Canadian Friends of Tel Aviv University

Financial Statements
September 30, 2022

Raymond Chabot
Grant Thornton

Independent Auditor's Report

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To the Directors of
Canadian Friends of Tel Aviv University

Qualified opinion

We have audited the financial statements of Canadian Friends of Tel Aviv University (hereafter "the Organization"), which comprise the statement of financial position as at September 30, 2022, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to financial statements, including a summary of significant accounting policies, and the schedule.

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, 2022, 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.

Basis for qualified opinion

In common with many not-for-profit organizations, the Organization derives revenue from cash donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these contributions 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 cash donations, excess of revenues over expenses and cash flows from operating activities for the year ended September 30, 2022, current assets as at September 30, 2022 and net assets as at October 1, 2021 and September 30, 2022. The predecessor auditor expressed a qualified opinion on the financial statements for the year ended September 30, 2021 because of the possible effects of the similar 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 "Auditor’s 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.

Other matter – comparative information audited by a predecessor auditor

The financial statements of the Organization for the year ended September 30, 2021 were audited by another auditor who expressed a qualified opinion on those statements on March 9, 2022 for the reason described in the "Basis for qualified opinion" section.

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.

Auditor’s 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 auditor’s 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 auditor’s 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 auditor’s 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.

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.

Raymond Chabot Grant Thornton LLP [1]

Montréal
June 15, 2023

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[1] CPA auditor, public accountancy permit no. A131601

Canadian Friends of Tel Aviv University
Operations
Year ended September 30, 2022

	2022	2021
	$	$
Revenues		
Contributions (Note 4)	**6,848,775**	11,663,350
Contributions – Tel Aviv University (Note 10)	**955,909**	978,208
Events	**37,128**	212,888
Investment income	**8,294**	15,789
	7,850,106	12,870,235
Expenses		
Contributions to Tel Aviv University	**6,845,176**	11,756,366
Salaries	**702,672**	693,061
Professional fees	**97,345**	137,769
Sylvan Adams Sports Science Institute project management	**74,567**	79,062
Office supplies and expenses	**74,129**	70,460
Program and fundraising activities	**77,343**	42,923
Events – Toronto		30,066
Rental expense	**42,031**	28,924
Advertising	**10,843**	26,312
Interest and bank charges	**21,005**	21,988
Travel	**93,501**	14,042
Telecommunications	**11,203**	12,748
Insurance	**8,723**	5,038
Amortization of tangible capital assets	**1,208**	
	8,059,746	12,918,759
Deficiency of revenues over expenses before other revenues (expenses)	**(209,640)**	(48,524)
Other revenues (expenses)		
Contributions from government	**(14,655)**	167,661
Foreign exchange gain	**288,062**	12,308
	273,407	179,969
Excess of revenues over expenses	**63,767**	131,445

The accompanying notes are an integral part of the financial statements.

Canadian Friends of Tel Aviv University
Changes in Net Assets
Year ended September 30, 2022

	2022			2021
	Restricted for endowment purposes	Unrestricted	Total	Total
	$	$	$	$
Balance, beginning of year	270,000	313,298	583,298	451,853
Excess of revenues over expenses		63,767	63,767	131,445
Balance, end of year	270,000	377,065	647,065	583,298

The accompanying notes are an integral part of the financial statements.

Canadian Friends of Tel Aviv University

Cash Flows

Year ended September 30, 2022

	2022	2021
	$	$
OPERATING ACTIVITIES		
Excess of revenues over expenses	**63,767**	131,445
Non-cash items		
Amortization of tangible capital assets	**1,208**	
Forgivable portion of bank loan		(10,000)
Unrealized exchange loss on investments	**(3,007)**	
Changes in working capital items		
Accounts receivable	**16,680**	5
Prepaid expenses	**114**	(114)
Trade payables and other operating liabilities	**40,834**	(4,296)
Deferred revenues	**19,796**	231,930
Deferred contributions	**6,426,992**	(7,451,721)
Cash flows from operating activities	**6,566,384**	(7,102,751)
INVESTING ACTIVITIES		
Purchase of tangible capital assets		(3,465)
Purchase of short-term investments		(47,393)
Redemption of short-term investments		132,626
Cash flows from investing activities		81,768
FINANCING ACTIVITIES		
Long-term debt		40,000
Repayment of the long-term debt	**(30,000)**	
Cash flows from financing activities	**(30,000)**	40,000
Net increase (decrease) in cash	**6,536,384**	(6,980,983)
Cash, beginning of year	**681,744**	7,662,727
Cash, end of year	**7,218,128**	681,744

The accompanying notes are an integral part of the financial statements.

Canadian Friends of Tel Aviv University
Financial Position
September 30, 2022

	2022	2021
	$	$
ASSETS		
Current		
Cash	**7,218,128**	681,744
Guaranteed investment certificate, 3.75%, maturing in July 2023	**27,826**	27,826
Accounts receivable (Note 5)	**52,652**	69,332
Prepaid expenses		114
	7,298,606	779,016
Long-term		
Restricted investments for endowment purposes (Note 6)	**277,608**	274,601
Tangible capital assets (Note 7)	**2,982**	4,190
	7,579,196	1,057,807
LIABILITIES		
Current		
Trade payables and other operating liabilities (Note 8)	**96,026**	55,192
Deferred revenues	**41,811**	22,015
Deferred contributions (Note 9)	**6,794,294**	367,302
	6,932,131	444,509
Long-term		
Long-term debt		30,000
	6,932,131	474,509
NET ASSETS		
Unrestricted	**377,065**	313,298
Restricted for endowment purposes (Note 6)	**270,000**	270,000
	647,065	583,298
	7,579,196	1,057,807

The accompanying notes are an integral part of the financial statements.

On behalf of the Board,

Director

Director

Canadian Friends of Tel Aviv University
Notes to Financial Statements
September 30, 2022

1 - GOVERNING STATUTES AND PURPOSE OF THE ORGANIZATION

The Organization, incorporated under the Canada Not-for-profit Corporations Act, has the purpose of raising funds on behalf of Tel Aviv University in Israel. It is a registered charity under the Income Tax Act.

2 - ACCOUNTING CHANGE

Financial instruments originated or exchanged in a related party transaction

On October 1, 2021, the Organization applied the changes to Section 3856, Financial Instruments, of Part II of the *CPA Canada Handbook – Accounting* and Section 4460, Disclosure of Related Party Transactions by Not-for-Profit Organizations, of Part III of the *CPA Canada Handbook – Accounting*. The purpose of these changes is to provide additional recommendations on the accounting treatment of financial instruments originated or exchanged in a related party transaction.

The changes require that financial assets originated or acquired and financial liabilities issued or assumed in a related party transaction be initially measured at cost, with the exception of certain specific financial instruments that are initially measured at fair value. The cost of a financial asset originated or acquired or of a financial liability issued or assumed in these circumstances depends on whether the instrument has repayment terms. When the financial instrument has repayment terms, its cost is determined using the undiscounted cash flows, excluding interest and dividend payments, and less any impairment losses previously recognized by the transferor. The cost of a financial instrument that does not have repayment terms is determined using the consideration transferred or received in the transaction.

The changes generally require that financial assets and liabilities from related party transactions be subsequently measured using the cost method, except for investments in equity instruments that are quoted in an active market which are measured at fair value.

The changes provide additional guidance on how to measure the impairment loss of a financial asset originated or acquired in a related party transaction subsequently measured using the cost method.

The changes also require that an organization recognize the effect of the forgiveness of a financial asset originated or created in a related party transaction or the extinguishment of a financial liability issued or assumed in a related party transaction in operations or in accordance with the accounting method used to recognize contributions.

In accordance with the transitional provisions, these changes, that are applicable for fiscal years beginning on or after January 1, 2021, have been applied retrospectively taking certain relief measures into account.

Application of the changes did not have any impact on the financial statements for the year ended September 30, 2021.

3 - SUMMARY OF ACCOUNTING POLICIES

Basis of presentation

The Organization's financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations.

Canadian Friends of Tel Aviv University
Notes to Financial Statements
September 30, 2022

3 - SUMMARY OF ACCOUNTING POLICIES (Continued)

Accounting estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the amounts recorded in the financial statements, notes to financial statements and the schedule. These estimates are based on management's knowledge of current events and actions that the Organization may undertake in the future. Actual results may differ from these estimates.

Financial assets and liabilities

Initial measurement

Upon initial measurement, the Organization's financial assets and liabilities from transactions not concluded with related parties are measured at fair value, which, in the case of financial assets or financial liabilities that will be measured subsequently at amortized cost, is increased or decreased by the amount of the related financing fees and transaction costs. The Organization's financial assets and liabilities from related party transactions are measured at cost.

Subsequent measurement

At each reporting date, the Organization measures its financial assets and liabilities from transactions not concluded with related parties at amortized cost (including any impairment in the case of financial assets), except for investments in mutual funds which are measured at fair value, whereas those from related party transactions are measured using the cost method (including any impairment in the case of financial assets). Changes in the fair value of investments in listed shares are immediately recognized in operations.

With respect to financial assets measured at amortized cost or using the cost method, the Organization assesses whether there are any indications of impairment. When there is an indication of impairment, and if the Organization determines that, during the year, there was a significant adverse change in the expected timing or amount of future cash flows from a financial asset, it will then recognize a reduction as an impairment loss in operations. The reversal of a previously recognized impairment loss on a financial asset measured at amortized cost or using the cost method is recognized in operations in the year the reversal occurs.

Tangible capital assets

Tangible capital assets acquired are recorded at cost. When the Organization receives contributions of capital assets, their cost is equal to their fair value at the contribution date plus all costs directly attributable to the acquisition of the tangible capital assets, or at a nominal value if fair value cannot be reasonably determined.

Amortization

Tangible capital assets are amortized on a declining balance basis over their estimated useful lives at the following annual rates:

	Rates
Computer equipment	30%
Furniture and fixtures	20%

Canadian Friends of Tel Aviv University
Notes to Financial Statements
September 30, 2022

3 - SUMMARY OF ACCOUNTING POLICIES (Continued)

Write-down

When conditions indicate that a tangible capital asset is impaired, the net carrying amount of the tangible capital asset is written down to the tangible capital asset's fair value or replacement cost. The write-down is accounted for in the statement of operations and cannot be reversed.

Revenue recognition

Contributions

The Organization follows the deferral method of accounting for contributions. Under this method, contributions restricted for future period expenses are deferred and are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Endowment contributions are reported as direct increases in net assets.

The Organization may recognize contributed supplies and services when the fair value of these contributions can be reasonably estimated and if it would have had to otherwise acquire these supplies and services for its normal operations.

Events

Revenue from events are recognized as revenue in accordance with the agreement between the parties, when the event takes place, fees are fixed or determinable and collection is reasonably assured. The liability relating to the received but unearned portion of revenues from events is recognized in the statement of financial position as deferred revenues.

Interest income

Interest income is recognized on a time apportionment basis.

Foreign currency translation

The Organization uses the temporal method to translate transactions denominated in a foreign currency. Under this method, monetary assets and liabilities are translated at the exchange rate in effect at the statement of financial position date. Non-monetary assets and liabilities are translated at historical exchange rates, with the exception of those recognized at fair value, which are translated at the exchange rate in effect at the statement of financial position date. Revenue and expenses are translated at the average rate for the period, with the exception of the amortization of assets translated at the historical exchange rates, which is translated at the same exchange rates as the related assets. The related exchange gains and losses are accounted for in operations for the year.

4 - CONTRIBUTIONS

	2022	2021
	$	$
Not-for-profit organizations	**4,759,466**	9,098,548
Businesses	**1,136,804**	815,584
Individuals	**952,505**	1,749,218
	6,848,775	11,663,350

Canadian Friends of Tel Aviv University
Notes to Financial Statements
September 30, 2022

5 - ACCOUNTS RECEIVABLE

	2022	2021
	$	$
Indirect taxes receivable	**27,485**	45,412
Government subsidies receivable	**457**	23,920
Other receivables	**24,710**	
	52,652	69,332

6 - RESTRICTED INVESTMENTS FOR ENDOWMENT PURPOSES

In 2009, the Organization received an endowment in the amount of US$250,000 from the Nussia and André Aisenstadt Foundation with the purpose of providing scholarships for needy and deserving students. The Organization invested the capital in pooled mutual funds through the Jewish Community Foundation of Montreal. The capital is invested in mutual funds, namely Canadian and global equity, hedge funds, real estate assets and bonds. The distributed income generated from the invested capital can be used annually by the Organization to grant scholarships.

7 - TANGIBLE CAPITAL ASSETS

	2022			2021
	Cost	**Accumulated amortization**	**Net carrying amount**	Net carrying amount
	$	$	$	$
Computer equipment	**22,380**	**19,792**	**2,588**	3,697
Furniture and fixtures	**14,403**	**14,009**	**394**	493
	36,783	**33,801**	**2,982**	4,190

8 - TRADE PAYABLES AND OTHER OPERATING LIABILITIES

	2022	2021
	$	$
Accounts payable and accrued liabilities	**49,798**	36,485
Salaries payable	**46,228**	18,707
	96,026	55,192

Government remittances (other than income taxes) total $8,778 as at September 30, 2022 ($7,678 as at September 30, 2021).

9 - DEFERRED CONTRIBUTIONS

	2022	2021
	$	$
Balance, beginning of year	**367,302**	7,586,634
Amount recognized as revenue in the year	**(2,859,184)**	(10,777,717)
Amount received related to the following year	**9,286,176**	3,558,385
Balance, end of year	**6,794,294**	367,302

Deferred contributions represent unused resources which, as a result of external restrictions, are intended to cover operating expenses for the coming year and research expenses.

10 - RELATED PARTY TRANSACTIONS

The Organization and Tel Aviv University 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 contributions to pay for operating expenses.

	2022	2021
	$	$
Revenues		
Contributions –Tel Aviv University	**855,708**	978,208
Expenses		
Contributions to Tel Aviv University	**6,715,592**	11,756,366

These transactions were measured at the exchange amount, excluding the resulting financial instruments.

11 - FINANCIAL RISKS

Credit risk

The Organization is exposed to credit risk regarding the financial assets recognized in the statement of financial position. The Organization has determined that the financial assets with more credit risk exposure are accounts receivable (excluding indirect taxes receivable) since failure of any of these parties to fulfil their obligations could result in significant financial losses for the Organization.

Some mutual fund investments indirectly expose the Organization to credit risk.

Market risk

The Organization's financial instruments expose it to market risk, in particular, to currency risk and interest rate risk, resulting from its operating and investing activities.

Currency risk

The majority of the Organization's transactions are in Canadian dollars. Currency risk results from the Organization's reception and payment of contributions denominated in foreign currency which are primarily in U.S. dollars. As at September 30, 2022, the Organization is exposed to currency risk due to cash and restricted investments for endowment purposes denominated in U.S. dollars totalling $5,142,402 ($420,096 as at September 30, 2021) and deferred contributions denominated in U.S. dollars totalling $5,810,205 (nil as at September 30, 2021).

Interest rate risk

The Organization is exposed to interest rate risk with respect to financial assets bearing fixed interest rates.

The guaranteed investment certificate bears interest at a fixed rate and the Organization is, therefore, exposed to the risk of changes in fair value resulting from interest rate fluctuations.

Additionally, the mutual fund investments also indirectly expose the Organization to interest rate risk.

Canadian Friends of Tel Aviv University
Notes to Financial Statements
September 30, 2022

11 - FINANCIAL RISKS (Continued)

Other price risk

The Organization is exposed to other price risk due to mutual fund investments since changes in market prices could result in changes in the fair value or cash flows of these instruments.

Liquidity risk

The Organization's liquidity risk represents the risk that the Organization could encounter difficulty in meeting obligations associated with its financial liabilities. The Organization is, therefore, exposed to liquidity risk with respect to all of the financial liabilities recognized on the statement of financial position.

12 - COMMITMENTS

The Organization has entered into long-term lease agreements for the rental of office spaces which call for minimum lease payments of $120,575.

These leases expire on various dates between January 2025 and November 2025.

Minimum lease payments for the next years are $43,820 in 2023, $43,820 in 2024, $29,270 in 2025 and $3,665 in 2026.

13 - COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the presentation adopted in the current year.

Canadian Friends of Tel Aviv University
Schedule of Operations by Unrestricted and Restricted Contributions
Year ended September 30, 2022

	Unrestricted	Restricted	2022 Total	2021 Total
REVENUES	$	$	$	$
Contributions	**109,896**	**6,738,879**	**6,848,775**	11,663,350
Recovery of expenses	**818,509**	**137,400**	**955,909**	978,208
Government funding	**(14,655)**		**(14,655)**	167,661
Events – Toronto				117,623
Events – Montréal		**37,128**	**37,128**	95,265
Investment income		**8,294**	**8,294**	15,789
Foreign exchange gain	**288,062**		**288,062**	12,308
	1,201,812	**6,921,701**	**8,123,513**	13,050,204
EXPENSES				
Contributions to Tel Aviv University		**6,845,176**	**6,845,176**	11,756,366
Salaries and benefits	**702,672**		**702,672**	693,061
Sylvan Adams Sports Science Institute project management	**54,750**	**19,817**	**74,567**	79,062
Program and fundraising activities	**20,635**	**56,708**	**77,343**	42,923
Events – Toronto				30,066
Advertising	**10,843**		**10,843**	26,312
Travel	**93,501**		**93,501**	14,042
Rental expense	**42,031**		**42,031**	28,924
Insurance	**8,723**		**8,723**	5,038
Office supplies	**74,129**		**74,129**	70,460
Telecommunications	**11,203**		**11,203**	12,748
Professional fees	**97,345**		**97,345**	137,769
Interest and bank charges	**21,005**		**21,005**	21,988
Amortization of tangible capital assets	**1,208**		**1,208**	
	1,138,045	**6,921,701**	**8,059,746**	12,918,759
Excess of revenues over expenses	**63,767**	**–**	**63,767**	131,445