

UWO Faculty Association
Financial Statements
Year ended April 30, 2017

UWO Faculty Association
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Collins Barrow KMD LLP
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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, 2017, and the statement of operations, statement of changes in net assets and statement of cash flows for the year then ended 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, 2017, and the results of its operations and its cash flows for the year then ended 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

Chartered Accountants
Licensed Public Accountants

London, Canada
October 4, 2017

UWO Faculty Association
Statement of Operations
Year ended April 30, 2017

	Operating Fund	Grievance & Collective Bargaining Fund	2017	2016
Revenue				
Membership dues	\$ 1,809,161	\$ -	\$ 1,809,161	\$ 1,790,469
Membership dues - scholarships	34,000	-	34,000	34,200
Dues for Canadian and Ontario Associations	(563,569)	-	(563,569)	(554,919)
Net membership dues	1,279,592	-	1,279,592	1,269,750
Interest income	385	105,151	105,536	97,438
	1,279,977	105,151	1,385,128	1,367,188
Expenses				
Employee wages	417,238	-	417,238	454,414
Legal fees	441,922	-	441,922	210,100
Release time	49,899	-	49,899	178,652
Post retirement benefit expense (Note 5)	46,500	-	46,500	53,000
Administration and general	41,648	-	41,648	43,177
Scholarships paid	34,000	-	34,000	34,200
Grad club membership dues	18,182	-	18,182	18,080
Travel	18,072	-	18,072	16,965
Negotiations	-	-	-	16,809
Academic Freedom Fund CAUT	15,000	-	15,000	15,000
Occupancy costs	12,716	-	12,716	12,486
Amortization	10,321	-	10,321	10,083
Consulting fees - pay equity	6,987	-	6,987	9,417
Donations	4,250	-	4,250	8,450
Tom Murphy award	10,000	-	10,000	7,000
Reception	5,081	-	5,081	6,069
SAR Program Donation	10,000	-	10,000	-
Audit fees	6,243	-	6,243	6,017
	1,148,059	-	1,148,059	1,099,919
Excess of revenues over expenditures for the year	\$ 131,918	\$ 105,151	\$ 237,069	\$ 267,269

See accompanying notes

UWO Faculty Association
Statement of Changes in Net Assets
Year ended April 30, 2017

	Operating Fund	Grievances & Collective Bargaining Fund	2017	2016
Fund Balances, beginning of year	\$ (317,129)	\$ 4,952,690	\$ 4,635,561	\$ 4,368,292
Excess of revenues over expenditures	131,918	105,151	237,069	267,269
Interfund transfers (Note 8)	99,200	(99,200)	-	-
Fund Balances, end of year	\$ (86,011)	\$ 4,958,641	\$ 4,872,630	\$ 4,635,561

See accompanying notes

UWO Faculty Association
Statement of Financial Position
As at April 30, 2017

	Operating Fund	Grievances & Collective Bargaining Fund	2017	2016
ASSETS				
Current assets				
Cash	\$ 337,648	\$ 42,056	\$ 379,704	\$ 350,715
Marketable securities (Note 4)	-	1,959,165	1,959,165	498,567
Accounts receivable	6,732	-	6,732	-
Interest receivable	-	37,473	37,473	37,736
Prepaid expenses	7,230	-	7,230	4,256
	<u>351,610</u>	<u>2,038,694</u>	<u>2,390,304</u>	<u>891,274</u>
Other assets				
Marketable securities (Note 4)	-	2,919,947	2,919,947	4,276,152
Capital assets (Note 3)	43,515	-	43,515	15,692
	<u>\$ 395,125</u>	<u>\$ 4,958,641</u>	<u>\$ 5,353,766</u>	<u>\$ 5,183,118</u>
LIABILITIES				
Current liabilities				
Accounts payable and accrued liabilities	\$ 279,836	\$ -	\$ 279,836	\$ 197,557
Long-term liabilities				
Post retirement benefit obligation (Note 5)	201,300	-	201,300	350,000
	<u>481,136</u>	<u>-</u>	<u>481,136</u>	<u>547,557</u>
FUND BALANCES				
Fund Balances (Page 3)	(86,011)	4,958,641	4,872,630	4,635,561
	<u>\$ 395,125</u>	<u>\$ 4,958,641</u>	<u>\$ 5,353,766</u>	<u>\$ 5,183,118</u>

See accompanying notes

Approved on behalf of the Board of Directors:

Director, Micelle Lovelace

Director, Steph Pelt

UWO Faculty Association
Statement of Cash Flows
Year ended April 30, 2017

	2017	2016
Operating activities		
Excess of revenues over expenditures for the year	\$ 237,069	\$ 267,269
Adjustments for		
Amortization	10,321	10,083
	<u>247,390</u>	<u>277,352</u>
Change in non-cash working capital items		
Accounts receivable	(6,732)	-
Interest receivable	263	(5,630)
Prepaid expenses	(2,974)	(496)
Accounts payable and accrued liabilities	82,277	36,905
Increase (decrease) in post retirement benefit obligation	(148,700)	53,000
	<u>171,524</u>	<u>361,131</u>
Investing activities		
Purchase of property, plant and equipment	(38,143)	(5,652)
Purchase of marketable securities	(104,392)	(838,140)
	<u>(142,535)</u>	<u>(843,792)</u>
Increase (decrease) in cash	<u>28,989</u>	<u>(482,661)</u>
Cash, beginning of year	350,715	833,376
Cash, end of year	<u>\$ 379,704</u>	<u>\$ 350,715</u>
Cash consists of:		
Operating Fund	\$ 337,648	\$ 210,480
Collective Bargaining and Grievance Fund	42,056	140,235
	<u>\$ 379,704</u>	<u>\$ 350,715</u>

See accompanying notes

UWO Faculty Association
Notes to the Financial Statements
April 30, 2017

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, 2017**

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, accounts receivable 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

	2017		
	Cost	Accumulated Amortization	Net
Furniture and fixtures	\$ 39,455	\$ 27,182	\$ 12,273
Computer equipment	38,978	36,627	2,351
Computer software	15,512	6,105	9,407
Website development costs	46,547	27,063	19,484
	\$ 140,492	\$ 96,977	\$ 43,515

	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

UWO Faculty Association
Notes to the Financial Statements
April 30, 2017

4. Marketable securities

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

	2017	2016
BMO Nesbitt Burns - GICs of multiple institutions	1,463,274	7,457
Libro GICs	495,891	491,110
Total short term investments	1,959,165	498,567
BMO Nesbitt Burns - GICs of multiple institutions	2,919,947	4,276,152
Total short and long term investments	4,879,112	4,774,719

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 \$27,760 (2016 - \$28,520).

The accrued benefit liability relating to the post retirement benefits is \$201,300 (2015 - \$350,000). This liability has been recorded in the financial statements.

The most recent actuarial valuation was completed as of April 30, 2017.

	2017	2016
Current service costs	\$ 27,600	\$ 26,000
Interest costs	14,000	12,600
Actuarial (gain) loss	(190,300)	14,400
Net benefit plan expense/loss	\$ (148,700)	\$ 53,000

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

	2017	2016
Discount rate - post-retirement	3.7%	3.7%
Discount rate - post-employment	2.7%	2.95%
Medical trend rate	6.0%	5.0%
Dental trend rate	2.75%	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.

**UWO Faculty Association
Notes to the Financial Statements
April 30, 2017**

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. Interfund transfers

During the year, the Association transferred \$99,200 from the Grievances & Collective Bargaining Fund to the Operating Fund. \$100,800 was transferred from the Operating Fund to the Grievances & Collective Bargaining Fund through three transfers of \$33,600 each. \$200,000 was transferred from the Grievances & Collective Bargaining Fund to the Operating fund to meet cash requirements. These transfers were approved by the Board of Directors.