



Grant Thornton

Financial Statements

The Retired Teachers of Ontario Foundation/La
Fondation des Enseignantes et Enseignants Retraités de
L'Ontario

December 31, 2013

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Grant Thornton

Independent auditor's report

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To the Board of
**The Retired Teachers of Ontario Foundation/La Fondation
des Enseignantes et Enseignants Retraités de L'Ontario**

We have audited the accompanying financial statements of **The Retired Teachers of Ontario Foundation/La Fondation des Enseignantes et Enseignants Retraités de L'Ontario**, which comprise the statement of financial position as at December 31, 2013, and the statements of operations and changes in fund balances, 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 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 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 audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of **The Retired Teachers of Ontario Foundation/La Fondation des Enseignantes et Enseignants Retraités de L'Ontario** as at December 31, 2013, 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
April 16, 2014



Chartered Professional Accountants
Licensed Public Accountant

**The Retired Teachers of Ontario Foundation/La Fondation
des Enseignantes et Enseignants Retraités de L'Ontario
Statement of financial position**

December 31 2013 2012

Assets

Current		
Cash and cash equivalents	\$ 508,032	\$ 368,172
Investments, mutual funds	-	1,018
Receivables	12,204	13,807
Contribution receivable from The Retired Teachers of Ontario (RTO/ERO) (Note 3)	<u>3,000,000</u>	<u>-</u>
	<u>3,520,236</u>	382,997
Capital assets (Note 4)	<u>13,752</u>	<u>9,981</u>
	<u>\$ 3,533,988</u>	<u>\$ 392,978</u>

Liabilities

Current		
Payable to The Retired Teachers of Ontario (RTO/ERO) (Note 3)	\$ 4,039	\$ 154,039
Payables	<u>17,626</u>	<u>182</u>
	21,665	154,221
Net assets (Note 5)	<u>3,512,323</u>	<u>238,757</u>
	<u>\$ 3,533,988</u>	<u>\$ 392,978</u>

On behalf of the Board

A. Brathwaite Director

Valerie Hah Director

**The Retired Teachers of Ontario Foundation/La Fondation
des Enseignantes et Enseignants Retraités de L'Ontario**
Statements of operations and changes in fund balance

Year ended December 31

2013

2012

Revenues

Donations from The Retired Teachers of Ontario (RTO/ERO) (Note 3)	\$ 3,165,692	\$ -
Donations	232,664	236,714
Interest	1,548	961
	<u>3,399,904</u>	<u>237,675</u>

Expenses

Amortization	11,920	6,690
General and administrative	114,418	119,338
	<u>126,338</u>	<u>126,028</u>

Excess of revenues over expenses	\$ <u>3,273,566</u>	\$ <u>111,647</u>
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Fund balance, beginning of year	\$ 238,757	\$ 127,110
Excess of revenues over expenses	<u>3,273,566</u>	<u>111,647</u>
Fund balance, end of year	\$ <u>3,512,323</u>	\$ <u>238,757</u>

**The Retired Teachers of Ontario Foundation/La Fondation
des Enseignantes et Enseignants Retraités de L'Ontario**
Statement of cash flows

For the year ended December 31

2013

2012

Increase (decrease) in cash and cash equivalents

Operating activities

Excess of revenues over expenses	\$ 3,273,566	\$ 111,647
Amortization	<u>11,920</u>	<u>6,690</u>
	3,285,486	118,337
Net increase (decreases) in non-cash working capital items:		
Receivables	1,603	5,355
Payables	17,444	182
Intercompany receivables and payables	<u>(3,150,000)</u>	<u>33,395</u>
	<u>154,533</u>	<u>157,269</u>

Investing activities

Proceeds on investments	1,018	-
Purchase of capital assets	<u>(15,691)</u>	<u>(9,845)</u>
	<u>(14,673)</u>	<u>(9,845)</u>

Net increase in cash and cash equivalents	139,860	147,424
Cash and cash equivalents, beginning of year	<u>368,172</u>	<u>220,748</u>
Cash and cash equivalents, end of year	\$ <u>508,032</u>	\$ <u>368,172</u>

The Retired Teachers of Ontario Foundation/La Fondation des Enseignantes et Enseignants Retraités de L'Ontario

Notes to the Financial Statements

December 31, 2013

1. Nature of operations

The Retired Teachers of Ontario Foundation/La Fondation des Enseignantes et Enseignants Retraités de L'Ontario (the "Foundation") is an organization whose purpose is:

- a) to establish, maintain and support The Retired Teachers of Ontario/Les Enseignantes et Enseignants Retraités de L'Ontario Endowed Chair in Geriatric Medicine at the University of Toronto with an emphasis on the promotion of interdisciplinary training among health care professionals, with the expectation that there will be collaboration with other medical schools in Ontario;
- b) to develop and promote public health and wellness by supporting research endeavours in geriatrics and/or gerontology at Ontario post-secondary institutions where the focus is to improve the quality of life of seniors and of older Canadians; and
- c) to provide one-time financial and/or other support to students, seniors and aging members of the public who are in distress.

The Foundation was incorporated without share capital under the laws of Ontario on September 27, 2010. The Foundation is a registered charity under the Income Tax Act and is exempt from income taxes.

2. Summary of significant accounting policies

Basis of presentation

The Foundation follows accounting policies that conform with Canadian accounting standards for not-for-profit organizations "ASNPO". The following is a summary of significant accounting policies adopted by the Foundation in the preparation of the financial statements.

Use of estimates

In preparing the Foundation's financial statements, management is required 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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

Cash and cash equivalents

Cash and cash equivalents include cash on hand and balances with banks.

The Retired Teachers of Ontario Foundation/La Fondation des Enseignantes et Enseignants Retraités de L'Ontario

Notes to the Financial Statements

December 31, 2013

2. Summary of significant accounting policies (continued)

Financial Instruments

Initial measurement

The Foundation's financial instruments are measured at fair value when acquired. For financial instruments subsequently measured at cost or amortized cost, fair value is adjusted by the amount of the related financing fees and transaction costs. Transaction costs relating to financial instruments that are measured subsequently at fair value are recognized in operations in the year in which they are incurred.

Subsequent measurement

At each reporting date, the Foundation measures its financial assets and liabilities at cost or amortized cost (less impairment in the case of financial assets), except for equities quoted in an active market, which must be measured at fair value. The financial instruments measured at amortized cost are cash and cash equivalents, receivables and payables. The financial instruments measured at fair value are the investments in mutual funds.

For financial assets measured at cost or amortized cost, the Foundation regularly assesses whether there are any indications of impairment. If there is an indication of impairment, and the Foundation determines that there is a significant adverse change in the expected timing or amount of future cash flows from the financial asset, it recognizes an impairment loss in the statement of operations. Any reversals of previously recognized impairment losses are recognized in operations in the year the reversal occurs.

Revenue recognition

The Foundation follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred.

Contributions are recognized as revenue on an accrual basis when collection is reasonably assured.

Capital assets

Capital assets are recorded at cost and amortized over their estimated useful life. The following annual rates and bases of amortization are used:

Financial Transaction System - 3 years, straight-line

Donated services and materials

Donated services of the volunteers are not recorded in the financial statements as the fair value of these services cannot reasonably be estimated.

Donated materials received by way of gifts-in-kind are recorded in the financial statements at the exchange amount.

The Retired Teachers of Ontario Foundation/La Fondation des Enseignantes et Enseignants Retraités de L'Ontario

Notes to the Financial Statements

December 31, 2013

3. Related party transactions

During the year, funding of \$Nil (2012 - \$34,744) was provided by The Retired Teachers of Ontario (RTO/ERO), a not-for-profit organization, who controls the Foundation by virtue of its ability to appoint a majority of the Board of Directors. A payable balance to RTO/ERO in the amount of \$150,000 owing at December 31, 2012 was forgiven in fiscal 2013 and treated as a donation to the Foundation. In addition, RTO/ERO purchased and donated to the Foundation donation software with a cost of \$15,692 which has been reflected as a donation.

Finally, during fiscal 2013, the Senate of RTO/ERO approved a contribution donation to the Foundation in the amount of \$3,000,000 to support the Foundation and to complete the funding of the Endowed Chair in Geriatric Medicine at the University of Toronto. The Foundation received these funds subsequent to year end.

These transactions occurred in the normal course of business and were recorded at the exchange amounts agreed to by the related parties.

4. Capital assets	Cost	Accumulated Depreciation	2013 Net <u>Book Value</u>	2012 Net <u>Book Value</u>
Financial Transaction System	\$ 35,761	\$ 22,009	\$ 13,752	\$ 9,981

5. Net assets

The net asset balance of \$3,512,353 includes funds in the amount of \$2,500,000 specifically donated for the Foundation's first project to establish, maintain and support The Retired Teachers of Ontario/Les Enseignantes et Enseignants Retraités de L'Ontario's Endowed Chair in Geriatric Medicine at the University of Toronto. Subsequent to the year end, the Foundation donated \$2,500,000 to the University of Toronto to complete this project.

6. Financial instruments

The Foundation's main financial instrument risk exposure is detailed as follows:

Credit risk

The Foundation is subject to credit risk through receivables. Credit risk is the risk that one party to a transaction will fail to discharge an obligation and cause the other party to incur a financial loss. The Foundation's management does not expect any financial loss on the December 31, 2013 receivable balance.

Liquidity Risk

Liquidity risk is the risk that the Foundation may encounter difficulty in meeting its obligations associated with its financial liabilities as they become due. It is management's opinion that the Foundation is not exposed to significant liquidity risks arising from its financial instruments.