

Technion Canada

Financial Statements

For the year ended June 30, 2022

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To the Directors of
Technion Canada

Independent Auditors' Report

Opinion

We have audited the accompanying financial statements of Technion Canada (the Organization), which comprise the statement of financial position as at June 30, 2022, and the statements of operations and changes in fund balances, and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at June 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 Opinion

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 opinion.

Other Matter

The financial statements of Technion Canada for the year ended June 30, 2021 were audited by another auditor who expressed an unqualified opinion on those financial statements on November 15, 2021.

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 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 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 Auditing Standards (CASs), 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.

November 13, 2022
Burlington, Ontario

SB Partners LLP

Chartered Professional Accountants
Licensed Public Accountants

Technion Canada
Statement of Financial Position
June 30, 2022

Assets	Operating Fund		Toronto Technion High Tech Restricted Fund		Donor Restricted Funds		Total	
	2022	2021 (Note 14)	2022	2021 (Note 14)	2022	2021 (Note 14)	2022	2021 (Note 14)
Current assets								
Cash and cash equivalents	\$ 512,977	\$ 392,885	\$ 11	\$ 11	\$ 1,787	\$ 1,786	\$ 514,775	\$ 394,682
Short-term investments (Note 3)	950,873	659,973	197,761	201,721	-	-	1,148,634	861,694
Receivables	175,000	-	-	-	175,000	-	350,000	-
Interfund - due from (to) balances	152,073	-	-	-	(152,073)	-	-	-
Prepaid expenses and other assets (Note 4)	102,042	105,935	-	-	8,762	8,645	110,804	114,580
Investments (Note 5)	-	-	-	-	70,312	224,570	70,312	224,570
	\$1,892,965	\$1,158,793	\$ 197,772	\$ 201,732	\$ 103,788	\$ 235,001	\$ 2,194,525	\$ 1,595,526
Liabilities								
Current liabilities								
Accounts payable and accrued liabilities	\$ 35,341	\$ 47,421	\$ -	\$ -	\$ 22,927	\$ -	\$ 58,268	\$ 47,421
Loan payable (Note 7)	60,000	60,000	-	-	-	-	60,000	60,000
	95,341	107,421	-	-	22,927	-	118,268	107,421
Fund Balances								
Restricted Funds	-	-	197,772	201,732	80,861	235,001	278,633	436,733
Operating Funds								
Unrestricted	608,518	338,066	-	-	-	-	608,518	338,066
Internally restricted	1,189,106	713,306	-	-	-	-	1,189,106	713,306
	1,797,624	1,051,372	197,772	201,732	80,861	235,001	2,076,257	1,488,105
	\$1,892,965	\$1,158,793	\$ 197,772	\$ 201,732	\$ 103,788	\$ 235,001	\$ 2,194,525	\$ 1,595,526

Approved on Behalf of the Board

National President

National Treasurer

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



Technion Canada
Summary Statement of Operations and Changes in Fund Balances
Year Ended June 30, 2022

	Operating Fund		Toronto Technion High Tech Restricted Fund		Donor Restricted Funds		Total	
	2022	2021 (Note 14)	2022	2021 (Note 14)	2022	2021 (Note 14)	2022	2021 (Note 14)
Revenue								
Bequests	\$ 180,517	\$ -	\$ -	\$ -	\$ 6,010,968	\$ 1,734,922	\$ 6,191,485	\$ 1,734,922
Contributions (Note 5), (Note 9), (Note 10)	245,730	348,243	-	-	1,904,310	2,157,417	2,150,040	2,505,660
Special functions income	114,334	182,598	-	-	-	-	114,334	182,598
Government grants (Note 7)	19,831	76,338	-	-	-	-	19,831	76,338
Investment income	15,600	3,976	1,092	1,725	-	677	16,692	6,378
	576,012	611,155	1,092	1,725	7,915,278	3,893,016	8,492,382	4,505,896
Expenditures								
Salaries and benefits	591,863	586,071	-	-	-	-	591,863	586,071
Publicity and promotion	236,144	252,751	-	-	-	-	236,144	252,751
Office and general	96,981	122,059	-	-	1,426	1,060	98,407	123,119
Administration and travel	37,950	603	-	-	-	-	37,950	603
	962,938	961,484	-	-	1,426	1,060	964,364	962,544
Excess (Deficiency) of revenues over expenditures before other items	(386,926)	(350,329)	1,092	1,725	7,913,852	3,891,956	7,528,018	3,543,352
Remittances								
Technion-Israel Institute of Technology (Note 9)	-	-	-	-	6,711,285	3,402,463	6,711,285	3,402,463
Change in fair value of investments	(96,253)	-	-	-	(132,328)	(212,687)	(228,581)	(212,687)
Net excess (deficiency) of revenues over expenditures	(483,179)	(350,329)	1,092	1,725	1,070,239	276,806	588,152	(71,798)
Fund balance, beginning of year	1,051,372	829,641	201,732	205,165	235,001	525,097	1,488,105	1,559,903
Interfund transfers	1,229,431	572,060	(5,052)	(5,158)	(1,224,379)	(566,902)	-	-
Fund balance, end of year	\$ 1,797,624	\$ 1,051,372	\$ 197,772	\$ 201,732	\$ 80,861	\$ 235,001	\$ 2,076,257	\$ 1,488,105

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



Technion Canada**Statement of Cash Flows****Year Ended June 30, 2022**

	2022	2021 (Note 14)
Cash flows from operating activities		
Net excess (deficiency) of revenues over expenditures	\$ 588,152	\$ (71,798)
Non-cash items		
Change in fair value of investments	228,581	212,687
	816,733	140,889
Net change in receivables	(350,000)	(9,303)
Net change in accounts payable and accrued liabilities	10,847	-
Net change in other operating working capital balances	3,776	(2,099)
Cash flows from operating activities	481,356	129,487
Cash flows from financing activities		
Proceeds from loan payable	-	20,000
Cash flows from investing activities		
Proceeds on sale of short-term investments	653,233	1,352,814
Purchase of short-term investments	(1,035,000)	(1,241,828)
Proceeds from sale of investments	20,504	31,935
Cash flows from (used in) investing activities	(361,263)	142,921
Net increase in cash and cash equivalents	120,093	292,408
Cash and cash equivalents, beginning of year	394,682	102,274
Cash and cash equivalents, end of year	\$ 514,775	\$ 394,682

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



1. Purpose of the Organization

Technion Canada (the Organization), a public foundation, is a registered charity under the Income Tax Act (Canada) and, accordingly, is exempt from income taxes under S149(1)(f).

The purpose and objects of Technion Canada are the following:

- a) To promote, encourage and advance Canadian development and use of the educational, scientific, engineering, research, teaching and publication facilities of Technion-Israel Institute of Technology (Technion Israel) and, for such purposes, teachers, researchers, engineers, and scientists from Canada attending Technion Israel otherwise participating in its operations.
- b) To promote and assist in the exchange of students, professors, teachers, researchers, engineers and scientists between Technion Israel and institutions of higher learning and scientific and research institutions of Canada, and to make available and aid in the establishment of scholarships, fellowships, lectureships and publications of any such purpose.
- c) To promote and facilitate the exchange of scientific information and the products of technical research and development between Technion Israel and educational, scientific and public institutions in Canada.
- d) To generally disseminate information concerning Technion Israel and its activities.
- e) To promote the formation of local chapters of Technion Canada dedicated to the purpose and objects as described herein and to do any other acts that further the purpose and objects of Technion Canada.

2. Significant accounting policies

Basis of presentation

The financial statements of the Organization have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations.

Fund accounting

Technion Canada follows the restricted fund method of accounting for contributions. The financial statements separately disclose the activities of the following funds maintained by Technion Canada:

Operating Fund

The Operating Fund represents Technion Canada's unrestricted and internally restricted resources

Toronto High Tech Restricted Fund

The Toronto High Tech Restricted Fund records resources specifically donated for specified remittances to Technion Canada (Note 9).



2. Significant accounting policies (cont'd.)

Fund accounting

Donor Restricted Fund

The Donor Restricted Funds record external resources restricted for Technion Canada's programs that support Canadian research, Canadian student exchange programs and scholarships at Technion Israel (Note 9).

Revenue recognition

Unrestricted contributions, holdbacks and government grants are recognized as income in the Operating Fund in the year received. Donor restricted contributions are recognized as income of the appropriate restricted fund in the year in which they are received. Donor restricted contributions for specific purposes are recognized as income of the Restricted Fund. In the case of special events, contributions are initially deferred and recognized as revenue in the year in which the event occurs.

Technion Canada does not recognize contributions raised through its agency relationship with Technion Israel that result in gifts that are paid directly to Technion Israel. These gifts are recognized by Technion Israel and charitable receipts are rendered by Technion Israel directly to the Canadian donor.

Pledges are not recorded in these financial statements as they are not legally enforceable claims.

Investment income is recognized when earned as income of the respective fund.

Income taxes

The Organization is registered under the Income Tax Act (the "Act") as a not-for-profit organization and, as such, is exempt from income taxes and is able to issue donation receipts for income tax purposes. In order to maintain its status as a registered charity under the Act, the Organization must meet certain requirements of the Act. In the opinion of management, these requirements have been met.

Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated at the prevailing rates of exchange at the statement of financial position date. Non-monetary assets and liabilities and income and expenses are translated into Canadian dollars using the exchange rates in effect at the date of the transaction. Exchange gains and losses are included in the statement of operations and changes in fund balances in the year in which they occur.

Related party transactions

Related party transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.



2. Significant accounting policies (cont'd.)

Financial instruments

The Organization's financial instruments consist of cash and cash equivalents, short-term investments, receivables, investments, accounts payable and accrued liabilities, and loan payable. The Organization's investment in shares of publicly traded companies are initially recognized and subsequently measured at fair value without adjustment for transaction costs. Changes in fair value are recognized in the statement of operations and changes in fund balances. All other financial instruments are initially recognized at fair value and subsequently measured at amortized cost unless management has elected to carry the instrument at fair value. Transaction costs and financial fees associated with financial instruments are amortized on a straight line basis.

Financial assets are tested for impairment at the end of each reporting period where there are indicator the assets may be impaired.

Use of estimates

The preparation of financial statements 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 date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.

Life insurance policies

Technion Canada has been named as beneficiary in life insurance policies of individuals. The life insurance policies are initially measured at cash surrender value, as the fair value is not reasonably estimable. Subsequently, the life insurance policies are held at the cash surrender value and are included as part of prepaid expenses and other assets in the statement of financial position. Changes in the cash surrender value are recognized as contributions in the statement of operations and fund balances.

3. Short-term investments

Technion Canada has term deposits in the amount of \$197,036 (2021 - \$859,351) in cashable, flexible guaranteed investment certificates for a term of one year at an interest rate of 0.6% maturing November 2022. Included in short-term investments is \$726 (2021 - \$2,343) of accrued interest.

During the year, Technion Canada invested \$1,035,000 with the UJA Federation of Greater Toronto. The fund had unrealized losses of \$84,127.

4. Government remittances

Government remittances consist of amounts required to be paid to government authorities and are recognized when the amounts come due. In respect of government remittances, receivables related to sales tax of \$12,774 (2021 - \$16,056) are included in prepaid expenses and other assets.



5. Pledges

A donor has pledged to donate US\$5,000,000 over a three year period for an Architectural Pavilion and other defined projects to be agreed with the donor.

As at June 30, 2020, US\$1,700,000 of the pledge has been received in cash and US\$2,573,735 of the pledge has been received in the form of 2,600,000 shares, of which 745,000 have been sold to date for US\$287,546. As at June 30, 2022, the remaining 1,855,000 shares have a fair market value of US\$54,871. The donor has pledged to cover any shortfall in the eventual realization on the sale of the shares relative the the original fair value of US\$2,573,735. During the year, Technion Canada received US\$800,000 as consideration for the shortfall, which is recorded under contribution revenue. As at June 30, 2022, a pledge of US\$903,488 remains outstanding.

6. Bank indebtedness

Technion Canada has a revolving demand operating loan in the amount of \$100,000 which bears interest at the bank prime rate plus 2.7%. A general security agreement, covering all assets of Technion Canada, has been pledged as security for the demand loan. As at June 30, 2022, Technion Canada has utilized \$nil (2021 - \$nil) of the facility.

7. Government grants

During the year, the Organization received government assistance in the form of the Canadian Emergency Wage Subsidy (CEWS) totalling \$19,831 (2021 - \$69,584) and the Canadian Emergency Rent Subsidy (CERS) totalling \$nil (2021 - \$6,754). This government assistance has been recorded as government grants in the statement of operations and changes in fund balances.

The Organization also received government assistance in the form of the interest-free Canada Emergency Business Account (CEBA) loan. As June 30, 2022, the total amount outstanding was \$60,000 (2021 - \$60,000). If \$40,000 is repaid by December 31, 2023, \$20,000 of the loan will be forgiven.



8. Interfund transfers

a) Technion Canada's policy is such that a stated percentage of the Donor Restricted Funds' donations is allocated to the Operating Fund to cover operating costs unless the donor specifically requested that the entire donation remain restricted. Effective July 1, 2019 the allocation rate is 14%. During the year, \$889,694 (2021 - \$520,644) was transferred from the Donor Restricted Fund to the Operating Fund.

In addition, 5% of the allocation above is internally restricted for all donations received in excess of \$100,000 (2021 - \$100,000) and the 5% is applied to the entire donation. These internally restricted funds are available for operations on board approval and have been deposited in bank accounts or invested in short-term deposits with the UJA Federation of Greater Toronto in the Operating Fund. For the year ended June 30, 2022, \$334,685 (2021 - \$47,810) has been transferred to the internally restricted funds during the year.

b) The board of directors determined that 2.5% (2021 - 2.5%) of the current year closing cash and short-term deposit balance of the Toronto Technion High Tech Restricted Fund be allocated to the Operating Fund to cover operating costs. The transfer amounted to \$5,052 (2021 - \$5,158).

9. Remittances

	2022	2021
Total remittances during the year	\$ 6,711,285	\$ 3,402,463
Donation from Operating Fund	9,648	43,311
Payments during the year relating to prior year	-	29,575
Holdback from direct remittance included in contributions	(200,000)	(200,000)
Total cash remittances during the year	\$ 6,520,933	\$ 3,275,349

Technion Canada's policy is to retain 14% (2021 - 14%) of Donor Restricted Funds' donations (Note 8) and the remainder is remitted to Technion Israel. Included in the total remittances during the year is \$22,927 payable to Technion Israel.

10. Related party transactions

During the year, members of Technion Canada's board of directors provided financial contributions amounting to \$57,461 (2021 - \$121,536) to the Operating Fund and Donor Restricted Funds.



11. Commitments

Future minimum payments for operating premise leases and other commitments that have initial or remaining terms of one year or more consist of the following amounts. Other commitments consist of various consulting contracts.

		Premises		Other
2023	\$	43,824	\$	120,800
2024		44,897		75
2025		44,897		-
2026		44,897		-
2027		44,897		-
Thereafter		52,379		-
	\$	275,791	\$	120,875

12. Financial instruments

The Organization's financial instruments consist of cash and cash equivalents, short-term investments, receivables, investments, accounts payable and accrued liabilities, and loan payable.

Liquidity risk

The Organization's exposure to liquidity risk is dependent on the collection of receivables and funding, purchasing commitments and obligations or raising of funds to meet commitments and sustain operations. The Organization controls liquidity risk by management of working capital and cash flows.

Market Risk

The Organization's investments in publicly-traded securities exposes the Organization to price risks as equity investments are subject to price changes in an open market. The Organization does not use derivative financial instruments to alter the effects of this risk.

Currency risk

The Organization enters into foreign currency purchase and sale transactions and has assets and liabilities that are denominated in foreign currencies and thus are exposed to the financial risk of earnings fluctuations arising from changes in foreign exchange rates and the degree of volatility of these rates. The Organization does not currently use derivative instruments to reduce its exposure to foreign currency risk.

Unless otherwise noted, it is management's opinion that the Organization is not exposed to significant interest or credit risks.



13. Impact of COVID-19 pandemic

In March 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization. This has resulted in governments worldwide, including the Canadian federal and provincial governments, enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally and in Canada resulting in an economic slowdown. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions, however the success of these interventions is not currently determinable. The current challenging economic climate may lead to adverse changes in cash flows, investments and future fundraising efforts, which may also have a direct impact on the Organization's operating results and financial position in the future. The situation is dynamic and the ultimate duration and magnitude of the impact on the economy and the financial effect on the Organization is not known at this time.

14. Comparative information

The comparative 2021 financial statements were audited by another accounting firm.

