

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

**FINANCIAL STATEMENTS
AS AT
JULY 31, 2019**

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INDEPENDENT AUDITORS' REPORT

To the Directors
Medical Alumni Association of the University of Toronto

Qualified Opinion

We have audited the financial statements of Medical Alumni Association of the University of Toronto which comprise the balance sheet as at July 31, 2019, and the statements of operations and changes in unrestricted net assets, changes in restricted net assets, and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, except for the 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, 2019, and its results of 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

The Association provides zero interest loans to students as part of its mandate in providing financial assistance to students. These loans are not recorded at fair value which represents a departure from Canadian accounting standards for not-for-profit organizations. As the loans have never been recorded at fair value, we were not able to determine whether any adjustments might be necessary to revenues, excess of revenue over expenditure, net assets or loans receivable for the years ended July 31, 2019 and July 31, 2018. The predecessor auditors' opinion on the financial statements for the year ended July 31, 2018 was modified because of the effects of this departure from Canadian accounting standards for not-for-profit organizations.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditors' 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 audit opinion.

Other Matter

The financial statements for the year ended July 31, 2018 were audited by another auditor who expressed a qualified opinion on those financial statements on October 17, 2018 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 Canadian accounting standards for not-for-profit organizations, 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.



Auditors' 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 auditors' 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 auditors' 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 auditors' 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.

Glenn Graydon Wright LLP

Chartered Professional Accountants
Licensed Public Accountants
Oakville, Ontario
October 23, 2019

MEDICAL ALUMNI ASSOCIATION OF THE UNIVERSITY OF TORONTO

Balance sheet

As at July 31, 2019

	2019	2018
Assets		
Current assets		
Cash and cash equivalents	\$ 223,769	106,618
Government remittances receivable	15,974	17,875
Other receivable	-	3,000
Current portion of loans receivable (Note 4)	97,100	104,700
	336,843	232,193
Long-term assets		
Loans receivable (Note 4)	536,650	456,400
Investments (Note 5)	6,437,950	6,502,512
	6,974,600	6,958,912
	\$ 7,311,443	7,191,105
Liabilities and net assets		
Current liabilities		
Accounts payable and accrued liabilities	\$ 21,009	33,843
Government remittances payable	-	64
	21,009	33,907
Net assets		
Restricted net assets (Notes 6)	7,340,805	7,175,679
Unrestricted net assets	(50,371)	(18,481)
	7,290,434	7,157,198
	\$ 7,311,443	7,191,105

Approved by the Board

Director

Director



MEDICAL ALUMNI ASSOCIATION OF THE UNIVERSITY OF TORONTO

Statement of operations and changes in unrestricted net assets

For the year ended July 31, 2019

	2019	2018
Revenue		
Donations	\$ 234,430	287,531
Administration fee charged to restricted funds	65,590	62,852
Unrealized investment gain (loss)	87	(1,247)
Realized investment loss	(1,904)	(233)
	298,203	348,903
Expenditure		
Appeals	41,543	50,565
General	20,461	15,057
Insurance	4,417	3,508
Office	6,221	2,691
Professional fees	25,045	28,738
Salaries, wages and government taxes	122,249	118,874
	219,936	219,433
Excess of revenue over expenditure, before other	78,267	129,470
Other expenses		
Scholarships and bursaries	25,000	20,670
Alumni affairs		
Alumni events	19,767	27,940
Newsletters and magazine	65,390	71,865
	85,157	99,805
Total expenses	330,093	339,908
Excess of (expenditure over revenue) revenue over expenditure for year	(31,890)	8,995
Unrestricted net assets, beginning of year	(18,481)	(27,476)
Unrestricted net assets, end of year	\$ (50,371)	(18,481)



MEDICAL ALUMNI ASSOCIATION OF THE UNIVERSITY OF TORONTO

Statement of changes in restricted net assets

For the year ended July 31, 2019

	2019	2018
Restricted net assets , beginning of year	\$ 7,175,679	7,081,648
Donations and bequests	102,303	61,035
Realized investment income allocation	397,770	70,920
Disbursements, scholarships and bursaries	(251,357)	(354,748)
Administration charged from General Fund	(65,590)	(62,852)
Change in unrealized (losses) gains	(18,000)	379,676
Restricted net assets , end of year	\$ 7,340,805	7,175,679



MEDICAL ALUMNI ASSOCIATION OF THE UNIVERSITY OF TORONTO

Statement of changes in restricted net assets

For the year ended July 31, 2019

	Balance July 31 2018	Transfers between funds	Donations and bequests	Realized investment income	Disbursements scholarships and bursaries	1% administration charge	Changes in unrealized gains during year	Balance July 31 2019
Access to Excellence Fund	\$ 2,130	-	-	120	-	(19)	(5)	2,226
Barbara M. Hardy Memorial Award	127,506	-	-	7,104	(3,800)	(1,166)	(321)	129,323
C. Grant Hepburn Award Fund	80,974	-	-	4,512	(2,400)	(741)	(204)	82,141
Class of 1989 Award	8,208	-	-	459	(200)	(75)	(21)	8,371
5T7 re Huffman	39,514	-	200	2,208	(1,150)	(361)	(100)	40,311
Class of 8T2 Fund	3,234	-	-	183	-	(30)	(8)	3,379
Class of 9T4 Student Fund	21,184	-	1,990	1,226	(1,000)	(194)	(56)	23,150
David Eberle Memorial	8,953	-	-	499	(250)	(82)	(23)	9,097
Dr. Agnes Kwasnicka Mem OT4	16,780	-	180	940	(500)	(153)	(43)	17,204
Dr. Bernard A. Manace Award	35,142	-	700	2,008	-	(321)	(91)	37,438
Dr. Bill and Penny Harris Fund	5,166	-	-	152	(5,000)	-	(7)	311
Dr. Charlotte Hahn Memorial Fund	1,922,886	-	-	107,125	(57,600)	(17,589)	(4,848)	1,949,974
Dr. Delbert S. Hoare Medical Undergraduate Award	19,613	-	-	1,094	(550)	(179)	(49)	19,929
Dr. E. Mary Hollington Award	35,857	-	-	1,998	(1,050)	(328)	(90)	36,387
Dr. Edwards Endowment Fund	34,733	-	-	1,936	(1,000)	(318)	(88)	35,263
Dr. Ernest J. Clifford Medical Alumni Association Undergraduate Loan	694,782	(1,672)	-	39,052	(8,659)	(6,355)	(1,767)	715,381
Dr. F. Peggy Hill Estate	121,712	-	-	6,783	(3,555)	(1,113)	(307)	123,520
Dr. Helen Holden Quinian Bursaries	355,650	-	-	19,814	(10,650)	(3,253)	(897)	360,664
Dr. I. Markens Fund	10,161	-	-	566	(300)	(93)	(26)	10,308
Dr. James Boyce Student Bursary	29,545	-	-	1,647	(850)	(270)	(75)	29,997
Dr. L. Nelles Silverthorne Award	4,022	-	-	227	-	(36)	(10)	4,203
Dr. Liz Gillespie Memorial	14,956	-	-	835	(400)	(137)	(38)	15,216
Dr. Martin Berger 5T7 Fund	11,160	-	400	631	(400)	(102)	(29)	11,660
Dr. Nancy Katherine Ironside Fund	119	-	4,000	64	(2,000)	(1)	(3)	2,179
Dr. Robert P. Orange	27,021	-	2,200	1,568	(800)	(247)	(71)	29,671
Drs. Carl and Ann Witus Award	1,141,650	-	-	63,708	(30,445)	(10,443)	(2,883)	1,161,587
Dr. Sherwood P. & Judith G. Smith	121,034	3,344	5,425	6,692	(10,850)	(1,107)	(303)	124,235
Elve May Rowe Fund	452,287	-	-	25,175	(14,310)	(4,137)	(1,139)	457,876



MEDICAL ALUMNI ASSOCIATION OF THE UNIVERSITY OF TORONTO

Statement of changes in restricted net assets

For the year ended July 31, 2019

	Balance July 31 2018	Transfers between funds	Donations and bequests	Realized investment income	Disbursements scholarships and bursaries	1% administration charge	Changes in unrealized gains during year	Balance July 31 2019
Ganguli Family Award	\$ 16,360	-	-	913	(450)	(150)	(41)	16,632
Harris Family Award in Oncology	128,029	-	-	7,134	(3,800)	(1,171)	(323)	129,869
Harry Whittaker	45,491	-	-	2,573	-	(416)	(116)	47,532
I.M.A. Canadian Branch	103	-	-	5	-	(1)	-	107
Irving Gollish Class of 5T7 Fund	28,724	-	200	1,606	(850)	(263)	(73)	29,344
Janet K. Ross Fund	31,516	-	-	1,757	(900)	(288)	(80)	32,005
John A. Howe Scholarship Fund	8,852	-	-	344	(5,500)	(81)	(16)	3,599
MAA Bursary Fund	-	-	10,000	-	(5,000)	-	-	5,000
MAA Faculty Campaign	8,068	-	-	456	-	(74)	(21)	8,429
Meds 4T6	79,132	-	-	4,439	(1,300)	(724)	(201)	81,346
Meds 6T3 50th Reunion	16,200	-	2,000	973	-	(148)	(44)	18,981
Ontario Medical Student Bursary	1,475	-	300	92	-	(14)	(4)	1,849
Pediatric Endowment	11,472	-	300	657	-	(105)	(30)	12,294
Robert Duff Barron 3T9 Fund	31,711	-	-	1,767	(950)	(290)	(80)	32,158
Robert Elgin Towle Interest Loan	178,915	-	-	9,627	(17,351)	(1,637)	(436)	169,118
Robert Elgin Towle Loan	308,309	(1,672)	-	17,329	(3,842)	(2,820)	(784)	316,520
Samuel J. Streight Scholarship	10,142	-	-	565	(300)	(93)	(26)	10,288
Ted & Maeve Lindenfield Fund	52,739	-	-	2,939	(1,550)	(482)	(133)	53,513
The Kurdyak Family Fund	225,943	-	-	12,557	(7,835)	(2,067)	(568)	228,030
Dr. Ruth Kurdyak MAA Bursary	46,474	-	74,408	-	(36,000)	(425)	-	84,457
Tom Fejer Lectureship Fund	7,269	-	-	411	-	(66)	(19)	7,595
Dr. Alan R. Kindler Fund	5,803	-	-	328	-	(56)	(12)	6,063
Weber Bursary Fund	40,495	-	-	2,256	(1,200)	(370)	(102)	41,079
Potter Fund – sequestered	127,952	-	-	7,192	(1,595)	(1,170)	(325)	132,054
Angus Fund – sequestered	96,865	-	-	5,445	(1,207)	(886)	(246)	99,971
Rowe Fund – sequestered	200,459	-	-	11,267	(2,498)	(1,834)	(510)	206,884
Carpenter Fund – sequestered	121,202	-	-	6,812	(1,510)	(1,109)	(308)	125,087
Total Restricted Funds	7,175,679	-	102,303	397,770	(251,357)	(65,590)	(18,000)	7,340,805
General Fund	(18,481)	-	234,430	(1,904)	(330,093)	65,590	87	(50,371)
Net assets total 2019	\$ 7,157,198	-	336,733	395,866	(581,450)	-	(17,913)	7,290,434



MEDICAL ALUMNI ASSOCIATION OF THE UNIVERSITY OF TORONTO
Statement of cash flows
For the year ended July 31, 2019

	2019	2018
Cash flows from (used in) operating activities		
Excess of (expenditure over revenue)		
revenue over expenditure for year	\$ (31,890)	8,995
Adjustments for		
Unrealized loss on unrestricted investments	(87)	1,247
Realized loss (gain) on sale of unrestricted investments	1,113	(266)
Allocation of administration fee	(65,590)	(62,852)
	(96,454)	(52,876)
Changes in non-cash working capital		
Decrease (increase) in government remittances receivable	1,901	(821)
Decrease (increase) in other receivable	3,000	(3,000)
Decrease in inventory	-	1,478
Decrease in accounts payable and accrued liabilities	(12,834)	(12,652)
Decrease in government remittances payable	(64)	(2,806)
Cash flows used in operating activities	(104,451)	(70,677)
Cash flows from (used in) investing activities		
Restricted contributions	102,303	61,035
Scholarships, bursaries and disbursements from restricted funds	(251,357)	(354,748)
Allocation of investment income, excluding realized gains, to Restricted Fund balances	165,231	151,642
Loans advanced	(180,000)	(180,000)
Loan repayments	106,250	94,850
Allowed (recovery) of doubtful accounts	1,100	(2,000)
Purchase of investments	(707,780)	(467,183)
Proceeds on sale of investments	985,855	496,848
Cash flows from (used in) investing activities	221,602	(199,556)
Net increase (decrease) in cash during year	117,151	(270,233)
Cash and cash equivalents, beginning of year	106,618	376,851
Cash and cash equivalents, end of year	\$ 223,769	106,618
Consists of:		
Bank	\$ 126,725	50,137
Cash held in investment accounts	97,044	56,481
	\$ 223,769	106,618



MEDICAL ALUMNI ASSOCIATION OF THE UNIVERSITY OF TORONTO

Notes to financial statements

As at July 31, 2019

1. Purpose of the organization

The Medical Alumni Association of the University of Toronto (the "Association") is incorporated without share capital under the laws of Ontario as a registered charity. 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

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies where alternatives are available:

a) Management estimates

The preparation of the financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management 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 reporting period. By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be significant.

b) Basis of accounting

The Association follows the deferral method of accounting for contributions.

c) Cash and cash equivalents

Cash and cash equivalents include cash on hand and balances with banks, net of bank overdrafts and highly liquid temporary money market instruments with original maturities of three months or less.

e) Property, plant and equipment

Due to the size of the entity, property, plant and equipment purchased are expensed in the statement of operations, general expenditure in the period of purchase. The amount of property, plant and equipment expensed in the current period amounted to \$3,000.



MEDICAL ALUMNI ASSOCIATION OF THE UNIVERSITY OF TORONTO**Notes to financial statements****As at July 31, 2019**

2. Significant accounting policies – continued**f) Fund accounting**

Revenue and expenses for administration of the Association 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.

Endowments 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 resource 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 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.

g) Revenue recognition

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. Endowment 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.

h) Contributed materials and services

The value of contributed materials and services and volunteer time is not reflected in these financial statements.

3. Financial instruments**a) Fair value**

The Association initially measures its financial assets and liabilities at fair value, except for certain non-arm's length transactions. The entity subsequently measures all its financial assets and financial liabilities at cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value.



MEDICAL ALUMNI ASSOCIATION OF THE UNIVERSITY OF TORONTO
Notes to financial statements
As at July 31, 2019

3. Significant accounting policies – continued

b) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in underlying market factors. The Association is exposed to foreign currency risk, interest risk and credit risk.

i) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

A portion of the Association's investments are denominated in foreign currencies.

ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Association's loans receivable and a portion of the Association's investments bear interest at fixed rates or are non-interest bearing. Consequently, the cash flow risks are not significant. However, there is a risk of fair value on these parts of the assets.

iii) Credit risk

Credit risk is the risk that one party to a financial investment will cause a loss for the other party by failing to discharge an obligation.

The Association is subject to credit risk. To mitigate this, the Association actively manages and monitors its receivables. Bad debt experience has not been significant.

c) Liquidity risk

Liquidity risk is the risk that the Association cannot meet a demand for cash or fund its obligations as they come due. Unless otherwise noted, the Association is not subject to significant liquidity risk. The Association manages liquidity risk by:

- investing in liquid fixed income securities and cash equivalents that, if necessary, can be sold to generate cash flow.
- holding financial assets for which there is not a liquid market, but which are expected to generate cash inflows that will be available to meet cash outflows on liabilities.



MEDICAL ALUMNI ASSOCIATION OF THE UNIVERSITY OF TORONTO

Notes to financial statements

As at July 31, 2019

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.

	2019	2018
Loans receivables	\$ 644,000	570,250
Less allowance for doubtful accounts	(10,250)	(9,150)
	<u>633,750</u>	<u>561,100</u>
Less current portion	(97,100)	(104,700)
	<u>\$ 536,650</u>	<u>456,400</u>

5. Investments

	2019	2018
Short-term investments	\$ -	126,385
Fixed income and related securities	2,657,969	2,779,271
Common equity and related securities	<u>3,779,981</u>	<u>3,596,856</u>
	<u>\$ 6,437,950</u>	<u>6,502,512</u>

Unrealized gains included in the investment total is \$1,057,432 (2018 - \$1,075,347). The investment management fees incurred for the year were \$24,294 (2018 - \$24,217). 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 a result, are disclosed as such.

6. Restricted net assets

The Board of Directors recognizes restrictions on net assets of \$7,340,805 (2018 - \$7,175,679) to use to provide financial assistance by way of non-interest bearing loans to undergraduate medical students, bursaries, scholarships and elective travel grants.

7. Income tax status

The organization is a not-for-profit organization and is therefore exempt from income taxes under Section 149(1)(t) of the Income Tax Act.

