



Financial Statements

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

December 31, 2012

Contents

	Page
Independent auditor's report	1 - 2
Statement of financial position	3
Statement of operations and changes in fund balances	4
Statement of cash flows	5
Notes to financial statements	6 - 8



Independent auditor's report

Grant Thornton LLP
19th Floor, Royal Bank Plaza South Tower
200 Bay Street, Box 55
Toronto, ON
M5J 2P9
T +1 416 366 0100
F +1 416 360 4949
www.GrantThornton.ca

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, 2012, 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 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, 2012, 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.

Comparative Information

Without modifying our opinion, we draw attention to Note 3 to the financial statements which describes that The Retired Teachers of Ontario Foundation / La Fondation des Enseignantes et Enseignants Retraités de L'Ontario adopted Canadian accounting standards for not-for-profit organizations on January 1, 2012 with a transition date of January 1, 2011. These standards were applied retrospectively by management to the comparative information in these financial statements, including the balance sheets as at December 31, 2011 and January 1, 2011, and the statement of operations, statement of changes in net assets and cash flows for the year ended December 31, 2011 and related disclosures. We were not engaged to report on the restated comparative information, and as such, it is unaudited.

Grant Thornton LLP

Toronto, Canada
April 9, 2013

Chartered accountants
Licensed Public Accountant

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

December 31	2012	2011	January 1, 2011
		(Unaudited)	(Unaudited)
Assets			
Current			
Cash and cash equivalents	\$ 368,172	\$ 220,749	\$ -
Investments, mutual funds	1,018	1,046	-
Receivables (Note 3)	<u>13,807</u>	<u>19,162</u>	<u>-</u>
	<u>382,997</u>	<u>240,957</u>	<u>-</u>
Capital Assets (Note 5)	<u>9,981</u>	<u>6,798</u>	<u>-</u>
	<u>\$ 392,978</u>	<u>\$ 247,755</u>	<u>\$ -</u>
Liabilities			
Current			
Payable to Retired Teachers of Ontario (Note 4)	\$ 154,039	\$ 119,295	\$ -
Payable to 1316342 Ontario Inc. (Note 4)	-	1,350	-
Payables	<u>182</u>	<u>-</u>	<u>-</u>
	<u>154,221</u>	<u>120,645</u>	<u>-</u>
Unrestricted net assets	<u>238,757</u>	<u>127,110</u>	<u>-</u>
	<u>\$ 392,978</u>	<u>\$ 247,755</u>	<u>\$ -</u>

On behalf of the Board

Valerie Mah Director

Reinold Breathwaite Director

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

Year ended December 31

2012

2011

(Unaudited)

Revenues

Donations (Note 3)	\$ 236,714	\$ 235,492
Interest	961	42
	<u>237,675</u>	<u>235,534</u>

Expenses

Amortization	6,690	3,399
General and administrative	<u>119,338</u>	<u>105,025</u>
	<u>126,028</u>	<u>108,424</u>

Excess of revenues over expenses	\$ <u>111,647</u>	\$ <u>127,110</u>
----------------------------------	-------------------	-------------------

Fund balance, beginning of year (Note 3)	\$ 127,110	\$ -
Excess of revenues over expenses	<u>111,647</u>	<u>127,110</u>
Fund balance, end of year	\$ <u>238,757</u>	\$ <u>127,110</u>

**The Retired Teachers of Ontario Foundation / La Fondation
des Enseignantes et Enseignants Retraitées de L'Ontario**
Statement of cash flows

For the year ended December 31

2012

2011

(Unaudited)

Increase (decrease) in cash and cash equivalents

Operating activities

Excess of revenue over expenses	\$ 111,647	\$ 127,110
Amortization	6,690	3,399
Donation-in-kind	-	(1,046)
	<u>118,337</u>	<u>129,463</u>
Net increase (decreases) in non-cash working capital items:		
Receivables	5,355	(19,162)
Payables	182	-
Intercompany payables	<u>33,395</u>	<u>120,644</u>
	<u>157,269</u>	<u>230,945</u>

Investing activities

Purchase of capital assets	<u>(9,845)</u>	<u>(10,197)</u>
Net increase in cash and cash equivalents	<u>147,424</u>	<u>220,748</u>
Cash and cash equivalents, beginning of year	<u>220,748</u>	-
Cash and cash equivalents, end of year	<u>\$ 368,172</u>	<u>\$ 220,748</u>

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

Notes to the Financial Statements

December 31, 2012

1. Nature of operations

The Retired Teachers of Ontario Foundation / La Fondation des Enseignantes et Enseignants Retraitées 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 Retraitées 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.

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.

Financial Instruments

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.

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

Notes to the Financial Statements

December 31, 2012

2. Summary of significant accounting policies (continued)

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.

Cash and cash equivalents

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

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.

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.

3. First-time adoption

These financial statements are the Foundation's first financial statements in accordance with ASNPO. The date of transition to ASNPO is January 1, 2011. The accounting policies presented in Note 2 to the financial statements were used to prepare the financial statement for the year ended December 31, 2012, the comparative information and the opening statement of financial position as at the date of transition.

The adoption of ASNPO did not result in adjustments to the previously reported assets, liabilities, fund balances and excess of revenue over expenses of the Foundation.

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

Notes to the Financial Statements

December 31, 2012

3. First-time adoption (continued)

During the year, the Foundation has determined that revenue was under reported in 2011. Donations received in 2011 were not recorded until 2012. The restatement of donation revenue for the prior year has resulted in an increase to donation revenue, accounts receivable and the closing unrestricted fund balance of \$9,680 for the year ended December 31, 2011.

4. Related party transactions

During the year, additional funding of \$34,744 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 repaid by December 31, 2014.

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.

During the year interest expense was recorded of \$4,309 relating to the loan payable to RTO/ERO.

5. Capital assets

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>2012 Net Book Value</u>	<u>2011 Net Book Value</u>
Financial Transaction System	\$ 20,069	\$ 10,088	\$ 9,981	\$ 6,798

6. Financial instruments

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

Credit Risk

Credit risk arises from cash and cash equivalents and investments held with financial institutions and credit exposures on outstanding receivables.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Foundation is exposed to interest rate risk with respect to loans payable.

Other price risk

The Foundation is exposed to other price risk on its investment in equities (mutual funds) quoted in an active market since changes in market prices could result in changes in the fair value of these instruments.