



THE ASSOCIATES  
OF  
THE UNIVERSITY OF TORONTO, INC.

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2017 and 2016

**PETER GILL CPA, LLC**  
**625 LAFAYETTE AVENUE**  
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PETER GILL CPA

**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, 2017 and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements. The financial statements of the University of Toronto, Inc. as of December 31, 2016, and for the year then ended were audited by other auditors. Those auditors issued an unqualified opinion on those financial statements in their report dated June 13, 2017.

**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 audits. 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 controls 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, 2017 and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Peter Gill CPA, LLC***

Hawthorne, New Jersey  
June 11, 2018

AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS  
DIVISION FOR CPA FIRMS, PRIVATE COMPANIES PRACTICE SECTION  

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NEW JERSEY SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS

**THE ASSOCIATES OF THE UNIVERSITY OF TORONTO, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2017 and 2016**

<b>ASSETS</b>	<u>2017</u>	<u>2016</u>
<b>Current Assets</b>		
Cash and cash equivalents	\$ 3,322,218	\$ 309,183
Contributions receivable	-	13,350
<b>Total Current Assets</b>	<u>3,322,218</u>	<u>322,533</u>
<b>Other Assets</b>		
Collections	\$ -	1,475
<b>TOTAL ASSETS</b>	<u><u>\$ 3,322,218</u></u>	<u><u>\$ 324,008</u></u>
 <b>LIABILITIES AND NET ASSETS</b>		
<b>Current Liabilities</b>		
Accrued expenses	\$ -	\$ 873
<b>Net Assets</b>		
Unrestricted	3,321,218	322,135
Permanently restricted	1,000	1,000
<b>Total Net Assets</b>	<u>3,322,218</u>	<u>323,135</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$ 3,322,218</u></u>	<u><u>\$ 324,008</u></u>

(See notes to financial statements.)

**THE ASSOCIATES OF THE UNIVERSITY OF TORONTO, INC.,  
STATEMENTS OF ACTIVITIES  
YEARS ENDED DECEMBER 31, 2017 and 2016**

**CHANGE IN UNRESTRICTED NET ASSETS**

	<u>2017</u>	<u>2016</u>
<b>Revenues</b>		
Contributions		
Currency	\$ 3,819,256	\$ 657,098
Collections	23,104	137,375
Securities	467,885	56,885
Interest	736	639
Loss on sale of securities	(3,103)	(161)
<b>Total Unrestricted Revenues</b>	<u>\$ 4,307,878</u>	<u>\$ 851,836</u>
<b>Expenses</b>		
Grants for benefit of the University of Toronto	\$ 1,295,247	\$ 2,049,830
Administrative expenses	13,548	15,199
<b>Total Expenses</b>	<u>\$ 1,308,795</u>	<u>\$ 2,065,029</u>
<b>Increase (Decrease) in Unrestricted Net Assets</b>	<b>2,999,083</b>	<b>(1,213,193)</b>
<b>Net Assets, beginning of year</b>	<b>323,135</b>	<b>1,536,328</b>
<b>Net Assets, end of year</b>	<u><b>\$ 3,322,218</b></u>	<u><b>\$ 323,135</b></u>

(See notes to financial statements.)

**THE ASSOCIATES OF THE UNIVERSITY OF TORONTO, INC.**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED DECEMBER 31, 2017 and 2016**

	<u>2017</u>	<u>2016</u>
<b>OPERATING ACTIVITIES</b>		
<b>Change in net assets</b>	\$ 2,999,083	\$ (1,213,193)
<b>Adjustments to reconcile change in net assets to net cash from operating activities:</b>		
Contributions receivable	13,350	(13,266)
Loss on sale of securities	3,103	161
Accrued expenses	(873)	873
<b>Net cash provided by (used in) operating activities</b>	<u>\$ 3,014,663</u>	<u>\$ (1,225,425)</u>
<b>INVESTING ACTIVITIES</b>		
Acquisition of collections	(23,104)	(137,375)
Collections transferred	24,579	137,975
Securities contributed	(467,885)	(56,885)
Proceeds of securities sold	464,782	56,724
<b>Net cash provided (used) by investing activities</b>	<u>(1,628)</u>	<u>439</u>
<b>Net increase in cash and cash equivalents</b>	<b>3,013,035</b>	<b>(1,224,986)</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>309,183</b>	<b>1,534,169</b>
<b>Cash and cash equivalents, end of year</b>	<u><b>\$ 3,322,218</b></u>	<u><b>\$ 309,183</b></u>

(See notes to financial statements)

**THE ASSOCIATES OF THE UNIVERSITY OF TORONTO, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2017 and 2016**

**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, 2017 AND 2016**

**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



**THE ASSOCIATES OF THE UNIVERSITY OF TORONTO, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2017 AND 2016**

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.

**Note 3: Investment Management**

Endowments funded by the Organization are managed by the University of Toronto Asset Management Corporation (UTAM) (a registered portfolio manager and an investment fund manager domiciled in the Province of Ontario, Canada) 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., 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.

**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 2014, 2015, 2016, and 2017 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. Collections received 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, 2017 AND 2016**

**Note 7: Functional Allocation of Expenses**

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

	<b>2017</b>	<b>2016</b>
Program services	\$1,296,565	\$2,051,696
General and administrative	10,915	11,466
Fundraising	1,315	1,867

**Note 8: Major Contributors**

The Organization, from time to time, receives large contributions from various foundations, corporations, and individuals. Contributions from major contributors (\$100,000 or more) represented 83% of total contributions for 2017 and 13% for 2016.

**Note 9: Subsequent Events**

Management has evaluated subsequent events through June 11, 2018 which is the date the financial statements were issued.

**PETER GILL CPA, LLC  
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**INDEPENDENT AUDITOR'S REPORT  
ON ADDITIONAL INFORMATION**

PETER GILL, CPA

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

We have audited the financial statements of The Associates of the University of Toronto, Inc., as of and for the year then ended December 31, 2017, and have issued our report thereon dated June 11, 2018 which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements taken as a whole. The financial statements of The Associates of the University of Toronto, Inc. as of December 31, 2016, and for the year then ended were audited by other auditors. Those auditors expressed an unqualified opinion on those financial statements in their report dated June 13, 2017.

The Schedules of Grants Disbursed and Administrative Expenses for the years then ended December 31 2017 and 2016 and the Schedule of Securities Contributed and Securities Sold for the year ended December 31, 2017 are presented for the purposes of additional analysis and are not a required part of the financial statements. The information relating to the year ended 2016 was obtained from the predecessor auditors audit report that was issued with no issues. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the Unites States of America. In our opinion, the information is fairly stated in all material respects in relation the financial statements as a whole.

Peter Gill CPA, LLC  
Hawthorne, New Jersey  
June 11, 2018

**THE ASSOCIATES OF THE UNIVERSITY OF TORONTO, INC.**  
**SCHEDULES OF GRANTS DISBURSED**  
**YEARS ENDED DECEMBER 31, 2017 AND 2016**

<u>GRANT RECIPIENT</u>	<u>2017</u>	<u>2016</u>
Faculty of Kinesiology and Physical Education	\$ 270,500	\$ 393,712
Faculty of Applied Science and Engineering	164,939	216,306
Faculty of Medicine	154,400	157,138
University College	152,126	-
Rotman School of Management	113,310	117,718
Faculty of Law	100,100	-
St. Michael's College	94,786	11,000
Faculty of Arts and Sciences	87,104	144,450
Ontario Institute of Studies	28,525	-
Faculty of Forestry	25,000	25,000
Innis College	25,000	-
Fisher Rare Book Library	24,579	135,900
University of Toronto School	19,100	-
Faculty of Architecture, Landscape and Design	13,000	12,500
General University Fund	5,050	-
Faculty of Dentistry	5,000	-
Trinity College	-	805,000
Annual Fund	-	9,242
Faculty of Music	-	6,150
Department of Archeology	-	5,000
Other grants - under \$5,000	12,728	10,714
<b>Total Grants Disbursed</b>	<b><u>\$ 1,295,247</u></b>	<b><u>\$ 2,049,830</u></b>

**THE ASSOCIATES OF THE UNIVERSITY OF TORONTO, INC.  
SCHEDULES OF ADMINISTRATIVE EXPENSES  
YEARS ENDED DECEMBER 31, 2017 AND 2016**

	<u>2017</u>	<u>2016</u>
Accounting and auditing fees	\$ 9,600	\$ 9,600
Telephone expense	-	1,136
Administrative fee to University of Toronto	2,378	933
Printing and photocopying	-	1,226
Meetings expense	1,320	760
Postage and shipping	-	520
Office supplies	-	714
Bank fees	125	35
Filing Fees	125	275
<b>Total Administrative Expenses</b>	<b><u>\$ 13,548</u></b>	<b><u>\$ 15,199</u></b>

**THE ASSOCIATES OF THE UNIVERSITY OF TORONTO, INC.  
SCHEDULES OF SECURITIES CONTRIBUTED AND SOLD  
YEARS ENDED DECEMBER 31, 2017**

<u>DESCRIPTION</u>	<u>DATE ACQUIRED</u>	<u>DATE SOLD</u>	<u>ASSIGNED VALUE</u>	<u>PROCEEDS FROM SALE</u>	<u>GAIN (LOSS) ON SALE</u>
850 shares of Stanley Black & Deck	4/20/2017	4/20/2017	\$ 112,285	\$ 112,810	\$ 525
1000 shares of Walgreens	10/17/2017	10/17/2017	67,330	67,596	266
4,500 shares of T-Mobile	12/13/2017	12/14/2017	\$ 288,270	\$ 284,376	\$ (3,894)
<b>Totals</b>			<u>\$ 467,885</u>	<u>\$ 464,782</u>	<u>\$ (3,103)</u>

**PETER GILL CPA, LLC  
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Peter Gill, CPA

June 11, 2018

To the Board of Directors  
The Associates of the University of Toronto, Inc.

We have audited the financial statements of the Associates of the University of Toronto, Inc. for the year ended December 31, 2017, and have issued our report thereon dated June 11, 2018. Professional Standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter to you dated January 10, 2018. Professional Standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

*Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Associates of the University of Toronto, Inc. are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2017. We noted no transactions entered into by the Organization during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past or current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

Management's estimate of the market value of gifts-in-kind donated to the Organization is based on appraisals of works of art, historical treasures, literary works, and memorabilia and quoted market prices for securities donated. We evaluated the key factors and assumptions used to develop the market value of such donations in determining that it is reasonable in relationship to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

To the Board of Directors  
The Associates of the University of Toronto, Inc.  
June 11, 2018  
Page 2

*Difficulties Encountered in Performing the Audit*

We encountered no difficulties in dealing with management in performing and completing our audit.

*Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. There were no misstatements noted during our audit.

*Disagreements with Management*

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

*Management Representations*

We have requested certain representations from management that are included in the management representation letter dated June 11, 2018.

*Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Organization's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

*Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Organization's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

With respect to the additional information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the additional information to determine that the information complies with U.S. generally accepted accounting  
To the Board of Directors



The Associates of the University of Toronto, Inc.  
June 11, 2018  
Page 3

principles, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared reconciled the additional information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This communication is intended solely for the use of the Board of Directors of the Associates of the University of Toronto, Inc. and is not intended to be, and should not be, used by anyone other than these specific parties.

*Peter Gill CPA, LLC*