



Financial Statements

The University of Toronto Alumni Association

April 30, 2019

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# Independent auditor's report

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To the Board of Directors

The University of Toronto Alumni Association

## Opinion

We have audited the financial statements of **The University of Toronto Alumni Association** (“the Association”), which comprise the statement of financial position as at April 30, 2019, and the statements of operations, changes in fund balances and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly in all material respects, the financial position of the Association as at April 30, 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 Opinion

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

## Responsibilities of Management and Those Charged with Governance 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 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.

## Auditor's 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 auditor's 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 auditor's 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 auditor's 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.

The logo for Grant Thornton LLP, featuring the company name in a stylized, cursive script.

Toronto, Canada  
May 16, 2019

Chartered Professional Accountants  
Licensed Public Accountants

# The University of Toronto Alumni Association

## Statement of Financial Position

As at April 30

2019

2018

### Assets

#### Current

Cash

\$ 15,308 \$ 10,244

Portfolio investments (Note 3)

981,636 942,975

\$ 996,944 \$ 953,219

### Liabilities

#### Current

Payables and accruals

\$ 24,839 \$ 42,530

### Fund balances

Soldiers' Tower Trust Fund

106,410 97,980

Operating fund surplus

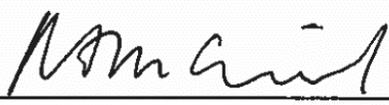
865,695 812,709

972,105 910,689

\$ 996,944 \$ 953,219

Commitment (Note 4)

On behalf of the Board of Directors


 \_\_\_\_\_ Director
 
 \_\_\_\_\_ Director

# The University of Toronto Alumni Association

## Statement of Operations

Year ended April 30	2019	2018
<b>Revenue</b>		
Funding agreement	\$ 171,712	\$ 168,842
Investment income (Note 3)	<u>89,306</u>	<u>22,485</u>
	<u>261,018</u>	<u>191,327</u>
<b>Expenditures</b>		
<i>Board Committee and Membership Related Expenses</i>		
Donation to The University of Toronto's Landmark Revitalization Initiative (Note 4)	105,000	75,000
Awards and scholarships	34,545	30,797
Partnership initiative/mentorship	10,000	10,000
Events	9,680	64,053
Soldier's tower	9,655	7,786
Community engagement	2,250	48
Policy	-	7,812
International	-	<u>1,089</u>
Total Board Committee and Membership Related Expenses	<u>171,130</u>	<u>196,585</u>
<i>Operating Expenses</i>		
Investment management	10,885	10,256
Audit fees	9,874	7,900
Board expenses	4,694	3,596
Board insurance	2,354	2,264
General office expenses	<u>665</u>	<u>703</u>
Total Operating Expenses	<u>28,472</u>	<u>24,719</u>
Total expenditures	<u>199,602</u>	<u>221,304</u>
Excess (deficiency) of revenue over expenditures	\$ <u>61,416</u>	\$ <u>(29,977)</u>

See accompanying notes to the financial statements.

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## The University of Toronto Alumni Association

### Statement of Changes in Fund Balances

Year ended April 30

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	Soldiers' Tower <u>Trust Fund</u>	Operating Fund <u>Surplus</u>	<b>2019</b> <b><u>Total</u></b>	2018 <u>Total</u>
Fund balance, beginning of year	\$ 97,980	\$ 812,709	\$ <b>910,689</b>	\$ 940,666
Excess (deficiency) of revenue over expenditures for the year	<u>8,430</u>	<u>52,986</u>	<u><b>61,416</b></u>	<u>(29,977)</u>
Fund balance, end of year	\$ <u>106,410</u>	\$ <u>865,695</u>	\$ <u><b>972,105</b></u>	\$ <u>910,689</u>

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See accompanying notes to the financial statements.

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**The University of Toronto Alumni Association**  
**Statement of Cash Flows**

Year ended April 30	2019	2018
Increase in cash		
<b>Operating activities</b>		
Excess (deficiency) of revenue over expenditures	\$ 61,416	\$ (29,977)
Gain on sale of investments	(35,379)	(5,439)
Change in fair value of investments	<u>(12,519)</u>	<u>21,797</u>
	<b>13,518</b>	(13,619)
Changes in non-cash operating items		
Payables and accruals	<u>(17,691)</u>	<u>24,937</u>
	<u>(4,173)</u>	<u>11,318</u>
<b>Investing activities</b>		
Purchase of portfolio investments	(434,667)	(353,338)
Proceeds from sale of portfolio investments	<u>443,904</u>	<u>324,801</u>
	<u>9,237</u>	<u>(28,537)</u>
Net increase (decrease) in cash	<b>5,064</b>	(17,219)
Cash		
Beginning of year	<u>10,244</u>	<u>27,463</u>
End of year	<u>\$ 15,308</u>	<u>\$ 10,244</u>

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See accompanying notes to the financial statements.

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# The University of Toronto Alumni Association

## Notes to the Financial Statements

April 30, 2019

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### 1. Nature of organization

The University of Toronto Alumni Association (the Association) is organized and operates principally for the benefit of its members. It is incorporated under letters patent and as a not-for-profit organization is exempt from income taxes.

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### 2. Significant accounting policies

#### Basis of presentation

These financial statements have been prepared in accordance with Canadian accounting standards for not for profit organizations (ASNPO) and include the following significant accounting policies:

#### Use of estimates

In preparing the Association's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities as at the date of the financial statements and reported amounts of revenue and expenditures during the period. Actual results could differ from these estimates.

#### Soldiers' Tower Trust Fund

The Association internally restricts funds accumulated from donations and investment income for the upkeep of the Soldiers' Tower.

#### Revenue recognition

Revenue is recognized as earned based on a funding agreement with the University of Toronto.

Investment income is recognized as earned.

#### Financial instruments

The Association considers any contract creating a financial asset, liability or equity instrument as a financial instrument. The Association accounts for the following as financial instruments:

- Cash and cash equivalents
- Portfolio investments
- Payables

A financial asset or liability is recognized when the Association becomes party to contractual provisions of the instrument.

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# The University of Toronto Alumni Association

## Notes to the Financial Statements

April 30, 2019

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### 2. Significant accounting policies (continued)

#### Measurement

The Association initially measures its financial assets and financial liabilities at fair value, except for certain non-arm's length transactions.

Financial assets or liabilities obtained in related party transactions are measured in accordance with the accounting policy for related party transactions except for those transactions that are with a person or entity whose sole relationship with the Association is in the capacity of management in which case they are accounted for in accordance with financial instruments.

The Association subsequently measures all of its financial assets and financial liabilities at amortized cost, except for portfolio investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in excess (deficiency) of revenue over expenditures.

The fair value of investments in publicly traded companies has been determined using the closing price at year end.

#### **Property and equipment**

The Association's general accounting policy is to record the cost of property and equipment as an expenditure when they are incurred. There were no capital expenditures in the 2019 or 2018 fiscal years.

#### **Contributed services**

Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

# The University of Toronto Alumni Association

## Notes to the Financial Statements

April 30, 2019

### 3. Portfolio investments

Portfolio investments held in CIBC pooled funds are as follows:

	<u>2019</u>	<u>2018</u>
Market value		
Fixed income fund	\$ 475,500	\$ 381,160
Canadian equities and equivalent	250,411	230,042
U.S. & international equities and equivalent	210,443	331,773
Money market fund	<u>45,282</u>	<u>-</u>
	<u>\$ 981,636</u>	<u>\$ 942,975</u>
Cost		
Fixed income fund	\$ 472,989	\$ 390,098
Canadian equities and equivalent	232,109	220,312
U.S. & international equities and equivalent	143,689	267,219
Money market fund	<u>45,317</u>	<u>-</u>
	<u>\$ 894,104</u>	<u>\$ 877,629</u>

Investment income for the year is made up of the following:

	<u>2019</u>	<u>2018</u>
Realized gains on investments	\$ 35,379	\$ 5,439
Unrealized gains (loss) on investments	12,519	(21,797)
Dividends	25,027	27,160
Interest	<u>16,381</u>	<u>11,683</u>
	<u>\$ 89,306</u>	<u>\$ 22,485</u>

### 4. Commitment

The Association has pledged to donate \$1,000,000 to The University of Toronto's Landmark Revitalization Initiative for the redevelopment of the St. George Campus over 10 years. The second contribution was made in the current fiscal year for \$105,000 (2018 - \$75,000). The remaining donation will be provided as follows:

2020	\$ 105,000
2021	105,000
2022	105,000
2023	105,000
2024	100,000
2025	100,000
2026	100,000
2027	<u>100,000</u>
	<u>\$ 820,000</u>

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# The University of Toronto Alumni Association

## Notes to the Financial Statements

April 30, 2019

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### 5. Financial instruments

The Association is exposed to various risks through its financial instruments. The following analysis provides a measure of the Association's risk exposures and concentrations at April 30, 2019.

#### *Market Risk*

Market risk is the risk that the fair value or expected future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The Association is mainly exposed to price risk.

Price risk relates to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices of securities held. There was no significant change in exposure from the prior year.