

**THE CANADIAN SOCIETY FOR THE
WEIZMANN INSTITUTE OF SCIENCE**

FINANCIAL STATEMENTS

SEPTEMBER 30, 2020

THE CANADIAN SOCIETY FOR THE WEIZMANN INSTITUTE OF SCIENCE
FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

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INDEPENDENT AUDITOR'S REPORT

TO THE DIRECTORS OF THE CANADIAN SOCIETY FOR THE WEIZMANN INSTITUTE OF SCIENCE

Opinion

We have audited the financial statements of The Canadian Society for the Weizmann Institute of Science (the "organization"), which comprise the statement of financial position as at September 30, 2020 and September 30, 2019, the statement of operations, the statement of changes in net assets, and the statement of cash flows for the year then ended, and notes to the financial statement, 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 Canadian Society for the Weizmann Institute of Science as at September 30, 2020 and September 30, 2019, its financial performance 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 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 consolidated financial statements in Canada, and we have fulfilled our 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.

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

1.

INDEPENDENT AUDITOR'S REPORT (Cont'd)

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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the organization to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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.

Resnick Partnership LLP

Concord, Ontario
February 4, 2021

CHARTERED PROFESSIONAL ACCOUNTANTS
LICENSED PUBLIC ACCOUNTANTS

THE CANADIAN SOCIETY FOR THE WEIZMANN INSTITUTE OF SCIENCE

STATEMENT OF FINANCIAL POSITION

SEPTEMBER 30, 2020

	2020	2019
	\$	\$
ASSETS		
CURRENT		
Cash and cash equivalents	7,678,687	5,165,910
Government tax rebates	44,135	94,537
Investments (Note 3)	1,455,783	1,562,572
Prepaid expenses	44,293	43,901
Current portion of pledges receivable (Note 5)	<u>7,192,382</u>	<u>4,859,265</u>
	16,415,280	11,726,185
CAPITAL ASSETS (Note 4)	11,786	12,935
PLEDGES RECEIVABLE (Note 5)	27,913,894	47,909,897
	44,340,960	59,649,017
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	173,783	58,941
Current portion of deferred revenue (Note 5)	<u>7,192,382</u>	<u>4,859,265</u>
	7,366,165	4,918,206
DEFERRED REVENUE (Note 5)	27,913,894	<u>47,909,897</u>
	35,280,059	<u>52,828,103</u>
NET ASSETS		
NET ASSETS	9,060,901	6,820,914
	44,340,960	59,649,017

APPROVED ON BEHALF OF THE BOARD: _____ Director

_____ Director

Lease commitments (Note 8)

See Accompanying Notes

THE CANADIAN SOCIETY FOR THE WEIZMANN INSTITUTE OF SCIENCE
STATEMENT OF CHANGES IN NET ASSETS
YEAR ENDED SEPTEMBER 30, 2020

	2020	2019
	\$	\$
BALANCE, BEGINNING OF YEAR	6,820,914	7,493,812
Excess (deficiency) of revenue over expenditures	2,239,987	(672,898)
BALANCE, END OF YEAR	9,060,901	6,820,914

See Accompanying Notes

THE CANADIAN SOCIETY FOR THE WEIZMANN INSTITUTE OF SCIENCE

STATEMENT OF OPERATIONS

YEAR ENDED SEPTEMBER 30, 2020

	2020	2019
	\$	\$
REVENUE		
Donations	23,334,218	18,394,756
Foreign exchange gain	43,979	102,953
Other income (Note 9)	18,634	-
Investment income (loss) (Note 6)	<u>(63,809)</u>	<u>40,034</u>
	<u>23,333,022</u>	<u>18,537,743</u>
EXPENDITURES		
Amortization	11,188	9,645
Administration (Note 7)	2,294,055	2,271,193
Direct fundraising	<u>235,011</u>	<u>868,636</u>
	<u>2,540,254</u>	<u>3,149,474</u>
EXCESS OF REVENUE OVER EXPENDITURES BEFORE ALLOCATIONS	<u>20,792,768</u>	<u>15,388,269</u>
ALLOCATIONS		
The Weizmann Institute of Science, Israel	18,552,781	16,061,167
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	<u>2,239,987</u>	<u>(672,898)</u>

See Accompanying Notes

THE CANADIAN SOCIETY FOR THE WEIZMANN INSTITUTE OF SCIENCE

STATEMENT OF CASH FLOWS
YEAR ENDED SEPTEMBER 30, 2020

	2020	2019
	\$	\$
CASH GENERATED (USED) BY:		
OPERATING ACTIVITIES		
Excess (deficiency) of revenue over expenditures	2,239,987	(672,898)
Non-cash expenditures		
Unrealized loss on investments	165,666	130,202
Amortization	<u>11,188</u>	<u>9,645</u>
	<u>2,416,841</u>	<u>(533,051)</u>
Change in non-cash working capital items		
Accounts receivable	-	199,656
Government tax rebates	50,402	12,116
Prepaid expenses	(389)	29,016
Pledges receivable	17,662,886	(6,464,374)
Accounts payable and accrued liabilities	114,840	(3,633,086)
Deferred revenue	<u>(17,662,886)</u>	<u>6,464,374</u>
	<u>164,853</u>	<u>(3,392,298)</u>
INVESTING ACTIVITIES		
Investments	(58,878)	73,148
Purchase of capital assets	<u>(10,039)</u>	<u>(15,281)</u>
	<u>(68,917)</u>	<u>57,867</u>
INCREASE IN CASH	2,512,777	(3,867,482)
CASH, BEGINNING OF YEAR	5,165,910	9,033,392
CASH, END OF YEAR	7,678,687	5,165,910
Represented by:		
Cash	\$ 3,420,451	\$ 1,080,192
Cash equivalents	<u>4,258,236</u>	<u>4,085,718</u>
	<u>7,678,687</u>	<u>5,165,910</u>

See Accompanying Notes

THE CANADIAN SOCIETY FOR THE WEIZMANN INSTITUTE OF SCIENCE

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2020

1. PURPOSE OF THE ORGANIZATION

The Canadian Society for the Weizmann Institute of Science (the "organization"), founded in 1964, is a Canadian national entity which organizes and coordinates educational programs and raises funds for basic and applied scientific research in Canada and Israel. The organization is a registered charity and a public foundation as defined in Section 149.1 under the Income Tax Act (Canada) and, as such, is exempt from income taxes under Section 149(1)(f) and is able to issue donation receipts for income tax purposes.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with the Canadian accounting standards for not-for-profit organizations in Part III of the CPA Canada Handbook and include the following accounting policies:

(a) Revenue recognition:

The Canadian Society for the Weizmann Institute of Science follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related allocations occurred. Unrestricted contributions are recognized as revenue in the year received.

Pledges received from donors are recorded as pledges receivable, and an equivalent amount is established as deferred revenue. Payments received in satisfaction of pledges are transferred from deferred revenue and recognized as contributions in the statement of operations.

Government assistance used for current non-capital expenditures is recognized as revenue in the current period.

Receipted gifts-in-kind are recorded as revenue at the quoted market value on the date of receipt.

(b) Capital assets:

Capital assets are recorded at cost and are depreciated at rates which will reduce original cost to estimated residual value over the useful life of each property and equipment. Depreciation is provided using the following annual rate and method:

Computer and office equipment - 3 years straight line

THE CANADIAN SOCIETY FOR THE WEIZMANN INSTITUTE OF SCIENCE

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(c) Impairment of long-lived assets:

The organization monitors the recoverability of long-lived assets, whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The organization reviews factors such as current market value, future asset utilization and business climate and, when such indicators exist, compares the carrying value of the asset to the future undiscounted cash flows expected to result from the use of the related asset. If such cash flows are less than the carrying value, the impairment loss to be recognized equals the amount by which the carrying amount of the asset exceeds the fair value of the asset. Fair value is generally measured as equal to the estimated future discounted net cash flows from the assets. At the statement of financial position date, the organization has determined that no impairment in the carrying value of these assets exists.

(d) Investments and investment income:

Publicly traded securities are valued based on the latest bid prices and pooled funds are valued based on reported unit values. Short-term securities are valued based on cost plus accrued income, which approximates fair value. Transactions are recorded on a trade date basis and transaction costs are expensed as incurred.

Investment income (losses), which consist of interest, dividends, income distributions from pooled funds, realized gains (losses) on the sale of investments net of investment manager fees, and unrealized gains and losses, is recorded in the statement of operations.

Realized gains or losses on sale of investments are the difference between the proceeds received and the average cost of investments sold.

Unrealized gains or losses on investments represent the difference between the carrying value at the year end and the carrying value at the previous year end or purchase value during the year, less the reversal of previously recognized unrealized gains and losses in respect of disposals during the year.

(e) Cash and cash equivalents:

Cash and cash equivalents consists of cash on hand, bank balances and highly liquid investments that include Canadian money market mutual funds and U.S. term deposits that are readily convertible to cash.

(f) Contributed services:

Volunteers contribute a significant amount of time in assisting the organization achieve its purposes. Because of the difficulty of determining the fair value contributed services, they are not recognized in the financial statements.

(g) Allocations:

Allocations are recognized in the year in which they occur.

THE CANADIAN SOCIETY FOR THE WEIZMANN INSTITUTE OF SCIENCE

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(h) Foreign currency translation:

Monetary assets, liabilities, revenues and expense items denominated in foreign currencies are translated into Canadian dollars at rates of exchange prevailing on the following dates: monetary assets and liabilities at the statement of financial position date and revenue and expenses at the transaction date. Translation gains and losses are recorded in the statement of operations.

(i) Financial instruments:

Measurement of financial instruments

The organization initially measures its financial assets and financial liabilities at fair value, except for certain non-arm's length transactions. The organization subsequently measures all of its financial assets and financial liabilities at amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in the statement of operations.

Financial instruments measured at amortized cost include accounts receivable and accounts payable and accrued liabilities. Financial instruments measured at fair value include investments and cash and cash equivalents.

Impairment

Financial assets measured at cost or amortized cost, are tested for impairment when there are indicators of possible impairment. When there is an indication of impairment, and the organization determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows, a write-down is recognized in net income. Any previously recognized impairment loss may be reversed to a maximum of the cumulative amount previously written down. The amount of the reversal is recognized in the statement of operations.

Transaction costs

Transaction costs related to financial instruments that will be subsequently measured at fair value are recognized in the statement of operations in the period incurred. However, transaction costs related to financial instruments subsequently measured at amortized cost are included in the original cost of the asset or liability and recognized in income over the life of the instrument using the straight line method.

THE CANADIAN SOCIETY FOR THE WEIZMANN INSTITUTE OF SCIENCE

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(j) Estimation uncertainty:

When preparing the financial statements, management undertakes a number of judgments, estimates and assumptions about recognition and measurement of assets, liabilities, revenue and expenses. Significant estimates used in the preparation of these financial statements include estimated useful lives of capital assets and accrued liabilities. The actual results are likely to differ from the judgments, estimates, and assumption made by management, and will seldom equal the estimated results.

3. INVESTMENTS

(a) Summary of investments:

Investments consist of the following:

	<u>2020</u>		<u>2019</u>	
	<u>Cost</u>	<u>Market Value</u>	<u>Cost</u>	<u>Market Value</u>
	\$	\$	\$	\$
Fixed income	12,880	12,880	9,561	9,561
Canadian equities	<u>1,558,159</u>	<u>1,442,904</u>	<u>1,502,600</u>	<u>1,553,011</u>
	<u>1,571,039</u>	<u>1,455,783</u>	<u>1,512,161</u>	<u>1,562,572</u>

The fixed income investments bear interest of 4% per annum and mature in December 2020.

(b) Reconciliation of investments at beginning and end of year:

	<u>2020</u>	<u>2019</u>
	\$	\$
Market value, beginning of year	1,562,572	1,765,922
Contribution (withdrawals)	4,226	(181,258)
Interest and dividend income	55,790	102,002
Gain/(loss) on foreign exchange	(1,647)	(748)
Gain/(loss) on sale of investments	508	6,856
Unrealized gain/(loss) on investments	<u>(165,666)</u>	<u>(130,202)</u>
Market value, end of year	<u>1,455,783</u>	<u>1,562,572</u>

THE CANADIAN SOCIETY FOR THE WEIZMANN INSTITUTE OF SCIENCE

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2020

4. CAPITAL ASSETS	2020		2019	
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Cost</u>	<u>Accumulated Amortization</u>
	\$	\$	\$	\$
Computer and office equipment	<u>43,973</u>	<u>32,187</u>	<u>33,934</u>	<u>20,999</u>
Cost less accumulated amortization	<u>\$ 11,786</u>		<u>\$ 12,935</u>	

5. PLEDGES RECEIVABLE AND DEFERRED REVENUE	2020	2019
	\$	\$
Opening balance	52,769,162	46,304,787
Change in foreign exchange	1,491,396	1,026,108
Pledges collected	(19,793,349)	(6,683,433)
Net new pledges	<u>639,067</u>	<u>12,121,700</u>
	35,106,276	52,769,162
Less: Current portion of pledges	<u>(7,192,382)</u>	<u>(4,859,265)</u>
	<u>27,913,894</u>	<u>47,909,897</u>

6. INVESTMENT INCOME (LOSS)	2020	2019
	\$	\$
Interest and dividend income	55,790	102,002
Bank interest	45,558	61,378
Gain on sale of investments	508	6,856
Unrealized gain (loss) on investments	<u>(165,666)</u>	<u>(130,202)</u>
	<u>(63,809)</u>	<u>40,034</u>

THE CANADIAN SOCIETY FOR THE WEIZMANN INSTITUTE OF SCIENCE

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2020

7. ADMINISTRATION	2020	2019
	\$	\$
Bank charges and interest	19,436	21,543
Communications	15,680	16,377
Consulting fees	70,609	93,802
Employees' benefits	212,813	162,380
Employees' salaries and fees	1,558,226	1,503,085
Printing and office supplies	104,007	147,159
Professional development	19,638	42,568
Professional fees	49,217	28,246
Rent and insurance	147,952	144,255
Travel and meetings	<u>96,477</u>	<u>111,778</u>
	<u>2,294,055</u>	<u>2,271,193</u>

8. LEASE COMMITMENTS

The organization leases office space in Toronto, Montreal and Calgary. The future minimum annual lease payments are as follows:

	\$
2021	119,069
2022	<u>37,190</u>
	<u>156,259</u>

9. TEMPORARY WAGE SUBSIDY

In response to the COVID-19 coronavirus pandemic, in March 2020 the Government of Canada introduced a temporary wage subsidy program where eligible employers could be granted a subsidy to offset the remuneration of eligible employees, in an amount of up to 10% of each employee's remuneration paid, subject to a maximum of \$1,375 per employee or \$25,000 per employer.

The organization benefited from the program in April and May 2020 and received a temporary wage subsidy of \$18,634. The Organization presents this subsidy as other income in the Statement of Operations.

The Government of Canada also introduced the Canada Emergency Wage Subsidy (CEWS) where eligible organizations could apply for a wage subsidy in an amount of up to 75% of each employee's salary, subject to a maximum of \$847 per employee per week. The organization did not apply for this relief.

THE CANADIAN SOCIETY FOR THE WEIZMANN INSTITUTE OF SCIENCE

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2020

10. FINANCIAL INSTRUMENTS

(a) Risk management:

The organization is exposed to various risks through its financial instruments. The following analysis provides a measure of the organization's risk exposure and concentrations at the statement of financial position date.

The investment objective of the organization is to ensure the solvency of the organization and maximize the real value of the organization subject to the guidelines set by management.

The organization investment portfolio is subject to interest rate, credit, currency, and market risks that could adversely affect its cash flows, financial position and income. The organization uses a professional investment manager and diversifies its investments in order to reduce the investment risk.

(i) Interest rate risk:

Interest rate risk is the risk that the market value of the organization's investments will fluctuate due to changes in market interest rates. It arises from the potential variations in the timing and amount of cash flow related to the organization's assets and liabilities.

The value of the organization's investments are affected by short-term changes in nominal interest rates and equity markets.

To properly manage the organization's interest rate risk, appropriate guidelines on the weighting and duration for the diversified portfolio of investments are set and monitored.

(ii) Credit risk:

Credit risk is the risk of loss should the counter-party to a transaction default or otherwise fail to perform under the terms of the contract. Credit risk encompasses both the direct risk of default and the risk of deterioration of creditworthiness and the respective concentration risk.

Financial instruments which potentially subject the organization to credit risk consist primarily of cash and cash equivalents, and investments. The organization's cash and cash equivalents are maintained at major financial institutions and investments consist of term deposits, bonds, and equities issued by high-credit quality corporations and financial institutions. Therefore, the organization considers the risk of non-performance of these instruments to be remote.

Credit risk is mitigated by establishing limits on exposure to individual counter-parties and by adhering to the investment criteria set out in the organization's investment policy.

At present, there are no assets that are past their maturity or impaired due to credit risk-related defaults.

THE CANADIAN SOCIETY FOR THE WEIZMANN INSTITUTE OF SCIENCE

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2020

10. FINANCIAL INSTRUMENTS (Cont'd)

(iii) Currency risk:

Currency risk is the risk that the value of the organization's fund balances will fluctuate due to the changes in foreign exchange rates.

Approximately \$13,154,548 of the organization's donations were received in foreign currencies (2019 - \$3,977,990). Consequently, some pledges receivable and deferred revenue are also exposed to foreign currency fluctuation. As at September 30, 2020, \$24,010,730 of pledges receivable and deferred revenue are denominated in US dollars and converted into Canadian dollars (2019 - \$36,923,928). In addition, \$4,059,687 of the organization's cash and cash equivalents are denominated in US dollars and converted into Canadian dollars (2019 - \$3,283,233). Foreign exchange (gains) and losses are included in net income and total \$(43,979) for 2020 (2019 - \$(102,953)). The exposure to this risk changes as the transaction amounts change and as the exchange rate fluctuates.

(iv) Market risk:

Market risk is the risk that the value of the investment will fluctuate as a result of changes in market prices, whether those changes are caused by factors specifically to the individual investment or its issuer, or factors affecting all securities traded in the market.

The organization's policy is to invest in a diversified portfolio of investments, based on criteria established by management.

11. COVID-19 IMPACT

As a result of the COVID-19 pandemic, many governments around the world have experienced a negative economic impact. The financial position and results of the operations as of and for the year ended September 30, 2020 have not been adjusted to reflect their impact. The duration and impact of government responses remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of the organization for future periods.