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Israel Magen Fund of Canada

Independent Auditor's Report

FINANCIAL STATEMENTS

July 31, 2024

Docusign Envelope ID: 7FCFA986-D8F4-43A2-A58B-8438BC5F8507

FORMUSA ZUCCARO LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the members of
Israel Magen Fund of Canada

Qualified Opinion
We have audited the financial statements of Israel Magen Fund of Canada, which comprise the statement of financial position as at July 31, 2024, 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.

Except as noted in the following paragraph, in our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the organization as at July 31, 2024 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
Israel Magen Fund of Canada derives revenue from the general public in the form of donations, the completeness of which is not susceptible to adequate audit examination. Accordingly, our verification of revenue was limited to accounting for the amounts recorded in the records and authorized depositories and therefore we were not able to determine whether any adjustments might be necessary to revenues, deficiency of revenue over expenditures, assets, and net assets.

In common with many not-for-profit organizations, the organization derives revenue from fundraising activities the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues 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 fundraising revenue, excess of revenues over expenses, and cash flows from operations for the years ended July 31, 2024 and 2023, current assets as at July 31, 2024 and 2023, and net assets as at August 1 and July 31 for both the 2024 and 2023 years. Our audit opinion on the financial statements for the year ended July 31, 2024 was modified accordingly because of the possible effects of this limitation in scope.

Since the company's comparative statement of financial position, statement of operations, statement of changes in net assets and statement of cash flows were prepared on a compliation engagement basis, we were unable to determine whether adjustments, if any, to the results of operations and cash flows might be necessary for the year ended July 31, 2023. We were not engaged to perform an audit engagement for the period ended July 31, 2023 and as a result, our opinion on the current year's statement of financial position, statement of operations, statement of changes in net assets and statement of cash flows is modified because of the possible effects, if any, of this matter on the current year results of operations and comparability of the current period's figures and the comparative information.

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.

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INDEPENDENT AUDITOR'S REPORT continued

Emphasis of Matter
The financial statements for the year ended July 31, 2023 were compiled by another practitioner. The prior practitioner issued financial statements with an unmodified compilation engagement report on November 6, 2023 for the year ending July 31, 2023. As such, these comparative figures were not audited nor reviewed and no assurance is provided thereon.

Without modifying our opinion, we draw attention to Note 3 to the financial statements, which describes that Israel Magen Fund of Canada adopted Canadian accounting standards for not-for-profit organizations on August 1, 2023, with a transition date of August 1, 2022. These standards were not applied retrospectively by management to the comparative information presented in these financial statements, including the statement of financial position as at July 31, 2024, and August 1, 2023, and the statement of operations, statement of changes in net assets and statement of cash flows for the year ended July 31, 2024, and related disclosures.

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 private enterprises, 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.

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INDEPENDENT AUDITOR'S REPORT continued

- 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.

Formuso Zuccaro L.L.P.

Chartered Professional Accountants
Licensed to Practice Public Accounting in Ontario by
the Chartered Professional Accountants of Ontario

Vaughan, Ontario
July 4, 2025

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Israel Magen Fund of Canada

STATEMENT OF FINANCIAL POSITION

As at July 31	2024	2023 (Unaudited)
ASSETS		
Current		
Cash and cash equivalents	**$ 92,131**	$ 13,083
HST recoverable	**1,925**	139
	$ 94,056	$ 13,222
LIABILITY		
Current		
Accounts payable and accrued liabilities	**$ 18,301**	$ -
Net assets	**75,755**	13,222
	$ 94,056	$ 13,222

Approved on behalf of the board

_____ Director

_____ Director

See accompanying notes to financial statements

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Israel Magen Fund of Canada

STATEMENT OF OPERATIONS

Year ended July 31	2024	2023 (Unaudited)
Revenues		
Donations from foundations (note 2)	**$ 851,781**	$ 21,792
Donations from individuals	**83,855**	5,597
	935,636	27,389
Administrative Expenditures		
Interest and bank charges	**1,976**	612
Meetings expenses	**1,035**	-
Office and general	**15,915**	92
Professional fees	**25,355**	1,507
	44,281	2,211
Charitable projects expenses		
Donations to other charities (note 2)	**794,074**	18,900
Family support	**13,000**	-
Marketing and social media communications	**21,748**	-
	828,822	18,900
Excess of revenues over administrative expenditures	**$ 62,533**	$ 6,278

See accompanying notes to financial statements

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Israel Magen Fund of Canada

STATEMENT OF CHANGES IN NET ASSETS

Year ended July 31		2024		2023 (Unaudited)
Balance, beginning of year	**$**	**13,222**	$	6,944
Excess of revenues over administrative expenditures		**62,533**		6,278
Balance, end of year	**$**	**75,755**	$	13,222

See accompanying notes to financial statements

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Israel Magen Fund of Canada

STATEMENT OF CASH FLOWS

Year ended July 31	2024	2023 (Unaudited)
Cash provided by (used for):		
Operating		
Excess of revenues over administrative expenditures	**$ 62,533**	$ 6,278
Change in non-cash working capital items		
HST recoverable	**(1,786)**	398
Accounts payable and accrued liabilities	**18,301**	-
Increase in cash and cash equivalents	**79,048**	6,676
Cash and cash equivalents, beginning of year	**13,083**	6,407
Cash and cash equivalents, end of year	**$ 92,131**	$ 13,083

See accompanying notes to financial statements

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Israel Magen Fund of Canada

NOTES TO FINANCIAL STATEMENTS

July 31, 2024

NATURE OF OPERATIONS

Israel Magen Fund of Canada identifies and supports qualified institutions in Israel and globally that require humanitarian aid, medical assistance, and physical and mental health care.

Israel Magen Fund of Canada previously known as Zaka Foundation (the Charity) was federally incorporated under the Corporations Act in September 2011. The Charity is registered under the Income Tax Act (Canada) and, as such, is exempt from income taxes and is able to issue tax donation receipts for income tax purposes, under Registration Number 84564 1299 RR001.

In order to maintain its status as a charitable organization under the Act, the Charity must meet certain requirements within the Act. These requirements include annual return filings.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. These financial statements have, in management's opinion, been properly prepared within the framework of the accounting policies summarized as follows.

(a) **Fund accounting restricted**

The organization follows the deferral method of accounting for contributions which includes grants and donations. Contributions of property and equipment are included as deferred contributions and are amortized to revenue at the same rate and on the same basis as amortization of the related property and equipment.

Restricted contributions are recognized as revenue in the year in which the related expenses are made. 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 recognized as direct increases in net assets.

(b) **Revenue recognition**

The Charity follows the deferral method of accounting for contributions. Unrestricted donations are recognized as revenue when received or receivable if the amount can be reasonably estimated and collection is reasonably assured. Restricted donations are deferred and recognized as revenue in the period in which the related expenses are incurred.

Endowment contributions are recognized as direct increases in net assets.

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

(c) Financial risk management objectives and policies

Consistent with similar not-for-profit organizations, risk management policies are part of the overall management of the entity's operations. Management's direct involvement in day-to-day operations identifies risks and variations from expectations leading to changes in risk management activities, requirements and actions. Management has not entered into hedging transactions to manage risk. As a part of the overall management of the entity's operations, management considers avoidance of undue concentrations of risk, and employs appropriate investment and credit management policies to manage the organization's exposure.

(d) Measurement uncertainty

The preparation of financial statements in conformity with Canadian accounting standards for private enterprises requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reported period. Actual results could differ from those estimates.

(e) Financial instruments

(i) Measurement of financial instruments

The organization initially measures its financial assets and financial liabilities at fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of transaction costs directly attributable to the instrument. Amounts due to and from related parties are measured at the exchange amount, being the amount agreed upon by the related parties.

The organization subsequently measures its financial assets and financial liabilities at amortized cost, except for derivatives and equity securities quoted in an active market, which are subsequently measured at fair value. Forward exchange contracts and interest rate swaps that are not hedging items are measured at fair value. Changes in fair value are recognized in net income.

Financial assets measured at amortized cost include cash and cash equivalents, HST recoverable.

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

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

(e) **Financial instruments continued**

(ii) **Impairment**

Financial assets measured at amortized cost are tested for impairment when there are indicators of possible impairment. When a significant adverse change has occurred during the period in the expected timing or amount of future cash flows from the financial asset or group of assets, a write-down is recognized in net income. The write down reflects the difference between the carrying amount and the higher of:

- the present value of the cash flows expected to be generated by the asset or group of assets;
- the amount that could be realized by selling the assets or group of assets;
- the net realizable value of any collateral held to secure repayment of the assets or group of assets.

When the events occurring after the impairment confirm that a reversal is necessary, the reversal is recognized in net income up to the amount of the previously recognized impairment.

2. REVENUE

During the year, the Charity received donations designated to be disbursed to other organizations. In 2024, $794,074 was received and disbursed to three other organizations

Designated donations distributed to other organizations in 2024 were as follows:

UJA Federation of Greater Toronto	**$ 560,180**
Zaka Foundation – Search and Rescue	**176,852**
The Arbel Institute's Multidisciplinary response to Health Trauma in Israel	**57,042**
	$ 794,074

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3. IMPACT OF FIRST-TIME ADOPTION OF CANADIAN ACCOUNTING STANDARDS FOR NOT-FOR-PROFIT ORGANIZATIONS

These financial statements are the first prepared in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO"), as set out in Part III of the CPA Canada Handbook – Accounting.

These standards were not applied retrospectively by management to the comparative information presented in these financial statements, including the statement of financial position as at July 31, 2024, and August 1, 2023, and the statement of operations, statement of changes in net assets and statement of cash flows for the year ended July 31, 2024, and related disclosures.

4. REMUNERATION OF BOARD OF DIRECTORS

Members of the Board of Directors are volunteers who serve without remuneration

5. FINANCIAL INSTRUMENTS

Transactions in financial instruments may result in an entity assuming or transferring to another party one or more of the financial risks described below. The required disclosures provide information that assists users of financial statements in assessing the extent of risk related to financial instruments.

(a) Fair value

The fair value of current financial assets and current financial liabilities approximates their carrying value due to their short-term maturity dates.

(b) Liquidity risk

The organization does have a liquidity risk in the accounts payable and accrued liabilities of $18,301 (2023 - $Nil). Liquidity risk is the risk that the organization cannot repay its obligations when they become due to its creditors. The organization reduces its exposure to liquidity risk by ensuring that it documents when authorized payments become due; maintains an adequate line of credit to repay trade creditors and repays long term debt interest and principal as they become due. In the opinion of management the liquidity risk exposure to the organization is low and is not material.

6. COMPARATIVE FIGURES

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year.