



Medical Alumni Association
University of Toronto

FINANCIAL STATEMENTS

JULY 31, 2016

MEDICAL ALUMNI ASSOCIATION OF THE UNIVERSITY OF TORONTO

FINANCIAL STATEMENTS

JULY 31, 2016

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October 6, 2016

INDEPENDENT AUDITOR'S 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, 2016, 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, 2016, 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, 2016

	2016	2015
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 309,645	\$ 120,360
Inventory	2,956	5,912
Current portion of loans receivable (Note 4)	148,625	132,150
Government receivables	37,079	19,483
Investments (Note 5)	4,213,416	4,433,379
	4,711,721	4,711,284
LONG TERM ASSETS		
LOANS RECEIVABLE (Note 4)	367,575	428,850
	\$ 5,079,296	\$ 5,140,134
LIABILITIES		
CURRENT LIABILITIES		
Accrued liabilities - General Fund	\$ 34,610	\$ 31,190
NET ASSETS		
RESTRICTED NET ASSETS (Note 6 and 7)	5,022,533	5,316,730
UNRESTRICTED NET ASSETS	22,153	(207,786)
	5,044,686	5,108,944
	\$ 5,079,296	\$ 5,140,134

(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 ASSETS

FOR THE YEAR ENDED JULY 31, 2016

	2016	2015
REVENUES		
Donations	\$ 242,430	\$ 262,261
Administration fee charged to restricted funds	44,334	40,963
Unrealized investment loss	(713)	(3,176)
Realized investment gain (loss)	2,218	(7,265)
	288,269	292,783
OPERATING EXPENSES		
Appeals	45,199	69,277
General	17,343	22,548
Insurance	3,427	3,229
Office	5,144	5,430
Professional fees	30,122	34,903
Salaries, wages and government taxes (Note 8)	140,288	153,311
	241,523	288,698
OPERATING SURPLUS	46,746	4,085
OTHER EXPENSES		
Scholarships and bursaries	10,000	25,000
	10,000	25,000
ALUMNI AFFAIRS		
Alumni events	32,196	32,286
Newsletters and magazine	66,917	60,069
	99,113	92,355
TOTAL EXPENSES	350,636	406,053
EXCESS OF EXPENSES OVER REVENUES FOR THE YEAR	(62,367)	(113,270)
UNRESTRICTED DEFICIENCY AT THE BEGINNING OF YEAR	(207,786)	(94,516)
TRANSFER FROM RESTRICTED TO GENERAL FUND	292,306	-
UNRESTRICTED ASSETS (DEFICIENCY) AT THE END OF YEAR	\$ 22,153	\$ (207,786)

(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 NET ASSETS
FOR THE YEAR ENDED JULY 31, 2016**

	<i>Balance</i>	<i>Transfers</i>		<i>Realized</i>	<i>Disbursements</i>	<i>1%</i>	<i>Changes in</i>	
	<i>July 31, 2015</i>	<i>Between</i>	<i>Donations</i>	<i>Investment</i>	<i>Scholarships and</i>	<i>Administration</i>	<i>Unreal Losses</i>	<i>Balance</i>
		<i>Funds</i>	<i>and Bequests</i>	<i>Income</i>	<i>Bursaries</i>	<i>Charge</i>	<i>During Year</i>	<i>July 31, 2016</i>
Access to Excellence Fund	1,902		-	83	-	17	(27)	1,941
Barbara M. Hardy Memorial Award	98,302	15,920	10,083	5,133	3,425	1,007	(1,650)	123,356
C. Grant Hepburn Award Fund	79,079		-	3,401	2,350	697	(1,093)	78,339
Class of 1989 Award	8,004		-	344	250	71	(111)	7,917
5T7 re Huffman	36,739		1,261	1,607	1,100	324	(517)	37,667
Class of 8T2 Fund	2,888		-	126	-	25	(41)	2,948
Class of 9T4 Student Fund	7,914		300	352	-	70	(113)	8,383
David Eberle Memorial	8,666		-	373	225	76	(120)	8,618
Dr. Agnes Kwasnicka Mem 0T4	11,816	525	1,130	525	700	104	(169)	13,023
Dr. Bernard A. Manace Award	31,001		-	1,353	-	273	(435)	31,646
Dr. Delbert S. Hoare Medical Undergraduate Award	19,098		-	822	550	168	(264)	18,937
Dr. E. Mary Hollington Award	34,901		-	1,502	1,000	308	(483)	34,612
Dr. Edwards Endowment Fund	33,450		-	1,448	550	295	(466)	33,588
Dr. Ernest J. Clifford Medical Alumni Association Undergraduate Loan	653,048	(2,848)	-	28,304	11,408	5,757	(9,098)	652,241
Dr. F. Peggy Hill Estate	118,834		-	5,110	3,565	1,048	(1,642)	117,689
Dr. Helen Holden Quinlan Bursaries	346,722		-	14,917	10,000	3,057	(4,795)	343,788
Dr. I Markens Fund	8,015		1,764	384	225	71	(123)	9,744
Dr. James Boyce Student Bursary	28,832		-	1,240	850	254	(399)	28,569
Dr. L. Nelles Silverthorne Award	3,591		-	157	-	32	(50)	3,666
Dr. Liz Gillespie Memorial	13,355		-	583	-	118	(187)	13,633
Dr. Martin Berger 5T7 Fund	11,233		90	475	800	99	(153)	10,746
Dr. Robert P. Orange	23,721		-	1,020	700	209	(328)	23,504
Drs. Carl and Ann Witus Award	1,097,736		-	47,295	28,673	9,677	(15,202)	1,091,479
Dr. Sherwood P. & Judith G. Smith	121,180	5,170	-	5,170	5,475	1,068	(1,662)	123,315
Elva May Rowe Fund	451,630		-	19,354	16,552	3,981	(6,221)	444,230
Ganguil Family Award	15,979		-	687	500	141	(221)	15,805
Harris Family Award in Oncology	98,770	15,920	10,083	5,153	3,425	1,011	(1,656)	123,834
Harry Whittaker	40,620		-	1,773	-	358	(570)	41,465
Harvey Potter Fund	292,306	(292,306)	-	-	-	-	-	-
I.M.A. Canadian Branch	92		-	4	-	1	(1)	94
Irving Gollish Class of 5T7 Fund	27,378		200	1,182	800	241	(380)	27,339
Janet K. Ross Fund	30,736		-	1,322	900	271	(425)	30,462
John A. Howe Scholarship Fund	12,034		5,500	525	5,500	106	(169)	12,285
MAA Faculty Campaign	7,205		-	315	-	64	(101)	7,354
Meds 4T6	63,595		10,500	2,967	1,800	561	(954)	73,748
Meds 6T3 50th Reunion	9,915		575	445	-	87	(143)	10,705
Mem Award in Obstetrics/Gynecology	31,841	(31,841)	-	-	-	-	-	-
Ontario Medical Student Bursary	1,912		4,300	101	3,500	17	(32)	2,764
Pediatric Endowment	9,379		300	416	-	83	(134)	9,878
Robert Duff Barron 3T9 Fund	30,935		-	1,330	925	273	(428)	30,640
Robert Elgin Towle interest Loan	(4,602)		-	(518)	14,440	-	167	(19,394)
Robert Elgin Towle Loan	507,191	(2,848)	-	21,982	9,308	4,471	(7,066)	505,481
Samuel J. Streight Scholarship	9,826		-	423	275	87	(136)	9,751
Ted & Maeve Lindenfield Fund	51,466		-	2,213	1,525	454	(711)	50,989
The Kurdyak Family Fund	220,013		-	9,466	6,325	1,940	(3,043)	218,173
Dr. Ruth Kurdyak MAA Bursary	52,544		48,722	-	52,000	463	-	48,803
Tom Fejer Lectureship Fund	6,739		-	289	250	59	(93)	6,626
Dr. Alan R. Kindler Fund	5,181		-	226	-	46	(73)	5,289
Weber Bursary Fund	33,359		-	1,434	1,000	294	(461)	33,039
Potter fund - sequestered	119,565		-	5,182	1,721	1,054	(1,666)	120,306
Angus fund - sequestered	90,515		-	3,923	1,303	798	(1,261)	91,077
Rowe fund - sequestered	187,319		-	8,119	2,697	1,651	(2,610)	188,480
Carpenter fund - sequestered	113,258		-	4,909	1,630	998	(1,578)	113,960
Total Restricted Funds	5,316,730	(292,306)	94,808	214,947	198,222	44,334	(69,089)	5,022,533
General Operating Fund	(207,787)	292,306	242,430	2,218	<i>General Expenses</i> 350,636	(44,334)	(713)	22,153
Total Net Assets	5,108,944	-	337,238	217,165	548,858	-	(69,802)	5,044,686

(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, 2016

	2016	2015
Operating Activities		
Excess of expenses over revenue	\$ (62,367)	\$ (113,270)
Non-cash items		
Unrealized loss on unrestricted investments	713	3,176
Realized (gains) losses on unrestricted investments	(1,050)	3,611
Allocation of 1% administration fee	(44,334)	(40,963)
Loans advanced	(96,000)	(72,000)
Loans repayments received	138,550	161,961
AFDA (Recovery of bad debts, net of current year allowance)	2,250	(4,007)
Change in non-cash working capital (see below)	(11,220)	(3,623)
	(73,458)	(65,115)
Investing Activities		
Restricted contributions	94,808	221,938
Scholarships, bursaries and disbursements from restricted funds	(198,222)	(171,330)
Allocation of investment income (excluding capital gains) to restricted fund balances (Note 9)	113,133	124,546
Purchase of investments	(257,974)	(1,036,864)
Proceeds on disposal of investments	510,998	924,309
	262,743	62,599
Increase\ (Decrease) in Cash	189,285	(2,516)
Cash and cash equivalents, Beginning of Year	120,360	122,876
Cash, End of Year	\$ 309,645	\$ 120,360
Cash consists of:		
Bank account	25,466	92,066
Cash held in investment accounts	284,179	28,294
	\$ 309,645	\$ 120,360
Change in Non-Cash Working Capital		
Inventory	2,956	1,480
Government receivables	(17,596)	1,004
Accrued liabilities	3,420	(6,107)
	\$ (11,220)	\$ (3,623)

(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, 2016

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.

(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, 2016

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, 2016.

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, 2016

3. Financial Risk Management Policy (cont.)

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 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 \$148,625 (2015 - \$132,150).

5. Investments

	2016 Fair Value	2015 Fair Value
Short term investments	\$ 143,769	\$ 150,503
Fixed income and related securities	2,838,783	1,734,881
Common equity and related securities	1,230,864	2,547,995
	\$ 4,213,416	\$ 4,433,379

The investment management fees incurred for the year were \$17,672 (2015 - \$17,958). 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, 2016

6. Restriction on Net Assets

The Board of Directors recognizes restrictions on net assets of \$5,022,533 (2015 - \$5,316,730) 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. Non-recurring Transaction

During the prior year, a payment of \$17,500 was made to a former employee to settle a dispute. This one time payment is included in salaries, wages and government taxes. This expense category would total \$135,811 in 2015 without this one time payment.

9. Prior Period Adjustment

The Statement of Cash Flows for 2015 has been adjusted to present the investment income on restricted funds exclusive of capital gains. This is consistent with the presentation of the 2016 activity.