



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

Financial Statements
September 30, 2021

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

FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

CANADIAN FRIENDS OF TEL AVIV UNIVERSITY INC.
FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

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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, 2021, and the statement of operations, statement of changes in net assets 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, 2021, 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, excess (deficiency) of revenues over expenses, and cash flows from operations for the years ended September 30, 2021 and 2020, current assets as at September 30, 2021 and 2020, and net assets as at October 1, 2020 and 2019, and September 30, 2021 and 2020. Our audit opinion on the financial statements for the year ended September 30, 2020 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
March 9, 2022

**CANADIAN FRIENDS OF TEL AVIV UNIVERSITY INC.
STATEMENT OF FINANCIAL POSITION**

At September 30

2021

2020

ASSETS

Current

Cash	\$ 681,744	\$ 7,662,727
Short-term investments	32,427	117,660
Government remittances receivable	45,412	42,762
Government funding receivable (Note 3)	23,920	21,475
Prepaid expenses and sundry	114	-
Contributions receivable	-	5,100

783,617 7,849,724

Capital assets (Note 4)

4,190 725

Restricted investments for endowment purposes

270,000 270,000

\$ 1,057,807 \$ 8,120,449

LIABILITIES

Current

Accounts payable and accrued liabilities	\$ 55,192	\$ 59,488
Deferred contributions	135,467	7,587,188
Deferred revenue (Note 7)	253,850	21,920

444,509 7,668,596

Bank loan (Note 3)

30,000 -

474,509 7,668,596

Commitments (Note)

NET ASSETS

Restricted for endowment purposes	270,000	270,000
Unrestricted	313,298	181,853

583,298 451,853

\$ 1,057,807 \$ 8,120,449

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 NET ASSETS
Year ended September 30

	Restricted for endowment purposes	Unrestricted	Total 2021	Total 2020
Net assets, beginning of year	\$ 270,000	\$ 181,853	451,853	652,976
Excess (deficiency) of revenues over expenses	-	131,445	131,445	(149,486)
Contributions (transfers) in accordance with the endowment agreement	-	-	-	(51,637)
Net assets, end of year	\$ 270,000	\$ 313,298	583,298	451,853

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

2021

2020

(Schedule)

Revenue

Contributions	\$11,663,879	\$ 8,138,450
Recovery of expenses <i>(Note 7)</i>	978,208	620,342
Government funding <i>(Note 3)</i>	167,661	97,460
Events - Toronto	117,623	132,302
Events - Montreal	95,265	153,433
Investment income	15,000	14,363
Interest income	789	348

13,038,425 9,156,698

Expenses

Contributions to Tel Aviv University <i>(Note 7)</i>	11,756,366	8,182,954
Salaries and benefits	693,061	622,489
Professional fees	137,769	75,242
Sylvan Adams Sports Institute project management	79,062	73,351
Office and supplies	70,831	75,098
Program and fundraising activities	42,811	19,593
Events - Toronto	30,066	85,914
Rent and occupancy costs	28,924	25,866
Advertising	26,232	21,086
Interest and bank charges	21,988	18,634
Travel	14,392	28,917
Telephone and utilities	12,748	11,501
Insurance	5,038	6,833
Events - Montreal	-	53,903
Foreign exchange loss (gain)	(12,308)	4,580
Amortization of capital assets	-	223

12,906,980 9,306,184

Excess (deficiency) of revenues over expenses

\$ 131,445 \$ (149,486)

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

2021 **2020**

SOURCES (USES) OF CASH

Operating activities

Excess (deficiency) of revenues over expenses \$ **131,445** \$ (149,486)

Items not involving cash

Forgivable portion of bank loan **(10,000)** -

Amortization of capital assets - 223

121,445 (149,263)

Changes in non-cash working capital items

Government remittances receivable **(2,650)** (9,933)

Government funding receivable **(2,445)** (21,475)

Prepaid expenses and sundry **(114)** -

Contributions receivable **5,100** 34,900

Accounts payable and accrued liabilities **(4,296)** (34,131)

Deferred contributions **(7,451,721)** 1,343,734

Deferred revenue **231,930** (56,110)

Cash provided by (used in) operating activities **(7,102,751)** 1,107,722

Investing activities

Purchase of short-term investments **(47,393)** (131,989)

Redemption of short-term investments **132,626** 93,312

Purchase of capital assets **(3,465)** -

Accrued interest income - (34)

Purchase of investments - (476,905)

Sale of investments - 5,809,026

Transfers in accordance with the endowment agreement - (51,637)

Cash provided by investing activities **81,768** 5,241,773

Financing activity

Proceeds from bank loan **40,000** -

Cash provided by financing activity **40,000** -

Net increase (decrease) in cash **(6,980,983)** 6,349,495

Cash, beginning of year **7,662,727** 1,313,232

Cash, end of year **\$ 681,744** \$ 7,662,727

The accompanying notes are an integral part of the financial statements

CANADIAN FRIENDS OF TEL AVIV UNIVERSITY INC.
NOTES TO FINANCIAL STATEMENTS
September 30, 2021

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. The Organization 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 contingent liabilities at the statement of financial position date and the reported amounts of revenues and expenses during the reporting period. Management believes its estimates to be appropriate, however, actual results could differ from those estimates.

Revenue recognition

The Organization follows the deferral method of accounting for contributions.

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

Unrestricted contributions are recognized as revenue when they are 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 net assets in the year.

Interest income is recognized as revenue when earned.

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

CANADIAN FRIENDS OF TEL AVIV UNIVERSITY INC.
NOTES TO FINANCIAL STATEMENTS
September 30, 2021

2. Significant accounting policies (continued)

Financial instruments

The Organization initially measures its financial assets and financial liabilities at fair value, except for certain non-arm's length transactions.

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, 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 monetary 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.

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

Leases

Leases are classified as either capital or operating leases. Leases that transfer substantially all of the benefits and inherent risks of ownership of property to the Organization are accounted for as capital leases. Rental payments under operating leases are included in the determination of excess of revenues over expenses over the lease term on a straight-line basis.

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.

CANADIAN FRIENDS OF TEL AVIV UNIVERSITY INC.
NOTES TO FINANCIAL STATEMENTS
September 30, 2021

3. Government funding

Canada Emergency Wage Subsidy

During the year ended September 30, 2021, the Organization received an employee wage subsidy of \$141,663 (2020 - \$89,806) from the Government of Canada under its Canada Emergency Wage Subsidy ("CEWS") program, which is designed to assist businesses to re-hire workers previously laid off as a result of the COVID-19 pandemic and help prevent further job losses. This amount has been recognized in government funding on the statement of operations. As at September 30, 2021, the Organization has recognized government funding receivable of \$21,803 (2020 - \$Nil) related to the CEWS program.

Canada Emergency Rent Subsidy

During the year ended September 30, 2021, the Organization received a rent subsidy of \$15,998 (2020 - \$Nil) from the Government of Canada under its Canada Emergency Rent Subsidy ("CERS") program, which is designed to assist businesses with rent payments as a result of the COVID-19 pandemic. This amount has been recognized in government funding on the statement of operations. As at September 30, 2021, the Organization has recognized government funding receivable of \$2,117 (2020 - \$Nil) related to the CERS program.

Canada Emergency Business Account

During the year ended September 30, 2021, the Company received a \$40,000 loan from the Government of Canada under its Canada Emergency Business Account ("CEBA") program, which is designed to provide financial support to small businesses and organizations during the COVID-19 pandemic. The loan is interest-free, unsecured, repayable on December 31, 2023 and, if the loan is repaid on or before December 31, 2023, up to \$10,000 of the loan will be forgiven. The \$10,000 forgivable portion of the loan has been recognized in government funding on the statement of operations during the year as it was received toward current expenses.

4. Capital assets

	2021		2020	
	Accumulated	Net	Accumulated	Net
	Cost	Carrying	Cost	Carrying
		Amount		Amount
Furniture and fixtures	\$ 11,350	\$ 493	\$ 10,857	\$ 493
Computer equipment	20,303	3,697	16,606	232
	\$ 31,653	\$ 4,190	\$ 27,463	\$ 725

CANADIAN FRIENDS OF TEL AVIV UNIVERSITY INC.
NOTES TO FINANCIAL STATEMENTS
September 30, 2021

5. 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 and accrued liabilities and bank loan. The Organization considers that it has sufficient funds available to meet its obligations as they come due.

Market risk

The Organization's restricted investments for endowment purposes exposes the Organization to price risks as equity investments are subject to price changes in an open market. The Organization employs investment diversification to manage this risk.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the market interest rates. The Organization is exposed to interest rate risk on its fixed rate financial instruments. The short-term investments subject the Organization to fair value risk.

Foreign currency risk

The Organization enters into foreign currency purchase and sale transactions and has financial assets and financial 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.

As at September 30, 2021, the Organization had the following amounts denominated in foreign currencies:

	2021	2020
Cash	\$ 114,112 U.S.	\$ 5,299,155 U.S.

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

CANADIAN FRIENDS OF TEL AVIV UNIVERSITY INC.
NOTES TO FINANCIAL STATEMENTS
September 30, 2021

6. 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 in June 2023 and August 2023. Minimum annual contract and lease payments (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, 2022	\$ 43,000
2023	34,000
2024	22,000
2025	22,000
2026	4,000
	\$ 125,000

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.

7. 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 ended September 30, 2021, the Organization engaged in transactions in the normal course of operations which were measured at the agreed upon exchange amount with Tel Aviv University, as follows:

	2021	2020
Recovery of expenses	\$ 978,208	\$ 620,342
Contributions to Tel Aviv University	\$11,756,366	\$ 8,182,954

As at September 30, 2021, the Organization has recognized \$232,389 (2020 - \$Nil) received from Tel Aviv University as deferred revenue.

8. Comparative figures

Certain reclassifications for the year ended September 30, 2020 have been made for the purpose of comparability.

CANADIAN FRIENDS OF TEL AVIV UNIVERSITY INC.
SCHEDULE OF OPERATIONS BY UNRESTRICTED CONTRIBUTIONS AND
RESTRICTED CONTRIBUTIONS
At September 30

	Unrestricted contributions	Restricted contributions	2021	2021
Revenues				
Contributions	\$ 13,862	\$ 11,650,017	\$ 11,663,879	\$ 8,138,450
Recovery of expenses (Note 7)	953,052	25,156	978,208	620,342
Government funding (Note 3)	167,661	-	167,661	97,460
Events - Toronto	63,399	54,224	117,623	132,302
Events - Montreal	-	95,265	95,265	153,433
Investment income	-	15,000	15,000	14,363
Interest income	166	623	789	348
	1,198,140	11,840,285	13,038,425	9,156,698
Expenses				
Contributions to Tel Aviv University (Note 7)	-	11,756,366	11,756,366	8,182,954
Salaries and benefits	693,061	-	693,061	622,489
Professional fees	137,769	-	137,769	75,242
Sylvan Adams Sports Institute project management	20,299	58,763	79,062	73,351
Office and supplies	70,831	-	70,831	75,098
Program and fundraising activities	17,655	25,156	42,811	19,593
Events - Toronto	30,066	-	30,066	85,914
Rent and occupancy costs	28,924	-	28,924	25,866
Advertising	26,232	-	26,232	21,086
Interest and bank charges	21,988	-	21,988	18,634
Travel	14,392	-	14,392	28,917
Telephone and utilities	12,748	-	12,748	11,501
Insurance	5,038	-	5,038	6,833
Events - Montreal	-	-	-	53,903
Amortization of capital assets	-	-	-	223
Foreign exchange loss (gain)	(12,308)	-	(12,308)	4,580
	1,066,695	11,840,285	12,906,980	9,306,184
Excess (deficiency) of revenues over expenses	\$ 131,445	\$ -	\$ 131,445	\$ (149,486)