



Medical Alumni Association
University of Toronto

FINANCIAL STATEMENTS

JULY 31, 2013

MEDICAL ALUMNI ASSOCIATION OF THE UNIVERSITY OF TORONTO

FINANCIAL STATEMENTS

JULY 31, 2013

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October 17, 2013

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, 2013, 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 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 generally accepted accounting principles 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, 2013, 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, 2013

	2013	2012
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 155,080	\$ 483,798
Current portion of loans receivable (Note 4)	179,450	168,750
Government receivables	35,450	12,743
Investments (Note 5)	3,588,896	3,145,246
	3,958,876	3,810,537
LONG TERM ASSETS		
LOANS RECEIVABLE (Note 4)	574,004	657,350
	574,004	657,350
	\$ 4,532,880	\$ 4,467,887
LIABILITIES		
CURRENT LIABILITIES		
Accrued liabilities	\$ 23,046	\$ 59,652
	23,046	59,652
NET ASSETS		
RESTRICTED NET ASSETS (Note 6, 7 & 8)	4,565,772	4,411,586
UNRESTRICTED NET DEFICIENCY (Note 6 and 8)	(55,938)	(3,351)
	4,509,834	4,408,235
	\$ 4,532,880	\$ 4,467,887

(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, 2013

	2013	2012
REVENUES		
Donations	\$ 316,019	\$ 314,481
Unrealized loss	(749)	(1,125)
Investment (loss) income	(706)	1,580
Miscellaneous	425	780
	314,989	315,716
OPERATING EXPENSES		
Appeals	47,893	61,336
General	21,156	20,171
Insurance	3,181	3,336
Office	5,673	5,860
Professional fees	31,174	28,788
Salaries, wages and government taxes	138,954	152,060
	248,031	271,551
OPERATING SURPLUS	66,958	44,165
OTHER EXPENSES		
Scholarships and bursaries	20,710	24,970
Transfer from General Fund to Weber Bursary Fund	-	13,591
	20,710	38,561
ALUMNI AFFAIRS		
Alumni events	43,157	36,458
Newsletters and magazine	55,678	47,802
	98,835	84,260
DEFICIENCY OF REVENUES OVER EXPENSES FOR THE YEAR (Note 8)	(52,587)	(78,656)
UNRESTRICTED (DEFICIENCY) ASSETS AT THE BEGINNING OF YEAR	(3,351)	75,305
UNRESTRICTED DEFICIENCY AT THE END OF YEAR	\$ (55,938)	\$ (3,351)

(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, 2013						
				Disbursements		
				Scholarships and	Unrealized	
	Balance	Donations	Investment	Bursaries	Gains / (Losses)	Balance
	July 31, 2012	and Bequests	Income	& Expenses	During Year	July 31, 2013
Access to Excellence Fund	1,543	-	38		40	1,620
Barbara M. Hardy Memorial Award	84,170	-	2,044	1,000	2,169	87,383
C. Grant Hepburn Award Fund	69,759	-	1,679	2,000	1,783	71,221
Class of 1989 Award	7,100	-	172	150	182	7,304
5T7 re Huffman	30,906	805	755	800	801	32,467
Class of 8T2 Fund	2,342	-	57	-	61	2,460
Class of 9T4 Student Fund	5,032	-	123	-	130	5,285
David Eberle Memorial	7,024	-	169	200	180	7,172
Dr. Agnes Kwasnicka Mem 0T4	-	5,580	68	-	72	5,720
Dr. Bernard A. Manace Award	25,299	200	620	-	659	26,778
Dr. Delbert S. Hoare Medical	-	-	-	-	-	-
Undergraduate Award	16,567	-	401	300	426	17,093
Dr. E. Mary Hollington Award	30,488	-	735	800	780	31,203
Dr. Edwards Endowment Fund	15,261	-	373	-	396	16,030
Dr. Ernest J. Clifford Medical Alumni	-	-	-	-	-	-
Association Undergraduate Loan	556,880	-	13,510	7,479	14,342	577,253
Dr. F. Peggy Hill Estate	100,636	-	2,458	-	2,609	105,703
Dr. Helen Holden Quinlan Bursaries	313,815	-	7,482	15,000	7,942	314,239
Dr. I. Markens fund	6,690	-	163	-	173	7,027
Dr. James Boyce Student Bursary	-	25,034	306	-	325	25,665
Dr. L. Nelles Silverthorne Award	2,913	-	71	-	76	3,059
Dr. Liz Gillespie Memorial	11,378	-	278	-	295	11,951
Dr. Martin Berger 5T7 Fund	9,783	-	234	400	248	9,866
Dr. Robert P. Orange	15,263	-	368	400	391	15,621
Dr. Carl and Ann Witus Award	962,182	-	23,236	21,657	24,667	988,428
Elva May Rowe Fund	410,299	-	9,847	14,257	10,453	416,343
Harris Family Award in Oncology	84,549	-	2,053	1,000	2,179	87,782
Harry Whittaker Fund	32,944	-	805	-	854	34,603
Harvey Potter Fund	237,071	-	5,790	-	6,147	249,008
I.M.A. Canadian Branch	439	-	11	-	11	461
Irving Gollish Class of 5T7 Fund	22,996	400	560	500	595	24,051
Janet K. Ross Fund	26,726	-	647	500	686	27,559
John A. Howe Scholarship Fund	-	15,500	122	5,500	130	10,252
MAA Faculty Campaign	5,843	-	143	-	151	6,137
Meds 4T6	53,259	1,000	1,298	1,200	1,378	55,735
Meds 6T3 50th Reunion	-	950	12	-	12	974
Ontario Medical Student Bursary	1,111	2,300	15	3,300	16	142
Pediatric Endowment	6,788	300	169	-	180	7,438
Robert Duff Barron 3T9 Fund	26,930	-	652	500	692	27,773
Robert Elgin Towle interest Loan	27,856	-	476	16,716	506	12,123
Robert Elgin Towle Loan	432,605	-	10,495	5,810	11,141	448,431
Samuel J. Streight Scholarship	8,557	-	207	200	219	8,783
Ted & Maeve Lindenfield Fund	44,987	-	1,087	1,000	1,153	46,227
The Kurdyak Family Fund	196,204	-	4,724	5,610	5,014	200,332
Dr. Ruth Kurdyak MAA Bursary	46,813	43,500	-	46,500	-	43,813
Tom Fejer Lectureship Fund	5,694	-	139	-	148	5,980
Weber Bursary Fund	29,783	-	715	1,000	759	30,258
Potter fund - sequestered	101,874	-	2,471	1,368	2,624	105,601
Angus fund - sequestered	77,123	-	1,871	1,036	1,986	79,944
Rowe fund - sequestered	159,603	-	3,872	2,143	4,110	165,442
Carpenter fund - sequestered	96,501	-	2,341	1,296	2,485	100,031
	4,411,586	95,570	105,861	159,620	112,377	4,565,772
General Operating Fund	(3,351)	316,444	(706)	367,576	(750)	(55,938)
	4,408,235	412,014	105,155	527,197	111,628	4,509,834

MEDICAL ALUMNI ASSOCIATION OF THE UNIVERSITY OF TORONTO

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JULY 31, 2013

	2013	2012
Operating Activities		
Excess of disbursements over receipts	\$ (52,587)	\$ (78,656)
Non-cash items		
Unrealized gains on unrestricted investments	749	537
Loans advanced	(106,000)	(144,000)
Loans repayments received	187,411	182,300
Recovery of bad debts, net of current year allowance	(8,765)	-
Change in non-cash working capital (see below)	(59,313)	32,765
	(38,505)	(7,054)
Investing Activities		
Restricted contributions	95,570	206,313
Scholarships, bursaries and disbursements from restricted funds	(159,620)	(154,763)
Allocation of investment income and unrealized losses/gains to restricted fund balances	218,238	69,055
Investment income and unrealized gains on restricted investments	(118,421)	(22,999)
Purchase of investments	(1,380,428)	(915,566)
Proceeds on disposal of investments	1,054,448	1,215,351
Transfer from investment accounts to operating account, net	-	4,729
Transfer from operating to restricted funds	-	13,590
	(290,213)	415,710
(Decrease) Increase in Cash	(328,718)	448,475
Cash and cash equivalents, Beginning of Year	483,798	89,748
Cash, End of Year	\$ 155,080	\$ 538,223
Cash consists of:		
Bank account	130,713	262,361
Cash held in investment accounts	24,367	221,437
	\$ 155,080	\$ 483,798
Change in Non-Cash Working Capital		
Accrued interest receivable	-	7,695
Government receivables	(22,707)	5,682
Accrued liabilities	(36,606)	19,388
	\$ (59,313)	\$ 32,765

(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, 2013

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 and unrealized gains and losses on the General Fund are reported in the statement

MEDICAL ALUMNI ASSOCIATION OF THE UNIVERSITY OF TORONTO

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JULY 31, 2013

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

(d) **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. This is a change in accounting policy from previous years - see Note 8 for the effect of this change.

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, 2013.

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.

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.

MEDICAL ALUMNI ASSOCIATION OF THE UNIVERSITY OF TORONTO

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FOR THE YEAR ENDED JULY 31, 2013

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 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 following year is estimated as \$179,450 (2012 - \$168,750).

5. Investments

	2013 Fair Value	2012 Fair Value
Shares of public companies and mutual funds traded on the open market	\$ 3,588,896	\$ 3,145,246
	\$ 3,588,896	\$ 3,145,246

6. Restriction on Net Assets

The Board of Directors recognizes restrictions on net assets of \$4,565,772 (2012 - \$4,411,586) 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

8. Change in Accounting Policy

The enterprise has elected to change the way it recognizes investment management fees as noted in 2 d) above. The change was implemented because the new method provides more relevant information about the effects of transactions on fund balances. In previous financial statements investment income was allocated to net assets but investment management fees were not allocated. Investment management fees for 2013 allocated to fund balances are \$15,393 (2012 - \$14,425).

As a result of this accounting policy change, the financial statements have been restated to reflect the effect of years 2010 to 2012. The change has the effect of reallocating \$38,918 of investment management fees to fund balances that were previously recognized as part of the unrestricted statement of operations. Due to the detail and complexity of retroactively restating opening balances for all years to reflect the new accounting method the adjustment has been applied for the years 2010 to 2013.