

**THE FACULTY ASSOCIATION OF  
THE UNIVERSITY OF CALGARY**

**Financial Statements**

**June 30, 2018**

**The Faculty Association of the University of Calgary**  
**Index to the Financial Statements**  
**For the year ended June 30, 2018**

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# MBD LLP

*Chartered Professional Accountants*

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## INDEPENDENT AUDITOR'S REPORT

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**To the Members of the Faculty Association of The University of Calgary:**

### **Report on the financial statements**

We have audited the accompanying financial statements of The Faculty Association of The University of Calgary, which comprise the statement of financial position as at June 30, 2018 and the statements of operations, changes in net assets and cash flows for the year ended June 30, 2018 and a summary of significant accounting policies and other explanatory information.

### **Management's responsibility for 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 audits 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 Faculty Association of The University of Calgary as at June 30, 2018 and the results of its operations and its cash flows for the years ended June 30, 2018 in accordance with the Canadian accounting standards for not-for-profit organizations.

January 29, 2019  
Calgary, Alberta, Canada

**MBD LLP**  
Chartered Professional Accountants

**The Faculty Association of the University of Calgary**  
**Statements of Financial Position**  
**As at June 30, 2018 and 2017**

	2018	2017
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$ 405,731	\$ 179,788
Investments in marketable securities (note 3)	1,946,196	2,341,450
Accounts receivable	183,772	145,098
Prepaid Expenses	15,235	9,108
	<b>2,550,934</b>	<b>2,675,444</b>
<b>Cash and cash equivalent : strike fund (note 6a )</b>	<b>242,730</b>	<b>-</b>
<b>Property and equipment (note 4)</b>	<b>32,919</b>	<b>40,222</b>
	<b>\$ 2,826,583</b>	<b>\$ 2,715,666</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current liabilities:</b>		
Accounts payable and accrued liabilities	\$ 130,053	\$ 129,462
<b>Net Assets:</b>		
Invested in property and equipment	32,919	40,222
Strike fund (note 6 )	242,730	-
Internally restricted (note 5)	2,420,881	2,545,982
	<b>2,696,530</b>	<b>2,586,204</b>
	<b>\$ 2,826,583</b>	<b>\$ 2,715,666</b>

Approved on behalf of the Board:

Director: Original Signed by Paul Rogers

Director: Original Signed by Mary-Ellen Tyler

**The Faculty Association of the University of Calgary**  
**Statements of Operations**  
**For the Years Ended June 30, 2018 and 2017**

	<b>2018</b>	2017
<b>Revenue</b>		
Faculty dues	<b>\$ 1,992,583</b>	\$ 1,757,701
Employment insurance premium rebate	<b>145,401</b>	135,486
Release time recoveries	<b>127,625</b>	104,047
Investment income	<b>74,721</b>	95,470
Gain realized on sale of investment	<b>143,909</b>	
Other income	<b>1,446</b>	1,624
	<b><u>2,485,685</u></b>	<u>2,094,328</u>
<b>Expenses</b>		
Personnel (Schedule 1)	<b>1,414,692</b>	1,290,338
Governance (Schedule 1)	<b>752,848</b>	544,421
Office (Schedule 1)	<b>86,662</b>	79,698
Professional fees (Schedule 1)	<b>61,158</b>	42,222
	<b><u>2,315,360</u></b>	<u>1,956,679</u>
<b>Excess of revenue over expenses before the following</b>	<b>170,325</b>	137,649
<b>Other reserve expenses</b>	<b>(45,350)</b>	(96,533)
<b>Amortization</b>	<b>(30,988)</b>	(47,298)
<b>Change to record investments at fair market value (note 2)</b>	<b>(226,391)</b>	(26,517)
	<b><u>(132,404)</u></b>	<u>(32,699)</u>
<b>Excess of expenses over revenues</b>	<b>\$ (132,404)</b>	\$ (32,699)

**The Faculty Association of the University of Calgary**  
**Statements of Changes in Net Assets**  
**For the Years Ended June 30, 2018 and 2017**

	<b>Invested in property and equipment</b>	<b>General (Note 5)</b>	<b>Strike Fund (Note )</b>	<b>2018</b>	<b>2017</b>
<b>Net assets, beginning of the year</b>	\$ 40,222	\$ 2,545,982	\$ -	\$ 2,586,204	\$ 2,618,903
Strike Fund dues received			242,730	242,730	-
Excess of expenses over revenues	(30,988)	(101,416)		(132,404)	(32,699)
Acquisitions of property and equipment	23,685	(23,685)		-	-
<b>Net assets, end of year</b>	<b>\$ 32,919</b>	<b>\$ 2,420,881</b>	<b>242,730</b>	<b>\$ 2,696,530</b>	<b>\$ 2,586,204</b>

**The Faculty Association of the University of Calgary**  
**Statements of Cash Flows**  
**For the Years Ended June 30, 2018 and 2017**

	2018	2017
<b>OPERATING ACTIVITIES</b>		
Cash received from dues and other revenue	\$ 2,471,111	\$ 1,993,649
Cash paid for programs, activities and administration	(942,014)	(751,989)
Cash paid with respect to personnel	(1,424,233)	(1,276,090)
Investment income received	74,721	95,470
	<b>179,585</b>	<b>61,040</b>
<b>INVESTING ACTIVITIES</b>		
Purchase of property and equipment	(23,685)	(31,578)
Acquisition of marketable securities	(867)	(1,058,978)
Proceeds from redemption of marketable securities	313,640	768,529
	<b>289,088</b>	<b>(322,027)</b>
<b>Increase (decrease) in cash</b>	<b>468,673</b>	<b>(260,987)</b>
Cash and cash equivalents, beginning of year	<b>179,788</b>	<b>440,775</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 648,461</b>	<b>\$ 179,788</b>
<b>Represented by</b>		
Cash and cash equivalent	\$ 405,731	\$ 179,788
Cash and cash equivalent Strike Fund (Note 6a)	242,730	-
	<b>\$ 648,461</b>	<b>\$ 179,788</b>

**The Faculty Association of the University of Calgary**  
**Notes to the Financial Statements**  
**For the Years Ended June 30, 2018 and 2017**

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**1. PURPOSE OF ORGANIZATION**

The Faculty Association of the University of Calgary (“the Association”) is an academic staff association that strives to promote the independence and freedom of teaching, of thought, and of research within the University and to promote the joint interests and welfare of academic staff associations through the Canadian Association of University Teachers. The Association is incorporated under the Post-Secondary Learning Act of Alberta. The Association is a not-for-profit organization under section 149 of the Income Tax Act and not subject to the payment of income taxes.

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the *CICA Handbook*, and in management’s opinion, have been properly prepared within reasonable limits of materiality and within the framework of the significant accounting policies summarized below:

**a) Cash and Cash Equivalents**

The Association classifies the following as cash and cash equivalents: cash on deposit at banks or other financial institutions in these accounts.

**b) Revenue Recognition**

The Association follows the deferral method of accounting for contributions. Contributions are recognized as revenue in the period in which the related expenses are incurred.

Operating revenues are recognized as revenue, either in the period received or, when a portion of the revenue relates to a future period, it is deferred and recognized in the subsequent period.

**c) Fund Accounting**

The Association does not use fund accounting to record and report net assets, but refers to special funds as described in note 6.

**d) Property and Equipment**

Property and equipment are recorded at cost. Assets acquired over \$500 are capitalized to the appropriate accounts. Amortization of property and equipment is provided on a straight-line basis over the assets’ estimated useful lives as follows:

Office improvements	5 years
Office furnishings and equipment	5 years
Computer equipment	3 years
Computer Software	3 years



**The Faculty Association of the University of Calgary**  
**Notes to the Financial Statements**  
**For the Years Ended June 30, 2018 and 2017**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**e) Financial Instruments**

The Association initially measures its financial assets and financial liabilities at fair value. It subsequently measures all of its financial assets and financial liabilities at amortized cost, except for investments in marketable securities that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized as unrealized gains or losses in the statement of operations.

The financial assets measured at amortized cost include cash and accounts receivable. The financial liabilities measured at amortized cost include accounts payable and accrued liabilities. The financial assets measured at fair value include marketable securities.

**3. INVESTMENTS IN MARKETABLE SECURITIES**

Fixed income securities, at fair market value	<b>2018</b>	2017
Interest rates range from 3.340% to 10.221%, callable between December 31, 2018 to September 30, 2026	<b>\$ 1,946,196</b>	\$ 2,341,450

Fixed income investments have been classified as marketable securities due to their cashable nature.

**4. PROPERTY AND EQUIPMENT**

	<b>Accumulated Cost</b>		<b>Accumulated Amortization</b>		<b>Net Book Value</b>	
	<b>2018</b>	2017	<b>2018</b>	2017	<b>2018</b>	2017
Office furnishings and equipment	\$ 65,974	\$ 59,343	\$ 50,903	\$ 40,391	\$ 15,071	\$ 18,952
Computer equipment and software	<b>117,315</b>	103,856	<b>101,090</b>	85,019	<b>16,225</b>	18,837
Office improvements	<b>4,056</b>	4,056	<b>2,433</b>	1,623	<b>1,623</b>	2,433
	<b>\$ 187,345</b>	\$ 167,255	<b>\$ 154,426</b>	\$ 127,033	<b>\$ 32,919</b>	\$ 40,222

Cost includes both the purchase price of the physical assets and other direct costs required to bring the asset into use.

**The Faculty Association of the University of Calgary**  
**Notes to the Financial Statements**  
**For the Years Ended June 30, 2018 and 2017**

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**5. INTERNALLY RESTRICTED NET ASSETS**

The Association's Budget Policy provides for a category of net assets called Special Funds that are internally restricted to cover expenditures which go beyond the yearly budgetary cycle. Each of the six main special funds (General Reserve Fund; Capital Fund; Staff Benefit Reserve and Special Projects Fund) has a clearly defined set of guidelines for allocation of funds, a designated minimum funding formula, a specific set of spending thresholds and individual requirements for approving expenditures. A common set of guidelines govern investment of the funds, reporting requirements and signing authority.

The funds are invested in marketable securities and can be accessed following approval by the Board of Directors for the established purposes, within the limits prescribed, by the Executive Director, the Treasurer, the Board of Directors or the Personnel Committee. The General Reserve Fund also covers any operational shortfalls. Net asset fund balances are as follows:

	<b>2018</b>	2017
General reserve funds	\$ 2,213,548	\$ 2,341,100
Capital fund	129,982	134,640
Staff benefit reserve funds	54,282	47,052
Special projects	23,069	23,190
	<b>\$ 2,420,881</b>	<b>\$ 2,545,982</b>

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**6. STRIKE AND DEFENCE FUND**

**a) Strike Fund**

The amount in this fund represents a levy of 1 mils collected from the membership for use in the case of strike or lockout, supplementary to the benefits provided by the CAUT Defence Fund. These Funds are held by the Association, shown as a long-term asset, in view of the restrictions as to their utilization. These Funds are held in an investment account segregated from the other cash, cash equivalent and investment accounts of the Association.

**b) Defence Fund**

Dues are collected for and remitted to the CAUT Defence Fund. Membership allows the Association to access benefits for its members in the form of a paid grant in the event of a strike or lockout. Accordingly, these funds remitted are not reflected as an asset within the Association's financial statements, as their application is based as a collective action.

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**7. FINANCIAL INSTRUMENTS**

The Association's financial instruments consist of cash and cash equivalents, investments in marketable securities, accounts receivable, prepaid expenses, and accounts payable and accrued liabilities. Unless otherwise noted, it is management's opinion that the Association is not exposed to significant interest, currency or credit risks arising from these financial instruments as they are held until maturity. Market risks are managed by the application of an approved investment policy that restricts the nature of investments held.

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**8. CONTINGENCY**

Certain employees of the Association participate in the University Academic Pension Plan, which is not fully funded. Although, unlikely, this obligation to its employees, could ultimately result in an actual legal liability to the Association.

**The Faculty Association of the University of Calgary**  
**Schedule 1**  
**For the Years Ended June 30, 2018 and 2017**

	2018	2017
<b>Personnel</b>		
Salaries	\$ 908,854	\$ 784,728
Academic release	289,200	268,850
Benefits	190,249	200,419
Temporary services salaries	21,411	28,166
Staff training	4,978	8,175
	<b>\$ 1,414,692</b>	<b>\$ 1,290,338</b>
<b>Governance</b>		
CAUT dues	\$ 347,566	\$ 335,714
CAUT defence dues	197,955	-
CAFA dues	169,936	166,604
Travel, training and conferences	14,976	16,663
Meetings and coffee supplies	11,036	10,351
Election committee	3,129	6,638
Discretionary fund	4,358	1,870
President's discretionary fund	2,659	1,010
Pension committee	-	1,252
Policy support and other expenses	1,233	4,319
	<b>\$ 752,848</b>	<b>\$ 544,421</b>
<b>Office</b>		
Equipment maintenance and technical support	\$ 23,452	\$ 29,135
Printing and photocopying	17,667	15,988
Supplies and stationary	15,457	12,909
Insurance	8,332	7,975
Telephone and computer wireless	7,990	6,532
Offsite storage	5,448	5,325
Miscellaneous	8,316	1,834
	<b>\$ 86,662</b>	<b>\$ 79,698</b>
<b>Professional fees</b>		
Legal and consulting	\$ 35,618	\$ 23,467
Audit	13,893	13,860
Bookkeeping	11,647	4,895
	<b>\$ 61,158</b>	<b>\$ 42,222</b>