

N.I.F. CANADIAN CHARITABLE TRUST

FINANCIAL STATEMENTS

DECEMBER 31, 2018

N.I.F. CANADIAN CHARITABLE TRUST

DECEMBER 31, 2018

CONTENTS

	<u>Page</u>
Independent Auditors' Report	1 - 2
Financial Statements	
Balance Sheet	3
Statement of Revenues and Expenditures and Operating Fund Balances	4
Statement of Cash Flows	5
Notes to Financial Statements	6 - 9

INDEPENDENT AUDITORS' REPORT

To the Trustees of N.I.F. Canadian Charitable Trust

Opinion

We have audited the financial statements of N.I.F. Canadian Charitable Trust (the "Organization"), which comprise the statement of financial position as at December 31, 2018, and the statements of operations, changes in net assets and 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 adjustments, if any, had donations been susceptible to complete audit verification, as described in the paragraph below, the accompanying financial statements present fairly, in all material respects, the financial position of N.I.F. Canadian Charitable Trust at December 31, 2018, 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

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 N.I.F. Canadian Charitable Trust 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.

In common with many charitable organizations, the N.I.F. Canadian Charitable Trust derives part of its income from donations, the completeness of which is not susceptible to complete audit verifications. Accordingly, our verification of revenues from this source was limited to a comparison of recorded receipts with bank deposits. We believe that the audit evidence we have otherwise obtained is sufficient and appropriate to provide a basis for our opinion.

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

Management is responsible for the preparation and fair presentation of these 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 these financial statements, management is responsible for assessing the Organization's ability to continue as a going concern, disclosing, as applicable, matters related to a 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 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 Company'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.

Toronto, Canada
May 14, 2019

Rosenswig McKee Thorpe LLP

Chartered Professional Accountants
Licensed Public Accountants

N.I.F. CANADIAN CHARITABLE TRUST

BALANCE SHEET

DECEMBER 31, 2018

	<u>2018</u>	<u>2017</u>
ASSETS		
Operating fund		
Current		
Cash	\$ 141,454	\$ 291,755
Marketable securities (Note 4)	890,015	1,034,116
Accounts receivable and prepaid expenses	<u>93,042</u>	<u>60,364</u>
	1,124,511	1,386,235
Equipment	<u>5,274</u>	<u>6,662</u>
	<u>\$ 1,129,785</u>	<u>\$ 1,392,897</u>

LIABILITIES AND FUND BALANCES

Operating fund		
Current		
Accounts payable and accrued liabilities (Note 5)	\$ 27,073	\$ 19,819
Deferred revenue (Note 6)	<u>-</u>	<u>28,478</u>
	<u>27,073</u>	<u>48,297</u>
Fund balances		
Unrestricted funds	56,759	16,647
Operating reserve (Note 7)	400,000	350,000
Restricted funds (Note 7)	350,000	682,000
Endowment funds (Note 8)	<u>295,953</u>	<u>295,953</u>
	<u>1,102,712</u>	<u>1,344,600</u>
	<u>\$ 1,129,785</u>	<u>\$ 1,392,897</u>

Approved by Trustees:

_____, Trustee

N.I.F. CANADIAN CHARITABLE TRUST

STATEMENT OF REVENUE AND EXPENDITURES AND OPERATING FUND BALANCES

YEAR ENDED DECEMBER 31, 2018

	<u>2018</u>	<u>2017</u>
Revenue		
Donations	\$ 990,910	\$ 1,052,791
Interest and other income	<u>60,688</u>	<u>54,149</u>
	<u>1,051,598</u>	<u>1,106,940</u>
Expenditures		
Expenditures of appointed agent (Note 3)	682,000	458,187
Salaries and benefits	265,047	211,567
Events and programs	105,984	95,519
Office and general	68,374	60,332
Professional fees	42,618	38,154
Publicity	25,401	18,034
Travel	11,295	6,787
Telephone	10,305	11,599
Amortization	<u>1,389</u>	<u>1,312</u>
	<u>1,212,413</u>	<u>901,491</u>
(Deficit) excess of revenue over expenditures before undernoted item	(160,815)	205,449
Unrealized gain on investments	<u>(81,073)</u>	<u>4,005</u>
(Deficit) excess of revenue over expenditures	(241,888)	209,454
Operating fund balance, beginning of year	<u>1,048,647</u>	<u>839,193</u>
Operating fund balance, end of year	<u><u>806,759</u></u>	<u><u>1,048,647</u></u>

N.I.F. CANADIAN CHARITABLE TRUST

STATEMENT OF CASH FLOWS

DECEMBER 31, 2018

	<u>2018</u>	<u>2017</u>
Cash flow from operating activities		
(Deficit) excess of revenue over expenditures	\$ (241,888)	\$ 209,454
Adjustment for:		
Amortization	<u>1,389</u>	<u>1,312</u>
	(240,499)	210,766
Net change in non-cash operating working capital:		
Increase in accounts receivable and prepaid expenses	(32,678)	(10,305)
Increase in accounts payable and accrued liabilities	7,253	508
Decrease in deferred revenue	<u>(28,478)</u>	<u>(22,016)</u>
	<u>(294,402)</u>	<u>178,953</u>
Cash flow from financing activities		
Net sale (purchase) of marketable securities	<u>144,101</u>	<u>(81,009)</u>
Cash flow used in investing activities		
Purchase of equipment	<u>-</u>	<u>(2,832)</u>
Net (decrease) increase in cash during the year	(150,301)	95,112
Cash, beginning of year	<u>291,755</u>	<u>196,643</u>
Cash, end of year	<u>\$ 141,454</u>	<u>\$ 291,755</u>

N.I.F. CANADIAN CHARITABLE TRUST

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

1. General

The N.I.F. Canadian Charitable Trust (the "Trust") was created by a Deed of Trust on December 2, 1986. The Trust is a registered charitable organization under The Income Tax Act (Registration No. 130070626 RR0001, effective January 1, 1987).

The primary purpose of the charity is as follows:

- (a) To carry on charitable activities, through appointed agents in Israel, directly by assisting in the creation and operation of facilities providing medical, dental and counselling services to new immigrants, the disabled, victims of violence and other persons who for financial or other reasons would not otherwise be able to obtain such services;
- (b) To carry on charitable activities, through appointed agents in Israel, directly by developing and supporting programs, as well as providing written and other materials which inform people of the health, education, counselling and welfare services available to them in their communities and their right to make use of such services;
- (c) To purchase and provide materials and equipment for use by educational, health, welfare and counselling agencies and institutions in Canada and Israel; and
- (d) To provide funds to "qualified donees" as defined by The Income Tax Act (Canada) as amended from time to time, for use in their activities.

2. Significant accounting policies

The financial statements of the Trust have been prepared by management in accordance with Part III of the CPA Canada Handbook, referred to as Canadian accounting standards for not-for-profit organizations. Significant accounting policies used in the preparation of the financial statements are summarized as follows:

(a) Revenue recognition

The Trust uses the deferral method of revenue recognition for general and donor-advised donations. Unrestricted donations are recorded as revenue upon receipt. Restricted donations are recognized as deferred contributions on receipt and recognized as revenue when the related expenditure is incurred. Pledges are recognized as revenue when the amount of the pledge is reasonably estimated and collection is reasonably assured. Interest is recognized as revenue when received or receivable.

(b) Donated goods and services

The Trust records donated capital assets at their estimated fair value at the time of donation. The Trust does not record donated services as the fair value cannot be reasonably estimated.

N.I.F. CANADIAN CHARITABLE TRUST

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

2. Significant accounting policies (continued)

(c) Equipment

Equipment is recorded at actual cost and is amortized over its estimated useful lives as follows:

Computer equipment	-	5 years, straight line
Furniture and equipment	-	5 years, straight line
Office equipment	-	20% declining balance

(d) Use of estimates

The preparation of financial statements in conformity 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, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates.

(e) Allocation of expenses

The Trust engages in charitable activities through appointed agents in Israel. The costs of the activities consists of the direct expenses excluding salaries and general support expenses for the administration of the organization.

(f) Foreign currency translation

Monetary assets of the Trust that are denominated in foreign currencies are translated into Canadian dollars at the rates of exchange prevailing at the balance sheet date. All exchange gains and losses are recognized in the current year's revenue as other income.

3. Transfers to appointed agent

During the year, the Trust transferred funds to an appointed agent in Israel in the amount of \$682,000 (2017 - \$458,187) for qualifying programs and administration fees approved by the Board and monitored by the Trust.

There were no unfunded program spending related to 2018 as at December 31, 2018.

N.I.F. CANADIAN CHARITABLE TRUST

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

4. Marketable securities

Marketable securities are comprised of investments in bonds and stocks. These securities are initially recorded at their fair value on the date of acquisition, plus related transaction costs. Investments are adjusted to fair value at each balance sheet date and the corresponding unrealized gains and losses are recorded on the statement of revenue and expenditures.

5. Accounts payable and accrued liabilities

Included in accounts payable is \$4,411 (2017 - 6,332) related to government remittances.

6. Deferred revenue

Deferred revenue consists of unspent amounts from donations received for the purpose of improving the infrastructure of the organization and will be recognized into revenue when the appropriate expenditures have been incurred. During the year, the remaining deferred portion was recognized into income.

7. Operating reserve and restricted funds

The Board of Directors have internally restricted \$400,000 (2017 - \$350,000) as an operating reserve for future operating costs.

The Board of Directors have also internally restricted \$350,000 (2017 - \$682,000) to fund certain qualifying programs in 2019 and future years.

8. Endowment funds

	<u>2018</u>	<u>2017</u>
The endowment funds consist of:		
Minden Endowment Fund	\$ 90,300	\$ 90,300
Silk Endowment Fund	71,480	71,480
Levy/Berenstein Endowment Fund	51,173	51,173
Micay Endowment Fund	36,000	36,000
Morris A. Gross Endowment Fund	22,000	22,000
Raicus Fund	<u>25,000</u>	<u>25,000</u>
	<u>\$ 295,953</u>	<u>\$ 295,953</u>

N.I.F. CANADIAN CHARITABLE TRUST

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

9. Financial instruments

(a) Liquidity risk

Liquidity risk arises through having excess financial obligations over available financial assets at any point in time. The Trust manages its liquidity risk by maintaining sufficient readily available funds in order to meet its liquidity requirements at any point in time.

(b) Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect the value of its marketable securities.

(c) Management of capital

The Trust views its capital as its net assets. The Trust manages its capital structures in a manner to ensure that it has adequate resources to meet its financial needs.

(d) Foreign exchange risk

The Trust is exposed to fluctuations in exchange rates. The Trust has not entered into hedging arrangements to mitigate these risks.

10. Commitments

The Trust has entered into a lease for the rental of its premises with the following future minimum annual payments:

2019	\$	30,885
2020		<u>16,393</u>
	\$	<u><u>47,278</u></u>