

**UWO Faculty Association
Financial Statements
Year ended April 30, 2016**

UWO Faculty Association

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Collins Barrow

Chartered Accountants

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Independent Auditor's Report

To the Members of UWO Faculty Association

We have audited the accompanying financial statements of UWO Faculty Association, which comprise the statement of financial position as at April 30, 2016, and the statement of operations, statement of changes in net assets and statement of 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 company'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 UWO Faculty Association 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.

Report on Other Legal and Regulatory Requirements

As required by the Corporations Act of Ontario, 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 year.

Collins Barrow KMD LLP

Chartered Accountants
Licensed Public Accountants

London, Canada
October 12, 2016

UWO Faculty Association
Statement of Operations
Year ended April 30, 2016

	Operating Fund	Grievance & Collective Bargaining Fund	2016	2015
Revenue				
Membership dues	\$ 1,790,283	\$ -	\$ 1,790,283	\$ 1,740,883
Membership dues - scholarships	34,200	-	34,200	40,410
Dues for Canadian and Ontario Associations	(554,919)	-	(554,919)	(542,612)
Net membership dues	1,269,564	-	1,269,564	1,238,681
Interest income	1,167	96,271	97,438	76,085
	1,270,731	96,271	1,367,002	1,314,766
Expenses				
Employee wages	454,414	-	454,414	401,105
Legal fees	210,100	-	210,100	149,366
Release time	178,652	-	178,652	80,686
Post retirement benefit expense (Note 5)	53,000	-	53,000	77,000
Administration and general	42,991	-	42,991	48,477
Scholarships paid	34,200	-	34,200	40,410
Grad club membership dues	18,080	-	18,080	9,323
Travel	16,965	-	16,965	30,189
Negotiations	16,809	-	16,809	39,602
Academic Freedom Fund CAUT	15,000	-	15,000	-
Occupancy costs	12,486	-	12,486	11,664
Amortization	10,083	-	10,083	10,267
Consulting fees - pay equity	9,417	-	9,417	11,682
Donations	8,450	-	8,450	14,300
Tom Murphy award	7,000	-	7,000	-
Reception	6,069	-	6,069	4,683
Audit fees	6,017	-	6,017	5,707
	1,099,733	-	1,099,733	934,461
Excess of revenues over expenditures for the year	\$ 170,998	\$ 96,271	\$ 267,269	\$ 380,305

See accompanying notes

UWO Faculty Association
Statement of Changes in Net Assets
Year ended April 30, 2016

	Operating Fund	Grievances & Collective Bargaining Fund	2016	2015
Fund Balances, beginning of year	\$ (217,127)	\$ 4,585,419	\$ 4,368,292	\$ 3,987,987
Excess of revenues over expenditures	170,998	96,271	267,269	380,305
Interfund transfers (Note 9)	(271,000)	271,000	-	-
Fund Balances, end of year	\$ (317,129)	\$ 4,952,690	\$ 4,635,561	\$ 4,368,292

See accompanying notes

UWO Faculty Association
Statement of Financial Position
As at April 30, 2016

	Operating Fund	Grievances & Collective Bargaining Fund	2016	2015
ASSETS				
Current assets				
Cash	\$ 210,480	\$ 140,235	\$ 350,715	\$ 833,376
Marketable securities (Note 4)	-	498,567	498,567	561,124
Interest receivable	-	37,736	37,736	32,106
Prepaid expenses	4,256	-	4,256	3,760
Interfund balance	-	-	-	125,000
	<u>214,736</u>	<u>676,538</u>	<u>891,274</u>	<u>1,555,366</u>
Other assets				
Marketable securities (Note 4)	-	4,276,152	4,276,152	3,375,455
Property, plant and equipment (Note 3)	15,692	-	15,692	20,123
	<u>\$ 230,428</u>	<u>\$ 4,952,690</u>	<u>\$ 5,183,118</u>	<u>\$ 4,950,944</u>
LIABILITIES				
Current liabilities				
Accounts payable and accrued liabilities	\$ 197,557	\$ -	\$ 197,557	\$ 160,652
Interfund balance	-	-	-	125,000
	<u>197,557</u>	<u>-</u>	<u>197,557</u>	<u>285,652</u>
Post retirement benefit obligation (Note 5)	<u>350,000</u>	<u>-</u>	<u>350,000</u>	<u>297,000</u>
	<u>547,557</u>	<u>-</u>	<u>547,557</u>	<u>582,652</u>
FUND BALANCES				
Fund Balances (Page 3)	<u>(317,129)</u>	<u>4,952,690</u>	<u>4,635,561</u>	<u>4,368,292</u>
	<u>\$ 230,428</u>	<u>\$ 4,952,690</u>	<u>\$ 5,183,118</u>	<u>\$ 4,950,944</u>

See accompanying notes

Approved on behalf of the Board of Directors:

Director, Michelle Loveland

Director, Ann Bigelow

UWO Faculty Association
Statement of Cash Flows
Year ended April 30, 2016

	2016	2015
Operating activities		
Excess of revenues over expenditures for the year	\$ 267,269	\$ 380,305
Adjustments for		
Amortization	10,083	10,267
	<u>277,352</u>	<u>390,572</u>
Change in non-cash working capital items		
Interest receivable	(5,630)	7,431
Prepaid expenses	(496)	(2,652)
Accounts payable and accrued liabilities	36,905	14,957
Increase in post retirement benefit obligation	53,000	77,000
	<u>361,131</u>	<u>487,308</u>
Investing activities		
Purchase of marketable securities	(838,140)	(276,924)
Purchase of property, plant and equipment	(5,652)	(12,779)
	<u>(843,792)</u>	<u>(289,703)</u>
Increase (decrease) in cash	<u>(482,661)</u>	<u>197,605</u>
Cash, beginning of year	833,376	635,771
Cash, end of year	\$ 350,715	\$ 833,376
Cash consists of:		
Operating Fund	\$ 210,480	\$ 341,642
Collective Bargaining and Grievance Fund	140,235	491,734
	<u>\$ 350,715</u>	<u>\$ 833,376</u>

See accompanying notes

UWO Faculty Association
Notes to the Financial Statements
April 30, 2016

1. Nature of operations

The Faculty Association, The University of Western Ontario ("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 have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

(a) 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.

(b) 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 depreciate the cost of the property plant and equipment over their estimated useful lives. The annual 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

(c) Use of estimates

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the amounts reported in the financial statements and the 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 in 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 differ from these estimates.

(d) 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.

UWO Faculty Association
Notes to the Financial Statements
April 30, 2016

2. Significant accounting policies, continued

(e) Financial Instruments

(i) 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 and interest receivable. Financial assets measured at fair value include marketable securities.

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

(ii) 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 confirm that a reversal is necessary, the reversal is recognized in the statement of operations up to the amount of the previously recognized impairment.

3. Property, plant and equipment

	2016		
	Cost	Accumulated Amortization	Net
Furniture and fixtures	\$ 37,263	\$ 24,388	\$ 12,875
Computer equipment	38,786	37,522	1,264
Computer software	5,342	3,788	1,554
Website development costs	23,167	23,167	-
	\$ 104,558	\$ 88,865	\$ 15,693

	2015		
	Cost	Accumulated Amortization	Net
Furniture and fixtures	\$ 33,475	\$ 21,652	\$ 11,823
Computer equipment	38,786	36,609	2,177
Computer software	3,478	3,478	-
Website development costs	23,167	17,044	6,123
	\$ 98,906	\$ 78,783	\$ 20,123

UWO Faculty Association
Notes to the Financial Statements
April 30, 2016

4. Marketable securities

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

	2016	2015
BMO Nesbitt Burns - GICs of multiple institutions	7,457	199,947
Libro GICs	491,110	361,177
Total short term investments	498,567	561,124
BMO Nesbitt Burns - GICs of multiple institutions	4,276,152	3,375,455
Total short and long term investments	4,774,719	3,936,579

Short-term marketable securities represent amounts with maturity dates due within a year of the year-end date. Long-term marketable securities represent amounts with maturity dates beyond one year of the year-end date.

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 \$28,520 (2015 - \$24,982).

The accrued benefit liability relating to the post retirement benefits is \$350,000 (2015 - \$297,000). This liability has been recorded in the financial statements.

The most recent actuarial valuation was completed on June 9, 2016.

	2016	2015
Current service costs	\$ 26,000	\$ 21,000
Interest costs	12,600	11,100
Actuarial loss	14,400	44,900
Net benefit plan expense/loss	\$ 53,000	\$ 77,000

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

	2016	2015
Discount rate	3.7%	3.9%
Medical cost increases:		
Hospital	5.0%	5.0%
Drug	5.0%	5.0%
Other Medical	5.0%	5.0%
Dental cost	4.5%	4.5%

6. Grievances and collective bargaining fund

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.

7. Financial Instruments and risks

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

(a) 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.

(b) 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.

(c) 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. Commitment

Employment Matter

During the year, a staff position was declared redundant resulting in employee entitlement of salary continuance to be paid in monthly instalments ending in August 2016, the balance to be paid subsequent to year-end is approximately \$17,700. There are also post-retirement benefits of approximately \$195,200 to be paid in September 2016.

9. Interfund transfers

During the year, the Association transferred \$271,000 from the Operating Fund to the Grievances & Collective Bargaining Fund, which consisted of regular monthly transfers of \$8,000 per month plus an additional \$175,000 surplus transfer to be invested as excess funds. These transfers were approved by the Board of Directors.