



Financial Statements

**The University of Toronto Alumni Association**

April 30, 2018

DRAFT

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## Independent Auditor's Report

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To the Board of  
The University of Toronto Alumni Association

We have audited the accompanying financial statements of **The University of Toronto Alumni Association**, which comprise the statement of financial position as at April 30, 2018, the statements of operations, changes in fund balances and 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 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.

### **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 Association'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 Association'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.

## Independent Auditor's Report (continued)

### Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of The University of Toronto Alumni Association at April 30, 2018 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Toronto, Canada

Chartered Professional Accountants  
Licensed Public Accountants

# The University of Toronto Alumni Association

## Statement of Financial Position

Year Ended April 30

2018

2017

### Assets

#### Current

Cash and cash equivalents	\$ 10,244	\$ 27,463
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Portfolio investments (Note 3)	<u>942,975</u>	<u>930,796</u>
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	<u>\$ 953,219</u>	<u>\$ 958,259</u>
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### Liabilities

#### Current

Payables and accruals	\$ 42,530	\$ 17,593
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### Fund balances

Soldiers' Tower Trust Fund	97,980	96,745
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Operating fund surplus	<u>812,709</u>	<u>843,921</u>
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	<u>910,689</u>	<u>940,666</u>
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	<u>\$ 953,219</u>	<u>\$ 958,259</u>
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Commitment (Note 4)

On behalf of the Board

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

See accompanying notes to the financial statements.

# The University of Toronto Alumni Association

## Statement of Operations

Year Ended April 30

2018

2017

### Revenue

Funding agreement	\$ 168,842	\$ 166,347
Investment income (realized and unrealized)	<u>22,485</u>	<u>102,184</u>
	<u>191,327</u>	<u>268,531</u>

### Expenditures

#### *Board Committee and Membership Related Expenses*

Donation to The University of Toronto's Landmark Revitalization Initiative (Note 4)	75,000	-
Events	64,053	70,000
Awards and Scholarships	30,797	30,279
Partnership Initiative/Mentorship	10,000	10,000
Policy	7,812	11,738
Soldier's Tower	7,786	7,313
International	1,089	2,378
Community Engagement	<u>48</u>	<u>14,104</u>

Total Board Committee and Membership Related Expenses	<u>196,585</u>	<u>145,812</u>
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#### *Operating Expenses*

Investment management	10,256	9,753
Audit fees	7,900	7,000
Board expenses	3,596	4,524
Board insurance	2,264	2,179
General office expenses	<u>703</u>	<u>479</u>

Total Operating Expenses	<u>24,719</u>	<u>23,935</u>
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Total expenditures	<u>221,304</u>	<u>169,747</u>
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(Deficiency) excess of revenue over expenditures	\$ <u>(29,977)</u>	\$ <u>98,784</u>
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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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	<u>Soldiers'</u> <u>Tower</u> <u>Trust Fund</u>	<u>Operating</u> <u>Fund</u> <u>Surplus</u>	<u>Total</u>
Fund Balances, April 30, 2017	\$ 96,745	\$ 843,921	\$ 940,666
Excess (deficiency) of revenue over expenditures for the year	<u>1,235</u>	<u>(31,212)</u>	<u>(29,977)</u>
Fund Balances, April 30, 2018	\$ <u>97,980</u>	\$ <u>812,709</u>	\$ <u>910,689</u>

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See accompanying notes to the financial statements.

# The University of Toronto Alumni Association

## Statement of Cash Flows

Year Ended April 30

2018

2017

(Decrease) increase in cash and cash equivalents

### Operating activities

(Deficiency) excess of revenue over expenditures	\$ (29,977)	\$ 98,784
(Gain) loss on sale of investments	(5,439)	676
Change in fair value of investments	<u>21,797</u>	<u>(61,705)</u>
	(13,619)	37,755
Changes in non-cash operating items		
Payables and accruals	<u>24,937</u>	<u>8,177</u>
	<u>11,318</u>	<u>45,932</u>

### Investing activities

Purchase of portfolio investments	(353,338)	(157,270)
Proceeds from sale of portfolio investments	<u>324,801</u>	<u>125,724</u>
	<u>(28,537)</u>	<u>(31,546)</u>

Net (decrease) increase in cash and cash equivalents (17,219) 14,386

Cash and cash equivalents

Beginning of year	<u>27,463</u>	<u>13,077</u>
End of year	<u>\$ 10,244</u>	<u>\$ 27,463</u>

See accompanying notes to the financial statements.



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# **The University of Toronto Alumni Association**

## **Notes to the Financial Statements**

April 30, 2018

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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.

#### **Cash and cash equivalents**

Cash and cash equivalents include cash on hand, balances with banks and short-term deposits with original maturities of three months or less.

#### **Financial instruments**

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

- Cash and cash equivalents
- Portfolio investments
- Payables and accruals

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, 2018

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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 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 and cash equivalents.

Financial liabilities measured at amortized cost include payables and accruals.

Financial instruments measured at fair value include portfolio investments.

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 expenditures in the 2018 or 2017 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, 2018

### 3. Portfolio investments

Portfolio investments held in CIBC pooled funds are as follows:

	<u>2018</u>	<u>2017</u>
Market value		
Fixed income fund	\$ 381,160	\$ 357,165
Canadian equities and equivalent	230,042	275,887
U.S. & International equities and equivalent	<u>331,773</u>	<u>297,744</u>
	<u>\$ 942,975</u>	<u>\$ 930,796</u>
Cost		
Fixed income fund	\$ 390,098	\$ 356,053
Canadian equities and equivalent	220,312	250,891
U.S. & International equities and equivalent	<u>267,219</u>	<u>236,709</u>
	<u>\$ 877,629</u>	<u>\$ 843,653</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 first contribution was made in the current fiscal year for \$75,000. The remaining donation will be provided as follows:

2019	\$ 105,000
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>\$ 925,000</u>

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## The University of Toronto Alumni Association

### Notes to the Financial Statements

April 30, 2018

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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, 2018.

##### *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.