



Financial Statements

The Master and Fellows of Massey College

April 30, 2016

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Independent Auditor's Report

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To **The Master and Fellows of Massey College**

We have audited the accompanying financial statements of **The Master and Fellows of Massey College**, which comprise the statement of financial position as at April 30, 2016, and the statements of operations and 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 in our audit 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 Master and Fellows of Massey College** as at April 30, 2016, 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.

Other matter

Our audit was conducted for the purposes of forming an opinion on the financial statements taken as a whole. The supplementary information on pages 15 to 18 is presented for purposes of additional information and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied, only to the extent necessary to express an opinion, in the audit of the financial statements taken as a whole.

Toronto, Canada
November 11, 2016



Chartered Professional Accountants
Licensed Public Accountants

The Master and Fellows of Massey College

Statement of Financial Position

April 30	2016	2015
Assets		
Current assets		
Cash	\$ 256,091	\$ 65,956
Accounts receivable	110,073	104,940
Inventory	<u>26,005</u>	<u>37,250</u>
	392,169	208,146
Investments (Note 3)	10,356,923	9,879,182
Property and equipment (Note 4)	<u>2,027,991</u>	<u>2,149,540</u>
	<u>12,777,083</u>	<u>12,236,868</u>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (Note 5)	158,272	130,651
Deferred revenue (Note 7)	17,864	35,875
Funds held for others	<u>78,417</u>	<u>68,911</u>
	<u>254,553</u>	<u>235,437</u>
Fund balances		
Operating fund (deficiency)	<u>(1,521)</u>	<u>893</u>
Restricted funds		
Externally restricted	1,763,368	1,331,400
Internally restricted	<u>184,614</u>	<u>162,000</u>
	<u>1,947,982</u>	<u>1,493,400</u>
Endowed funds		
Endowed	6,073,376	5,473,376
Externally restricted	2,430,112	2,839,632
Internally restricted	<u>44,590</u>	<u>44,590</u>
	<u>8,548,078</u>	<u>8,357,598</u>
Capital fund		
Invested in property and equipment	<u>2,027,991</u>	<u>2,149,540</u>
	<u>\$ 12,777,083</u>	<u>\$ 12,236,868</u>

Contractual obligation (Note 11)

On behalf of the Corporation

Director _____ Director _____

The Master and Fellows of Massey College

Statement of Operations and Changes in Fund Balances

Year ended April 30

	Operating Fund (Schedule 1)		Restricted Funds (Schedule 2)		Endowed Funds (Schedules 3 and 4)		Capital Fund		Total	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Revenue										
Term fees	\$ 575,326	\$ 565,038	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 575,326	\$ 565,038
Visiting Scholar's and summer fees	653,789	595,165	-	-	-	-	-	-	653,789	595,165
Residents' meals	371,331	364,500	-	-	-	-	-	-	371,331	364,500
Catering and other meals	600,893	633,316	-	-	-	-	-	-	600,893	633,316
The Quadrangle Fund donation (Note 6)	135,405	123,786	-	-	-	-	-	-	135,405	123,786
Miscellaneous donations	48,566	90,415	687,267	516,519	600,000	96,567	1	-	1,335,834	703,501
Payments from the University of Toronto (Note 7)	-	-	141,900	117,299	-	-	-	-	141,900	117,299
(Loss) earnings on investments (Note 3(b))	-	-	(6,769)	137,599	(34,898)	823,301	-	-	(41,667)	960,900
Other revenue	20,608	21,457	-	-	-	-	-	-	20,608	21,457
	<u>2,405,918</u>	<u>2,393,677</u>	<u>822,398</u>	<u>771,417</u>	<u>565,102</u>	<u>919,868</u>	<u>1</u>	<u>-</u>	<u>3,793,419</u>	<u>4,084,962</u>
Expenses										
Residence	278,040	305,410	-	-	-	-	-	-	278,040	305,410
Dining and catering	949,374	948,695	-	-	-	-	-	-	949,374	948,695
College programmes	167,523	196,618	180,255	164,363	-	-	-	-	347,778	360,981
General and administrative	855,336	887,895	19,110	16,087	97,159	95,777	-	-	971,605	999,759
Library	53,206	57,211	77,901	80,526	-	-	-	-	131,107	137,737
Journalism programmes	-	-	115,086	74,276	-	-	-	-	115,086	74,276
Amortization	-	-	-	-	-	-	146,543	146,701	146,543	146,701
Bursaries and awards	-	-	332,787	323,212	-	-	-	-	332,787	323,212
	<u>2,303,479</u>	<u>2,395,829</u>	<u>725,139</u>	<u>658,464</u>	<u>97,159</u>	<u>95,777</u>	<u>146,543</u>	<u>146,701</u>	<u>3,272,320</u>	<u>3,296,771</u>
Excess (deficiency) of revenue over expenses	102,439	(2,152)	97,259	112,953	467,943	824,091	(146,542)	(146,701)	521,099	788,191
Fund balances, beginning of year	893	866	1,493,400	1,268,947	8,357,598	7,784,895	2,149,540	2,158,532	12,001,431	11,213,240
Interfund transfers (Note 9)										
Expendable portion of Endowed funds	-	-	242,779	219,906	(242,779)	(219,906)	-	-	-	-
Transfer to Capital fund from Restricted funds	-	-	(24,993)	(137,709)	-	-	24,993	137,709	-	-
Transfer to Restricted funds from Operating funds	(145,738)	(82,000)	145,738	82,000	-	-	-	-	-	-
Transfer to Operating fund from Restricted funds	-	48,000	-	(48,000)	-	-	-	-	-	-
Other transfers	40,885	36,179	(6,201)	(4,697)	(34,684)	(31,482)	-	-	-	-
Fund balances (deficiency), end of year	<u>\$ (1,521)</u>	<u>\$ 893</u>	<u>\$ 1,947,982</u>	<u>\$ 1,493,400</u>	<u>\$ 8,548,078</u>	<u>\$ 8,357,598</u>	<u>\$ 2,027,991</u>	<u>\$ 2,149,540</u>	<u>\$ 12,522,530</u>	<u>\$ 12,001,431</u>

See accompanying notes to the financial statements.

The Master and Fellows of Massey College

Statement of Cash Flows

Year ended April 30

2016

2015

Increase (decrease) in cash

Operating

Excess of revenue over expenses	\$ 521,099	\$ 788,191
Items not affecting cash		
Realized and unrealized losses (gains) (Note 3(b))	414,375	(704,238)
Amortization	<u>146,543</u>	<u>146,701</u>
	<u>1,082,017</u>	<u>230,654</u>

Change in non-cash working capital items

Accounts receivable	(5,133)	28,797
Inventory	11,245	(8,715)
Accounts payable and accrued liabilities	27,621	(23,516)
Deferred revenue	(18,011)	(758)
Funds held for others	<u>9,506</u>	<u>(44,689)</u>
	<u>25,228</u>	<u>(48,881)</u>
	<u>1,107,245</u>	<u>181,773</u>

Investing

Net investment disposals, interest and dividends reinvested and investment management fees	(756,711)	(94,796)
The Quadrangle Fund donation received in the form of investments (Note 6)	(135,405)	(123,786)
Purchase of property and equipment	<u>(24,994)</u>	<u>(137,709)</u>
	<u>(917,110)</u>	<u>(356,291)</u>

Increase (decrease) in cash

190,135 (174,518)

Cash

Beginning of year	<u>65,956</u>	<u>240,474</u>
End of year	<u>\$ 256,091</u>	<u>\$ 65,956</u>

See accompanying notes to the financial statements.

The Master and Fellows of Massey College

Notes to the Financial Statements

April 30, 2016

1. Purpose and organization

The Master and Fellows of Massey College ("Massey College" or the "College") was incorporated without share capital by a Special Act of the Province of Ontario and is a Registered Charity under the terms of the Income Tax Act (Canada). Massey College is deemed to control The Quadrangle Fund (Note 6).

The goal of the founders, Vincent Massey, Claude Bissell and Robertson Davies, was to create a fellowship for the advancement of learning; to maintain a hall of residence for graduate students at the University of Toronto ("University"); and to provide amenities and facilities for a community of scholars. The members of the College form a multidisciplinary and diverse society that includes distinguished senior scholars, eminent members beyond the academic world and junior fellows.

In 1963, the College was built and furnished by the Massey Foundation on campus property granted to the College by the University of Toronto.

2. Summary of significant accounting policies

These financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO"). ASNPO requires entities to select policies appropriate for their circumstances from policies provided in these standards. The significant accounting policies selected by the College and applied in these financial statements are summarized below.

Fund accounting

The College uses fund accounting to present its financial statements whereby resources for particular purposes are classified for accounting and reporting purposes into one of the following funds.

Operating fund

The Operating fund consists of donations, revenue and expenses relating to the operations of the College not included in the other funds outlined below.

Restricted funds

Donations for specific purposes including the expendable portion of investments of endowed funds, net of expenditures thereof, comprise the Restricted funds.

Capital fund

The Capital fund reflects capital expenditures on property and equipment of the College, net of related accumulated amortization.

The Master and Fellows of Massey College

Notes to the Financial Statements

April 30, 2016

2. Summary of significant accounting policies (continued)

Fund accounting (continued)

Endowed funds

Endowed capital represent gifts and bequests to be held by the College in perpetuity, where the principal is invested to create a source of income to support the purposes specified by the donor and is accounted for within the respective endowment fund. The externally restricted portion of the endowed funds represents the net earnings on the original endowment, augmenting endowed capital for inflation protection. The internally restricted segment represents funds transferred at the discretion of the College to an endowed fund.

Financial instruments

The College considers any contract creating a financial asset, liability or equity instrument as a financial instrument, except in certain limited circumstances. The College accounts for the following as financial instruments:

- Cash
- Accounts receivable
- Investments
- Accounts payable
- Funds held for others

Financial assets or liabilities obtained in arm's length transactions are initially measured at their fair value and financial assets or liabilities obtained in related party transactions are measured at their exchange amount.

At each reporting date, the College measures its financial assets and liabilities at amortized cost with the exception of investments, which are measured at fair value. Fair value of the investments are determined using active market quoted rates. Unrealized gains and losses arising from the change in the fair value of the investments are recorded as part of the excess (deficiency) of revenue over expenses for the year.

Inventory

Inventory is recorded at the lower of cost and net realizable value and is depleted using the weighted average cost method. Inventory expensed during the year is recorded in the statement of operations as dining and catering and college programmes expense.

Investments

Investments of the College and The Quadrangle Fund are managed as a single portfolio. Earnings (loss) on investments and investment management fees are allocated to the Quadrangle Fund and the College's invested funds in proportion to the weighted average balance of each fund. Investment management fees are included in general and administrative expenses.

The Master and Fellows of Massey College

Notes to the Financial Statements

April 30, 2016

2. Summary of significant accounting policies (continued)

Property and equipment

Property and equipment is recorded in the Capital Fund at cost. The College amortizes the cost of property and equipment on a straight-line basis over its estimated useful life as follows:

Building improvements	- 30 years
Furniture and equipment	- 5 years
Air conditioning	- 10 years
Computer hardware and software	- 5 years

Library costs are expensed on purchase. The College records a half year of amortization in the year the property or equipment is acquired and put into use.

Both the College's art collection and rare books collection are presented in the statement of financial position at a nominal amount. During the fiscal year, the College received and received an amount of \$212,625 (2015 - \$3,000) in the form of a rare books donation.

Revenue recognition

Donations are recognized as revenue in the year received or receivable except restricted donations recorded in the Operating Fund, which are deferred and recognized in the year in which the related expenses are incurred. Unrestricted donations are recognized as revenue of the Operating Fund in the year received or receivable.

The College recognizes term fees, Visiting Scholar's and summer fees, residents' meals, catering and other meals and other revenue in the period in which the services are provided and collectability is reasonably assured. Payments from the University are recognized as revenue when received or receivable.

Contributed property, art, rare books, goods and services

Contributed property is recorded at its fair value as appraised by independent third parties. Contributed art and rare books are recognized at a nominal value. Contributed goods and services are not recorded in the accounts as their fair value is not reasonably determinable.

Use of estimates

The preparation of financial statements in conformity with ASNPO requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. The items requiring the use of significant estimates include accrued liabilities and the estimated useful lives of property and equipment. Actual results could differ from these estimates.

The Master and Fellows of Massey College

Notes to the Financial Statements

April 30, 2016

2. Summary of significant accounting policies (continued)

Controlled not-for-profit organization

Massey College is deemed to fully control The Quadrangle Fund since the directors of The Quadrangle Fund are also members of Massey College. The College follows the disclosure approach to reporting the results of the Quadrangle Fund (Note 6). Accounting policies followed by The Quadrangle Fund are consistent with those of Massey College.

3. Investments

a) Investments held, and the allocation between Massey College and The Quadrangle Fund, are as follows:

	<u>2016</u>	<u>2015</u>
Canadian equities	\$ 6,541,006	\$ 6,449,830
Bonds	4,763,412	4,498,925
Foreign equities	2,633,624	2,603,175
Cash and cash equivalents held for investment purposes	<u>873,681</u>	<u>988,585</u>
	<u>\$ 14,811,723</u>	<u>\$ 14,540,515</u>
Investment allocation		
Massey College	\$ 10,356,923	\$ 9,879,182
The Quadrangle Fund (Note 6)	<u>4,454,800</u>	<u>4,661,333</u>
	<u>\$ 14,811,723</u>	<u>\$ 14,540,515</u>

b) (Loss) earnings on investments of Massey College consists of the following:

	<u>2016</u>	<u>2015</u>
Realized and unrealized (losses) gains	\$ (414,375)	\$ 704,238
Dividend income	277,202	162,986
Interest income	<u>95,506</u>	<u>93,676</u>
	<u>\$ (41,667)</u>	<u>\$ 960,900</u>

The Master and Fellows of Massey College

Notes to the Financial Statements

April 30, 2016

4. Property and equipment

			<u>2016</u>	<u>2015</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Building improvements	\$ 5,243,853	\$ 3,311,019	\$ 1,932,834	\$ 2,015,376
Furniture and equipment	2,044,947	2,005,323	39,624	59,647
Air conditioning	910,542	881,831	28,711	37,265
Computer hardware and software	114,236	87,416	26,820	37,251
Art collection	1	-	1	1
Rare books collection	<u>1</u>	<u>-</u>	<u>1</u>	<u>-</u>
	<u>\$ 8,313,580</u>	<u>\$ 6,285,589</u>	<u>\$ 2,027,991</u>	<u>\$ 2,149,540</u>

The College building is on land donated by the University in 1961. As the land cannot be sold by the College and reverts to the University in the case of the dissolution of the College, there is no value reported for the land and original building cost.

5. Accounts payable and accrued liabilities

In accounts payable and accrued liabilities are government liabilities of \$3,000 (2015 - \$Nil).

6. The Quadrangle Fund

The Quadrangle Fund was incorporated without share capital under the Corporations Act (Ontario), and is a Registered Charity under the terms of the Income Tax Act (Canada). Its objective is to receive and maintain funds for the benefit of Massey College. The following represents a financial summary of The Quadrangle Fund.

	<u>2016</u>	<u>2015</u>
Assets		
Investments	<u>\$ 4,454,800</u>	<u>\$ 4,661,333</u>
Liabilities		
Accrued liabilities	<u>\$ 4,812</u>	<u>\$ 4,763</u>
Fund balance	<u>4,449,988</u>	<u>4,656,570</u>
	<u>\$ 4,454,800</u>	<u>\$ 4,661,333</u>
Revenue and expenses		
(Loss) earnings on investments	\$ (18,797)	\$ 461,295
Donation to Massey College	(135,405)	(123,786)
Investment management fees	<u>(52,380)</u>	<u>(53,891)</u>
(Deficiency) excess of revenue over expenses	<u>\$ (206,582)</u>	<u>\$ 283,618</u>

The Master and Fellows of Massey College

Notes to the Financial Statements

April 30, 2016

7. Transactions with the University of Toronto

With the approval of the Corporation, endowed funds in the amount of \$1,284,000 were paid to the University under a programme of matching contributions which tripled the amount. These funds are held for the benefit of students who are members of Massey College, in compliance with the Ontario Student Opportunity Trust Funds. The University also holds funds for the Scholars at Risk programme. All funds held are endowed and invested in the University's Long-Term Capital Appreciation Pool, which, as at April 30, 2016 amounted to a fair value of \$6,001,390 (2015 - \$6,251,658).

Annual distributions from earnings of these funds is determined by the University. In fiscal 2016, the distribution was \$228,622 (2015 - \$228,218), included in the total of \$327,727 (2015 - \$299,511) restricted funds received from the University. Of this total, \$92,914 (2015 - \$91,106) is included in Term fees, and \$92,914 (2015 - \$91,106) in Residents' meals. The balance of \$141,900 (2015 - \$117,299) is recorded in revenue as payments from the University of Toronto and is used to support the Journalism, Scholars at Risk and other programmes at the College.

In addition, the University paid for office space at the College in the amount of \$125,000 (2015 - \$125,000), included in Visiting Scholar's and summer fees.

During fiscal 2016, Massey College incurred costs from the University for pension plan premiums in the amount of \$189,277 (2015 - \$182,024), for maintenance and college programs in the amount of \$28,114 (2015 - \$34,887), which have been accounted for in general administrative expenses in the amount of \$21,607 and in dining and catering expenses in the amount of \$6,507 and for book publishing in the amount of \$Nil (2015 - \$18,000), which has been accounted for in College programmes expenses. Also during fiscal 2016, the University was contracted by the College to complete building improvements in the amount of \$9,905 (2015 - \$48,177), which have been capitalized to property and equipment (Note 4).

In accordance with an agreement between the University and the College, certain costs associated with maintenance and operations of the premises are borne by the University, including basic utilities and capital improvements related to safety. University funds are not provided for upgrades and renovations.

The Master and Fellows of Massey College

Notes to the Financial Statements

April 30, 2016

8. Objectives, policies and processes for managing capital

Massey College's capital consists of the net fund balances of the Operating, Restricted, Capital and Endowed funds.

Operating fund

The Finance Committee's objective is to maintain an Operating Fund balance sufficient to meet both the annual operating requirements and the annual maintenance of property and equipment. The Bursar prepares and the Finance Committee reviews the annual budget (which includes the property maintenance requirements) projecting the Operating Fund balance required. After the budget is approved by the Finance Committee and Corporation members, the Bursar monitors the actual results against the forecast and notifies the Finance Committee when changes to plan are required.

Restricted funds

Depending on the nature of each Restricted fund, appropriate staff of the College are assigned with the responsibility of carrying out the objectives of each fund. The Bursar monitors their status and reports any discrepancies from budget to members of the Finance Committee. Where the funds are not required in the short-term, the Bursar invests these balances in accordance with the policy established by the elected members of the Corporation.

Capital fund

The College invests in property and equipment to provide a home for the Massey community, and to maintain the heritage site within the grounds of the University. The Finance Committee and officers of the College are responsible for this investment, directing the procedures to be followed to ensure the smooth functioning of the building and its maintenance. The Capital Fund provides for building maintenance and additions not funded by the University (Note 7). The Master, in consultation with the officers and members of the Finance Committee, determines investments to be made. Funds are raised by the Master to meet the financing requirements. Significant capital additions are planned for and approved by the Finance Committee who, in turn, report to Corporation for approval of budgeted additions and improvements. The maintenance budget for property is submitted annually to the Finance Committee and, once agreed upon, to Corporation for final approval. The Board authorizes the budget, with revisions as required, and the budget is executed by the Bursar, who reports on progress to the Finance Committee.

Endowed funds

The preservation of Endowed funds held by the College is the responsibility of both the Finance Committee and members of Corporation. The funds provide for the multi-dimensional programs that exist at the College including student bursaries, a journalism program, a unique library, as well as an annual contribution to operations. The College's investment manager invests the funds, providing quarterly statements and monthly performance summaries. In addition, the investment manager meets with the Finance Committee annually, reviewing benchmarks and goals to ensure safekeeping of the funds. The objective of the investment policy over the long-term is to preserve the capital of the funds with an allowance for inflation.

The Master and Fellows of Massey College

Notes to the Financial Statements

April 30, 2016

9. Interfund transfers

The expendable portion of the Endowed funds is calculated as 3.5% (2015 - 3.5%) of the five year trailing fair market value average of each endowment. The expendable portion of Endowed funds are transferred annually from the externally restricted portion of the Endowed funds (Schedule 3) to the externally restricted portion of the Restricted funds (Schedule 2), and made available for expenditure. In fiscal 2016, this transfer amounted to \$242,779 (2015 - \$219,906). In addition, each Endowed and Restricted fund held in the form of investments are charged an annual management fee calculated as 0.5% (2015 - 0.5%) of the five year trailing fair market value average of the respective invested funds. During fiscal 2016, the management fee transfer to the Operating Fund amounted to \$40,885 (2015 - \$36,179) including \$34,684 (2015 - \$31,482) from the Endowed funds and \$6,201 (2015 - \$4,697) from the Restricted funds. The rates have been set at the discretion of the Finance Committee and are reassessed on an annual basis using inputs including long-term investment performance, preservation of capital and other fund restrictions and programme support requirements. To the extent that the amount made available for annual expenditure exceeds the allocated earnings, the balance is deducted from the externally restricted portion of the Endowed funds.

Transfer from the endowed Master Fraser General Endowment (Schedule 3) to the corresponding expendable fund contributed \$Nil (2015 - \$48,000) to the Operating Fund.

Transfers from the Restricted Capital Improvements Fund (Schedule 2) to the Capital Fund in the amount of \$24,993 (2015 - \$137,709) represent funding for capital additions as allowed for by the fund's restrictions and as approved during the College's budgeting process. Transfer from the Operating Fund to the Visitors' Challenge Fund in the amount of \$100,000 (2015 - \$82,000) represents an internally restricted transfer for the funding of future capital maintenance.

10. Financial instruments

The College's financial instrument risks are as follows, and are unchanged from the prior year.

Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of unfavourable changes in foreign exchange rates. An amount of \$2,633,624 (2015 - \$2,603,175), comprising approximately 17.8% (2015 - 17.9%) of the College's investments are denominated US dollars. These amounts have been converted into Canadian dollars at the prevailing foreign exchange rate as of April 30, 2016. Consequently these financial assets are exposed to foreign exchange fluctuations. The College manages its currency risk by maintaining in Canadian dollars both cash and cash equivalents sufficient to meet its annual cash flow requirements.

Credit risk

Credit risk is the risk of financial loss occurring as a result of a counter party to a financial instrument failing to discharge an obligation or commitment to the College. The College's main credit risks relate to its accounts receivable and its fixed income investments. The College has investments of high quality that are not expected to default. As at April 30, 2016, the allowance for doubtful accounts is \$5,793 (2015 - \$1,496).

The Master and Fellows of Massey College

Notes to the Financial Statements

April 30, 2016

10. Financial instruments (continued)

Liquidity risk

Liquidity risk is the risk that the College will encounter difficulty in meeting the obligations associated with its financial liabilities. The College is exposed to liquidity risk mainly in respect of its accounts payable and funds held for others.

The College manages its liquidity risk by forecasting cash flows from operations and investing and financing activities to ensure that it has sufficient funds available to meet current and foreseeable financial obligations.

Market risk

The College's financial instruments expose it to market risk, in particular interest rate risk and other price risk, resulting from its investment activities. The College's investments exposes the College to price risks as equity investments are subject to price changes in an open market. The College's fixed income investments are subject to interest rate price risk. The College does not use derivative financial instruments to offset the effects of these risks.

11. Contractual obligation

The College has an agreement to purchase advisory consulting services in the amount of \$30,000 per annum for a period ending July 31, 2024.

12. Comparative amounts

Certain comparative amounts have been reclassified from those previously presented to conform to the presentation of the 2016 financial statements. The changes do not affect the prior year's excess (deficiency) of revenue over expenses.

The Master and Fellows of Massey College

Schedule 1 - Schedule of Expenses – Operating fund

April 30, 2016

	<u>2016</u>	<u>2015</u>
Residence		
Salaries, wages and benefits	\$ 222,195	\$ 211,323
Repairs and maintenance	33,701	49,755
Other costs	17,696	26,167
Contract cleaning	<u>4,448</u>	<u>18,165</u>
	<u>278,040</u>	<u>305,410</u>
Dining and catering		
Salaries, wages and benefits	579,946	561,599
Food and beverage	255,407	262,034
Catering staff	54,172	58,045
Supplies and maintenance	41,379	49,144
Other costs	<u>18,470</u>	<u>17,873</u>
	<u>949,374</u>	<u>948,695</u>
College programmes	<u>167,523</u>	<u>196,618</u>
General and administrative		
Salaries, wages and benefits	723,335	738,542
Professional fees	47,853	46,906
Office expenses	43,317	50,579
Financial and other costs	<u>40,831</u>	<u>51,868</u>
	<u>855,336</u>	<u>887,895</u>
Library		
Salaries, wages and benefits	32,653	39,179
Other costs	16,997	14,552
Books and subscriptions	<u>3,556</u>	<u>3,480</u>
	<u>53,206</u>	<u>57,211</u>
Total operating expenses	<u>\$ 2,303,479</u>	<u>\$ 2,395,829</u>

The Master and Fellows of Massey College

Schedule 2 – Schedule of Revenue, Expenses and Changes in Fund Balances – Restricted funds

Year ended April 30

	General Endowment	Capital Improvements	Journalism Funds	Bursary Funds	Discretionary Funds	Library Funds	Other Funds	Total	
								2016	2015
Revenue									
Miscellaneous donations	\$ -	\$ -	\$ 130,800	\$ 54,966	\$ 382,954	\$ 18,550	\$ 99,997	\$ 687,267	\$ 516,519
Payments from the University of Toronto (Note 7)	-	-	77,606	42,794	-	9,000	12,500	141,900	117,299
(Loss) earnings on investments	(56)	(835)	(427)	(423)	(3,688)	(325)	(1,015)	(6,769)	137,599
	<u>(56)</u>	<u>(835)</u>	<u>207,979</u>	<u>97,337</u>	<u>379,266</u>	<u>27,225</u>	<u>111,482</u>	<u>822,398</u>	<u>771,417</u>
Expenses									
College programmes	215	1,209	-	15,000	120,589	6,160	37,082	180,255	164,363
General and administrative	170	2,522	1,289	1,278	11,136	979	1,736	19,110	16,087
Library	-	-	-	-	-	77,901	-	77,901	80,526
Journalism programmes	-	-	115,086	-	-	-	-	115,086	74,276
Bursaries and awards	-	-	171,600	161,187	-	-	-	332,787	323,212
	<u>385</u>	<u>3,731</u>	<u>287,975</u>	<u>177,465</u>	<u>131,725</u>	<u>85,040</u>	<u>38,818</u>	<u>725,139</u>	<u>658,464</u>
Excess (deficiency) of revenue over expenses	<u>(441)</u>	<u>(4,566)</u>	<u>(79,996)</u>	<u>(80,128)</u>	<u>247,541</u>	<u>(57,815)</u>	<u>72,664</u>	<u>97,259</u>	<u>112,953</u>
Fund balances, beginning of year	191	319,498	104,581	111,196	674,284	83,144	200,506	1,493,400	1,268,947
Interfund transfers (Note 9)									
Expendable portion of									
Endowed funds	27,335	-	77,842	62,945	8,503	35,852	30,302	242,779	219,906
Restricted funds	-	(204,000)	-	-	183,000	20,000	1,000	-	-
Capital fund	-	(24,993)	-	-	-	-	-	(24,993)	(137,709)
Operating fund	-	100,000	-	-	44,000	-	1,738	145,738	82,000
Operating fund	-	-	-	-	-	-	-	-	(48,000)
Operating fund	(1)	(1,326)	(434)	(462)	(2,799)	(346)	(833)	(6,201)	(4,697)
Fund balances, end of year	<u>\$ 27,084</u>	<u>\$ 186,351</u>	<u>\$ 101,993</u>	<u>\$ 93,551</u>	<u>\$ 1,154,529</u>	<u>\$ 80,836</u>	<u>\$ 303,639</u>	<u>\$ 1,947,982</u>	<u>\$ 1,493,400</u>

The Master and Fellows of Massey College

Schedule 3 - Schedule of Revenue, Expenses and Changes in Fund Balances – Endowed funds

Year ended April 30

	Master Fraser General Endowment	Robertson Davies Library Fund	William Southam Journalism Funds	Ostry and Fellows Funds	Gordon Lectures Series	Quarter Century Fund	Lockhead, Jackman and Other Bursaries	Total	
								2016	2015
Revenue									
Miscellaneous donations	\$ -	\$ -	\$ -	\$ 600,000	\$ -	\$ -	\$ -	\$ 600,000	\$ 96,567
(Loss) earnings on investments	(3,791)	(4,972)	(10,795)	(4,697)	(735)	(1,179)	(8,729)	(34,898)	823,301
	<u>(3,791)</u>	<u>(4,972)</u>	<u>(10,795)</u>	<u>595,303</u>	<u>(735)</u>	<u>(1,179)</u>	<u>(8,729)</u>	<u>565,102</u>	<u>919,868</u>
Expenses									
General and administrative	11,451	15,020	32,611	14,188	2,219	3,562	18,108	97,159	95,777
(Deficiency) excess of revenue over expenses	(15,242)	(19,992)	(43,406)	581,115	(2,954)	(4,741)	(26,837)	467,943	824,091
Fund balances, beginning of year	941,003	1,234,196	2,679,703	860,787	182,354	292,700	2,166,855	8,357,598	7,784,895
Interfund transfers (Note 9)									
Expendable portion of									
Endowed funds	(27,335)	(35,852)	(77,842)	(25,005)	(5,297)	(8,503)	(62,945)	(242,779)	(219,906)
Operating fund	(3,905)	(5,122)	(11,120)	(3,572)	(757)	(1,215)	(8,993)	(34,684)	(31,482)
Fund balances, end of year	<u>\$ 894,521</u>	<u>\$ 1,173,230</u>	<u>\$ 2,547,335</u>	<u>\$ 1,413,325</u>	<u>\$ 173,346</u>	<u>\$ 278,241</u>	<u>\$ 2,068,080</u>	<u>\$ 8,548,078</u>	<u>\$ 8,357,598</u>

The Master and Fellows of Massey College

Schedule 4 – Schedule of Changes in Components of Fund Balances – Endowed funds

Year ended April 30

	Master Fraser General Endowment	Robertson Davies Library Fund	William Southam Journalism Funds	Ostry and Fellows Funds	Gordon Lectures Series	Quarter Century Fund	Lockhead, Jackman and Other Bursaries	Total	
								2016	2015
Endowed capital, beginning of year	\$ 797,273	\$ 420,966	\$ 2,045,195	\$ 500,000	\$ -	\$ 132,000	\$ 1,577,942	\$ 5,473,376	\$ 5,376,809
Endowed donations	-	-	-	600,000	-	-	-	600,000	96,567
Endowed capital, end of year	<u>\$ 797,273</u>	<u>\$ 420,966</u>	<u>\$ 2,045,195</u>	<u>\$ 1,100,000</u>	<u>\$ -</u>	<u>\$ 132,000</u>	<u>\$ 1,577,942</u>	<u>\$ 6,073,376</u>	<u>\$ 5,473,376</u>
Externally restricted beginning of year	\$ 143,730	\$ 813,230	\$ 634,508	\$ 360,787	\$ 182,354	\$ 116,110	\$ 588,913	\$ 2,839,632	\$ 2,363,496
Revenue (Loss) earnings on investments	(3,791)	(4,972)	(10,795)	(4,697)	(735)	(1,179)	(8,729)	(34,898)	823,301
Expenses									
General and administrative	(11,451)	(15,020)	(32,611)	(14,188)	(2,219)	(3,562)	(18,108)	(97,159)	(95,777)
Interfund transfers	(31,240)	(40,974)	(88,962)	(28,577)	(6,054)	(9,718)	(71,938)	(277,463)	(251,388)
Externally restricted, end of year	<u>\$ 97,248</u>	<u>\$ 752,264</u>	<u>\$ 502,140</u>	<u>\$ 313,325</u>	<u>\$ 173,346</u>	<u>\$ 101,651</u>	<u>\$ 490,138</u>	<u>\$ 2,430,112</u>	<u>\$ 2,839,632</u>
Internally restricted, beginning of year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 44,590	\$ -	\$ 44,590	\$ 44,590
Interfund transfers	-	-	-	-	-	-	-	-	-
Internally restricted, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 44,590</u>	<u>\$ -</u>	<u>\$ 44,590</u>	<u>\$ 44,590</u>
Fund balances, end of year	<u>\$ 894,521</u>	<u>\$ 1,173,230</u>	<u>\$ 2,547,335</u>	<u>\$ 1,413,325</u>	<u>\$ 173,346</u>	<u>\$ 278,241</u>	<u>\$ 2,068,080</u>	<u>\$ 8,548,078</u>	<u>\$ 8,357,598</u>