



Medical Alumni Association
University of Toronto

FINANCIAL STATEMENTS

JULY 31, 2014

MEDICAL ALUMNI ASSOCIATION OF THE UNIVERSITY OF TORONTO

FINANCIAL STATEMENTS

JULY 31, 2014

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October 15, 2014

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of the
Medical Alumni Association of the University of Toronto

We have audited the accompanying financial statements of the Medical Alumni Association of the University of Toronto, which comprise the statement of financial position as at July 31, 2014, the statement of operations and changes in net assets and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility 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 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion

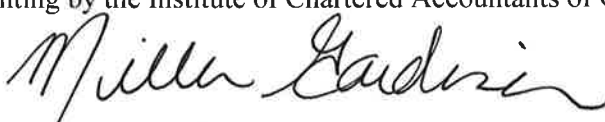
The Organization provides zero interest loans to students as part of its mandate in providing financial assistance to students. Under Canadian accounting standards these loans are required to be presented in the financial statements at fair market value. Since these loans have never been recorded at fair value, we were not able to determine, whether any adjustments might be necessary to loans receivable, interest revenue and excess (deficiency) of revenues over expenses reported in the financial statements.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Medical Alumni Association as at July 31, 2014, its financial performance and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit enterprises.

MILLER GARDINER Professional Corporation, Authorized to
practice public accounting by the Institute of Chartered Accountants of Ontario.

Mississauga, Canada



MEDICAL ALUMNI ASSOCIATION OF THE UNIVERSITY OF TORONTO

BALANCE SHEET

AS AT JULY 31, 2014

	2014	2013
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 122,876	\$ 155,080
Inventory	7,392	-
Current portion of loans receivable (Note 4)	152,004	179,450
Government receivables	20,487	35,450
Investments (Note 5)	4,096,288	3,588,896
	4,399,047	3,958,876
LONG TERM ASSETS		
LOANS RECEIVABLE (Note 4)	494,950	574,004
	494,950	574,004
	\$ 4,893,997	\$ 4,532,880
LIABILITIES		
CURRENT LIABILITIES		
Accrued liabilities	\$ 37,297	\$ 23,046
	37,297	23,046
NET ASSETS		
RESTRICTED NET ASSETS (Note 6 and 7)	4,951,216	4,565,772
UNRESTRICTED NET DEFICIENCY	(94,516)	(55,938)
	4,856,700	4,509,834
	\$ 4,893,997	\$ 4,532,880

(See accompanying notes to the financial statements)

Approved by the Board: _____, Director _____, Director

MEDICAL ALUMNI ASSOCIATION OF THE UNIVERSITY OF TORONTO

STATEMENT OF OPERATIONS - UNRESTRICTED NET DEFICIENCY

FOR THE YEAR ENDED JULY 31, 2014

	2014	2013
REVENUES		
Donations	\$ 330,274	\$ 316,019
Administration fee charged to restricted funds	35,889	-
Unrealized loss	(3,731)	(749)
Investment loss	(4,222)	(706)
Miscellaneous	540	425
	358,750	314,989
OPERATING EXPENSES		
Appeals	53,442	47,893
General	23,836	21,156
Insurance	3,256	3,181
Office	8,723	5,673
Professional fees	39,354	31,174
Salaries, wages and government taxes	140,487	138,954
	269,098	248,031
OPERATING SURPLUS	89,652	66,958
OTHER EXPENSES		
Scholarships and bursaries	25,000	20,710
	25,000	20,710
ALUMNI AFFAIRS		
Alumni events	44,491	43,157
Newsletters and magazine	58,739	55,678
	103,230	98,835
EXCESS OF EXPENSES OVER REVENUES FOR THE YEAR	(38,578)	(52,587)
UNRESTRICTED DEFICIENCY AT THE BEGINNING OF YEAR	(55,938)	(3,351)
UNRESTRICTED DEFICIENCY AT THE END OF YEAR	\$ (94,516)	\$ (55,938)

(See accompanying notes to the financial statements)

MEDICAL ALUMNI ASSOCIATION OF THE UNIVERSITY OF TORONTO							
STATEMENT OF CHANGES IN NET ASSETS							
FOR THE YEAR ENDED JULY 31, 2014							
	Balance	Donations	Investment	Disbursements	1%	Changes in	
	July 31, 2013	and Bequests	Income	Scholarships,	Administration	Unreal gains	Balance
				Bursaries	Charge	During year	July 31, 2014
Access to Excellence Fund	1,620	-	96	-	13	84	1,787
Barbara M. Hardy Memorial Award	87,383	-	5,113	1,500	687	4,517	94,826
C. Grant Hepburn Award Fund	71,221	-	4,144	2,000	560	3,661	76,467
Class of 1989 Award	7,304	-	422	300	57	373	7,742
5T7 re Huffman	32,467	500	1,907	800	255	1,685	35,504
Class of 8T2 Fund	2,460	-	145	-	19	128	2,714
Class of 9T4 Student Fund	5,285	-	312	-	42	276	5,831
David Eberle Memorial	7,172	96	420	200	56	371	7,804
Dr. Agnes Kwasnicka Mem 0T4	5,720	1,651	369	600	45	326	7,421
Dr. Bernard A. Manace Award	26,778	561	1,553	1,500	210	1,372	28,553
Dr. Delbert S. Hoare Medical							-
Undergraduate Award	17,093	-	997	400	134	881	18,437
Dr. E. Mary Hollington Award	31,203	-	1,818	800	245	1,606	33,581
Dr. Edwards Endowment Fund	16,030	-	936	350	126	827	17,316
Dr. Ernest J. Clifford Medical Alumni							-
Association Undergraduate Loan	577,255	-	33,613	15,428	4,537	29,695	620,597
Dr. F. Peggy Hill Estate	105,703	-	6,239	-	831	5,512	116,623
Dr. Helen Holden Quinlan Bursaries	314,239	-	18,236	10,500	2,470	16,110	335,615
Dr. I Markens Fund	7,027	-	415	-	55	366	7,753
Dr. James Boyce Student Bursary	25,665	-	1,497	600	202	1,322	27,682
Dr. L. Nelles Silverthorne Award	3,059	-	181	-	24	160	3,375
Dr. Liz Gillespie Memorial	11,951	-	688	600	94	607	12,552
Dr. Martin Berger 5T7 Fund	9,866	90	573	400	78	506	10,558
Dr. Robert P. Orange	15,621	500	922	500	123	815	17,235
Drs. Carl and Ann Witus Award	988,428	1,000	57,512	28,917	7,769	50,808	1,061,061
Dr. Sherwood P. & Judith G. Smith	-	26,899	797	-	-	704	28,400
Elva May Rowe Fund	416,343	-	24,087	16,417	3,273	21,279	442,019
Ganguli Family Award	-	5,500	148	500	-	131	5,279
Harris Family Award in Oncology	87,782	-	5,137	1,500	690	4,538	95,266
Harry Whittaker	34,603	-	2,042	-	272	1,804	38,178
Harvey Potter Fund	249,008	-	14,697	-	1,957	12,984	274,731
I.M.A. Canadian Branch	461	-	15	400	4	14	87
Irving Gollish Class of 5T7 Fund	24,051	200	1,411	500	189	1,246	26,219
Janet K. Ross Fund	27,559	-	1,606	700	217	1,419	29,667
John A. Howe Scholarship Fund	10,252	5,500	605	5,500	81	535	11,311
MAA Faculty Campaign	6,137	-	362	-	48	320	6,771
Meds 4T6	55,735	500	3,266	1,300	438	2,885	60,648
Meds 6T3 50th Reunion	974	6,725	257	-	8	227	8,175
Ontario Medical Student Bursary	142	2,300	47	1,000	1	41	1,529
Pediatric Endowment	7,438	300	448	-	58	396	8,523
Robert Duff Barron 3T9 Fund	27,773	-	1,618	700	218	1,430	29,903
Robert Elgin Towle interest Loan	12,118	-	619	3,258	95	547	9,931
Robert Elgin Towle Loan	448,432	-	26,109	12,093	3,525	23,065	481,989
Samuel J. Streight Scholarship	8,783	-	512	200	69	453	9,479
Ted & Maeve Lindenfield Fund	46,227	-	2,693	1,200	363	2,379	49,735
The Kurdyak Family Fund	200,332	-	11,619	6,917	1,575	10,265	213,724
Dr. Ruth Kurdyak MAA Bursary	43,813	43,204	-	42,000	344	-	44,673
Tom Fejer Lectureship Fund	5,980	-	346	250	47	305	6,334
Weber Bursary Fund	30,258	-	1,756	1,000	238	1,552	32,328
Potter fund - sequestered	105,601	-	6,152	2,734	830	5,435	113,624
Angus fund - sequestered	79,944	-	4,657	2,070	628	4,114	86,018
Rowe fund - sequestered	165,443	-	9,638	4,283	1,300	8,514	178,011
Carpenter fund - sequestered	100,031	-	5,827	2,590	786	5,148	107,630
	4,565,772	95,527	264,577	172,506	35,889	233,736	4,951,216
				General Expenses			
General Operating Fund	(55,938)	330,814	(4,222)	397,328	(35,889)	(3,731)	(94,516)
	4,509,834	426,340	260,355	569,834	-	230,005	4,856,700

(See accompanying notes to the financial statements)

MEDICAL ALUMNI ASSOCIATION OF THE UNIVERSITY OF TORONTO

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JULY 31, 2014

	2014	2013
Operating Activities		
Excess of disbursements over receipts	\$ (38,578)	\$ (52,587)
Non-cash items		
Unrealized gains on unrestricted investments	3,731	749
Loans advanced	(90,000)	(106,000)
Loans repayments received	184,800	187,411
AFDA (Recovery of bad debts, net of current year allowance)	11,700	(8,765)
Change in non-cash working capital (see below)	21,822	(59,313)
	93,475	(38,505)
Investing Activities		
Restricted contributions	95,527	95,570
Scholarships, bursaries and disbursements from restricted funds	(208,395)	(159,620)
Allocation of net investment income to restricted fund balances	264,577	105,861
Investment income, net	(146,396)	(6,044)
Purchase of investments	(3,397,345)	(1,380,428)
Proceeds on disposal of investments	3,266,353	1,054,448
	(125,679)	(290,213)
Decrease in Cash	(32,204)	(328,718)
Cash and cash equivalents, Beginning of Year	155,080	483,798
Cash, End of Year	\$ 122,876	\$ 155,080
Cash consists of:		
Bank account	106,615	130,713
Cash held in investment accounts	16,261	24,367
	\$ 122,876	\$ 155,080
Change in Non-Cash Working Capital		
Inventory	(7,392)	-
Government receivables	14,963	(22,707)
Accrued liabilities	14,251	(36,606)
	\$ 21,822	\$ (59,313)

(See accompanying notes to the financial statements)

MEDICAL ALUMNI ASSOCIATION OF THE UNIVERSITY OF TORONTO

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JULY 31, 2014

1. Purpose and Legal Form of the Organization

The Medical Alumni Association of the University of Toronto is a national organization that is registered with Canada Revenue Canada as a charitable organization. The organization's purpose is to assist the medical undergraduate student body of the University of Toronto in financial matters, to reward excellence in the educational field of medicine, to assist the Faculty of Medicine at the University of Toronto in its educational goals and to be a resource for a variety of the University of Toronto Medical Alumni's affairs.

2. Significant Accounting Policies

(a) Basis of Presentation

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.

(b) Cash and cash equivalents

Cash and cash equivalents consist of cash in an operating account and cash held investment accounts.

(c) Inventory

Inventory is measured at the lower of cost and net realizable value, with cost being the price paid for the goods.

(d) Property, Plant and Equipment

Due to the size of the entity, assets purchased are expensed in the statement of operations in the period of purchase.

(e) Fund Accounting

Revenue and expenses for administration of the organization and for annual alumni affairs are reported in the General Fund. In addition, some scholarships or bursaries are also awarded out of the General Fund.

Endowment or restricted contributions are reported in the Registered Funds and held in separate funds based on the donor's name and instructions.

Realized and unrealized gains and losses on resources of the Endowment Funds and General Fund are allocated based on the proportionate average market value of the beginning and ending fund value.

The Association follows the restricted fund method of accounting for contributions. The Association ensures, as part of its fiduciary responsibilities, that all funds received with a restricted purpose are expended for the purpose for which they were provided.

The Association charges an annual fee to restricted funds equal to 1% of the market value of the holdings in the funds at the start of each fiscal year. These fees are intended to cover the operational costs of administering the restricted funds. This is a new accounting policy effective this fiscal year.

(f) Revenue Recognition

The Association follows the deferral method of accounting for contributions. Unrestricted contributions are recognized as revenue of the General Fund when received or receivable if the amount can be reasonably estimated and collection is reasonably assured. Restricted contributions are recognized as direct increases in net assets in the year.

MEDICAL ALUMNI ASSOCIATION OF THE UNIVERSITY OF TORONTO

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JULY 31, 2014

Investment income in the Restricted Funds includes dividend, interest and foreign income earned on investments, as well as realized and unrealized investment gains and losses. Unrestricted dividends and interest are recognized as they are earned.

Realized and unrealized gains and losses on the General Fund are reported in the statement of operations while unrealized gains and losses on restricted funds are included directly in net assets until the asset is sold or reclassified.

(g) Financial Instruments

Measurement of financial instruments

The enterprise measures its financial loans and other receivables and financial liabilities at the cash value expected to be received for receivables or paid for payables.

The enterprise measures investments traded in an active market at fair value. Changes in fair value are recognized in net income.

Impairment

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

Transaction costs

The enterprise allocates its investment management fees by allocating them to restricted and unrestricted funds proportionately based on the fair value in each of the restricted and operating funds.

(h) Income taxes

The Organization is a not-for-profit organization registered under the Income Tax Act and as such, is exempt from income taxes.

3. Financial Risk Management Policy

The Association is exposed to various risks through its financial instruments. The following analysis provides a measure of the risks at the reporting date of July 31, 2014.

The Association is exposed to market risk through its investment in marketable securities as these investments are subject to price and market volatility. The Association uses its objectives in its Investment Policy Statement to guide their investment decisions in conjunction with their Investment Advisor's recommendations.

The Associations's financial instruments and the nature and the risks which they may be subject to are as follows:

Credit Risk

The Association provides credit to students who obtain loans for financial assistance in the normal course of its operations. The Association determines, on a continuous basis, amounts receivable on the basis of amounts it is certain to receive based on their estimated realizable value.

MEDICAL ALUMNI ASSOCIATION OF THE UNIVERSITY OF TORONTO

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JULY 31, 2014

Liquidity Risk

Liquidity risk is the risk of being unable to meet a demand for cash or fund obligations as they come due. It stems from the possibility of a delay in realizing the fair value of investments.

The Association manages its liquidity risk by constantly monitoring forecasted and actual cash flow and by holding assets that can be readily converted into cash.

Interest Rate Risk

The Association is exposed to interest rate risk on its fixed and floating interest rate financial instruments if held as part of their portfolio of investments. Fixed-rate instruments subject the Association to a fair value risk while the floating rate instruments subject it to a cash flow risk.

Market Risk

The market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. The Association is exposed to market risk because it invests in the marketplace and manages this risk as part of its Investment Policy Statement.

4. Loans Receivable

Loans receivable represent non-interest bearing loans granted to students enrolled in the University of Toronto's under graduate medical program. These loans become payable following the student's year of graduation. The current portion of the loans expected in the next twelve months is \$152,004 (2013 - \$179,450).

5. Investments

	2014	2013
	Fair Value	Fair Value
Cash and short term investments	\$ 219,030	\$ 143,751
Fixed income and related securities	1,555,375	1,583,593
Common equity and related securities	2,321,883	1,861,552
	\$ 4,096,288	\$ 3,588,896

The investment management fees incurred for the year were \$17,212 (2013 -\$15,042). These fees are allocated to the restricted and unrestricted funds based on the fair value in the restricted and operating funds.

6. Restriction on Net Assets

The Board of Directors recognizes restrictions on net assets of \$4,951,216 (2013 - \$4,565,772) to use to provide financial assistance by way of non-interest bearing loans to undergraduate medical students, bursaries, scholarships and elective travel grants.

7. Capital Management Disclosure

The Association's capital is made up of net assets. The Association's capital management objectives consist of ensuring it continues as a going concern in order to fulfil its mission. The Association manages its capital structure by preparing and monitoring its annual budgets to maintain a satisfactory level of capital.

In managing capital, the Association focuses on the following objectives:

- safeguarding its ability to continue to support students
- funding current and future operations
- ensuring that the Association is able to meet its financial obligations as they come due

MEDICAL ALUMNI ASSOCIATION OF THE UNIVERSITY OF TORONTO

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JULY 31, 2014

8. Contingencies

During the year, a former employee initiated a human rights complaint through the Ontario Human Rights Tribunal. The former employee's maximum claim is \$102,900. The Organization is contesting the claim and management's assessment at October 15, 2014 is that it is too early in the proceedings to assess the Organization's liability and therefore, no provision has been recognized in the financial statements.