

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

Financial Statements
September 30, 2020

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

FINANCIAL STATEMENTS

SEPTEMBER 30, 2020

CANADIAN FRIENDS OF TEL AVIV UNIVERSITY INC.
FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

INDEX	Page
Independent Auditors' Report	1 - 3
Financial Statements	
Statement of Financial Position	4
Statement of Changes in Fund Balances	5
Statement of Operations	6
Statement of Cash Flows	7
Notes to Financial Statements	8 - 14



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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, 2020, 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 of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at September 30, 2020, 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 contributions revenues, (deficiency) excess of revenues over expenses, and cash flows from operations for the years ended September 30, 2020 and 2019, current assets as at September 30, 2020 and 2019, and fund balances as at October 1, 2019 and 2018, and September 30, 2020 and 2019. Our audit opinion on the financial statements for the year ended September 30, 2019 was modified accordingly because of the possible effects of this limitation in scope.

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.

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.
- 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the business activities within the Organization to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.



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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
April 12, 2021

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

2020 **2019**

ASSETS

Current

Cash	\$	143,620	\$	323,869
Restricted cash (Note 3)		7,519,107		989,363
Short-term investments (Note 4)		27,660		27,312
Contributions receivable		5,100		40,000
Government remittances receivable		42,762		32,829
Government wage subsidy receivable (Note 5)		21,475		-
Restricted investments (Note 6)		90,000		5,332,121
		7,849,724		6,745,494
Capital assets (Note 7)		725		948
Restricted investments - Endowment Fund		270,000		321,637
	\$	8,120,449	\$	7,068,079

LIABILITIES

Current

Accounts payable and accrued liabilities	\$	59,488	\$	93,619
Deferred contributions		575,600		617,725
Deferred revenue		21,920		78,030
Restricted deferred contributions - Restricted Fund		7,011,588		5,625,729
		7,668,596		6,415,103

Commitments (Note 10)

FUND BALANCES

Capital Assets Fund	725	948
Endowment Fund	270,000	321,637
Unrestricted Operating Fund	181,128	330,391
	451,853	652,976
	\$	8,120,449
	\$	7,068,079

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

	Capital Assets Fund	Endowment Fund	Unrestricted Operating Fund	Total 2020	Total 2019
Fund balance, beginning of year	\$ 948	\$ 321,637	\$ 330,391	\$ 652,976	\$ 475,093
(Deficiency) excess of revenues over expenses	(223)	-	(149,263)	(149,486)	173,307
Endowment Fund net investment income	-	-	-	-	4,576
Contributions in accordance with the Endowment Fund agreement	-	(51,637)	-	(51,637)	-
Fund balance, end of year	\$ 725	\$ 270,000	\$ 181,128	\$ 451,853	\$ 652,976

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	2020	2019
Revenues				
Contributions	\$ 67,151	\$ 8,071,299	\$ 8,138,450	\$ 12,271,264
Events - Toronto	-	132,302	132,302	167,602
Events - Montreal	-	153,433	153,433	79,861
Government Assistance (Note 5)	97,460	-	97,460	-
Investment income	-	14,363	14,363	-
Interest income	348	-	348	323
	164,959	8,371,397	8,536,356	12,519,050
Expenses				
Contributions forwarded to Tel Aviv University (Note 11)	24,725	8,158,229	8,182,954	12,274,013
Salaries and benefits	622,489	-	622,489	546,143
Event expenses - Toronto	-	85,914	85,914	122,540
Professional fees	75,242	-	75,242	52,624
Office expenses and supplies	75,098	-	75,098	43,383
Sylvan Adams Sports Institute project management	-	73,351	73,351	48,119
Event expenses - Montreal	-	53,903	53,903	18,712
Rent and occupancy costs (Note 8)	25,866	-	25,866	33,683
Travel	28,917	-	28,917	100,900
Advertising	21,086	-	21,086	27,963
Program and fundraising activities	19,593	-	19,593	48,597
Interest and bank charges	18,634	-	18,634	14,156
Telephone and utilities	11,501	-	11,501	13,220
Insurance	6,833	-	6,833	4,805
Foreign exchange loss	4,580	-	4,580	2,579
Amortization of capital assets	223	-	223	296
Recovery of expenses (Note 11)	(620,342)	-	(620,342)	(1,005,990)
	314,445	8,371,397	8,685,842	12,345,743
(Deficiency) excess of revenues over expenses	\$ (149,486)	\$ -	\$ (149,486)	\$ 173,307

The accompanying notes are an integral part of the financial statements

CANADIAN FRIENDS OF TEL AVIV UNIVERSITY INC.
NOTES TO FINANCIAL STATEMENTS
September 30, 2020

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.

In March 2020, 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. There is significant uncertainty regarding the extent and duration of the impact of the COVID-19 pandemic on the Organization's operations. The impact of the pandemic on the Organization's financial condition, cash flows, operations, credit risk, liquidity, and availability of applicable credit is highly uncertain and cannot be predicted. Management will continue to monitor and assess the impact of the pandemic on its judgments, estimates, accounting policies, and amounts recognized in these financial statements. As at the financial statement date, management has determined that there has been no significant adverse effect on the Organization.

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.

The Capital Asset Fund reports the acquisition of capital assets, which are amortized on the same basis as that on which the related assets are amortized..

CANADIAN FRIENDS OF TEL AVIV UNIVERSITY INC.
NOTES TO FINANCIAL STATEMENTS
September 30, 2020

2. Significant accounting policies (continued)

Fund accounting (continued)

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.

Revenue recognition

The Organization follows the deferral method of accounting for contributions.

Restricted contributions, including events, 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 financial liabilities at fair value.

The Organization subsequently measures all of 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, 2020

2. Significant accounting policies (continued)

Government grants

The Organization receives government assistance in the form employee wage subsidies. Employee wage subsidies are accrued in the accounts in the year in which the employee wage expenses are incurred provided there is reasonable assurance that the Organization has complied and will continue to comply, with all of the conditions applicable to the employee wage subsidies. Government assistance received or receivable toward current expenses, which includes wage subsidies received by the Organization, is included in revenue.

Lease of premises

In November 2020, the Accounting Standards Board issued an amendment to Section 3065 Leases that provides an optional practical expedient to simplify how lessees and lessors account for rent concessions that are a direct consequence of the COVID-19 pandemic. A lessee or lessor that applies the practical expedient is not required to account for eligible rent concessions as a new lease and accounts for them in accordance with other applicable guidance. The amendments apply to COVID-19-related rent concessions that reduce lease payments due on or before December 31, 2021. The amendments apply to annual financial statements relating to fiscal years ending on or after December 31, 2020. Earlier application is permitted, including in financial statements not yet authorized for issue. The Organization has adopted the practical expedient

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

	2020	2019
Restricted cash - deferred contributions	\$ 485,600	\$ 617,725
Restricted cash - restricted investments	7,011,587	293,608
Restricted cash - deferred revenue	21,920	78,030
	\$ 7,519,107	\$ 989,363

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

CANADIAN FRIENDS OF TEL AVIV UNIVERSITY INC.
NOTES TO FINANCIAL STATEMENTS
September 30, 2020

4. Short-term investments

		2020	2019
Guaranteed Investment Certificate	Interest at 0.60%, maturing July 2021	\$ 27,626	\$ -
Guaranteed Investment Certificate	Interest at 1.45%, maturing July 2020	-	27,231
Accrued interest income		34	81
		\$ 27,660	\$ 27,312

5. Government Assistance

In April 2020, the Government of Canada passed the Canada Emergency Wage Subsidy ("CEWS") to assist Canadian employers during the COVID-19 global pandemic by allowing qualifying employers to recover up to 75% of certain wages paid to employees. The Organization qualified for and participated in CEWS during the year ended September 30, 2020 and recognized government assistance of \$89,806 (2019 - \$Nil). The actual amount of the subsidy may vary upon assessment. Any differences between the amount claimed and the amount received will be accounted for in the year received.

The Organization also qualified for the Temporary Wage Subsidy ("TWS") program which was a predecessor to the CEWS program. The Organization recognized government assistance of \$7,654 (2019 - \$Nil). The actual amount of the subsidy may vary upon assessment. Any differences between the amount claimed and the amount received will be accounted for in the year received.

6. Restricted investments

	2020	2019
Balance, beginning of year	\$ 5,332,121	\$ 3,726,674
Contributions	-	1,444,098
Net investment income reinvested	476,905	1,165,445
Unrealized gain (loss) on investments	-	(710,488)
Sale of restricted investments	(5,809,026)	(293,608)
Net event proceeds invested	90,000	-
Balance, end of year	\$ 90,000	\$ 5,332,121

The restricted investment was contributed by a donor and is to be remitted to Tel Aviv University in accordance with a gift agreement. The investment was redeemed in the year and the proceeds are held in restricted cash at year-end with the purpose of being reinvested.

The Organization purchased a \$90,000, one year, bond using net proceeds from an event held in the year ended September 30, 2020. Upon maturity in September 2021, the principal and interest earned will be remitted to Tel Aviv University.

CANADIAN FRIENDS OF TEL AVIV UNIVERSITY INC.
NOTES TO FINANCIAL STATEMENTS
September 30, 2020

7. Capital assets

		Accumulated	2020	2019
	Cost	Amortization	Net Carrying Amount	Net Carrying Amount
Furniture and fixtures	\$ 11,350	\$ 10,857	\$ 493	\$ 616
Computer equipment	16,838	16,606	232	332
	\$ 28,188	\$ 27,463	\$ 725	\$ 948

8. Rent assistance

A landlord of the Organization made a rent concession during the year ended September 30, 2020 whereby the Organization received a rent waiver of \$7,730 (2019 - \$Nil).

9. 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	\$ 42,681 U.S.
Restricted cash	5,256,474 U.S.
Deferred contributions	500 U.S.
Restricted deferred contributions	5,256,474 U.S.

CANADIAN FRIENDS OF TEL AVIV UNIVERSITY INC.
NOTES TO FINANCIAL STATEMENTS
September 30, 2020

9. 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.

10. Commitments

The Organization is committed under a long-term lease for premises in Toronto which expires in November 2025, 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 five years are approximately as follows:

Year ending September 30, 2021	\$	31,000
2022		30,000
2023		26,000
2024		22,000
2025		22,000
Thereafter		4,000
		<hr/>
	\$	135,000

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 operations.

CANADIAN FRIENDS OF TEL AVIV UNIVERSITY INC.
NOTES TO FINANCIAL STATEMENTS
September 30, 2020

11. 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:

	2020	2019
Contributions forwarded to Tel Aviv University	\$ 8,182,954	\$12,274,013
Recovery of expenses	620,342	1,005,990