



**Medical Alumni Association**  
University of Toronto

FINANCIAL STATEMENTS

JULY 31, 2017

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**MEDICAL ALUMNI ASSOCIATION OF THE UNIVERSITY OF TORONTO**

**FINANCIAL STATEMENTS**

**JULY 31, 2017**

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October 18, 2017

## INDEPENDENT AUDITORS' 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 balance sheet as at July 31, 2017, 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, 2017, 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 Chartered Professional Accountants of Ontario.

Mississauga, Canada 

**MEDICAL ALUMNI ASSOCIATION OF THE UNIVERSITY OF TORONTO**

**BALANCE SHEET**

**AS AT JULY 31, 2017**

	<b>2017</b>	<b>2016</b>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 376,851	\$ 309,645
Inventory	1,478	2,956
Current portion of loans receivable (Note 4)	88,350	148,625
Government receivables	17,054	37,079
Investments (Note 5)	6,234,204	4,213,416
	<b>6,717,937</b>	<b>4,711,721</b>
<b>LONG TERM ASSETS</b>		
LOANS RECEIVABLE (Note 4)	385,600	367,575
	<b>\$ 7,103,537</b>	<b>\$ 5,079,296</b>
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Accrued liabilities - General Fund	\$ 46,495	\$ 34,610
Government payable - General Fund	2,870	-
	<b>49,365</b>	<b>34,610</b>
<b>NET ASSETS</b>		
RESTRICTED NET ASSETS (Note 6 and 7)	7,081,648	5,022,533
UNRESTRICTED NET (DEFICIENCY) ASSETS	(27,476)	22,153
	<b>7,054,172</b>	<b>5,044,686</b>
	<b>\$ 7,103,537</b>	<b>\$ 5,079,296</b>

*(The accompanying notes to the financial statements form an integral part of these 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, 2017**

	2017	2016
<b>REVENUES</b>		
Donations	\$ 259,633	\$ 242,430
Administration fee charged to restricted funds	44,976	44,334
Unrealized investment loss	(48)	(713)
Realized investment (loss) gain	(72)	2,218
	<b>304,489</b>	<b>288,269</b>
<b>OPERATING EXPENSES</b>		
Appeals	45,329	45,199
General	14,197	17,343
Insurance	3,348	3,427
Office	4,189	5,144
Professional fees	29,841	30,122
Salaries, wages and government taxes (Note 8)	145,053	140,288
	<b>241,957</b>	<b>241,523</b>
<b>OPERATING SURPLUS</b>	<b>62,532</b>	<b>46,746</b>
<b>OTHER EXPENSES</b>		
Scholarships and bursaries	15,000	10,000
<b>ALUMNI AFFAIRS</b>		
Alumni events	33,284	32,196
Newsletters and magazine	63,877	66,917
	<b>97,161</b>	<b>99,113</b>
<b>TOTAL EXPENSES</b>	<b>354,118</b>	<b>350,636</b>
<b>EXCESS OF EXPENSES OVER REVENUES FOR THE YEAR</b>	<b>(49,629)</b>	<b>(62,367)</b>
<b>UNRESTRICTED ASSETS (DEFICIENCY) AT THE BEGINNING OF YEAR</b>	<b>22,153</b>	<b>(207,786)</b>
<b>TRANSFER FROM RESTRICTED TO GENERAL FUND</b>	<b>-</b>	<b>292,306</b>
<b>UNRESTRICTED (DEFICIENCY) ASSETS AT THE END OF YEAR</b>	<b>\$ (27,476)</b>	<b>\$ 22,153</b>

*(The accompanying notes to the financial statements form an integral part of these statements)*

# MEDICAL ALUMNI ASSOCIATION OF THE UNIVERSITY OF TORONTO

## STATEMENT OF CHANGES IN RESTRICTED ASSETS

FOR THE YEAR ENDED JULY 31, 2017

	2017	2016
Balance at beginning of year	<b>5,022,533</b>	\$ 5,316,730
Transfer between funds	-	(292,306)
Donations and bequests	<b>2,030,977</b>	94,808
Realized investment income allocation	<b>162,662</b>	214,946
Disbursements, scholarships and bursaries	<b>(197,727)</b>	(198,222)
1% Administration charged from General fund	<b>(44,976)</b>	(44,334)
Change in unrealized gains	<b>108,179</b>	(69,089)
	<b>7,081,648</b>	5,022,533

**MEDICAL ALUMNI ASSOCIATION OF THE UNIVERSITY OF TORONTO  
STATEMENT OF CHANGES IN NET ASSETS  
FOR THE YEAR ENDED JULY 31, 2017**

	<i>Balance July 31, 2016</i>	<i>Transfers Between Funds</i>	<i>Donations and Bequests</i>	<i>Realized Investment Income</i>	<i>Disbursements Scholarships and Bursaries</i>	<i>1% Administration Charge</i>	<i>Changes in Unreal gains During year</i>	<i>Balance July 31, 2017</i>
Access to Excellence Fund	1,941	-	-	54	-	17	36	2,014
Barbara M. Hardy Memorial Award	123,356	-	-	3,396	3,700	1,105	2,258	124,205
C. Grant Hepburn Award Fund	78,339	-	-	2,156	2,350	702	1,434	78,878
Class of 1989 Award	7,917	-	-	218	250	71	145	7,958
5T7 re Huffman	37,667	-	-	1,037	1,100	337	690	37,957
Class of 8T2 Fund	2,948	-	-	82	-	26	55	3,059
Class of 9T4 Student Fund	8,383	-	12,450	395	1,000	75	263	20,416
David Eberle Memorial	8,618	-	-	238	225	77	158	8,712
Dr. Agnes Kwasnicka Mem 0T4	13,023	398	3,140	398	700	117	265	16,408
Dr. Bernard A. Manace Award	31,646	-	200	887	-	283	590	33,040
Dr. Charlotte Hahn Memorial Fund	-	-	1,783,752	24,944	6,698	-	16,589	1,818,586
Dr. Delbert S. Hoare Medical Undergraduate Award	18,937	-	-	522	550	170	347	19,086
Dr. E. Mary Hollington Award	34,612	-	-	953	1,000	310	634	34,889
Dr. Edwards Endowment Fund	33,588	-	-	925	1,000	301	615	33,827
Dr. Ernest J. Clifford Medical Alumni Association Undergraduate Loan	652,241	1,281	-	18,096	11,559	5,841	12,036	666,257
Dr. F. Peggy Hill Estate	117,689	-	-	3,240	3,500	1,054	2,155	118,530
Dr. Helen Holden Quinlan Bursaries	343,788	-	-	9,468	10,000	3,079	6,296	346,474
Dr. I Markens Fund	9,744	-	-	269	250	87	179	9,854
Dr. James Boyce Student Bursary	28,569	-	-	786	850	256	523	28,773
Dr. L. Nelles Silverthorne Award	3,666	-	-	102	-	33	68	3,804
Dr. Liz Gillespie Memorial	13,633	-	-	381	-	122	253	14,145
Dr. Martin Berger 5T7 Fund	10,746	-	200	298	400	96	198	10,945
Dr. Nancy Katherine Ironside Fund	-	-	4,000	28	1,980	-	19	2,067
Dr. Robert P. Orange	23,504	-	600	655	700	210	436	24,285
Drs. Carl and Ann Witus Award	1,091,479	-	-	30,174	23,512	9,774	20,067	1,108,434
Dr. Sherwood P. & Judith G. Smith	123,315	(2,960)	-	3,241	5,475	1,104	2,155	119,172
Elva May Rowe Fund	444,230	-	-	12,186	16,301	3,978	8,105	444,241
Ganguli Family Award	15,805	-	-	435	475	142	289	15,912
Harris Family Award in Oncology	123,834	-	-	3,409	3,700	1,109	2,267	124,701
Harry Whittaker	41,465	-	-	1,159	-	371	771	43,024
I.M.A. Canadian Branch	94	-	-	3	-	1	2	98
Irving Gollish Class of 5T7 Fund	27,339	-	200	756	800	245	503	27,752
Janet K. Ross Fund	30,462	-	-	839	900	273	558	30,686
John A. Howe Scholarship Fund	12,285	-	5,500	350	5,000	110	233	13,258
MAA Faculty Campaign	7,354	-	-	206	-	66	137	7,631
Meds 4T6	73,748	-	900	2,055	1,300	660	1,367	76,110
Meds 6T3 50th Reunion	10,705	-	704	309	-	96	206	11,828
Ontario Medical Student Bursary	2,764	-	275	53	2,000	25	35	1,102
Pediatric Endowment	9,878	-	300	280	-	88	186	10,557
Robert Duff Barron 3T9 Fund	30,640	-	-	844	900	274	561	30,871
Robert Elgin Towle interest Loan	(19,394)	19,394	-	-	-	-	-	-
Robert Elgin Towle Loan	505,481	(18,113)	-	13,592	23,483	4,353	9,039	482,163
Samuel J. Streight Scholarship	9,751	-	-	269	275	87	179	9,836
Ted & Maeve Lindenfield Fund	50,989	-	-	1,404	1,525	457	933	51,345
The Kurdyak Family Fund	218,173	-	-	6,010	6,188	1,954	3,997	220,039
Dr. Ruth Kurdyak MAA Bursary	48,803	-	212,756	-	48,000	437	-	213,122
Tom Fejer Lectureship Fund	6,626	-	-	185	-	59	123	6,875
Dr. Alan R. Kindler Fund	5,289	-	-	148	-	47	98	5,488
Weber Bursary Fund	33,039	-	6,000	994	975	296	661	39,423
Potter fund - Restricted by the BOD	120,306	-	-	3,332	2,132	1,077	2,216	122,645
Angus fund - Restricted by the BOD	91,077	-	-	2,523	1,614	816	1,678	92,847
Rowe fund - Restricted by the BOD	188,480	-	-	5,221	3,340	1,688	3,472	192,145
Carpenter fund - Restricted by the BOD	113,960	-	-	3,157	2,020	1,020	2,099	116,176
<b>Total Restricted Funds</b>	<b>5,022,533</b>	<b>-</b>	<b>2,030,977</b>	<b>162,662</b>	<b>197,727</b>	<b>44,976</b>	<b>108,179</b>	<b>7,081,648</b>
General Operating Fund	22,153	-	259,634	(72)	354,119	(44,976)	(48)	(27,476)
<b>Net Assets Total 2017</b>	<b>5,044,686</b>	<b>-</b>	<b>2,290,611</b>	<b>162,590</b>	<b>551,846</b>	<b>-</b>	<b>108,131</b>	<b>7,054,172</b>

(The accompanying notes to the financial statements form an integral part of these statements)

**MEDICAL ALUMNI ASSOCIATION OF THE UNIVERSITY OF TORONTO**

**STATEMENT OF CASH FLOWS**

**FOR THE YEAR ENDED JULY 31, 2017**

	2017	2016
<b>Operating Activities</b>		
Excess of expenses over revenue	(49,629)	\$ (62,367)
Non-cash items		
Unrealized loss on unrestricted investments	48	713
Realized loss (gain) on unrestricted investments	13	(1,050)
Allocation of 1% administration fee	(44,976)	(44,334)
Loans advanced	(92,000)	(96,000)
Loans repayments received	124,000	138,550
Allowance for doubtful accounts	10,250	2,250
Change in non-cash working capital (see below)	36,258	(11,220)
	<b>(16,036)</b>	<b>(73,458)</b>
<b>Investing Activities</b>		
Restricted contributions	2,030,977	94,808
Scholarships, bursaries and disbursements from restricted funds	(197,727)	(198,222)
Allocation of investment income (excluding capital gains) to restricted fund balances (Note 9)	132,917	113,133
Purchase of investments	(3,863,980)	(257,974)
Proceeds on disposal of investments	1,981,055	510,998
	<b>83,242</b>	<b>262,743</b>
<b>Increase in Cash</b>	<b>67,206</b>	<b>189,285</b>
<b>Cash and cash equivalents, Beginning of Year</b>	<b>309,645</b>	<b>120,360</b>
<b>Cash, End of Year</b>	<b>\$ 376,851</b>	<b>\$ 309,645</b>
<b>Cash consists of:</b>		
<b>Bank account</b>	<b>325,866</b>	<b>25,466</b>
<b>Cash held in investment accounts</b>	<b>50,985</b>	<b>284,179</b>
	<b>\$ 376,851</b>	<b>\$ 309,645</b>
<b>Change in Non-Cash Working Capital</b>		
Inventory	1,478	2,956
Government receivables	20,025	(17,596)
Accrued liabilities	11,885	3,420
Government payable	2,870	-
	<b>\$ 36,258</b>	<b>\$ (11,220)</b>

*(The accompanying notes to the financial statements form an integral part of these statements)*



# MEDICAL ALUMNI ASSOCIATION OF THE UNIVERSITY OF TORONTO

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JULY 31, 2017

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### 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 Agency 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 and include the following significant policies:

#### (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 Restricted 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 investment account at the start of each fiscal year. These fees are intended to cover the operational costs of administering the restricted funds.

# MEDICAL ALUMNI ASSOCIATION OF THE UNIVERSITY OF TORONTO

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JULY 31, 2017

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### 2. Significant Accounting Policies (cont.)

#### (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.

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 at the beginning of the year.

#### (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, 2017.

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.

# MEDICAL ALUMNI ASSOCIATION OF THE UNIVERSITY OF TORONTO

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JULY 31, 2017

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### 3. Financial Risk Management Policy (cont.)

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.

#### 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 it's 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 \$88,350 ( 2016 - \$148,625).

### 5. Investments

	2017 Fair Value	2016 Fair Value
Short term investments	\$ 244,607	\$ 143,769
Fixed income and related securities	2,725,515	1,703,138
Common equity and related securities	3,264,082	2,366,509
	<b>\$ 6,234,204</b>	<b>\$ 4,213,416</b>

The investment management fees incurred for the year were \$19,542 (2016 -\$17,672). These fees are allocated to the restricted and unrestricted funds based on the fair value in the restricted and unrestricted funds at the beginning of the year.

# **MEDICAL ALUMNI ASSOCIATION OF THE UNIVERSITY OF TORONTO**

## **NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JULY 31, 2017**

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### **6. Restriction on Net Assets**

The Board of Directors recognizes restrictions on net assets of \$7,081,648 (2016 - \$5,022,533 ) 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