



**Medical Alumni Association**  
University of Toronto

FINANCIAL STATEMENTS

JULY 31, 2012

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

**FINANCIAL STATEMENTS**

JULY 31, 2012

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October 5, 2012

## AUDIT 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, 2012, 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 generally accepted accounting principles 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 audit opinion.

#### *Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of Medical Alumni Association as at July 31, 2012, its financial performance and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles 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, 2012

	2012	2011
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 483,798	\$ 89,748
Accrued interest receivable	-	7,695
Current portion of loans receivable (Note 5)	168,750	169,300
Government receivables	12,743	18,425
Investments (Note 6)	3,145,246	3,422,034
	<b>3,810,537</b>	<b>3,707,202</b>
<b>LONG TERM ASSETS</b>		
LOANS RECEIVABLE (Note 5)	657,350	700,365
	<b>657,350</b>	<b>700,365</b>
	<b>\$ 4,467,887</b>	<b>\$ 4,407,567</b>
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Accrued liabilities	\$ 59,652	\$ 40,264
	<b>59,652</b>	<b>40,264</b>
<b>NET ASSETS</b>		
RESTRICTED NET ASSETS (Note 7 and 8)	4,450,685	4,316,491
UNRESTRICTED NET (DEFICIENCY) ASSETS (Note 7)	(42,450)	50,812
	<b>4,408,235</b>	<b>4,367,303</b>
	<b>\$ 4,467,887</b>	<b>\$ 4,407,567</b>

(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, 2012

	2012	2011
<b>REVENUES</b>		
Donations	\$ 314,481	\$ 315,498
Unrealized (loss) gain	(537)	1,590
Investment income	811	3,872
Miscellaneous	780	109
	<b>315,535</b>	<b>321,069</b>
<b>OPERATING EXPENSES</b>		
Appeals	61,336	57,651
General	20,171	24,477
Insurance	3,336	3,374
Investment management fees	14,425	12,967
Office	5,860	8,260
Professional fees	28,788	18,925
Salaries, wages and government taxes	152,060	129,620
	<b>285,976</b>	<b>255,274</b>
<b>OPERATING SURPLUS</b>	<b>29,559</b>	<b>65,795</b>
<b>OTHER EXPENSES</b>		
Scholarships and bursaries	24,970	17,897
Transfer from General Fund to Weber Bursary Fund	13,591	-
	<b>38,561</b>	<b>17,897</b>
<b>ALUMNI AFFAIRS</b>		
Alumni events	36,458	36,225
Newsletters and magazine	47,802	57,062
	<b>84,260</b>	<b>93,287</b>
<b>DEFICIENCY OF REVENUES OVER EXPENSES FOR THE YEAR</b>	<b>(93,262)</b>	<b>(45,389)</b>
<b>UNRESTRICTED ASSETS AT BEGINNING OF YEAR</b>	<b>50,812</b>	<b>96,201</b>
<b>UNRESTRICTED (DEFICIENCY) ASSETS AT END OF YEARS</b>	<b>(42,450)</b>	<b>\$ 50,812</b>

(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, 2012**

Fund Name	Cost			Disbursements Scholarships and Bursaries	Fund Transfers	Unrealized Gains/(Losses) During year	Cost Balance July 31, 2012
	Balance July 31, 2011	Donations and Bequests	Investment Income				
Access to Excellence Fund	\$ 1,586	\$ -	\$ 75	\$ -		\$ (50)	\$ 1,612
Barbara M. Hardy Memorial Award	67,719	16,658	3,582	1,000		(2,372)	84,588
C. Grant Hepburn Award Fund	71,327	-	3,335	2,000		(2,208)	70,454
Class of 1989 Award	7,206	-	338	150		(224)	7,170
5T7 re Huffman	31,035	465	1,464	800		(969)	31,195
Class of 8T2 Fund	2,327	-	110	-		(73)	2,365
Class of 9T4 Student Fund	-	5,000	119	-		(78)	5,040
David Eberle Memorial	7,180	-	336	200		(222)	7,094
Dr. Bernard A. Manace Award	25,638	1,000	1,204	1,500		(797)	25,545
Dr. Delbert S. Hoare Medical Undergraduate Award	16,763	-	788	300		(522)	16,729
Dr. E. Mary Hollington Award	31,099	-	1,456	800		(964)	30,791
Dr. Edwards Endowment Fund	-	15,165	360	-		(238)	15,286
Dr. Ernest J. Clifford Medical Alumni Association Undergraduate Loan	561,669	-	26,519	8,277		(17,558)	562,353
Dr. F. Peggy Hill Estate	-	100,000	2,371	-		(1,570)	100,801
Dr. Helen Holden Quinlan Bursaries	326,955	-	15,148	15,000		(10,029)	317,074
Dr. I Markens Fun	6,647	-	315	-		(209)	6,754
Dr. L. Nelles Silverthorne Award	2,894	-	137	-		(91)	2,941
Dr. Liz Gillespie Memorial	11,307	-	536	-		(355)	11,488
Dr. Martin Berger 5T7 Fund	10,034	90	468	400		(310)	9,882
Dr. Robert P. Orange	15,568	-	729	400		(482)	15,415
Drs. Carl and Ann Witus Award	975,468	-	45,731	22,060		(30,278)	968,862
Elva May Rowe Fund	422,721	-	19,690	14,950		(13,036)	414,425
Harris Family Award in Oncology	68,205	16,658	3,605	1,000		(2,387)	85,081
Harry Whittaker	33,238	-	1,564	500		(1,036)	33,267
Harvey Potter Fund	235,566	-	11,170	-		(7,395)	239,340
I.M.A. Canadian Branch	436	-	21	-		(14)	443
Irving Gollish Class of 5T7 Fund	23,152	200	1,091	500		(722)	23,221
Janet K. Ross Fund	27,060	-	1,271	500		(842)	26,989
John A Howe Scholarship Fund	-	5,500	-	5,500		-	-
MAA Faculty Campaign	5,806	-	275	-		(182)	5,899
Meds 4T6	53,853	350	2,533	1,200		(1,677)	53,859
Ontario Medical Student Bursary	2,412	2,700	84	4,000		(55)	1,141
Pediatric Endowment	6,443	300	313	-		(207)	6,849
Robert Duff Barron 3T9 Fund	27,262	-	1,281	500		(848)	27,195
RE Haiste Award Fund	-	200	-	200		-	-
Robert Elgin Towle interest Loan	44,281	-	1,708	16,501		(1,131)	28,357
Robert Elgin Towle Loan	436,325	-	20,601	6,430		(13,640)	436,857
Samuel J. Streight Scholarship	8,704	-	408	200		(270)	8,641
Ted & Maeve Lindenfield Fund	45,707	-	2,144	1,000		(1,419)	45,432
The Kurdyak Family Fund	201,173	-	9,396	6,028		(6,221)	198,321
Dr. Ruth Kurdyak MAA Bursary	40,787	42,026	-	36,000		-	46,813
Tom Fejer Lectureship Fund	5,658	-	268	-		(178)	5,749
Weber Bursary Fund	16,410	-	1,091	400	13,590	(722)	29,968
Potter fund - sequestered	102,750	-	4,851	1,514		(3,212)	102,875
Angus fund - sequestered	77,786	-	3,673	1,146		(2,432)	77,881
Rowe fund - sequestered	161,000	-	7,602	2,373		(5,033)	161,196
Carpenter fund - sequestered	97,330	-	4,595	1,434		(3,043)	97,449
	4,316,490	206,313	204,354	154,763	13,590	(135,300)	4,450,685
General Operating Fund	50,811	315,261	811	395,206	(13,590)	(537)	(42,450)
	\$ 4,367,301	\$ 521,573	\$ 205,165	\$ 549,969	\$ -	\$ (135,836)	\$ 4,408,235

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

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JULY 31, 2012

	2012	2011
<b>Operating Activities</b>		
Excess of disbursements over receipts	\$ (93,262)	\$ (45,389)
Non-cash items		
Unrealized gains on unrestricted investments	537	(1,590)
Loans advanced	(144,000)	(98,000)
Loans repayments received	182,300	172,116
Change in non-cash working capital (see below)	32,765	7,172
	<b>(21,660)</b>	<b>34,309</b>
<b>Investing and Financing Activities</b>		
Restricted contributions	206,313	706,098
Scholarships, bursaries and disbursements from restricted funds	(154,763)	(210,121)
Allocation of Investment income and unrealized losses/gains to restricted fund balances	69,055	(225,261)
Investment income and unrealized gains on restricted investments	(22,999)	191,900
Purchase of investments	(915,566)	(1,521,922)
Proceeds on disposal of investments	1,215,351	866,327
Transfer from investment accounts to operating account, net	4,729	75,000
Transfer from operating to restricted funds	13,590	-
	<b>415,710</b>	<b>(117,979)</b>
<b>Increase (Decrease) in Cash</b>	<b>394,050</b>	<b>(83,670)</b>
<b>Cash and cash equivalents, Beginning of Year</b>	<b>89,748</b>	<b>173,418</b>
<b>Cash, End of Year</b>	<b>\$ 483,798</b>	<b>\$ 89,748</b>
<b>Cash consists of:</b>		
<b>Bank account</b>	<b>262,361</b>	<b>44,318</b>
<b>Cash held in investment accounts</b>	<b>221,437</b>	<b>45,430</b>
	<b>\$ 483,798</b>	<b>\$ 89,748</b>
<b>Change in Non-Cash Working Capital</b>		
Accrued interest receivable	7,695	(4,600)
Government receivables	5,682	(3,528)
Accrued liabilities	19,388	15,300
	<b>\$ 32,765</b>	<b>\$ 7,172</b>

(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, 2012

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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 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) 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.

#### (b) 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 Endowment Fund 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.

#### (c) 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 gains and losses are reported in the statement of operations while unrealized gains



# MEDICAL ALUMNI ASSOCIATION OF THE UNIVERSITY OF TORONTO

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JULY 31, 2012

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and losses on available-for-sale financial assets are included directly in net assets until the asset is removed from the statement of financial position or reclassified.

### (d) **Financial Instruments**

#### **Measurement of financial instruments**

The enterprise initially measures its financial assets and financial liabilities at fair value. The enterprise subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in net income.

Financial assets measured at amortized cost include cash, term deposits and loans receivable.

Financial liabilities measured at amortized cost include account payable and accrued liabilities.

The enterprise's financial assets measured at fair value include quoted shares.

#### **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 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 recognizes its transaction costs in net income in the period incurred and charged against the general fund.

### **3. Impact of the Change in The Basis of Accounting**

The enterprise has elected to apply the standards in Part II of the CICA Handbook – Accounting, Canadian accounting standards for not-for-profit enterprises. These financial statements are the first financial statements prepared in accordance with new Canadian accounting standards for not-for-profit enterprises.

The financial statements for the year ended July 31, 2012 were prepared in accordance with the accounting principles described and the provisions set out in Section 1501, First-time Adoption, of CICA Handbook – Accounting for first-time adopters of this basis of accounting.

As a result of the adoption of the new standards, no changes were necessary to opening retained earnings and the opening balance sheet for the year ended July 31, 2012 is substantially the same as that shown for the year ended July 31, 2011.

# MEDICAL ALUMNI ASSOCIATION OF THE UNIVERSITY OF TORONTO

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JULY 31, 2012

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### **4. 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, 2012.

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 Association'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. 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.

### **5. 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 following year is estimated as \$168,750 (2011 - \$169,300).

# MEDICAL ALUMNI ASSOCIATION OF THE UNIVERSITY OF TORONTO

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JULY 31, 2012

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### 6. Investments

	2012		2011	
	Cost	Fair Value	Cost	Fair Value
Shares of public companies and mutual funds traded on the open market	\$ 2,933,362	\$ 3,145,246	\$ 2,783,422	\$ 3,127,010
Bonds, 1.5% to 6.25%, maturing April 12, 2012 to June 30, 2022	-	-	290,893	295,024
	<b>\$ 2,933,362</b>	<b>\$ 3,145,246</b>	<b>\$ 3,074,315</b>	<b>\$ 3,422,034</b>

### 7. Restriction on Net Assets

The Board of Directors recognizes restrictions on net assets of \$4,450,685 (2011 - \$4,316,491 ) to use to provide financial assistance by way of non-interest bearing loans to undergraduate medical students, bursaries, scholarships and elective travel grants.

### 8. 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