

ISRAEL MAGEN FUND OF CANADA
Financial Statements

July 31, 2025

INDEPENDENT AUDITOR'S REPORT

To the directors of Israel Magen Fund of Canada:

Qualified Opinion

We have audited the financial statements of Israel Magen Fund of Canada (the Organization), which comprise the statement of financial position as at July 31, 2025, 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 July 31, 2025, and results of its operations and its cash flows for the year then ended in accordance with the Canadian accounting standards for not-for-profit organizations (ASNPO).

Basis for Qualified Opinion

In common with many not-for-profit organizations, the Organization derives revenues from donations, 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 donation revenue, excess of revenues over expenses, and cash flows from operations for the years ended July 31, 2025, current assets as at July 31, 2025 and net assets as at August 1, 2024 and July 31, 2025. The predecessor auditor's 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.

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.

Other Matter

The financial statements for the year ended July 31, 2024 were audited by another firm of chartered professional accountants who expressed a qualified opinion on those financial statements on July 4, 2025 for the reasons described in the *Basis for Qualified Opinion* section.

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 the 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.

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 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.

Melo LLP

Chartered Professional Accountants, Licensed Public Accountants

Toronto, Ontario
January 30, 2026

ISRAEL MAGEN FUND OF CANADA
Statement of Financial Position
As at July 31, 2025

	2025	2024
Assets		
<i>Current</i>		
Cash	\$ 1,378,307	\$ 92,131
Payroll taxes and HST rebate recoverable (note 2)	51,835	1,925
Sundry assets	16,242	-
	1,446,384	94,056
Investments (note 3 and 7)	500,000	-
	\$ 1,946,384	\$ 94,056
Liabilities		
<i>Current</i>		
Accounts payable and accrued liabilities	\$ 72,428	\$ 18,301
Deferred contributions (note 4)	229,882	-
	302,310	18,301
Net assets	1,644,074	75,755
	\$ 1,946,384	\$ 94,056

Approved on behalf of the Board



(see accompanying notes)

ISRAEL MAGEN FUND OF CANADA

Statement of Changes in Net Assets

Year ended July 31, 2025

	2025	2024
Balance at beginning of year	\$ 75,755	\$ 13,222
Excess of revenue over expenses for year	1,568,319	62,533
Balance at end of year	\$ 1,644,074	\$ 75,755

(see accompanying notes)

ISRAEL MAGEN FUND OF CANADA

Statement of Operations

Year ended July 31, 2025

	2025	2024 (note 8)
Revenues		
Donations	\$ 3,187,022	\$ 935,636
	3,187,022	935,636
Expenses		
Bank charges and interest	26,797	1,976
Donations to other charities	692,193	794,074
Family support	-	13,000
Fundraising	516,294	-
General and office	14,761	15,858
Meetings expenses	2,161	1,035
Marketing and social media communications	37,876	21,748
Professional fees	236,115	25,355
Salaries and benefits	78,666	-
Travel	13,840	57
	1,618,703	873,103
Excess of revenue over expenses for year	\$ 1,568,319	\$ 62,533

(see accompanying notes)

ISRAEL MAGEN FUND OF CANADA

Statement of Cash Flows

Year ended July 31, 2025

	2025	2024
Operating activities		
Excess of revenue over expenses for year	\$ 1,568,319	\$ 62,533
Changes in non-cash operating items:		
Payroll taxes and HST rebate recoverable	(49,910)	(1,786)
Sundry assets	(16,242)	-
Accounts payable and accrued liabilities	54,127	18,301
Deferred contributions	229,882	-
	1,786,176	79,048
Investing activities		
Purchase of investments	(500,000)	-
Increase in cash	1,286,176	79,048
Cash position at beginning of year	92,131	13,083
Cash at end of year	\$ 1,378,307	\$ 92,131

(see accompanying notes)

ISRAEL MAGEN FUND OF CANADA

Notes to Financial Statements

July 31, 2025

Purpose of Organization

Israel Magen Fund of Canada (the "Organization") is a not-for-profit organization and is a registered charity under the Income Tax Act (Canada). The Organization previously known as Zaka Foundation was incorporated on November 10, 2014 and amended as the Organization on December 13, 2023 under the Canada Not-for-profit Corporations Act .

The Organization's purpose is to identify and support qualified institutions in Israel that require search and rescue, mental health treatment, medical equipment, and social services for the community.

Basis of Presentation

The financial statements have been prepared in accordance with Canadian Accounting Standards for Not-for-Profit Organizations.

1. Significant Accounting Policies

a) *Revenue recognition*

The Organization follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year the related expenses are incurred. Unrestricted contributions are recognized as revenue when they are received.

b) *Use of estimates*

The preparation of the financial statements requires the Organization 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 reported period. Significant items subject to such estimates and assumptions include accounts payable and accrued liabilities. Actual results could differ from those estimates.

c) *Impairment*

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in net earnings. 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.

d) *Foreign currency translation*

The Organization uses the temporal method to translate its foreign currency transactions. Monetary assets are translated at the exchange rate in effect at the balance sheet date. Revenues and expenses are translated at the exchange rate in effect at the transaction date. Exchange gains and losses are included in the statement of operations.

ISRAEL MAGEN FUND OF CANADA

Notes to Financial Statements

July 31, 2025

1. Significant Accounting Policies (continued)

e) *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 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 assets measured at amortized cost include cash. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities. Financial assets measured at fair value include investments.

f) *Contributed services*

The value of services contributed by volunteers is not reflected in these financial statements because of the difficulty in determining their fair value.

2. Payroll Taxes and HST Rebate Recoverable

Includes payroll taxes recoverable of \$12,432 (2024 - \$ nil) and HST rebate recoverable of \$39,403 (2024 - \$1,925).

3. Investments

	2025	2024
BNS Canada Large Cap Deposit Note maturing July 26, 2032 \$	500,000	-

4. Deferred Contributions

Deferred contributions relate to donations received for Zaka Search and Rescue and Friends of Soroka Medical Center Association for restricted donations received and not disbursed by the end of current year. Both of these are not for profit organizations outside Canada.

5. Income Taxes

The Organization is registered as a charitable organization and, accordingly, is not subject to income tax provided certain guidelines under the Income Tax Act (Canada) are complied with.

ISRAEL MAGEN FUND OF CANADA

Notes to Financial Statements

July 31, 2025

6. Remuneration to Board of Directors

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

7. Financial Instruments

a) *Credit risk*

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Organization has credit risk relating to cash. In order to manage its credit risk over cash, the Organization deals with two large Canadian chartered banks. There has been no change to the risk exposure from 2024.

b) *Liquidity risk*

Liquidity risk is the risk that the Organization will encounter difficulty in meeting obligations associated with financial liabilities. The Organization is exposed to this risk mainly in respect of its accounts payable and accrued liabilities. The Organization expects to meet these obligations as they arise by generating sufficient revenues since spending is limited to the funding available. There has been no change to the risk exposure from 2024

c) *Market risk*

The Organization's investments expose the Organization to price risks as the equity investments are subject to price changes in an open market. At July 31, 2025, the Organization had equity investments with a fair value approximate to their carrying value of \$500,000 (2024 - \$ nil).

8. Comparative Information

Certain comparative figures on the statement of operations were reclassified to conform with the current year's presentation.