

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

**FINANCIAL STATEMENTS
AS AT
JULY 31, 2022**

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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, 2022, 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 Association as at July 31, 2022, 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, 2022 and July 31, 2021.

The Association recognizes restricted fund contributions as a direct increase in net assets which represents a departure from Canadian accounting standards for not-for-profit organizations. As these contributions have never been separately identified from endowment contributions, we were not able to determine whether any adjustments might be necessary to revenues, excess of revenue over expenditure or net assets for the years ended July 31, 2022 and July 31, 2021.

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 Association 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.

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 Association'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 Association or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Association'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 Association'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 Association'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 Association 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
December 7, 2022

MEDICAL ALUMNI ASSOCIATION OF THE UNIVERSITY OF TORONTO

Balance sheet

As at July 31, 2022

	2022	2021
Assets		
Current assets		
Cash and cash equivalents	\$ 654,321	476,008
Government remittances receivable	9,600	9,290
Current portion of loans receivable (Note 4)	139,300	126,250
	803,221	611,548
Long-term assets		
Loans receivable (Note 4)	644,900	629,450
Investments (Note 5)	6,780,294	7,100,427
	7,425,194	7,729,877
	\$ 8,228,415	8,341,425
Liabilities and net assets		
Current liabilities		
Accounts payable and accrued liabilities	\$ 25,860	28,322
Net assets		
Restricted net assets (Notes 6)	8,048,938	8,234,064
Unrestricted net assets	153,617	79,039
	8,202,555	8,313,103
	\$ 8,228,415	8,341,425

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, 2022

	2022	2021
Revenue		
Donations and bequests	\$ 226,263	243,808
Realized investment income allocation	1,629	694
Administration fee charged to Restricted Funds	74,199	65,402
Change in unrealized (losses) gains	(2,889)	3,852
	299,202	313,756
Expenditure		
Fundraising	41,657	31,203
General	15,270	16,969
Insurance	4,649	4,070
Office	646	2,177
Professional fees	18,950	22,101
Salaries, wages and government taxes	128,532	123,760
	209,704	200,280
Excess of revenue over expenditure, before other	89,498	113,476
Other expenses		
Scholarships and bursaries	-	1,081
Alumni affairs		
Newsletters and magazine	14,920	21,529
Total expenses	224,624	222,890
Excess of revenue over expenditure	74,578	90,866
Unrestricted net assets, beginning of year	79,039	(11,827)
Unrestricted net assets, end of year	\$ 153,617	79,039

MEDICAL ALUMNI ASSOCIATION OF THE UNIVERSITY OF TORONTO

Statement of changes in restricted net assets

For the year ended July 31, 2022

	2022	2021
Restricted net assets, beginning of year	\$ 8,234,064	7,409,722
Donations and bequests	246,012	94,939
Realized investment income allocation	112,756	159,656
Disbursements, scholarships and bursaries	(269,712)	(251,734)
Administration charged from General Fund	(74,199)	(65,402)
Change in unrealized (losses) gains	(199,983)	886,883
Restricted net assets, end of year	\$ 8,048,938	8,234,064

MEDICAL ALUMNI ASSOCIATION OF THE UNIVERSITY OF TORONTO

Statement of changes in restricted net assets

For the year ended July 31, 2022

	Balance July 31 2021	Donations and bequests	Realized investment income	Disbursements, scholarships and bursaries	1% administration charge	Changes in unrealized losses during year	Balance July 31 2022
Access to Excellence Fund	\$ 2,599	-	36	-	(23)	(64)	2,548
Barbara M. Hardy Memorial Award	142,553	-	1,950	(3,800)	(1,285)	(3,458)	135,960
C. Grant Hepburn Award Fund	93,149	-	1,258	(4,800)	(839)	(2,231)	86,537
Class of 1989 Award	9,217	-	126	(265)	(83)	(223)	8,772
5T7 re Huffman	44,846	200	614	(1,200)	(404)	(1,090)	42,966
Class of 8T2 Fund	3,946	-	55	-	(36)	(97)	3,868
Class of 9T4 Student Fund	40,187	2,440	539	(5,000)	(362)	(957)	36,847
David Eberle Memorial	10,068	-	137	(250)	(91)	(244)	9,620
Dr. Agnes Kwasnicka Mem OT4	19,662	-	269	(500)	(177)	(477)	18,777
Dr. Bernard A. Manace Award	39,159	-	508	(5,000)	(353)	(901)	33,413
Dr. Bill and Penny Harris Fund	370	-	5	-	-	(9)	366
Dr. Charlotte Hahn Memorial Fund	2,148,799	-	29,390	(57,600)	(19,364)	(52,126)	2,049,099
Dr. Delbert S. Hoare Medical Undergraduate Award	22,046	-	302	(550)	(199)	(535)	21,064
Dr. E. Mary Hollington Award	40,760	-	557	(1,200)	(368)	(987)	38,762
Dr. Edwards Endowment Fund	38,953	-	533	(1,000)	(351)	(945)	37,190
Dr. Ernest J. Clifford Medical Alumni Association Undergraduate Loan	819,328	500	11,295	(9,724)	(7,384)	(20,032)	793,983
Dr. F. Peggy Hill Estate	139,954	-	1,940	-	(1,261)	(3,441)	137,192
Dr. Helen Holden Quinian Bursaries	397,165	-	5,431	(10,750)	(3,579)	(9,633)	378,634
Dr. I. Markens Fund	11,370	-	156	(300)	(102)	(276)	10,848
Dr. Ivan Elkan Fund	-	140,000	975	-	-	(1,729)	139,246
Dr. James Boyce Student Bursary	33,025	-	452	(900)	(298)	(802)	31,477
Dr. L. Nelles Silverthorne Award	4,907	-	68	-	(44)	(121)	4,810
Dr. Liz Gillespie Memorial	17,769	-	244	(400)	(160)	(432)	17,021
Dr. Martin Berger 5T7 Fund	13,394	650	188	(300)	(121)	(334)	13,477
Dr. Nancy Katherine Ironside Fund	4,521	8,000	91	(4,000)	(41)	(161)	8,410
Dr. Robert P. Orange	34,002	1,000	472	(850)	(306)	(838)	33,480
Dr. Ronald Strickler Fund	38,354	12,924	615	(1,000)	(346)	(1,090)	49,457
Drs. Carl and Ann Witus Award	1,308,581	-	17,929	(30,552)	(11,792)	(31,799)	1,252,367
Dr. Sherwood P. & Judith G. Smith	138,238	-	1,890	(3,750)	(1,246)	(3,353)	131,779
Elve May Rowe Fund	504,178	-	6,860	(18,698)	(4,543)	(12,166)	475,631

MEDICAL ALUMNI ASSOCIATION OF THE UNIVERSITY OF TORONTO

Statement of changes in restricted net assets

For the year ended July 31, 2022

	Balance July 31 2021	Donations and bequests	Realized investment income	Disbursements, scholarships and bursaries	1% administration charge	Changes in unrealized losses during year	Balance July 31 2022
Ganguli Family Award	\$ 18,420	-	252	(450)	(166)	(447)	17,609
Harris Family Award in Oncology	143,191	-	1,959	(3,800)	(1,290)	(3,474)	136,586
Harry Whittaker	55,509	-	770	-	(501)	(1,365)	54,413
I.M.A. Canadian Branch	126	-	2	-	(1)	(3)	124
Irving Gollish Class of 5T7 Fund	32,878	200	451	(850)	(296)	(800)	31,583
Janet K. Ross Fund	35,258	-	482	(950)	(318)	(855)	33,617
MAA Bursary Fund	-	25,000	-	(25,000)	-	-	-
MAA Faculty Campaign	9,844	-	136	-	(89)	(242)	9,649
Meds 4T6	94,997	-	1,317	-	(856)	(2,336)	93,122
Meds 6T3 50th Reunion	38,288	2,790	550	-	(345)	(977)	40,306
Ontario Medical Student Bursary	2,829	300	41	-	(25)	(73)	3,072
Pediatric Endowment	14,465	300	203	-	(130)	(359)	14,479
Robert Duff Barron 3T9 Fund	36,535	-	500	(950)	(329)	(887)	34,869
Robert Elgin Towle Interest Loan	161,533	-	2,123	(16,775)	(1,456)	(3,765)	141,660
Robert Elgin Towle Loan	360,803	-	4,972	(4,282)	(3,251)	(8,819)	349,423
Samuel J. Streight Scholarship	11,376	-	156	(300)	(103)	(276)	10,853
Ted & Maeve Lindenfield Fund	58,926	-	806	(1,600)	(531)	(1,429)	56,172
The Kurdyak Family Fund	249,578	-	3,408	(7,500)	(2,249)	(6,044)	237,193
Dr. Ruth Kurdyak MAA Bursary	81,182	51,708	-	(36,000)	(732)	-	96,158
Tom Fejer Lectureship Fund	8,869	-	123	-	(80)	(218)	8,694
Dr. Alan R. Kindler Fund	7,080	-	98	-	(64)	(174)	6,940
Weber Bursary Fund	45,297	-	620	(1,200)	(408)	(1,099)	43,210
Potter Fund – sequestered	151,250	-	2,084	(1,795)	(1,363)	(3,697)	146,479
Angus Fund – sequestered	114,503	-	1,578	(1,359)	(1,032)	(2,799)	110,891
Rowe Fund – sequestered	236,957	-	3,266	(2,812)	(2,135)	(5,792)	229,484
Carpenter Fund – sequestered	143,270	-	1,974	(1,700)	(1,291)	(3,502)	138,751
Total Restricted Funds	8,234,064	246,012	112,756	(269,712)	(74,199)	(199,983)	8,048,938
General Fund	79,039	226,263	1,629	(224,624)	74,199	(2,889)	153,617
Net assets total	\$ 8,313,103	472,275	114,385	(494,336)	-	(202,872)	8,202,555

MEDICAL ALUMNI ASSOCIATION OF THE UNIVERSITY OF TORONTO

Statement of cash flows

For the year ended July 31, 2022

	2022	2021
Cash flows from (used in) operating activities		
Excess of revenue over expenditure	\$ 74,578	90,866
Adjustments for		
Unrealized loss (gain) on unrestricted investments	2,889	(3,852)
Realized loss (gain) on sale of unrestricted investments	737	(4)
Allocation of administration fee	(74,199)	(65,402)
	4,005	21,608
Changes in non-cash working capital		
(Increase) decrease in government remittances receivable	(310)	2,076
(Decrease) increase in accounts payable and accrued liabilities	(2,463)	3,265
Cash flows from operating activities	1,232	26,949
Cash flows from (used in) investing activities		
Restricted contributions	246,012	94,939
Scholarships, bursaries and disbursements from Restricted Funds	(269,712)	(251,734)
Allocation of investment income, excluding realized gains, to Restricted Fund balances	112,756	158,696
Loans advanced	(159,000)	(180,000)
Loan repayments	134,300	126,250
(Recovery) allowance for doubtful accounts	(3,800)	900
Purchase of investments	(79,201)	(43,097)
Proceeds on sale of investments	195,726	26,828
Cash flows from (used in) investing activities	177,081	(67,218)
Net increase (decrease) in cash during year	178,313	(40,269)
Cash and cash equivalents, beginning of year	476,008	516,277
Cash and cash equivalents, end of year	\$ 654,321	476,008
Consists of:		
Bank	\$ 145,278	156,532
Cash held in investment accounts	509,043	319,476
	\$ 654,321	476,008

MEDICAL ALUMNI ASSOCIATION OF THE UNIVERSITY OF TORONTO

Notes to financial statements

As at July 31, 2022

1. Purpose of the Association

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 Association'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 \$Nil (2021 - \$1,787).

MEDICAL ALUMNI ASSOCIATION OF THE UNIVERSITY OF TORONTO

Notes to financial statements

As at July 31, 2022

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 Restricted 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, including cash, 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

The Association follows the restricted fund method of accounting for contributions. Contributions that the donor has required to be held in perpetuity are recognized as revenue in the Endowed Funds. Restricted contributions are recognized as revenue in the Restricted Funds.

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.

Realized investment income (loss) consists of interest and dividends received, realized capital gains and losses, and is offset by fees paid to outside professional portfolio managers. Realized investment income (loss) is recognized in the period it is earned. Unrealized investment gains and losses are recognized in the period to which they apply.

h) Contributed materials and services

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

MEDICAL ALUMNI ASSOCIATION OF THE UNIVERSITY OF TORONTO
Notes to financial statements
As at July 31, 2022

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 and loans receivable. The Association 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.

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 rate 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 cash and cash equivalents and 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, 2022

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 one year following the student's year of graduation.

	2022	2021
Loans receivable	\$ 791,550	765,950
Allowance for doubtful accounts	(7,350)	(10,250)
	<u>784,200</u>	<u>755,700</u>
Less current portion	139,300	126,250
	<u>\$ 644,900</u>	<u>629,450</u>

5. Investments

	2022	2021
Fixed income and related securities	\$ 2,502,417	2,721,567
Common equity and related securities	4,277,877	4,378,860
	<u>\$ 6,780,294</u>	<u>7,100,427</u>

Unrealized gains included in the investment total are \$1,650,137 (2021 - \$1,853,008). The investment management fees incurred for the year were \$25,060 (2021 - \$24,388). 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 presented as such.

6. Restricted net assets

The Board of Directors recognizes restrictions on net assets of \$8,048,938 (2021 - \$8,234,064) 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 Association is a not-for-profit organization and is therefore exempt from income taxes under Section 149(1)(t) of the Income Tax Act.