



**THE ASSOCIATES  
OF  
THE UNIVERSITY OF TORONTO, INC.**

**FINANCIAL STATEMENTS**

**YEARS ENDED DECEMBER 31, 2013 and 2012**

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## INDEPENDENT AUDITORS' REPORT

Board of Directors and Members  
The Associates of the University of Toronto, Inc.

We have audited the accompanying financial statements of the Associates of the University of Toronto, Inc. (a New York not-for-profit membership corporation) which comprise the statements of financial position as of December 31, 2013 and 2012 and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing audit 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 in 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. Accordingly, we express no such opinion. An audit includes evaluating the appropriateness of accounting policies used and the reasonableness of significant 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 referred to above present fairly, in all material respects, the financial position of the Associates of the University of Toronto, Inc. as of December 31, 2013 and 2012 and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*Meyers & Capomaggi, LLC*

Midland Park, New Jersey  
June 19, 2014

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MEMBER  
AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS  
DIVISION FOR CPA FIRMS, PRIVATE COMPANIES PRACTICE SECTION  
NEW JERSEY SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS

**THE ASSOCIATES OF THE UNIVERSITY OF TORONTO, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2013 and 2012**

<b>ASSETS</b>	<b>2013</b>	<b>2012</b>
<b>Current Assets</b>		
Cash and cash equivalents	\$ 481,836	\$ 257,378
Contributions receivable	1,115	168,650
	<hr/>	<hr/>
<b>Total Current Assets</b>	<b>482,951</b>	<b>426,028</b>
<b>Other Assets</b>		
Collections	48,523	225,212
	<hr/>	<hr/>
<b>TOTAL ASSETS</b>	<b>\$ 531,474</b>	<b>\$ 651,240</b>
	<hr/>	<hr/>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current Liabilities</b>	\$ -	\$ -
<b>Net Assets</b>		
Unrestricted	530,474	650,240
Permanently restricted	1,000	1,000
	<hr/>	<hr/>
<b>Total Net Assets</b>	<b>531,474</b>	<b>651,240</b>
	<hr/>	<hr/>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 531,474</b>	<b>\$ 651,240</b>

(See notes to financial statements.)

**THE ASSOCIATES OF THE UNIVERSITY OF TORONTO, INC.**  
**STATEMENTS OF ACTIVITIES**  
**YEARS ENDED DECEMBER 31, 2013 and 2012**

<b>CHANGE IN UNRESTRICTED NET ASSETS</b>	<b>2013</b>	<b>2012</b>
<b>Revenues</b>		
Contributions		
Currency	\$ 726,701	\$ 590,246
Collections	48,523	229,212
Interest	559	382
	<hr/>	<hr/>
<b>Total Unrestricted Revenues</b>	<b><u>775,783</u></b>	<b><u>819,840</u></b>
<b>Expenses</b>		
Grants for benefit of the University of Toronto	880,815	367,474
Administrative expenses	14,734	14,413
	<hr/>	<hr/>
<b>Total Expenses</b>	<b>895,549</b>	<b>381,887</b>
<b>Increase (Decrease) in Unrestricted Net Assets</b>	<b><u>(119,766)</u></b>	<b><u>437,953</u></b>
<b>Net Assets, beginning of year</b>	<b>651,240</b>	<b>213,287</b>
<b>Net Assets, end of year</b>	<b><u>\$ 531,474</u></b>	<b><u>\$ 651,240</u></b>

(See notes to financial statements.)

**THE ASSOCIATES OF THE UNIVERSITY OF TORONTO, INC.**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED DECEMBER 31, 2013 and 2012**

	2013	2012
<b>OPERATING ACTIVITIES</b>		
<b>Change in net assets</b>	<b>\$ (119,766)</b>	<b>\$ 437,953</b>
<b>Adjustments to reconcile change in net assets to net cash used by operating activities</b>		
Contributions receivable	167,535	(160,000)
Due to (from) broker	-	997
	_____	_____
<b>Net cash provided by operating activities</b>	<b><u>47,769</u></b>	<b><u>278,950</u></b>
 <b>INVESTING ACTIVITIES</b>		
Acquisition of collections	(48,523)	(229,212)
Collections transferred	225,212	7,644
	_____	_____
<b>Net cash provided (used) by investing activities</b>	<b><u>176,689</u></b>	<b><u>(221,568)</u></b>
<b>Net increase in cash and cash equivalents</b>	<b>224,458</b>	<b>57,382</b>
<b>Cash and cash equivalents, beginning of year</b>	<b><u>257,378</u></b>	<b><u>199,966</u></b>
<b>Cash and cash equivalents, end of year</b>	<b><u>\$ 481,836</u></b>	<b><u>\$ 257,378</u></b>

(See notes to financial statements)

**THE ASSOCIATES OF THE UNIVERSITY OF TORONTO, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2013 and 2012**

**Note 1: Nature of Organization and Significant Accounting Policies**

The Associates of the University of Toronto, Inc. (the Organization) was organized on January 14, 1947 as a New York, not-for-profit membership corporation and has been granted and maintains a public charity status as defined by the United States Department of the Treasury. The Organization accepts contributions from alumni and friends of the University of Toronto resident in the United States. All grants paid are for the benefit of the University of Toronto.

***Basis of Presentation***

The accounting principles used in the preparation of the financial statements of the Organization are the generally accepted accounting principles used in the United States. Amounts shown are denominated in U.S. currency.

***Support and Expenses***

Contributions received are measured at their fair values and are reported as an increase in net assets. The organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets, or if they are designated as support for future periods. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activity as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted support. Expenses are recorded when incurred in accordance with the accrual basis of accounting.

***Donated Services***

A number of unpaid volunteers have made significant contributions of their time to develop the Organization's programs through its Members, Board of Directors, and Executive Committee. The value of this contributed time is not reflected in the financial statements since it is not susceptible to objective measurement or valuation.

***Use of Estimates***

The preparation of the financial statements in conformity with 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

**THE ASSOCIATES OF THE UNIVERSITY OF TORONTO, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2013 and 2012**

**Note 1: Nature of Organization and Significant Accounting Policies (continued)**

***Cash and Cash Equivalents***

Cash and cash equivalents consist of cash held in checking, money market accounts, and commercial paper with maturities of less than 90 days. At year-end and throughout the year, the Organization's cash and cash equivalent balances were deposited in one financial institution. Management believes the Organization is not exposed to any significant credit risk on cash and cash equivalents.

***Investments***

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the statement of financial position. Investment income or loss (including gains and losses on investments, interest and dividends) is included in the statement of activities as increases or decreases in unrestricted net assets unless the income or loss is restricted by donor or law.

***Concentrations of Credit and Market Risk***

Financial instruments that potentially expose the Organization to concentrations of credit risk and market risk consist primarily of cash equivalents and investments. Cash equivalents are maintained at a high-quality financial institution. The Organization's investments do not represent concentrations of market risk since the Organization's investments are sold upon receipt.

***Foreign Currency Translation***

Foreign currency assets and liabilities of the Organization's activities are translated into U.S. dollars at the year-end exchange rate. Foreign currency revenues and expenses are translated at the exchange rate in effect on the dates of the related transactions. Foreign currency gains and losses are included in income currently.

***Contributions Receivable***

Management believes that all contributions receivable are collectable. According no allowance has been recorded for uncollectible receivables.

**Note 2: Fair Value of Financial Instruments**

The carrying amount of cash and cash equivalents and marketable securities approximates fair value of these instruments. The fair value of marketable securities is based on quoted market prices, which is a level one input within the fair value hierarchy.

**THE ASSOCIATES OF THE UNIVERSITY OF TORONTO, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2013 and 2012**

**Note 3: Investment Management**

Endowments funded by the Organization are managed by the University of Toronto Asset Management Corporation (UTAM) in segregated accounts of the university's endowed trust funds, other funds of a permanent or long-term nature, funds of affiliated organizations, and funds where the university is a beneficiary. The investments consist of units of ownership in an investment pool consisting of Canadian, U.S., NAA, and foreign equities, and fixed income instruments. The UTAM engages in derivative transactions for hedging and risk management, including the hedging of foreign currency exposure. At its May 10, 2004 meeting, the Board of Directors authorized the transfer of the balance of the Organization's investments to the University to endow the Directorship of the Centre for the Study of the United States and to create a matching gift fund to encourage U.S. donors to support the University.

**Note 4: Income Taxes**

The Organization is a nonprofit corporation whose revenue is derived from contributions and investment income, and is not subject to federal or state income taxes under Section 501(c)(3) of the Internal Revenue Code. The Organization's Forms 990, *Return of Organization Exempt from Income Tax*, for the years ended 2010, 2011, 2012, and 2013 are subject to examination by the IRS, generally for three years after they were filed.

**Note 5: Permanently Restricted Net Assets**

Permanently restricted net assets of \$1,000 are restricted to investments in perpetuity, the income from which is expendable for the operating expenses of the Organization.

**Note 6: Collections**

The Organization receives works of art, historical manuscripts and letters, literary works, and other memorabilia which are housed at various libraries of the University of Toronto. Such contributions are recorded at appraised value when received. At its May 10, 2004 meeting, the Board of Directors transferred ownership of its collections to the University. Collections received since that date are recorded as an asset of the Organization until management authorizes the transfer of ownership to the University of Toronto. Upon transfer of ownership, collections are removed from the assets of the Organization and recorded as grants paid to the University of Toronto.

**THE ASSOCIATES OF THE UNIVERSITY OF TORONTO, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2013 AND 2012**

**Note 7: Functional Allocation of Expenses**

The expenses of the Organization as shown in the Statement of Activities are allocated as follows:

	<b>2013</b>	<b>2012</b>
Program services	\$ 882,727	\$ 369,279
General and administrative	10,911	10,804
Fundraising	1,911	1,804

**Note 8: Major Contributors**

The Organization, from time to time, receives large contributions from various foundations, corporations, and individuals. Contributions from major contributors represented 27% of total contributions for 2013 and 31% for 2012.

**Note 9: Subsequent Events**

Management has evaluated subsequent events through June 19, 2014, which is the date the financial statements were issued.