Canadian Friends of Tel Aviv University

Financial Statements
September 30, 2023

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, 2023, 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, 2023, 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 (deficiency) of revenues over expenses and cash flows from operating activities for the year ended September 30, 2023, current assets as at September 30, 2023 and net assets as at October 1, 2022 and September 30, 2023.

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.

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
March 28, 2024

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

Canadian Friends of Tel Aviv University
Operations
Year ended September 30, 2023

	2023	2022
	$	$
Revenues		
Contributions		
Tel Aviv University (Note 10)	**1,473,291**	955,909
Other (Note 3)	**11,546,508**	6,620,954
Events	**1,339,126**	37,128
Investment income	**835**	8,515
	14,359,760	7,622,506
Expenses		
Contributions to Tel Aviv University	**12,345,049**	6,620,176
Salaries and benefits	**951,087**	702,672
Events – Toronto	**355,349**	
Travel	**111,817**	93,501
Sylvan Adams Sports Science Institute project management	**91,363**	74,567
Professional fees	**90,785**	97,345
Advertising	**77,908**	10,843
Program and fundraising activities	**71,764**	77,343
Office supplies	**57,959**	74,129
Rental expense	**43,587**	42,031
Interest and bank charges	**16,377**	21,005
Telecommunications	**14,008**	11,203
Insurance	**4,438**	6,123
Amortization of tangible capital assets	**856**	1,208
	14,232,347	7,832,146
Excess (deficiency) of revenues over expenses before other revenues (expenses)	**127,413**	(209,640)
Other revenues (expenses)		
Contributions from government		(14,655)
Foreign exchange gain (loss)	**(131,731)**	288,062
	(131,731)	273,407
Excess (deficiency) of revenues over expenses	**(4,318)**	63,767

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, 2023

	2023			2022
	Restricted for endowment purposes	**Unrestricted**	**Total**	Total
	$	**$**	**$**	$
Balance, beginning of year	**270,000**	**377,065**	**647,065**	583,298
Excess (deficiency) of revenues over expenses		**(4,318)**	**(4,318)**	63,767
Endowment contributions received from organizations	**425,000**		**425,000**	
Balance, end of year	**695,000**	**372,747**	**1,067,747**	647,065

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

Canadian Friends of Tel Aviv University
Cash Flows
Year ended September 30, 2023

	2023	2022
	$	$
OPERATING ACTIVITIES		
Excess (deficiency) of revenues over expenses	**(4,318)**	63,767
Non-cash items		
Amortization of tangible capital assets	**856**	1,208
Unrealized exchange gain (loss) on investments	**309**	(3,007)
Changes in working capital items		
Accounts receivable	**(18,604)**	16,680
Prepaid expenses	**(1,005)**	114
Trade payables and other operating liabilities	**(41,836)**	40,834
Deferred revenues	**(37,209)**	19,796
Deferred contributions – Tel Aviv University	**55,066**	
Other deferred contributions	**(6,035,634)**	6,651,992
Cash flows from operating activities	**(6,082,375)**	6,791,384
INVESTING ACTIVITIES		
Investments	**(200,000)**	(225,000)
Redemption of the guaranteed investment certificate	**27,826**	
Cash flows from investing activities	**(172,174)**	(225,000)
FINANCING ACTIVITIES		
Repayment of the long-term debt		(30,000)
Endowment contributions received	**425,000**	
Cash flows from financing activities	**425,000**	(30,000)
Net increase (decrease) in cash	**(5,829,549)**	6,536,384
Cash, beginning of year	**7,218,128**	681,744
Cash, end of year	**1,388,579**	7,218,128

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

Canadian Friends of Tel Aviv University
Financial Position
September 30, 2023

	2023	2022
	$	$
ASSETS		
Current		
Cash	**1,388,579**	7,218,128
Guaranteed investment certificate		27,826
Accounts receivable (Note 4)	**71,256**	52,652
Prepaid expenses	**1,005**	
	1,460,840	7,298,606
Long-term		
Investments (Note 5)	**702,299**	502,608
Tangible capital assets (Note 6)	**2,126**	2,982
	2,165,265	7,804,196
LIABILITIES		
Current		
Trade payables and other operating liabilities (Note 7)	**54,190**	96,026
Deferred revenues		37,209
Deferred contributions – Tel Aviv University (Note 8 and Note 9)	**337,330**	282,264
Other deferred contributions (Note 9)	**705,998**	6,741,632
	1,097,518	7,157,131
NET ASSETS		
Unrestricted	**372,747**	377,065
Restricted for endowment purposes (Note 5)	**695,000**	270,000
	1,067,747	647,065
	2,165,265	7,804,196

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, 2023

1 - GOVERNING STATUTES AND PURPOSE OF THE ORGANIZATION

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

2 - SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

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

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.

2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Amortization

Tangible capital assets are amortized on the diminishing balance method over their estimated useful lives at the following annual rates:

	Rates
Computer equipment	30%
Furniture and fixtures	20%

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

Revenues 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.

Investment income

Investment transactions are recorded on the transaction date and resulting revenues are recognized using the accrual method of accounting.

Investment income includes interest income, income from the interest in net income of mutual funds and changes in fair value. Interest income is recognized on a time apportionment basis. Income from the interest in net income of mutual funds is recognized upon distribution. Changes in fair value are recognized when they occur.

With respect to investments measured at fair value, the Organization has elected to include in changes in fair value interest income and interest in net income of mutual funds.

Investment income that is not subject to externally imposed restrictions is recognized in the statement of operations under Investment income.

Canadian Friends of Tel Aviv University
Notes to Financial Statements
September 30, 2023

2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investment income subject to externally imposed restrictions is recognized as other deferred contributions.

As the total investment income is not significant, it is grouped under Investment income in the statement of operations.

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.

3 - CONTRIBUTIONS

	2023	2022
	$	$
Not-for-profit organizations	**6,239,222**	4,534,245
Businesses	**1,656,580**	1,136,804
Individuals	**3,650,706**	952,505
	11,546,508	6,623,554

4 - ACCOUNTS RECEIVABLE

	2023	2022
	$	$
Indirect taxes receivable	**68,614**	27,485
Other receivables	**2,642**	25,167
	71,256	52,652

5 - INVESTMENTS

In 2009, the Organization received an endowment contribution for an 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 distributable income generated from the invested capital can be used annually by the Organization to grant scholarships.

In 2023, the Organization received an endowment contribution for an amount of US$425,000 from the Closner Family Foundation with the purpose of providing funds relatively to the Next Generation Organ and Tissue Implants project. The Organization invested the capital in pooled mutual funds through the UJA Federation of Greater Toronto. The distributable income generated from the invested capital can be used annually by the Organization to grant funds for the project.

Canadian Friends of Tel Aviv University
Notes to Financial Statements
September 30, 2023

5 - INVESTMENTS (Continued)

Of the total of $702,299 ($502,608 as at September 30, 2022), an amount of $695,000 is restricted for endowment purposes ($270,000 as at September 30, 2022). The remaining amount of $7,299 ($7,608 as at September 30, 2022) is subject to externally imposed restrictions.

6 - TANGIBLE CAPITAL ASSETS

			2023	2022
	Cost	**Accumulated amortization**	**Net carrying amount**	Net carrying amount
	$	**$**	**$**	$
Computer equipment	**22,380**	**20,569**	**1,811**	2,588
Furniture and fixtures	**14,403**	**14,088**	**315**	394
	36,783	**34,657**	**2,126**	2,982

7 - TRADE PAYABLES AND OTHER OPERATING LIABILITIES

	2023	2022
	$	$
Accounts payable and accrued liabilities	**35,368**	49,798
Salaries payable	**18,822**	46,228
	54,190	96,026

There are no government remittances (other than income taxes) as at September 30, 2023 ($8,778 as at September 30, 2022).

8 - DEFERRED CONTRIBUTIONS – TEL AVIV UNIVERSITY

	2023	2022
	$	$
Balance, beginning of year	**282,264**	119,258
Amount recognized as revenues for the year	**(1,473,291)**	(955,909)
Amount received related to the following year	**1,528,357**	1,118,915
Balance, end of year	**337,330**	282,264

9 - OTHER DEFERRED CONTRIBUTIONS

	2023	2022
	$	$
Balance, beginning of year	**6,741,632**	85,038
Amount recognized as revenues for the year	**(8,615,653)**	(2,859,184)
Amount received related to the following year	**2,580,019**	9,515,778
Balance, end of year	**705,998**	6,741,632

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.

Canadian Friends of Tel Aviv University
Notes to Financial Statements
September 30, 2023

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.

	2023	2022
	$	$
Revenues		
Contributions –Tel Aviv University	**1,473,291**	955,909
Expenses		
Contributions to Tel Aviv University	**12,345,049**	6,620,176

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, interest rate risk and other price 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, 2023, the Organization is exposed to currency risk due to cash and restricted investments for endowment purposes denominated in U.S. dollars totalling $625,898 ($5,142,402 as at September 30, 2022) and deferred contributions denominated in U.S. dollars totalling $92,386 ($5,810,205 as at September 30, 2022).

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

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.

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 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 $95,093.

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

Minimum lease payments for the next years are $43,820 in 2024, $29,273 in 2025 and $22,000 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, 2023

			2023	2022
	Unrestricted	Restricted	Total	Total
REVENUES	$	$	$	$
Contributions	22,944	11,523,564	11,546,508	6,623,554
Recovery of expenses	1,473,291		1,473,291	955,909
Government funding				(14,655)
Events – Toronto		1,219,126	1,219,126	
Events – Montréal		120,000	120,000	37,128
Investment income		835	835	8,515
	1,496,235	12,863,525	14,359,760	7,610,451
EXPENSES				
Contributions to Tel Aviv University		12,345,049	12,345,049	6,620,176
Salaries and benefits	951,087		951,087	702,672
Sylvan Adams Sports Science Institute project management		91,363	91,363	74,567
Program and fundraising activities		71,764	71,764	77,343
Events – Toronto		355,349	355,349	
Advertising	77,908		77,908	10,843
Travel	111,817		111,817	93,501
Rental expense	43,587		43,587	42,031
Insurance	4,438		4,438	8,723
Office supplies	57,959		57,959	74,129
Telecommunications	14,008		14,008	11,203
Professional fees	90,785		90,785	97,345
Penalty				
Interest and bank charges	14,324		14,324	21,005
Foreign exchange loss (gain)	131,731		131,731	(288,062)
Amortization of tangible capital assets	856		856	1,208
	1,498,500	12,863,525	14,362,025	7,546,684
Excess (deficiency) of revenues over expenses	(2,265)	–	(2,265)	63,767