



Medical Alumni Association
University of Toronto

FINANCIAL STATEMENTS

JULY 31, 2018

MEDICAL ALUMNI ASSOCIATION OF THE UNIVERSITY OF TORONTO

FINANCIAL STATEMENTS

JULY 31, 2018

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October 17, 2018

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, 2018, 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

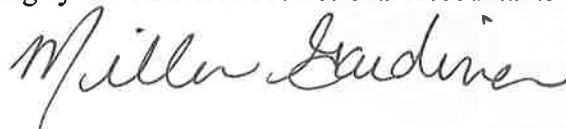
The Organization provides zero interest loans to students as part of its mandate in providing financial assistance to students. Under Canadian accounting standards these loans are required to be presented in the financial statements at fair market value. Since these loans have never been recorded at 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, 2018, 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, 2018

	2018	2017
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 106,618	\$ 376,851
Inventory	-	1,478
Other receivable	3,000	-
Current portion of loans receivable (Note 4)	104,700	88,350
Government receivables	17,875	17,054
	232,193	483,733
Loans receivable (Note 4)	456,400	385,600
Investments (Note 5)	6,502,512	6,234,204
	6,958,912	6,619,804
	\$ 7,191,105	\$ 7,103,537
LIABILITIES		
CURRENT LIABILITIES		
Accrued liabilities - General Fund	\$ 33,843	\$ 46,495
Government payable - General Fund	64	2,870
	33,907	49,365
NET ASSETS		
RESTRICTED NET ASSETS (Note 6 and 7)	7,175,679	7,081,648
UNRESTRICTED NET (DEFICIENCY) ASSETS	(18,481)	(27,476)
	7,157,198	7,054,172
	\$ 7,191,105	\$ 7,103,537

(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, 2018**

	2018	2017
REVENUES		
Donations	\$ 287,531	\$ 259,633
Administration fee charged to restricted funds	62,852	44,976
Unrealized investment loss	(1,247)	(48)
Realized investment loss	(233)	(72)
	348,903	304,489
OPERATING EXPENSES		
Appeals	50,565	45,329
General	15,057	14,197
Insurance	3,508	3,348
Office	2,691	4,189
Professional fees	28,738	29,841
Salaries, wages and government taxes	118,874	145,053
	219,433	241,957
OPERATING SURPLUS	129,470	62,532
OTHER EXPENSES		
Scholarships and bursaries	20,670	15,000
ALUMNI AFFAIRS		
Alumni events	27,940	33,284
Newsletters and magazine	71,865	63,877
	99,805	97,161
TOTAL EXPENSES	339,908	354,118
EXCESS OF REVENUES OVER EXPENSES (EXPENSES OVER REVENUES)	8,995	(49,629)
UNRESTRICTED ASSETS (DEFICIENCY) AT BEGINNING OF YEAR	(27,476)	22,153
UNRESTRICTED DEFICIENCY AT END OF YEAR	\$ (18,481)	\$ (27,476)

(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, 2018

	2018	2017
Balance at beginning of year	7,081,648	\$ 5,022,533
Donations and bequests	61,035	2,030,977
Realized investment income allocation	70,920	162,662
Disbursements, scholarships and bursaries	(354,748)	(197,727)
1% Administration charged from General fund	(62,852)	(44,976)
Change in unrealized gains	379,676	108,179
	7,175,679	7,081,648

MEDICAL ALUMNI ASSOCIATION OF THE UNIVERSITY OF TORONTO
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED JULY 31, 2018

	<i>Balance July 31, 2017</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, 2018</i>
Access to Excellence Fund	2,014		-	21	-	18	112	2,130
Barbara M. Hardy Memorial Award	124,205		-	1,275	3,700	1,102	6,827	127,506
C. Grant Hepburn Award Fund	78,878		-	810	2,350	700	4,336	80,974
Class of 1989 Award	7,958		-	82	200	71	439	8,208
5T7 re Huffman	37,957		500	393	1,100	337	2,101	39,514
Class of 8T2 Fund	3,059		-	32	-	27	171	3,234
Class of 9T4 Student Fund	20,416		610	211	1,000	181	1,128	21,184
David Eberle Memorial	8,712		-	90	250	77	479	8,953
Dr. Agnes Kwasnicka Mem 0T4	16,408		350	168	900	146	900	16,780
Dr. Bernard A. Manace Award	33,040		200	345	-	293	1,849	35,142
Dr. Bill and Penny Harris Fund	-		5,000	26	-	-	140	5,166
Dr. Charlotte Hahn Memorial Fund	1,818,586		-	18,956	-	16,141	101,484	1,922,886
Dr. Delbert S. Hoare Medical Undergraduate Award	19,086		-	196	550	169	1,050	19,613
Dr. E. Mary Hollington Award	34,889		-	358	1,000	310	1,919	35,857
Dr. Edwards Endowment Fund	33,827		-	347	1,000	300	1,860	34,733
Dr. Ernest J. Clifford Medical Alumni Association Undergraduate Loan	666,257	(303)	-	6,897	9,081	5,913	36,925	694,782
Dr. F. Peggy Hill Estate	118,530		-	1,217	3,500	1,052	6,516	121,712
Dr. Helen Holden Quinlan Bursaries	346,474		-	3,557	10,350	3,075	19,045	355,650
Dr. I Markens Fund	9,854		-	101	250	87	543	10,161
Dr. James Boyce Student Bursary	28,773		-	295	850	255	1,582	29,545
Dr. L. Nelles Silverthorne Award	3,804		-	40	-	34	212	4,022
Dr. Liz Gillespie Memorial	14,145		-	147	-	126	789	14,956
Dr. Martin Berger 5T7 Fund	10,945		-	112	400	97	600	11,160
Dr. Nancy Katherine Ironside Fund	2,067		-	11	2,000	18	59	119
Dr. Robert P. Orange	24,285		2,000	260	700	216	1,392	27,021
Drs. Carl and Ann Witus Award	1,108,434		-	11,400	29,378	9,838	61,032	1,141,650
Dr. Sherwood P. & Judith G. Smith	119,172	607	-	1,214	5,400	1,058	6,499	121,034
Elva May Rowe Fund	444,241		-	4,542	16,872	3,943	24,318	452,287
Ganguli Family Award	15,912		-	164	450	141	875	16,360
Harris Family Award in Oncology	124,701		-	1,280	3,700	1,107	6,855	128,029
Harry Whittaker	43,024		-	448	-	382	2,401	45,491
I.M.A. Canadian Branch	98		-	1	-	1	5	103
Irving Gollish Class of 5T7 Fund	27,752		200	286	800	246	1,532	28,724
Janet K. Ross Fund	30,686		-	315	900	272	1,687	31,516
John A. Howe Scholarship Fund	13,258		-	112	5,000	118	600	8,852
MAA Faculty Campaign	7,631		-	80	-	68	426	8,068
Meds 4T6	76,110		-	787	1,300	676	4,211	79,132
Meds 6T3 50th Reunion	11,828		3,575	142	-	105	760	16,200
Ontario Medical Student Bursary	1,102		300	13	-	10	70	1,475
Pediatric Endowment	10,557		300	112	-	94	598	11,472
Robert Duff Barron 3T9 Fund	30,871		-	317	900	274	1,697	31,711
Robert Elgin Towle Interest Loan	182,163		-	-	-	-	-	182,163
Robert Elgin Towle Loan	300,000	(303)	-	4,913	21,572	4,279	26,302	305,061
Samuel J. Streight Scholarship	9,836		-	101	250	87	542	10,142
Ted & Maeve Lindenfield Fund	51,345		-	527	1,500	456	2,823	52,739
The Kurdyak Family Fund	220,039		-	2,260	6,500	1,953	12,097	225,943
Dr. Ruth Kurdyak MAA Bursary (1)	213,121		48,000	-	212,756	1,892	-	46,474
Tom Fejer Lectureship Fund	6,875		-	72	-	61	384	7,269
Dr. Alan R. Kindler Fund	5,488		-	57	-	49	306	5,803
Weber Bursary Fund	39,423		-	405	1,150	350	2,168	40,495
Potter fund - sequestered	122,645		-	1,270	1,672	1,089	6,797	127,952
Angus fund - sequestered	92,847		-	961	1,265	824	5,146	96,865
Rowe fund - sequestered	192,145		-	1,989	2,619	1,705	10,649	200,459
Carpenter fund - sequestered	116,176		-	1,203	1,583	1,031	6,439	121,202
Total Restricted Funds	7,081,648	-	61,035	70,920	354,748	62,852	379,676	7,175,679
General Operating Fund	(27,476)	-	287,531	(233)	339,908	(62,852)	(1,247)	(18,481)
Net Assets Total 2018	7,054,172	-	348,566	70,687	694,656	-	378,430	7,157,198

(1) During the year \$164,756 of funds, received in error in the prior year (2017), were returned to correct this error.

MEDICAL ALUMNI ASSOCIATION OF THE UNIVERSITY OF TORONTO

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JULY 31, 2018

	2018	2017
Operating Activities		
Excess of expenses over revenue	8,995	\$ (49,629)
Non-cash items		
Unrealized loss on unrestricted investments	1,247	48
Realized (gain) loss on sale of unrestricted investments	(266)	13
Allocation of 1% administration fee	(62,852)	(44,976)
Loans advanced	(180,000)	(92,000)
Loans repayments received	94,850	124,000
Allowance for doubtful accounts (recovery)	(2,000)	10,250
Change in non-cash working capital (see below)	(17,801)	36,258
	(157,827)	(16,036)
Investing Activities		
Restricted contributions	61,035	2,030,977
Scholarships, bursaries and disbursements from restricted funds	(354,748)	(197,727)
Allocation of investment income (excluding capital gains) to restricted fund balances	151,642	132,917
Purchase of investments	(467,183)	(3,863,980)
Proceeds on disposal of investments	496,848	1,981,055
	(112,406)	83,242
(Decrease) Increase in Cash	(270,233)	67,206
Cash and cash equivalents, Beginning of Year	376,851	309,645
Cash, End of Year	\$ 106,618	\$ 376,851
Cash consists of:		
Bank account	50,137	325,866
Cash held in investment accounts	56,481	50,985
	\$ 106,618	\$ 376,851
Change in Non-Cash Working Capital		
Other receivable	\$ (3,000)	\$ -
Inventory	1,478	1,478
Government receivables	(821)	20,025
Accrued liabilities	(12,652)	11,885
Government payable	(2,806)	2,870
	\$ (17,801)	\$ 36,258

(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, 2018

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 this 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, 2018

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, 2018.

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, 2018

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 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 \$104,700 (2017 - \$88,350).

5. Investments

	2018 Fair Value	2017 Fair Value
Short term investments	\$ 126,385	\$ 244,607
Fixed income and related securities	2,779,271	2,725,515
Common equity and related securities	3,596,856	3,264,082
	\$ 6,502,512	\$ 6,234,204

Unrealized gains included in the investment total is \$1,075,347 (2017 - \$696,917). The investment management fees incurred for the year were \$24,217 (2017 -\$19,542). 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. The investments are managed as a long term asset and as result are disclosed as such. This presentation change has been made for 2018 and the comparative year.

MEDICAL ALUMNI ASSOCIATION OF THE UNIVERSITY OF TORONTO

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JULY 31, 2018

6. Restriction on Net Assets

The Board of Directors recognizes restrictions on net assets of \$7,175,679 (2017 - \$7,081,648) 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