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

December 31, 2018

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Independent Auditor's Report

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

Opinion

We have audited the financial statements of The Retired Teachers of Ontario Foundation/La Fondation des Enseignantes et Enseignants Retraités de L'Ontario (the "Organization"), which comprise the statement of financial position as at December 31, 2018, and the statements of operations and changes in fund balances, and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at December 31, 2018, and the results of its operations and changes in fund balances, and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the Organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Other matter

The financial statements of The Retired Teachers of Ontario Foundation/La Fondation des Enseignantes et Enseignants Retraités de L'Ontario as at and for the year ended December 31, 2017 were audited by another auditor who expressed an unmodified opinion on those statements on June 15, 2018.

Chartered Professional Accountants
Licensed Public Accountants
[DATE]

**The Retired Teachers of Ontario Foundation/La Fondation
des Enseignantes et Enseignants Retraitées de L'Ontario**
Statement of operations and changes in fund balances
Year ended December 31, 2018

Notes	2018			2017
	General fund \$	Externally restricted funds \$	Total \$	Total \$
(Note 7)				
Revenue				
Donations				
Corporate	105,320	40,404	145,724	117,031
Individuals	122,219	52,466	174,685	142,698
Donation from the RTO/ERO and district offices	17,394	105	17,499	12,446
Bequests	—	—	—	75,000
Investment income	28,143	—	28,143	17,789
	273,076	92,975	366,051	364,964
Expenses				
Operations				
General and administrative	14,553	—	14,553	35,791
Postage	9,984	—	9,984	16,089
Meetings	10,645	—	10,645	7,698
Professional fees	18,167	—	18,167	12,988
Salaries and benefits (operations and fundraising)	130,889	—	130,889	175,624
	184,238	—	184,238	248,190
Program expenses				
Granting	—	71,858	71,858	189,639
General and administrative	3,504	—	3,504	3,307
Professional fees (programming)	—	—	—	3,247
Salaries and benefits (programming)	155,088	—	155,088	54,759
	158,592	71,858	230,450	250,952
	342,830	71,858	414,688	499,142
(Deficiency) excess of revenue over expenses	(69,754)	21,117	(48,637)	(134,178)
Fund balance, beginning of year	733,708	16,248	749,956	884,134
(Deficiency) excess of revenue over expenses	(69,754)	21,117	(48,637)	(134,178)
Fund balance, end of year	663,954	37,365	701,319	749,956

The accompanying notes are an integral part of the financial statements.

**The Retired Teachers of Ontario Foundation/La Fondation
des Enseignantes et Enseignants Retraitées de L'Ontario**
Statement of financial position
As at December 31, 2018

	Notes	2018 \$	2017 \$
Assets			
Current assets			
Cash and cash equivalents		17,677	106,103
Receivables	3	80,399	12,094
Prepaid expenses		508	—
		98,584	118,197
Investments	4	643,097	642,208
		741,681	760,405
Liabilities			
Current liabilities			
Payables	6	40,362	10,449
Net assets			
Externally restricted funds		37,365	16,248
General fund	7	663,954	733,708
		701,319	749,956
		741,681	760,405

The accompanying notes are an integral part of the financial statements.

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, 2018

	2018 \$	2017 \$
Operating activities		
Deficiency of revenue over expenses	(48,637)	(134,178)
Unrealized investment (gains) losses	(4,571)	4,847
Loss on sale of investments	36	130
	(53,172)	(129,201)
Net increase (decreases) in non-cash working capital items		
Receivables	(68,305)	(3,848)
Prepaid expenses	(508)	645
Payables	29,913	(44,375)
	(92,072)	(176,779)
Investing activity		
Proceeds on sale of investments	3,646	103,621
Net decrease in cash and cash equivalents	(88,426)	(73,158)
Cash and cash equivalents, beginning of year	106,103	179,261
Cash and cash equivalents, end of year	17,677	106,103

The accompanying notes are an integral part of the 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, 2018

1. Nature of operations

The Retired Teachers of Ontario Foundation/La Fondation des Enseignantes et Enseignants Retraités de L'Ontario ("RTO/ERO Foundation") raises 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 postsecondary 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 the Province 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 externally restricted by donors as to their use. A description of the Foundation's unrestricted and externally restricted funds is as 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.

(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.

The Retired Teachers of Ontario Foundation/La Fondation

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Notes to the financial statements

December 31, 2018

2 Summary of significant accounting policies (continued)

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. Amounts involving estimates include the fair value of investments and amortization of capital assets.

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
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Revenue recognition

RTO/ERO Foundation follows the restricted fund method of accounting for donations. 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.

Financial instruments

The Foundation's financial assets and liabilities are comprised of cash and cash equivalents, investments, receivables, 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.

The Retired Teachers of Ontario Foundation/La Fondation

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Notes to the financial statements

December 31, 2018

2 Summary of significant accounting policies (continued)

Financial instruments (continued)

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 pooled mortgage 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

Accounts receivable trade and other
Amounts receivable from RTO/ERO
Harmonized Sales Tax receivable

	2018 \$	2017 \$
18,617	8,808	
60,000	—	
1,782	3,286	
80,399	12,094	

4. Investments

The Foundation's investments are held in units of pooled mortgage funds. Investment income from the pooled mortgage funds is as follows:

Dividends
Interest
Unrealized investment gains (losses)

	2018 \$	2017 \$
22,495	22,316	
1,077	320	
4,571	(4,847)	
28,143	17,789	

5. Capital assets

Financial transaction system

	Cost \$	Accumulated depreciation \$	2018 Net book value \$	2017 Net book value \$
35,761	35,761		—	—

The Retired Teachers of Ontario Foundation/La Fondation des Enseignantes et Enseignants Retraités de L'Ontario
Notes to the financial statements
December 31, 2018

6. Payables

	2018 \$	2017 \$
Accounts payable trade	24,507	3,554
Amounts payable to RTO/ERO	—	1,895
Accruals and other	15,855	5,000
	40,362	10,449

7. Restricted funds

	2018 \$	2017 \$
	Geriatrics/ Gerontology Fund \$	Social Isolation Fund \$
Donations		Total \$
Corporate	96	40,308
Individuals	26,513	40,404
Donation from the RTO/ERO and district offices	—	52,466
	105	105
	26,609	66,366
	92,975	40,547
		—
Program expenses		
Granting	71,858	—
	71,858	71,858
	71,858	189,639
Excess of (expenses over revenue) revenue over expenses	(45,249)	21,117
Fund balance, beginning of year	16,248	(148,482)
Interfund transfers	29,001	—
Fund balance, end of year	—	37,365
	37,365	16,248

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.

The Retired Teachers of Ontario Foundation/La Fondation

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Notes to the financial statements

December 31, 2018

8. Financial instruments (continued)

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 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. The Foundation's management does not expect any financial loss on the December 31, 2018 cash and cash equivalents and receivable balances.

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.

9. Comparative figures

Certain comparative amounts have been reclassified from those previously presented to conform to the presentation of the 2018 financial statements. Amounts reclassified include the components of investment income as disclosed in Note 4 and reported on the statement of cash flows.