

HADASSAH-WIZO ORGANIZATION OF CANADA

Financial Statements

June 30, 2022

HADASSAH-WIZO ORGANIZATION OF CANADA

Financial Statements
For the year ended June 30, 2022

Contents

Independent Auditors' Report	1 - 2
Statement of Financial Position	3 - 4
Statement of Operations	5
Statement of Changes in Net Assets	6
Statement of Cash Flows	7
Notes to Financial Statements	8 - 13
Schedule 1 - Fundraising, education and donor relations	14
Schedule 2 - Administrative and general	15

Independent Auditors' Report

To the Members of Hadassah-Wizo Organization of Canada

Qualified Opinion

We have audited the financial statements of ***Hadassah-Wizo Organization of Canada*** (the "Organization"), which comprise the statement of financial position as at June 30, 2022, 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 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 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 (ASNPO).

Basis for Qualified Opinion

The Organization, in common with many not-for-profit organizations, derives revenue from various sources, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of revenues was limited to the amounts recorded in the records of the Organization and we were not able to determine whether any adjustments might be necessary to revenues, deficiency of revenues over expenditures, assets and net assets.

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 qualified opinion.

Other Matter

The financial statements of the Organization for the year ended June 30, 2021 were audited by another auditor, who expressed an unqualified opinion on November 4, 2021.

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 ASNPO, 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.

Independent Auditors' Report, continued

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 auditors' 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 auditors' 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 auditors' 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.

Fruitman Kates LLP

Toronto, Canada
November 18, 2022

Chartered Professional Accountants
Licensed Public Accountants

Hadassah-Wizo Organization of Canada

Statement of Financial Position As at June 30, 2022

	General Fund 2022	Endowment Fund 2022	Total 2022	Total 2021
Assets				
Current				
Cash and cash equivalents	\$ 712,944	\$ 1,093,577	\$ 1,806,521	\$ 1,132,861
Accounts receivable	117,723	-	117,723	132,025
Government remittances receivable	88,993	-	88,993	32,066
Short-term investments (note 3)	-	156,421	156,421	193,737
Prepaid expenses and sundry assets	85,288	-	85,288	43,392
Advances to Endowment Fund (note 4)	656,514	-	656,514	368,477
	1,661,462	1,249,998	2,911,460	1,902,558
Long-term				
Investments (note 5)	-	13,260,640	13,260,640	11,994,792
Capital assets (note 6)	17,170	-	17,170	15,228
	\$ 1,678,632	\$ 14,510,638	\$ 16,189,270	\$ 13,912,578

Hadassah-Wizo Organization of Canada

Statement of Financial Position As at June 30, 2022

	General Fund 2022	Endowment Fund 2022	Total 2022	Total 2021
Liabilities and Net Assets				
Liabilities				
Current				
Accounts payable and accrued liabilities	\$ 213,782	\$ -	\$ 213,782	\$ 165,749
Advances from General Fund (note 4)	-	656,514	656,514	368,477
Deferred contributions (note 7)	119,951	462,309	582,260	209,411
	<u>333,733</u>	<u>1,118,823</u>	<u>1,452,556</u>	<u>743,637</u>
Commitments and contingency (note 8)				
Net Assets	1,567,124	13,169,590	14,736,714	13,168,941
	<u>\$ 1,900,857</u>	<u>\$ 14,288,413</u>	<u>\$ 16,189,270</u>	<u>\$ 13,912,578</u>

Approved on behalf of the board

 Director

 Director

Hadassah-Wizo Organization of Canada

Statement of Operations For the year ended June 30, 2022

	General Fund 2022	Endowment Fund 2022	Total 2022	Total 2021
Revenues				
Donations	\$ 3,286,889	\$ -	\$ 3,286,889	\$ 4,854,984
Investment income	3,126	997,147	1,000,273	506,709
Government assistance	20,000	-	20,000	-
Life insurance policies	7,776	-	7,776	7,776
Income from Endowment Fund	997,147	(997,147)	-	-
Fair value adjustment of investments	-	(797,726)	(797,726)	1,460,734
	4,314,938	(797,726)	3,517,212	6,830,203
Expenditures				
Projects (note 9)	2,022,734	-	2,022,734	1,738,736
Fundraising, education and donor relations (Schedule 1)	1,067,853	-	1,067,853	686,379
Administrative and general (Schedule 2)	858,380	-	858,380	1,035,351
Travel	32,888	-	32,888	2,147
Amortization	4,584	-	4,584	4,403
	3,986,439	-	3,986,439	3,467,016
Excess (deficiency) of revenues over expenditures	\$ 328,499	\$ (797,726)	\$ (469,227)	\$ 3,363,187

Hadassah-Wizo Organization of Canada

Statement of Changes in Net Assets For the year ended June 30, 2022

	General Fund 2022	Endowment Fund 2022	Total 2022	Total 2021
Balance, beginning of year	\$ 1,238,625	\$ 11,930,316	\$ 13,168,941	\$ 9,805,756
Excess (deficiency) of revenues over expenditures	328,499	(797,726)	(469,227)	3,363,185
Endowment contributions	-	2,037,000	2,037,000	-
Balance, end of year	\$ 1,567,124	\$ 13,169,590	\$ 14,736,714	\$ 13,168,941

Hadassah-Wizo Organization of Canada

Statement of Cash Flows For the year ended June 30, 2022

	2022	2021
Cash flows from (used in):		
Operating activities		
Excess (deficiency) of revenues over expenditures	\$ (469,227)	\$ 3,363,185
Adjustments for		
Amortization	4,584	4,403
Gain on sale of marketable securities	(742,485)	-
Fair value adjustment of investments	797,726	(1,460,734)
Change in non-cash working capital items		
Accounts receivable	14,302	(92,832)
Prepaid expenses and sundry assets	(41,896)	79,587
Accounts payable and accrued liabilities	48,033	85,201
Government remittances	(56,927)	(21,946)
Deferred contributions	372,849	54,113
	336,361	104,123
Investing activities		
Acquisition of property and equipment	(6,526)	(1,887)
Proceeds on sale of investments	3,894,133	1,819,595
Purchase of investments	(5,177,906)	(6,023,269)
	(1,290,299)	(4,205,561)
Financing activities		
Endowment contributions	2,037,000	-
	673,660	(2,194,584)
Increase (decrease) in cash and cash equivalents		
Cash and cash equivalents, beginning of year	1,132,861	3,327,445
Cash and cash equivalents, end of year	\$ 1,806,521	\$ 1,132,861

Hadassah-Wizo Organization of Canada

Notes to Financial Statements
For the year ended June 30, 2022

1. General

Hadassah-Wizo Organization of Canada (the "Organization") is a charitable organization whose mission is to empower women and children by supporting education, healthcare, and social services across Israel and Canada.

The Organization is incorporated under the Canada Not-for-profit Corporations Act as a not-for-profit organization and is a registered charity under the Income Tax Act.

2. Significant accounting policies

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations. The significant accounting policies are detailed as follows:

(a) Fund accounting

Donation revenue and expenses related to program delivery, organization activities and administrative activities are reported in the General Fund. Endowment contributions are reported as increases in the Endowment Fund balance. Investment income earned on the Endowment Fund is allocated to the General Fund when there are no restrictions imposed by contributors.

(b) Revenue recognition

The Organization follows the deferral method of accounting for contributions.

Unrestricted contributions are recognized as revenue in the year when they are received or become receivable, are measurable and collectibility is reasonably assured.

Restricted contributions are recognized as revenue in the year in which the related expenses are incurred and collectibility is reasonably assured.

Endowment contributions are recognized as direct increases in the Endowment Fund balance.

Contributions in-kind are recognized at their fair market value.

The Organization recognizes unrestricted investment income as earned. Any restricted investment income of the Endowment Fund is recognized as revenue in the year in which the related expenses are incurred.

Hadassah-Wizo Organization of Canada

Notes to Financial Statements
For the year ended June 30, 2022

2. Significant accounting policies, continued

(c) Contributed services

Members of the Organization's board of directors and others contribute their time or services without monetary compensation. Because of the difficulty of determining the fair value, contributed services are not recognized in the financial statements.

(d) Capital assets

Capital assets are recorded at cost. The Organization provides for amortization using the declining balance method at rates designed to amortize the cost of the capital assets over their estimated useful lives. The annual amortization rates are as follows:

Office equipment	20%
Computer equipment	30%

(e) Impairment of long-lived assets

The Organization tests for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. Recoverability is assessed by comparing the carrying amount to the projected undiscounted future net cash flows the long-lived assets are expected to generate through their direct use and eventual disposition. When a test for impairment indicates that the carrying amount of an asset is not recoverable, an impairment loss is recognized to the extent carrying value exceeds its fair value.

(f) Government assistance

Government assistance related to current revenues and expenses is included in the statement of operations if there is reasonable assurance of collection and it can be reasonably concluded that the Organization will meet the criteria required to qualify for the assistance.

Government assistance received in the form of a forgivable loan is recorded as revenue if there is reasonable assurance that the Organization will meet the criteria required for the loan to be forgiven.

(g) 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 and disclosure of contingent assets and liabilities at the statement of financial position date and the reported amounts of revenues and expenditures during the year. Actual results could differ from those estimates.

Hadassah-Wizo Organization of Canada

Notes to Financial Statements
For the year ended June 30, 2022

2. Significant accounting policies, continued

(h) Financial instruments

Measurement of financial instruments

The Organization initially measures its financial assets and liabilities at fair value. The Organization subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments quoted in an active market, which are measured at fair value.

Financial assets recorded at amortized cost include cash and accounts receivable.

Financial liabilities recorded at amortized cost include accounts payable and accrued liabilities.

Impairment

Financial assets measured at amortized cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in the statement of operations. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in the statement of operations.

3. Short-term investments

The short-term investments consist of publicly traded bonds that bear interest at an average rate of 4.21% (2021 - 2.58%) and mature between April 2023 and May 2023.

4. Interfund advances

Amounts owing between the General Fund and the Endowment Fund are non-interest bearing and due on demand.

Hadassah-Wizo Organization of Canada

Notes to Financial Statements
For the year ended June 30, 2022

5. Investments (Endowment Fund)

The investment portfolio consists of privately and publicly traded investments, which are managed based on the investment policy of the Organization and Endowment Fund donors. At year end, the Organization holds approximately \$4,593,000 (2021 - \$3,380,000) of investments traded in private markets, which are recorded at amortized cost. The remainder of the investments are quoted in an active market and reflected at market value.

6. Capital assets

	2022 Cost	2022 Accumulated amortization	2022 Net	2021 Net
Office equipment	\$ 362,068	\$ 354,364	\$ 7,704	\$ 9,629
Computer equipment	261,406	251,940	9,466	5,599
	<u>\$ 623,474</u>	<u>\$ 606,304</u>	<u>\$ 17,170</u>	<u>\$ 15,228</u>

7. Deferred contributions

	2022	2021
Balance, beginning of year	\$ 209,411	\$ 155,298
Less: Amounts recognized as revenue during the year	(142,173)	(155,278)
Add: Amounts received during the year	515,022	209,391
	<u>\$ 582,260</u>	<u>\$ 209,411</u>

8. Commitments and contingency

The Organization has committed to minimum annual lease payments on their operating premises with the following minimum lease payments:

2023	\$ 84,000
2024	63,000
2025	6,000

The Organization has an outstanding letter of credit amounting to \$18,735 (2021 - \$Nil), which is secured by \$34,500 held by the issuer and expires in July 2023.

Hadassah-Wizo Organization of Canada

Notes to Financial Statements
For the year ended June 30, 2022

9. Projects

	2022	2021
Healthcare	\$ 1,324,036	\$ 1,104,541
Education	557,253	227,517
Social services	84,500	165,226
Young Judea	56,945	241,452
	\$ 2,022,734	\$ 1,738,736

10. Life insurance policy

Certain donors have made the Organization a beneficiary of their life insurance policies. The donors have also committed to pay the annual premiums.

As at year end, the insured capital of these policies amounted to approximately \$923,000 (2021 - \$922,000).

11. Financial instruments

The significant financial risks to which the Organization is exposed are the following:

(a) Liquidity risk

Liquidity risk is the risk the Organization will have difficulty in meeting obligations associated with financial liabilities. Prudent management of liquidity risk implies retaining a sufficient level of liquidities, arranging for appropriate credit facilities and being able to liquidate market positions. The Organization believes that its recurring financial resources are adequate to cover all its expenditures.

(b) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Organization does not use derivative instruments to reduce its exposure to foreign currency risk.

As at year end, the Organization had a net asset balance of approximately \$7,976,000 (2021 - \$3,271,000) denominated in US dollars.

Hadassah-Wizo Organization of Canada

Notes to Financial Statements
For the year ended June 30, 2022

(c) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Organization is exposed to market risk on its investments, the carrying value of which will fluctuate with market conditions.

12. Comparative figures

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year. The changes do not affect prior year operations.

Hadassah-Wizo Organization of Canada

Schedule 1 - Fundraising, education and donor relations
For the year ended June 30, 2022

	2022	2021
Salaries and benefits	\$ 574,964	\$ 460,836
Fundraising and education	378,556	144,378
Rent and taxes	45,624	29,304
Newsletter	26,683	17,018
Printing	15,103	13,524
Prospect research and software	13,808	6,899
Donor relations	7,154	833
Postage	5,961	13,587
	\$ 1,067,853	\$ 686,379

Hadassah-Wizo Organization of Canada

Schedule 2 - Administrative and general For the year ended June 30, 2022

	2022	2021
Salaries and benefits	\$ 541,643	\$ 401,892
Investment management fees	99,770	78,629
Rent, taxes and insurance	98,232	94,688
Computer expenses	83,919	86,642
Bank and credit card fees	49,846	48,536
Professional fees	39,741	193,066
Office supplies and expenses	18,344	34,672
Telecommunication and electricity	14,293	11,306
Foreign exchange loss (gain)	(87,408)	85,920
	<u>\$ 858,380</u>	<u>\$ 1,035,351</u>