$ 173,307	\$ 35,741
Endowment Fund net investment income	4,576	25,602
<i>Items not involving cash</i>		
Amortization	296	349
Restricted investments unrealized loss (gain)	710,488	(589,831)
Endowment Fund unrealized loss	-	20,746
	888,667	(507,393)
Changes in non-cash working capital items		
Contributions receivable	2,635	(23,476)
Government remittances receivable	2,945	(677)
Accounts payable and accrued liabilities	63,104	(61,292)
Deferred contributions	458,348	(182,334)
Deferred revenue	78,030	-
Restricted deferred contributions - Restricted Fund	1,899,055	1,660,519
Cash provided by operating activities	3,392,784	885,347
Investing activities		
Accrued interest income	(81)	(55)
Purchase of short-term investments	(27,231)	(26,961)
Redemption of short-term investments	27,017	26,780
Deferred restricted investments contributed	(1,444,098)	(1,316,788)
Sale of restricted investments	293,608	-
Restricted investments reinvested income, net	(1,165,445)	246,102
Endowment Fund reinvested income	(4,576)	(46,348)
Purchase of capital assets	(109)	-
Cash used in investing activities	(2,320,915)	(1,117,270)
Net increase (decrease) in cash	1,071,869	(231,923)
Cash, beginning of year	241,363	473,286
Cash, end of year	\$ 1,313,232	\$ 241,363
Represented by:		
Cash - unrestricted	\$ 323,869	\$ 81,986
Cash - restricted	989,363	159,377
	\$ 1,313,232	\$ 241,363

The accompanying notes are an integral part of the financial statements

CANADIAN FRIENDS OF TEL AVIV UNIVERSITY INC.
NOTES TO FINANCIAL STATEMENTS
September 30, 2019

1. Purpose of the organization and income tax status

Canadian Friends of Tel Aviv University Inc. (the "Organization") is incorporated under the Canada Corporations Act, and transitioned to the Canada Not-for-profit Corporations Act effective October 14, 2014. Canadian Friends of Tel Aviv University Inc. is a non-profit organization whose objective is to raise funds on behalf of Tel Aviv University in Israel.

The Organization is a registered charity under the Income Tax Act and is exempt from income tax under Section 149(1)(l) of the Income Tax Act. Registration remains valid so long as the organization continues to fulfill the requirements of the Act and regulations in respect of registered charities.

2. Significant accounting policies

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

Use of estimates

The preparation of 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 statement of financial position date and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Fund accounting

Revenues and expenses related to program delivery and administrative activities are reported in the Unrestricted Operating Fund.

Revenues and expenses that have been designated for a specific purpose are reported in the Restricted Funds.

Endowment contributions are reported in the Endowment Fund. Investment income earned on resources of the Endowment Fund is reported in the Restricted or Operating Fund depending on the nature of any restrictions imposed by contributors of funds for endowment.

CANADIAN FRIENDS OF TEL AVIV UNIVERSITY INC.
NOTES TO FINANCIAL STATEMENTS
September 30, 2019

2. Significant accounting policies (continued)

Revenue recognition

The Organization follows the deferral method of accounting for contributions.

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

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

Endowment contributions are recognized as direct increases in the Endowment Fund balance.

Investment income is recognized as revenue when earned.

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

Contributed services

The Organization would not be able to carry out its activities without the services of numerous volunteers who donate a considerable amount of time. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

Financial instruments

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

The Organization subsequently measures all its financial instruments at amortized cost using the straight line method, except for investments in equity instruments that are quoted in an active market and derivatives, which are measured at fair value.

Transaction costs are recognized in the statement of operations in the period incurred.

Translation of foreign currencies

The monetary assets and liabilities of the Organization denominated in foreign currencies are translated at the rates of exchange at the statement of financial position date. Revenues and expenses are translated at the exchange rate on the date the transaction occurs. Exchange gains or losses are included in the results of operations.

CANADIAN FRIENDS OF TEL AVIV UNIVERSITY INC.
NOTES TO FINANCIAL STATEMENTS
September 30, 2019

2. Significant accounting policies (continued)

Capital assets

Capital assets are recorded at cost less accumulated amortization. Amortization is provided annually on bases designed to amortize the assets over their estimated useful lives, as follows:

Furniture and fixtures	-	20% declining balance
Computer equipment	-	30% declining balance

3. Restricted Cash

	2019	2018
Restricted cash - deferred contributions	\$ 617,725	\$ 159,377
Restricted cash - deferred revenue	78,030	-
Restricted cash - restricted investments	293,608	-
	\$ 989,363	\$ 159,377

Restricted cash is to be remitted to Tel Aviv University in accordance with the specific purpose designated by the contributor.

4. Short-term investments

	2019	2018
Guaranteed Investment Certificate Interest at 1.45%, maturing July 2020	\$ 27,231	\$ -
Guaranteed Investment Certificate Interest at 1.00%, matured during the year	-	26,962
Accrued interest income	81	55
	\$ 27,312	\$ 27,017

5. Restricted investments

	2019	2018
Balance, beginning of year	\$ 3,726,674	\$ 2,066,156
Contributions	1,444,098	1,316,788
Net investment income reinvested	1,165,445	(246,102)
Unrealized gain (loss) on investments	(710,488)	589,832
Sale of restricted investments	(293,608)	-
Balance, end of year	\$ 5,332,121	\$ 3,726,674

The restricted investment was contributed by a donor and is to be remitted to Tel Aviv University in accordance with a gift agreement.

CANADIAN FRIENDS OF TEL AVIV UNIVERSITY INC.
NOTES TO FINANCIAL STATEMENTS
September 30, 2019

6. Capital assets

		Accumulated	2019	2018
	Cost	Amortization	Net Carrying Amount	Net Carrying Amount
Furniture and fixtures	\$ 11,350	\$ 10,734	\$ 616	\$ 770
Computer equipment	16,838	16,506	332	365
	\$ 28,188	\$ 27,240	\$ 948	\$ 1,135

Amortization expense for the year amounted to \$296 (2018 - \$349).

7. Financial instruments

The Organization regularly evaluates and manages the principal risks assumed with its financial instruments. The risks that arise from transacting in financial instruments include liquidity risk, credit risk, market risk, interest rate risk, and foreign currency risk. The following analysis provides a measure of the Organization's risk exposure and concentrations. There are no significant changes in the risk exposures from the prior period.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with its financial liabilities as they come due. The Organization is exposed to this risk mainly in respect of its accounts payable. Accounts payable are generally repaid within the credit terms.

Foreign currency risk

The Organization enters into foreign currency purchase and sale transactions and has assets, liabilities that are denominated in foreign currencies and thus is exposed to the financial risk of earnings fluctuations arising from changes in foreign exchange rates and the degree of volatility of these rates.

At year end, the Organization had the following amounts denominated in foreign currencies:

Cash	\$ 103,238 U.S.
Restricted cash	\$ 557,400 U.S.
Restricted investments	4,026,370 U.S.
Deferred contributions	335,692 U.S.
Restricted deferred contributions	4,248,078 U.S.

CANADIAN FRIENDS OF TEL AVIV UNIVERSITY INC.
NOTES TO FINANCIAL STATEMENTS
September 30, 2019

7. Financial instruments (continued)

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.

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.

The Organization is not exposed to any significant credit risk at the statement of financial position date.

8. Commitments

The Organization is committed under a long-term lease for premises in Toronto which expires in November 2020, a long-term lease for premises in Montreal which expires in January 2023 and operating leases which expire April 2021 and August 2023. Minimum annual rentals (exclusive of requirement to pay taxes, insurance and maintenance costs) for each of the next four years are approximately as follows:

Year ending September 30, 2020	\$ 29,000
2021	12,000
2022	8,000
2023	4,000
	<hr/>
	\$ 53,000

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

CANADIAN FRIENDS OF TEL AVIV UNIVERSITY INC.
NOTES TO FINANCIAL STATEMENTS
September 30, 2019

9. Related party transactions

Tel Aviv University and the Organization are related parties by virtue of economic interest. The Organization transfers restricted contributions received to Tel Aviv University and the Organization relies upon Tel Aviv University to provide funding to pay for operating expenses.

During the year the Organization engaged in transactions in the normal course of operations which were measured at the exchange amount with these related parties, as follows:

	2019	2018
Contributions forwarded to Tel Aviv University	\$12,274,013	\$ 2,000,665
Recovery of expenses	1,005,990	863,049

10. Comparative figures

Certain reclassifications for the year ended September 30, 2018 have been made for the purpose of comparability.

11. Accounting adjustment

During the preparation of the financial statements for the year ended September 30, 2019, the Organization identified the following prior period adjustments:

- a) The Organization identified restricted deferred contributions that were recorded in the Endowment Fund in the year ending September 30, 2018. A restatement is being made to correct the Endowment Fund as at September 30, 2018 and fund balances as at October 1, 2017. The effect of the adjustment on the September 30, 2018 comparative balances are a \$3,726,674 reduction in the Endowment Fund, a \$3,726,674 reduction in restricted investments - Endowment Fund, a \$3,726,674 increase in restricted deferred contributions - Restricted Fund, a \$3,726,674 increase in restricted investments, and a decrease in the Endowment Fund balance at October 1, 2017 of \$2,010,587.
- (b) The Organization identified restricted contributions that were received on or before September 30, 2018 but not remitted to Tel Aviv University as at September 30, 2018. These restricted contributions were not recorded in the deferred contributions balance as at September 30, 2018. A restatement is being made to correct revenue recognized in the period ended September 30, 2018 and prior that should have been deferred. The effects of the adjustment on the September 30, 2018 comparative balances are a \$1,888 reduction in unrestricted contribution revenue, a \$62,722 increase in deferred contributions, and a \$60,834 reduction in the Unrestricted Operating Fund balance at October 1, 2017.
- (c) The Organization identified an overstatement of contributions receivable and an overstatement of deferred contributions relating to a contribution already received and expensed as at September 30, 2018. A restatement is being made to correct contributions receivable and deferred contributions that should not have been recorded. The effects of the adjustment on the September 30, 2018 comparative balances are a \$4,300 reduction in contributions receivable and a \$4,300 reduction in deferred contributions.

CANADIAN FRIENDS OF TEL AVIV UNIVERSITY INC.
NOTES TO FINANCIAL STATEMENTS
September 30, 2019

11. Accounting adjustment (continued)

- (d) The Organization identified contributions receivable that were offset by deferred contributions as at September 30, 2018. The Organization identified unrecorded outstanding cash deposits that matched these contributions receivable as at September 30, 2018. The Organization also identified that restricted cash was recorded against the deferred contributions, despite the fact that the amount was recorded as a receivable. A restatement is being made to correct contributions receivable, cash, restricted cash and deferred contributions. The effects of the adjustment on the September 30, 2018 comparative balances are a \$37,363 reduction of contributions receivable, \$37,363 increase in cash, a \$6,472 reduction in restricted cash and \$6,472 decrease in deferred contributions.
- (e) The Organization identified restricted cash that was recorded in unrestricted cash as at September 30, 2018. A restatement is being made to correct cash and restricted cash as at September 30, 2018. The effects of the adjustment on the September 30, 2018 comparative balances are a \$58,422 increase in restricted cash and a \$58,422 decrease in cash.
- (f) The Organization identified payroll remittances expenses relating to the years ending September 30, 2018 and prior that were neither paid nor accrued as at September 30, 2018. A restatement is being made to correct unrecorded expenses that should have been accrued. The effects of the adjustment on the September 30, 2018 comparative balances are a \$3,000 increase in salaries and related benefits expense, a \$12,000 increase in accounts payable and accrued liabilities, and a \$9,000 reduction of the Unrestricted Operating Fund balance at October 1, 2017.

12. Subsequent events

Subsequent to the year-end, the World Health Organization characterized the outbreak of a strain of the novel coronavirus (“COVID-19”) as a pandemic which has resulted in a series of public health and emergency measures that have been put in place to combat the spread of the virus. The duration and impact of COVID-19 is unknown at this time and it is not possible to reliably estimate the impact that the length and severity of these developments will have on the financial results and condition of the Organization in future periods.