

# **The University of Calgary Faculty Association**

## **Financial Statements**

**June 30, 2022**

## Independent Auditors' Report

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

### Opinion

We have audited the financial statements of The University of Calgary Faculty Association (the "Association"), which comprise the statement of financial position as at June 30, 2022 and the statements 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 June 30, 2022 and its results of 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 Auditors' 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.

### Other Matter

The financial statements of the Association for the year ended June 30, 2021, were audited by another auditor who expressed an unmodified opinion on those statements on December 22, 2021.

### Responsibilities of Management and Those Charged With Governance 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.

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.

Those charged with governance are responsible for overseeing the Association's financial reporting process.

### Auditors' 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 auditors' 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 judgement 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

Independent Auditors' Report (continued)

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 auditors' 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 auditors' report.
- 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.

*Kennedy Mack Shusarchuk Stewart LLP*

Chartered Professional Accountants

December 20, 2022  
Calgary, Alberta

# The University of Calgary Faculty Association


## Statement of Financial Position

As at June 30,	2022	2021
<b>Assets</b>		
<b>Current assets</b>		
Cash (note 4)	\$ 712,361	\$ 187,867
Marketable securities (note 5)	2,023,534	2,572,126
Accounts receivable	193,567	190,946
Prepaid expenses	30,577	21,217
	<u>2,960,039</u>	<u>2,972,156</u>
<b>Strike fund assets (note 7)</b>		
Cash	130,049	82,738
Marketable securities (note 5)	1,198,728	1,037,679
	<u>1,328,777</u>	<u>1,120,417</u>
<b>Property and equipment (note 6)</b>		
	43,964	8,750
	<u>\$ 4,332,780</u>	<u>\$ 4,101,323</u>
<b>Liabilities and Net Assets</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	\$ 182,226	\$ 128,287
<b>Net Assets</b>		
Invested in property and equipment	43,964	8,750
Strike Fund (note 7)	1,328,777	1,120,417
Other funds (note 8)	2,777,813	2,843,869
	<u>4,150,554</u>	<u>3,973,036</u>
	<u>\$ 4,332,780</u>	<u>\$ 4,101,323</u>

Approved on behalf of the Board:



Director David Stewart



Director Justine Wheeler

# The University of Calgary Faculty Association

## Statement of Operations

For the year ended June 30,

**2022**

**2021**  
**(Restated -**  
**note 10)**

### Revenue

Faculty dues	\$ 2,328,630	\$ 2,321,202
Employment insurance premium rebate	166,290	154,493
Release time recoveries	100,000	100,000
Investment income	98,453	77,061
	<u>2,693,373</u>	<u>2,652,756</u>

### Expenses

Personnel (schedule 1)	1,385,913	1,409,703
CAUT (schedule 1)	555,075	533,392
Office (schedule 1)	88,743	84,415
Professional fees (schedule 1)	48,935	85,898
Governance (schedule 1)	10,034	5,155
	<u>2,088,700</u>	<u>2,118,563</u>

### Excess of revenues over expenses before the following items

604,673 534,193

### Unrealized change in fair market value of marketable securities

(215,157) (19,363)

### Other reserve expenses

(195,238) (122,239)

### Amortization

(16,760) (9,902)

### Excess of revenues over expenses

\$ 177,518 \$ 382,689

# The University of Calgary Faculty Association

## Statement of Changes in Net Assets

For the year ended June 30,

**2022**

**2021  
(Retated -  
note 10)**

	Unrestricted Fund	Invested in property and equipment	Strike Fund (note 6)	Other funds (note 7)	Total	Total
<b>Net assets, beginning of year</b>	\$ -	\$ 8,750	\$ 1,120,417	\$ 2,843,869	\$ 3,973,036	\$ 3,590,347
Excess of revenues over expenses	177,518	-	-	-	177,518	382,689
Acquisitions of property and equipment	-	51,974	-	(51,974)	-	-
Allocations	(177,518)	(16,760)	208,360	(14,082)	-	-
<b>Net assets, end of year</b>	<b>\$ -</b>	<b>\$ 43,964</b>	<b>\$ 1,328,777</b>	<b>\$ 2,777,813</b>	<b>\$ 4,150,554</b>	<b>\$ 3,973,036</b>

# The University of Calgary Faculty Association

## Statement of Cash Flows

For the year ended June 30,

**2022**

**2021**

### Operating activities

Cash received from dues and other revenue	\$ 2,592,299	\$ 2,571,574
Cash paid for programs, activities and administration	(854,763)	(848,007)
Cash paid with respect to personnel	(1,384,595)	(1,380,333)
Investment income received	105,515	82,242
	<u>458,456</u>	<u>425,476</u>

### Investing activities

Purchase of property and equipment	(51,974)	(7,851)
Purchase of marketable securities	(2,048,095)	(823,363)
Proceeds from redemption of marketable securities	2,213,418	368,450
	<u>113,349</u>	<u>(462,764)</u>

### Increase in cash

571,805 (37,288)

### Cash, beginning of the year

270,605 307,893

### Cash, end of the year

\$ 842,410 \$ 270,605

### Cash consists of:

Cash	\$ 712,361	\$ 187,867
Cash in strike fund assets (note 10)	130,049	82,738
	<u>\$ 842,410</u>	<u>\$ 270,605</u>

# The University of Calgary Faculty Association

## Notes to Financial Statements

June 30, 2022

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### 1. Purpose of organization

The University of Calgary Faculty Association (“the Association”) is a trade union under the Labour Relations Code and is an Academic Staff Association incorporated under the Post-Secondary Learning Act of Alberta. The Association’s primary functions are to negotiate the terms of employment for its members and to protect the interests of academic staff through the filing of grievances where appropriate.

The Association is a not-for-profit organization under section 149 of the Income Tax Act and as such is exempt from corporate income taxes.

### 2. Basis of presentation

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles, specifically Canadian accounting standards for not-for-profit organizations (ASNFPPO).

### 3. Significant accounting policies

#### (a) Financial Instruments

The Association initially measures its financial assets and financial liabilities at fair value.

The Association subsequently measures all of its financial assets and financial liabilities at amortized cost, except for 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.

#### (b) 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 and software	3 years



June 30, 2022

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**3. Significant accounting policies, continued**

**(c) Internally restricted funds**

The Association's budget policy provides for Special Funds that cover expenditures which go beyond the yearly budgetary cycle. Special Funds include Strike Fund, General Reserve Fund, Capital and Software Fund, Benefits Reserve Fund, Special Projects Fund, and Defence Fund.

**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 equivalents, and investment accounts of the Association.

**Defence fund**

Dues are collected for and remitted to the CAUT Defence Fund. The Association can access this funding for its members in the form of a paid grant or other 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.

**Other funds**

Each of the other funds 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, reporting requirements and signing authority.

The funds 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.

**(d) Revenue recognition**

Faculty dues 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.

Employment insurance premium rebates, release time recoveries, investment income, and other income is accrued and recognized in the year it is earned.

**(e) Other reserve expenses**

Other reserve expenses relate to expenditures that go beyond the yearly budgetary cycle. Amount includes legal costs in resolving interest arbitration and certain grievance cases, and funds given to support other university faculty associations on strike.

# The University of Calgary Faculty Association

## Notes to Financial Statements

June 30, 2022

### 3. Significant accounting policies, continued

#### (f) Defined benefit pension plan

Certain employees of the Association participate in the University Academic Pension Plan ("UAPP"). UAPP uses the funding valuation to measure the defined benefit obligation.

Although unlikely, this obligation to its employees could result in an additional liability to the Association to the extent that the plan is not fully funded.

### 4. Cash

Included in cash is \$478,590 (2021 - \$2,387) which is part of marketable securities portfolios.

### 5. Marketable securities

At year end, the Association held marketable securities portfolios as follows:

	<b>2022</b>		<b>2021</b>	
Fixed income securities in current assets	\$	2,023,534	\$	2,572,126
Fixed income securities in fixed fund assets		1,198,728		1,037,679
Total fair market value		3,222,262		3,609,805
Book value		3,421,129		3,593,515
Ending fair market value less book value		(198,867)		16,290
Beginning fair market value less book value		(16,290)		(35,653)
Unrealized change in fair market value	\$	(215,157)	\$	(19,363)

Marketable securities in current assets comprise of fixed income securities which bear interest from 1.67% to 4.86%, and are callable between April 2028 to January 2033.

Marketable securities in strike fund assets comprise of fixed income securities which bear interest from 2.75% to 3.50%, and are callable between December 2023 to September 2027.

Book value includes total amount paid to purchase a security, including any transaction charges related to the purchase, adjusted for income earned, reinvested distributions, returns of capital, and corporate reorganizations if applicable. All investments are principal protected by the issuer at maturity.

# The University of Calgary Faculty Association

## Notes to Financial Statements

June 30, 2022

### 6. Property and equipment

	<b>2022</b>		<b>2021</b>	
	<b>Cost</b>	<b>Accumulated amortization</b>	<b>Net</b>	<b>Net</b>
Office improvements	\$ 43,633	\$ 12,589	\$ 31,044	\$ 412
Office furnishings and equipment	48,801	43,598	5,203	2,769
Computer equipment and software	147,059	139,342	7,717	5,569
	<b>\$ 239,493</b>	<b>\$ 195,529</b>	<b>\$ 43,964</b>	<b>\$ 8,750</b>

### 7. Internally restricted – Strike Fund

	<b>2022</b>	<b>2021</b>
Opening balance	\$ 1,120,417	\$ 866,209
Strike Fund dues received	252,715	255,638
Net change in fair market value of marketable securities	(44,355)	(1,430)
	<b>\$ 1,328,777</b>	<b>\$ 1,120,417</b>

### 8. Internally restricted – other funds

Net asset fund balances are as follows:

	<b>2022</b>	<b>2021</b>
General reserve fund	\$ 2,437,478	\$ 2,575,557
Capital and software fund	106,503	141,759
Benefits reserve fund	93,946	88,000
Special projects fund	139,886	38,553
	<b>\$ 2,777,813</b>	<b>\$ 2,843,869</b>

# The University of Calgary Faculty Association

## Notes to Financial Statements

June 30, 2022

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### 9. Financial instruments

The Association's financial instruments consist of cash, marketable securities, accounts receivable, and accounts payable and accrued liabilities.

#### Market risk

The Association is exposed to the risk that the fair value of its fixed income investments that bear interest at fixed rates will fluctuate because of changes in the market rate of interest. This risk is managed by the application of an approved investment policy that restricts the nature of investments held.

#### Financial assets

The carrying amounts of financial assets recognized in the financial statements consist of:

	2022	2021
Measured at amortized cost	\$ 1,035,977	\$ 461,551
Measured at fair market value	3,222,262	3,609,805
	<u>\$ 4,258,239</u>	<u>\$ 4,071,356</u>

### 10. Comparative figures

The comparative figures were restated to incorporate the Strike Fund dues received as part of faculty dues, which were initially recorded directly to net assets. As a result, excess of revenues over expenses for the year ended June 30, 2021 increased by \$255,638.

The financial statements for the prior year have been reclassified, where applicable, to conform to the presentation used in the current year. The changes do not affect the ending net assets balance as at June 30, 2021.

# The University of Calgary Faculty Association

## Schedule 1

For the year ended June 30,	2022	2021
<b>Personnel</b>		
Salaries	\$ 936,292	\$ 912,923
Academic release	226,690	237,506
Benefits	220,284	256,427
Temporary services salaries	2,647	1,901
Staff training	-	946
	<u>\$ 1,385,913</u>	<u>\$ 1,409,703</u>
<b>CAUT</b>		
CAUT dues	\$ 401,113	\$ 378,826
CAUT defence dues	153,962	154,566
	<u>\$ 555,075</u>	<u>\$ 533,392</u>
<b>Office</b>		
Miscellaneous <sup>1</sup>	\$ 23,159	\$ 23,168
Equipment maintenance and technical support	18,032	18,627
Insurance	15,927	10,963
Supplies and stationary	11,167	8,083
Printing and photocopying	9,291	11,516
Telephone and computer wireless	6,738	5,425
Offsite storage	4,429	6,633
	<u>\$ 88,743</u>	<u>\$ 84,415</u>
<b>Professional fees</b>		
Legal and consulting	\$ 27,730	\$ 66,195
Audit	17,140	16,550
Bookkeeping	4,065	3,153
	<u>\$ 48,935</u>	<u>\$ 85,898</u>
<b>Governance</b>		
Meetings and coffee supplies	2,526	416
Travel, training and conferences	2,358	-
Discretionary fund	1,884	1,241
Election committee	1,723	1,710
Policy support and other expenses	1,493	1,788
President's discretionary fund	50	-
	<u>\$ 10,034</u>	<u>\$ 5,155</u>

<sup>1</sup> Consolidation of a number of accounts.