



## Financial Statements

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

December 31, 2011

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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, 2011, and 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 generally accepted accounting principles, 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, 2011, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Toronto, Canada  
June 26, 2012

*Grant Thornton LLP*

Chartered accountants  
Licensed Public Accountant

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

December 31

2011

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| <b>Assets</b>             |                   |
|---------------------------|-------------------|
| Current                   |                   |
| Cash and cash equivalents | \$ 220,749        |
| Investments, mutual funds | 1,046             |
| Receivables               | <u>9,482</u>      |
|                           | 231,277           |
| Capital Assets (Note 4)   | <u>6,798</u>      |
|                           | <u>\$ 238,075</u> |

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| <b>Liabilities</b>                              |                   |
|---|-------------------|
| Current   |                   |
| Payable to Retired Teachers of Ontario (Note 3) | \$ 119,295        |
| Payable to 1316342 Ontario Inc. (Note 3)        | <u>1,350</u>      |
|   | 120,645           |
| Unrestricted net assets                         | <u>117,430</u>    |
|   | <u>\$ 238,075</u> |

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On behalf of the Board

Harold Brotherton Director

Valerie Mah Director

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

Year ended December 31

2011

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**Revenues**

|           |                |
|-----------|----------------|
| Donations | \$ 225,812     |
| Other     | <u>42</u>      |
|           | <u>225,854</u> |

**Expenses**

|                            |                |
|----------------------------|----------------|
| Amortization               | 3,399          |
| General and administrative | <u>105,025</u> |
|                            | <u>108,424</u> |

Excess of revenues over expenses \$ 117,430

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|                                  |                   |
|----------------------------------|-------------------|
| Fund balance, beginning of year  | \$ -              |
| Excess of revenues over expenses | <u>117,430</u>    |
| Fund balance, end of year        | \$ <u>117,430</u> |

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**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

2011

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**Increase (decrease) in cash and cash equivalents**

**Operating activities**

|                                 |                |
|---------------------------------|----------------|
| Excess of revenue over expenses | \$ 117,430     |
| Amortization                    | 3,399          |
| Donation-in-kind                | <u>(1,046)</u> |
|                                 | 119,783        |

Net increase (decreases) in non-cash working capital:

|                       |                |
|-----------------------|----------------|
| Receivables           | (9,482)        |
| Intercompany payables | <u>120,644</u> |
|                       | <u>230,945</u> |

**Investing activities**

|                            |                 |
|----------------------------|-----------------|
| Purchase of capital assets | <u>(10,197)</u> |
|----------------------------|-----------------|

Net increase in cash and cash equivalents

220,748

Cash and cash equivalents, beginning of year

-

Cash and cash equivalents, end of year

\$ 220,748

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

## Notes to the Financial Statements

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December 31, 2011

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### 1. Nature of operations

The Retired Teachers of Ontario Foundation / Las 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 Geriatrics at the University of Toronto with an emphasis on the promotion of interdisciplinary training among health care professional, 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;
- c) to provide one-time financial and/or other support to students, seniors and aging members of the public who are in distress;
- d) to provide one-time support to community projects that enhance the quality of life for seniors and/or children living in poverty and/or community groups; and
- e) to provide the necessities of life to victims of natural disasters in Canada and abroad.

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.

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### 2. Summary of significant accounting policies

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

#### Financial Instruments

Financial instruments are measured at fair value upon initial recognition. Cash equivalents are classified as held-for-trading, receivables are classified as loans and receivables, and intercompany payables are classified as other liabilities.

The Foundation has chosen to apply CICA Handbook Section 3861 – Financial Instruments – Disclosure and Presentation, in place of Section 3862 – Financial Instruments – Disclosure and Section 3863 – Presentation.

#### Cash and cash equivalents

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



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

## Notes to the Financial Statements

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December 31, 2011

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### 2. Summary of significant accounting policies (continued)

#### Investments

Investments are carried at fair value which has been determined as market value.

#### Revenue recognition

The Foundation follows the deferral methods 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 not recorded in the financial statements.

#### Estimates and measurement uncertainty

The preparation of financial statements in conformity with Canadian generally accepted accounting principles 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 revenue and expenses during the reporting period. By their nature, these estimates are subject to measurement uncertainty. Actual results could differ from those estimates. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the period in which they become known.

#### Future accounting changes

On December 31, 2010, the Accounting Standards Board issued Part III of the Accounting Handbook: Accounting Standards for Not-for-Profit Organizations ("ASNPO"). The standards are effective for annual financial statements relating to fiscal years beginning on or after January 1, 2012. The standards are applicable to all not-for-profit organizations. Not-for-profit organizations maintain the option to adopt International Financial Reporting Standards. The Foundation has decided to adopt Part III ASNPO for the fiscal year beginning January 1, 2012.

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

## Notes to the Financial Statements

December 31, 2011

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### 3. Related party transactions

During the year, funding of \$120,645 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. It has been agreed that the RTO/ERO will provide up to \$150,000 in funding to the Foundation to be paid back in the three succeeding years.

These transactions are in the normal course of business and are recorded at the exchange amounts agreed to by the related parties. The payable to RTO/ERO is interest bearing at the prime rate and repayable over a three year term commencing January 1, 2012.

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### 4. Capital assets

|                              |             |                                     | <u>2011</u>               |
|------------------------------|-------------|-------------------------------------|---------------------------|
|                              | <u>Cost</u> | <u>Accumulated<br/>Depreciation</u> | <u>Net<br/>Book Value</u> |
| Financial Transaction System | \$ 10,197   | \$ 3,399                            | \$ 6,798                  |

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### 5. Financial instruments

#### Fair Value

The carrying amounts of cash and cash equivalents, contributions receivable, and accounts payable and accrued liabilities approximate fair value because of the short term maturity of these financial instruments.

#### Credit Risk

Financial instruments that potentially subject the Foundation to concentrations of credit risk consist of cash equivalents and contributions receivable.

Cash and cash equivalents consist of bank balances with a major Canadian financial institution which may exceed federally insured limits.

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### 6. Capital management

The Foundation's objectives when managing capital are:

- a) To safeguard the Foundation's ability to continue as a going concern.
- b) To maintain appropriate cash reserves on hand to meet ongoing operating costs.
- c) To invest cash on hand in highly liquid and highly rated financial instruments.

In the management of capital, the Foundation includes net assets in the definition of capital. The Foundation manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. The Foundation is not subject to externally imposed capital requirements.