



The University of Western Ontario Faculty Association
Year End Reporting Package
October 31, 2019

The University of Western Ontario
Faculty Association
Financial Statements
Year ended October 31, 2019

The University of Western Ontario Faculty Association

Contents

For the year ended October 31, 2019

	Page
Independent Auditor's Report	1 - 2
Financial Statements	
Statement of Financial Position.....	3
Statement of Operations.....	4
Statement of Changes in Net Assets.....	5
Statement of Cash Flows.....	6
Notes to the Financial Statements.....	7 - 10

Independent Auditor's Report

To the Members of The University of Western Ontario Faculty Association:

Report on Financial Statements

Opinion

We have audited the financial statements of The University of Western Ontario Faculty Association (the "Association"), which comprise the statement of financial position as at October 31, 2019, and the statement of operations, changes in net assets, and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Association as at October 31, 2019, 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.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. 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 Association 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 Association'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 Association or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Association'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 generally accepted auditing standards 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 generally accepted auditing standards, 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 Association'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 Association'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 Association 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.

Report on Other Legal and Regulatory Requirements

As required by the Corporations Act of Canada, we report that, in our opinion, the accounting principles in Canadian accounting standards for not-for-profit organizations have been applied on a basis consistent with that of the preceding period.

MNP LLP

Chartered Professional Accountants

Licensed Public Accountants

London, Ontario

March 31, 2020

The University of Western Ontario Faculty Association
Statement of Financial Position

As at October 31, 2019

	<i>Operating Fund</i>	<i>Grievances & Collective Bargaining Fund</i>	<i>Total 2019</i>	<i>Total 2018</i>
Assets				
Current				
Cash	\$ 772,960	\$ 177,235	\$ 950,195	\$ 649,036
Marketable securities (Note 4)	-	1,439,492	1,439,492	3,563,627
Accounts receivable	-	-	-	\$ 6,095
Interest receivable	-	116,068	116,068	\$ 57,547
Prepaid expenses	17,726	-	17,726	\$ 17,532
	790,686	1,732,795	2,523,481	4,293,837
Long term assets				
Marketable securities (Note 4)	-	3,645,699	3,645,699	1,443,000
Capital assets (Note 3)	25,215	-	25,215	48,709
	\$ 815,901	\$ 5,378,494	\$ 6,194,395	\$ 5,785,546
Liabilities				
Current				
Accounts payable and accrued liabilities	\$ 189,810	\$ -	\$ 189,810	\$ 165,519
Long-term liabilities				
Post retirement benefit obligation (Note 5)	264,900	-	264,900	223,700
	454,710	-	454,710	389,219
Fund balances				
Operating Fund	361,191	-	361,191	193,963
Grievances & Collective Bargaining Fund	-	5,378,494	5,378,494	5,202,364
	361,191	5,378,494	5,739,685	5,396,327
	\$ 815,901	\$ 5,378,494	\$ 6,194,395	\$ 5,785,546

Approved on behalf of the Board


 Director


 Director

The accompanying notes are an integral part of these financial statements

The University of Western Ontario Faculty Association
Statement of Operations

For the year ended October 31, 2019

	<i>Operating Fund</i>	<i>Grievances & Collective Bargaining Fund</i>	<i>Total 2019</i>	<i>Total 2018</i>
Revenue				
Membership dues	\$ 1,914,583	\$ -	\$ 1,914,583	\$ 1,842,021
Dues for Canadian and Ontario Associations	(575,085)	-	(575,085)	(568,580)
Net membership dues	1,339,498	-	1,339,498	1,273,441
Interest income	6,109	140,130	146,239	97,490
Total Revenue	1,345,607	140,130	1,485,737	1,370,931
Expenses				
Employee wages	489,170	-	489,170	440,353
Legal fees	201,481	-	201,481	228,517
Release time	136,433	-	136,433	86,488
Administration and general	67,552	-	67,552	52,250
Negotiations and strike preparations	56,890	-	56,890	21,593
Post retirement benefit expense (Note 5)	41,200	-	41,200	22,400
Scholarships paid	34,000	-	34,000	34,000
Amortization	27,539	-	27,539	20,840
Grad club membership dues	21,018	-	21,018	18,859
Travel	19,348	-	19,348	16,825
Occupancy costs	13,079	-	13,079	13,196
SAR Program Donation	10,000	-	10,000	-
Audit fees	7,831	-	7,831	9,319
Reception	5,742	-	5,742	5,211
Research and professional fund	4,947	-	4,947	4,999
Donations	3,900	-	3,900	4,260
Consulting fees - pay equity	2,250	-	2,250	4,269
Tom Murphy award	-	-	-	10,000
Total Expenses	1,142,380	-	1,142,380	993,379
Excess of revenue over expenses for the year	\$ 203,227	\$ 140,130	\$ 343,357	\$ 377,552

The accompanying notes are an integral part of these financial statements

The University of Western Ontario Faculty Association
Statement of Changes in Net Assets

Year ended October 31, 2019

	<i>Operating Fund</i>	<i>Grievances & Collective Bargaining Fund</i>	2019	2018
Fund Balances, beginning of year	\$ 193,964	\$ 5,202,364	\$ 5,396,328	\$ 5,018,775
Excess of revenues over expenses	203,227	140,130	343,357	377,552
Interfund transfers (Note 8)	(36,000)	36,000	-	-
Fund Balances, end of year	361,191	5,378,494	5,739,685	5,396,327

The accompanying notes are an integral part of these financial statements

The University of Western Ontario Faculty Association

Statement of Cash Flows

For the year ended October 31, 2019

	2019	2018
Cash provided by the following activities		
Operating		
Excess of revenues over expenses for the year	\$ 343,357	\$ 377,552
Adjustments for		
Amortization	\$ 27,539	\$ 20,840
	370,896	398,392
Changes in working capital accounts		
Accounts receivable	6,095	(6,095)
Prepaid expenses	(194)	(1,287)
Interest receivable	(58,521)	23,218
Accounts payable and accrued liabilities	24,291	(47,397)
Post retirement benefit obligation	41,200	22,400
	383,767	389,231
Investing		
Purchase of property, plant and equipment	(4,424)	(9,203)
Purchase of marketable securities	(78,184)	(117,775)
	(82,608)	(126,978)
Increase in cash resources	301,159	262,253
Cash resources, beginning of year	649,036	386,783
Cash resources, end of year	\$ 950,195	\$ 649,036
 Cash resources are comprised of:		
Cash - operating fund	\$ 772,960	\$ 510,846
Cash - grievances and collective bargaining fund	177,235	138,190
	\$ 950,195	\$ 649,036

The accompanying notes are an integral part of these financial statements

The University of Western Ontario Faculty Association

Notes to the Financial Statements

For the year ended October 31, 2019

1. Purpose of the organization

The University of Western Ontario Faculty Association ("the Association") is the certified bargaining agent for faculty teaching at least a half University degree credit course in each of two of the last three fiscal years and for librarians and archivists at The University of Western Ontario ("the University"). As a non-profit organization, the Association is not subject to income taxes on any earned income.

2. Significant accounting policies

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

Fund accounting

The Association has the following funds:

(i) Operating Fund - Unrestricted

The operating fund accounts for the day to day operating activities of the Association.

(ii) Grievance & Collective Bargaining Fund - Internally Restricted

This amount is internally restricted by the Membership of the Association for contingencies, for the payment of expenses associated with legal advice and arbitration arising from grievances and rights cases and/or expenses associated with collective bargaining in excess of budget and as a means of providing funds in the event of a strike.

Property, plant and equipment

Property, plant and equipment are recorded at cost. The company provides for amortization using the following methods at rates designed to amortize the cost of the property, plant and equipment over their useful lives. The annual amortization rates and methods are as follows:

Furniture and fixtures	Declining balance	20%
Computer equipment	Straight-line	3 years
Computer software	Straight-line	3 years
Website development costs	Straight-line	3 years

Capital assets are amortized using the half-year rule in the year of addition.

Revenue recognition

The Association follows the deferral method of accounting for contributions and operating revenues. All membership fee revenue is recorded as revenue in the period to which it relates. Where a portion of revenue is related to a future period, it is deferred and recognized in the subsequent period.

Interest income is recognized as revenue when earned.

Use of estimates

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires directors and management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. By their nature, these estimates are subject to measurement uncertainty. These estimates are reviewed periodically and adjustments are made to income in the year which they become known. The accounts specifically affected by estimates in these financial statements are the useful life of property, plant and equipment and employee future benefits. Actual results may vary from these estimates.

The University of Western Ontario Faculty Association
Notes to the Financial Statements
For the year ended October 31, 2019

2. Significant accounting policies (continued from previous page)

Employee future benefits

The Association provides medical, dental and life insurance benefits to eligible employees. This plan is managed by The University of Western Ontario. The Association accrues post retirement benefits for the eligible administrative staff, with the cost of these benefits being actuarially determined using the projected benefit method. Differences arising from plan amendments, changes in assumptions and actuarial gains and losses are recognized in income as they are incurred.

The Association sponsors pension plans for its administrative staff. The benefits provided under the plans are defined contribution.

Cash and cash equivalents

Included in cash is savings account investments earning interest at 0.5% - 1.95%, as well as the Associations credit union share.

Financial instruments

Measurement of financial instruments

The Association initially measures its financial assets and financial liabilities at fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of transaction costs directly attributable to the instrument.

The Association subsequently measures its financial assets and financial liabilities at amortized cost, except for equity securities quoted in an active market, which are subsequently measured at fair value.

Financial assets measured at amortized cost include cash, accounts receivable, GIC investments and interest receivable.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

Impairment

Financial assets measured at amortized cost are tested for impairment when there are indicators of possible impairment. When a significant adverse change has occurred during the period in the expected timing or amount of future cash flows from the financial asset or group of assets, a write-down is recognized in the statement of operations. The write down reflects the difference between the carrying amount and the higher of:

- a. the present value of the cash flows expected to be generated by the asset or group of assets;
- b. the amount that could be realized by selling the assets or group of assets;
- c. the net realizable value of any collateral held to secure repayment of the assets or group of assets.

When the event occurring after the impairment confirms that a reversal is necessary, the reversal is recognized in the statement of operations up to the amount of the previously recognized impairment.

The University of Western Ontario Faculty Association
Notes to the Financial Statements

For the year ended October 31, 2019

3. Property, plant and equipment

	<u>2019</u>	<u>2018</u>	
<i>Cost</i>	<i>Accumulated amortization</i>	<i>Net</i>	<i>Net</i>
Furniture and fixtures	47,738	35,473	12,265
Computer equipment	46,503	42,071	4,432
Computer software	26,812	23,987	2,825
Website development costs	68,454	62,761	5,693
	189,507	164,292	25,215
			48,709

The amortization for 2019 was \$27,539 (2018 - \$20,840).

4. Marketable securities

The grievance and collective bargaining fund held the following investment portfolios at year end:

	<u>2019</u>	<u>2018</u>
BMO Nesbitt Burns - GICs of multiple institutions	926,606	3,058,859
Libro GICs	512,886	504,768
Total short term investments	1,439,492	3,563,627
BMO Nesbitt Burns - GICs of multiple institutions	3,645,699	1,443,000
Total short and long term investments	5,085,191	5,006,627

Short-term marketable securities represent amounts with maturity dates due within a year of the year-end date. Interest rates on the short-term GICs range from 1.65% to 2.75% with maturity dates between November 22, 2019 and April 10, 2020. Long-term marketable securities represent amounts with maturity dates beyond one year of the year-end date. Interest rates on the long-term GICs range from 2.25% to 3.25% with maturity dates between December 1, 2020 and February 7, 2022.

5. Employee future benefits

The Association has a defined contribution pension plan for the administrative staff. During the year the Association's contributions to the pension plan were \$32,428 (2018 - \$29,801). The fair value of plan assets for the year was \$Nil (2018 - \$Nil).

The accrued benefit liability relating to the post retirement benefits is \$264,900 (2018 - \$223,700). This liability has been recorded in the financial statements.

The most recent actuarial valuation was completed as of April 30, 2019.

	<u>2019</u>	<u>2018</u>
Current service costs	14,900	14,400
Interest costs	8,800	8,000
Actuarial loss	17,500	-
Net benefit plan expense/loss	41,200	22,400

The University of Western Ontario Faculty Association
Notes to the Financial Statements
For the year ended October 31, 2019

5. Employee future benefits (continued from previous page)

The significant actuarial assumptions adopted in measuring the Association's accrued benefit obligation expense are as follows:

	2019	2018
Discount rate - post-retirement	3.40%	3.70%
Medical trend rate	5.50%	5.75%
Dental trend rate	2.75%	2.75%

6. Interfund transfers

During the period, \$36,000 was transferred from the Operating Fund to the Grievances & Collective Bargaining Fund through twelve transfers of \$3,000 each. No amount was transferred from the Grievances & Collective Bargaining Fund to the Operating fund. These transfers were approved by the Board of Directors.

7. Financial instruments

Unless otherwise noted it is management's opinion that the Association is not exposed to significant risks from financial instruments. There have been no changes in the Association's risk exposures from the prior year.

Credit risk

The financial instruments that potentially subject the Association to a significant concentration of credit risk consist primarily of cash. The Association mitigates its exposure to credit loss by placing its cash with major financial institutions.

Market risk

The Association is exposed to market rate risk through possible future changes in market rates for current marketable securities. The Association does not use financial instruments to reduce its risk exposure.

Liquidity risk

Liquidity risk is the risk that the Association will not be able to meet its obligations as they become due. The Association manages this risk by establishing budgets and funding plans and by levying sufficient membership dues to fund its expenses. Cash is held in an interest bearing account which provides a rate of return as well as liquidity.

8. Subsequent event

Subsequent to year-end, there was a global outbreak of COVID-19 (coronavirus), which has had a significant impact on businesses through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on Association as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence.