



Financial Statements

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

December 31, 2016

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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, 2016, and the statements of operations and changes in fund balance, 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, 2016, 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
May 1, 2017

Grant Thornton LLP

Chartered Professional Accountants
Licensed Public Accountant

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

Statement of Operations and Changes in Fund Balances

Year Ended December 31

	<u>General Fund</u>	<u>Restricted Funds</u> (Note 7)	<u>2016 Total</u>	<u>2015 Total</u>
Revenue				
Donations				
Corporate	\$ 80,280	\$ 1,141	\$ 81,421	\$ 56,803
Individuals	69,400	36,390	105,790	65,047
Donation from the RTO/ERO and district offices	7,915	715	8,630	4,234
Investment income (Note 4)	<u>15,211</u>	<u>-</u>	<u>15,211</u>	<u>5,977</u>
	<u>172,806</u>	<u>38,246</u>	<u>211,052</u>	<u>132,061</u>
Expenses				
Operations				
Amortization	-	-	-	5,231
General and administrative	33,440	-	33,440	7,060
Postage	8,439	-	8,439	4,106
Meetings	13,603	-	13,603	4,982
Professional fees	46,435	-	46,435	21,144
Salaries and benefits (operation and fundraising)	<u>95,501</u>	<u>-</u>	<u>95,501</u>	<u>63,292</u>
	<u>197,418</u>	<u>-</u>	<u>197,418</u>	<u>105,815</u>
Program expenses				
Granting	-	52,356	52,356	32,300
Professional fees (programming)	-	1,060	1,060	-
Salaries and benefits (programming)	<u>-</u>	<u>33,750</u>	<u>33,750</u>	<u>27,125</u>
	<u>-</u>	<u>87,166</u>	<u>87,166</u>	<u>59,425</u>
Total expenses	<u>197,418</u>	<u>87,166</u>	<u>284,584</u>	<u>165,240</u>
Excess of expenses over revenues	<u>\$ (24,612)</u>	<u>\$ (48,920)</u>	<u>\$ (73,532)</u>	<u>\$ (33,179)</u>
<hr/>				
Fund balance, beginning of year	\$ 956,777	\$ 889	\$ 957,666	\$ 990,845
Excess of expenses over revenues	(24,612)	(48,920)	(73,532)	(33,179)
Interfund transfers	<u>(64,279)</u>	<u>64,279</u>	<u>-</u>	<u>-</u>
Fund balance, end of year	<u>\$ 867,886</u>	<u>\$ 16,248</u>	<u>\$ 884,134</u>	<u>\$ 957,666</u>

See accompanying notes to financial statements.

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

Year ended December 31 2016 2015

Assets

Current

Cash and cash equivalents	\$ 179,261	\$ 1,005,083
Receivables (Note 3)	8,246	6,374
Prepaid expenses	<u>645</u>	<u>-</u>
	188,152	1,011,457
Investments (Note 4)	750,806	-
Capital Assets (Note 5)	<u>-</u>	<u>-</u>
	<u>\$ 938,958</u>	<u>\$ 1,011,457</u>

Liabilities

Current

Payables (Note 6)	\$ 54,824	\$ 53,791
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Net Assets

Restricted funds (Note 7)	16,248	889
General fund	<u>867,886</u>	<u>956,777</u>
	884,134	957,766
	<u>\$ 938,958</u>	<u>\$ 1,011,457</u>

On behalf of the Board

Director

Director

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

Statement of Cash Flows

Year ended December 31	2016	2015
Increase (decrease) in cash and cash equivalents		
Operating activities		
Excess of expenses over revenues	\$ (73,532)	\$ (33,179)
Amortization	<u>-</u>	<u>5,231</u>
	(73,532)	(27,948)
Net increase (decreases) in non-cash working capital items:		
Receivables	(1,872)	(1,555)
Prepaid expenses	(645)	-
Payables	<u>1,033</u>	<u>40,774</u>
	<u>(75,016)</u>	<u>11,271</u>
Investing activities		
(Purchase of) proceeds on investments	<u>(750,806)</u>	<u>504,688</u>
Net (decrease) increase in cash and cash equivalents	(825,822)	515,959
Cash and cash equivalents, beginning of year	<u>1,005,083</u>	<u>489,124</u>
Cash and cash equivalents, end of year	<u>\$ 179,261</u>	<u>\$ 1,005,083</u>

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

Notes to the Financial Statements

December 31, 2016

1. Nature of operations

The RTO/ERO Foundation aims to raise funds to increase the numbers of professional and support staff qualified and trained in geriatric care as well as to support research and programs that improve the quality of life of seniors in Ontario and Canada.

Currently our focus is on supporting geriatrics/gerontology research and training at post-secondary institutions across Ontario. In 2014, we established the Retired Teachers of Ontario/ Les Enseignantes et Enseignants Retraités de l'Ontario Chair in Geriatric Medicine at the University of Toronto and in 2016, we established a new funding stream to address social isolation in seniors.

The Foundation is governed by a volunteer Board of Directors and is supported through a network of volunteer District Foundation Representatives acting as liaison between the Foundation and the 48 Districts of the RTO/ERO.

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.

Fund balances

The Foundation collects donations which are both unrestricted and formally restricted by donors as to their use. A description of the Foundation's unrestricted and externally restricted funds follows:

(a) Geriatrics/Gerontology Fund (externally restricted)

The Geriatric/Gerontology Fund is an externally restricted fund and is used for the sole purpose of funding projects related to aging research and post-secondary training in Geriatrics and Gerontology.

(b) Social Isolation Fund (externally restricted)

The Social Isolation Fund is an externally restricted fund and is used for the sole purpose of funding projects that address social isolation in seniors.

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

Notes to the Financial Statements

December 31, 2016

2. Summary of significant accounting policies (continued)

Fund balances (continued)

(c) General Fund

The general fund balance is unrestricted and comprises the remaining excess of revenue over expenses from operations since inception that is available for general use.

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.

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

Revenue recognition

Donations are recognized as revenue of their respective funds in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Investment income includes dividend and interest income and realized and unrealized investment gains and losses. Investment income is unrestricted and recognized as revenue of the General Fund when earned.

Donated services and materials

Donated services of the volunteers and vendors 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, 2016

2. Summary of significant accounting policies (continued)

Financial Instruments

The Foundation's financial assets and liabilities are comprised of cash and cash equivalents, investment in term deposit, receivables, payable to the RTO/ERO, and payables.

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.

3. Receivables

Included in accounts receivables are government remittances of \$3,039 (2015 - \$2,510).

4. Investments

In 2016, the Foundation moved \$750,000 of excess cash into pooled mortgage investments. Investment income from the pooled mortgage funds is as follows:

	<u>2016</u>	<u>2015</u>
Dividends	\$ 13,689	\$ -
Interest	618	5,977
Unrealized investment gains	<u>904</u>	<u>-</u>
	<u>\$ 15,211</u>	<u>\$ 5,977</u>

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

Notes to the Financial Statements

December 31, 2016

5. Capital assets

	<u>Cost</u>	<u>Accumulated Depreciation</u>	2016 Net Book Value	2015 Net Book Value
Financial Transaction System	\$ 35,761	\$ 35,761	\$ -	\$ -

6. Payables

	2016	2015
Accounts payable trade	\$ 549	\$ 3,148
RTO/ERO	41,837	9,443
Accruals and other	<u>12,438</u>	<u>41,200</u>
Total	\$ 54,824	\$ 53,791

7. Restricted Funds

	<u>Geriatrics/ Gerontology Fund</u>	<u>Social Isolation Fund</u>	2016 Total	2015 Total
Donations				
Corporate	\$ 1,141	\$ -	\$ 1,141	\$ 200
Individuals	33,264	3,126	36,390	23,792
Donation from the RTO/ERO and district offices	<u>715</u>	<u>-</u>	<u>715</u>	<u>-</u>
	<u>35,120</u>	<u>3,126</u>	<u>38,246</u>	<u>23,992</u>
Program Expenses				
Granting	2,356	50,000	52,356	32,300
Professional fees, programming	530	530	1,060	-
Salaries and benefits, programming	<u>16,875</u>	<u>16,875</u>	<u>33,750</u>	<u>-</u>
	<u>19,761</u>	<u>67,405</u>	<u>87,166</u>	<u>32,300</u>
Excess of revenues over expenses (expenses over revenues)	15,359	(64,279)	(48,920)	(8,308)
Fund balance, beginning of year	889	-	889	9,197
Interfund transfers	<u>-</u>	<u>(64,279)</u>	<u>64,279</u>	<u>-</u>
Fund balance, end of year	\$ 16,248	\$ -	\$ 16,248	\$ 889

In 2015 an amount of \$32,300 was accrued in anticipation of a grant awarded in 2015 that ultimately was never finalized. This sum was applied as a credit towards 2016 granting, reducing the actual amount expensed from \$84,655, the amount paid, to \$52,355. An additional \$74,739 was committed to successful grantees for 2017 in late 2016. The grants were paid out in the 1st quarter of 2017, and will appear in the 2017 financial statements

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

Notes to the Financial Statements

December 31, 2016

8. Financial instruments

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

Market risk

The Foundation's financial instruments expose it to market risk, in particular, interest rate risk which results from investing activities. The Foundation is exposed to interest rate risk with respect to its investment in pooled mortgage funds, resulting in exposure to the risk of changes in fair value from interest rate fluctuations.

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, 2016 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.

The Organization's main financial instrument risk exposure is detailed as follows.

Credit risk

The Organization has determined that the financial assets with credit risk exposure are receivables since failure of any of these parties to fulfill their obligations could result in significant financial losses to the Organization. The Organization is also exposed to concentration risk in that all of its cash and cash equivalents and investments are held with two financial institutions and the balances held are in excess of Canadian Deposit Insurance Corporation Limits.

9. Comparative figures

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year.