

The University of Calgary Faculty Association

Financial Statements

June 30, 2024

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, 2024 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, 2024 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.

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 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.

Independent Auditors' Report (continued)

- 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.



Chartered Professional Accountants

December 12, 2024
Calgary, Alberta

The University of Calgary Faculty Association

Statement of Financial Position

As at June 30,	2024	2023
Assets		
Current assets		
Cash (note 4)	\$ -	\$ 207,691
Marketable securities (note 5)	2,728,643	2,573,655
Accounts receivable	207,680	194,978
Prepaid expenses	38,598	42,462
	<u>2,974,921</u>	<u>3,018,786</u>
Strike fund assets (note 7)		
Cash	208,919	67,583
Marketable securities (note 5)	1,748,936	1,547,367
	<u>1,957,855</u>	<u>1,614,950</u>
Property and equipment (note 6)		
	<u>29,420</u>	<u>48,731</u>
	<u>\$ 4,962,196</u>	<u>\$ 4,682,467</u>
Liabilities and Net Assets		
Current liabilities		
Bank indebtedness (note 4)	\$ 19,108	\$ -
Accounts payable and accrued liabilities	140,464	180,718
	<u>159,572</u>	<u>180,718</u>
Net Assets		
Invested in property and equipment	29,420	48,731
Strike Fund (note 7)	1,957,855	1,614,950
Other funds (note 8)	2,815,349	2,838,068
	<u>4,802,624</u>	<u>4,501,749</u>
	<u>\$ 4,962,196</u>	<u>\$ 4,682,467</u>

Approved on behalf of the Board:

Director

Director

The University of Calgary Faculty Association

Statement of Operations

For the year ended June 30,	2024	2023
Revenue		
Faculty dues	\$ 2,495,126	\$ 2,340,100
Employment insurance premium rebate	187,509	173,487
Investment income	171,207	120,146
Release time recoveries	100,000	100,000
Sessional travel fund	30,000	87,484
	<u>2,983,842</u>	<u>2,821,217</u>
Expenses		
Personnel (schedule 1)	1,661,118	1,485,127
CAUT (schedule 1)	653,323	562,608
Office (schedule 1)	114,855	100,559
Professional fees (schedule 1)	108,495	43,330
Other expenses (schedule 1)	51,530	35,863
Governance (schedule 1)	29,637	22,224
	<u>2,618,958</u>	<u>2,249,711</u>
Excess of revenues over expenses before the following items	364,884	571,506
Other reserve expenses	(114,871)	(184,131)
Amortization	(23,970)	(24,192)
Unrealized change in fair market value of marketable securities	74,832	(11,988)
	<u>\$ 300,875</u>	<u>\$ 351,195</u>

The University of Calgary Faculty Association

Statement of Changes in Net Assets

For the year ended June 30,

2024

2023

	Unrestricted Fund	Invested in property and equipment	Strike Fund (note 7)	Other funds (note 8)	Total	Total
Net assets, beginning of year	\$ -	\$ 48,731	\$ 1,614,950	\$ 2,838,068	\$ 4,501,749	\$ 4,150,554
Excess of revenues over expenses	324,845	(23,970)	-	-	300,875	351,195
Acquisitions of property and equipment	-	4,659	-	(4,659)	-	-
Allocations	(324,845)	-	342,905	(18,060)	-	-
Net assets, end of year	\$ -	\$ 29,420	\$ 1,957,855	\$ 2,815,349	\$ 4,802,624	\$ 4,501,749

The University of Calgary Faculty Association

Statement of Cash Flows

For the year ended June 30,

2024

2023

Operating activities

Cash received from dues and other revenue	\$ 2,799,931	\$ 2,699,661
Cash paid for programs, activities and administration	(1,137,306)	(950,280)
Cash paid with respect to personnel	(1,632,914)	(1,496,955)
Investment income received	62,554	60,063
	<u>92,265</u>	<u>312,489</u>

Investing activities

Purchase of property and equipment	(4,659)	(28,959)
Purchase of marketable securities	(351,069)	(994,666)
Proceeds from redemption of marketable securities	178,000	144,000
	<u>(177,728)</u>	<u>(879,625)</u>

Decrease in cash

(85,463) (567,136)

Cash, beginning of the year

275,274 842,410

Cash, end of the year

\$ 189,811 \$ 275,274

Cash consists of:

(Bank indebtedness) cash	\$ (19,108)	\$ 207,691
Cash in strike fund assets	208,919	67,583
	<u>\$ 189,811</u>	<u>\$ 275,274</u>

The University of Calgary Faculty Association

Notes to Financial Statements

June 30, 2024

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 bank indebtedness, and accounts payable and accrued liabilities.

(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

(c) 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 rebate, release time recoveries, investment income, sessional travel fund, and other income is accrued and recognized in the year it is earned.

The University of Calgary Faculty Association

Notes to Financial Statements

June 30, 2024

3. Significant accounting policies, continued

(d) 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 but are not limited to: Strike Fund, General Reserve Fund, Capital and Software Fund, Benefits Reserve Fund, Special Projects Fund, Defence Fund, Special Motions Fund, and Sessional Travel 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 fund 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 on 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.

(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.

(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.

The University of Calgary Faculty Association

Notes to Financial Statements

June 30, 2024

4. Bank indebtedness (cash)

Included in bank indebtedness (2023 - cash) is \$11,182 (2023 - \$2,382) which is part of marketable securities portfolios.

5. Marketable securities

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

	2024	2023
Fixed income securities in current assets	\$ 2,728,643	\$ 2,573,655
Fixed income securities in strike fund assets	1,748,936	1,547,367
Total fair market value	4,477,579	4,121,022
Book value	4,613,602	4,331,877
Ending fair market value less book value	(136,023)	(210,855)
Beginning fair market value less book value	(210,855)	(198,867)
Unrealized change in fair market value	\$ 74,832	\$ (11,988)

Marketable securities in current assets comprise of fixed income securities which bear interest from 1.67% to 5.33%, and are callable between September 2029 to January 2033.

Marketable securities in strike fund assets comprise of fixed income securities which bear interest from 2.75% to 3.00%, and are callable between September 2025 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.

6. Property and equipment

	2024		2023	
	Cost	Accumulated amortization	Net	Net
Office improvements	\$ 43,633	\$ 28,215	\$ 15,418	\$ 23,128
Office furnishings and equipment	57,650	50,041	7,609	6,539
Computer equipment and software	167,748	161,355	6,393	19,064
	\$ 269,031	\$ 239,611	\$ 29,420	\$ 48,731

The University of Calgary Faculty Association

Notes to Financial Statements

June 30, 2024

7. Internally restricted – Strike Fund

	2024	2023
Opening balance	\$ 1,614,950	\$ 1,328,777
Strike Fund dues received	260,683	251,970
Net change in fair market value of marketable securities	82,222	34,203
	<u>\$ 1,957,855</u>	<u>\$ 1,614,950</u>

8. Internally restricted – other funds

Net asset fund balances are as follows:

	2024	2023
General reserve fund	\$ 2,364,158	\$ 2,366,784
Capital and software fund	45,987	54,340
Benefits reserve fund	111,881	103,321
Special projects fund	233,232	237,002
Special motion fund	20,000	20,000
Sessional travel fund	40,091	56,621
	<u>\$ 2,815,349</u>	<u>\$ 2,838,068</u>

9. Financial instruments

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:

	2024	2023
Measured at amortized cost	\$ 397,491	\$ 470,252
Measured at fair market value	4,477,579	4,121,022
	<u>\$ 4,875,070</u>	<u>\$ 4,591,274</u>

The University of Calgary Faculty Association

Schedule 1

For the year ended June 30,	2024	2023
Personnel		
Salaries	\$ 1,088,885	\$ 1,022,621
Benefits	292,920	236,450
Academic release	263,460	218,230
Temporary services salaries	9,789	-
Staff training	6,064	7,826
	<u>\$ 1,661,118</u>	<u>\$ 1,485,127</u>
CAUT		
CAUT dues	\$ 460,380	\$ 407,958
CAUT defence dues	192,943	154,650
	<u>\$ 653,323</u>	<u>\$ 562,608</u>
Office		
Miscellaneous ¹	\$ 37,760	\$ 26,230
Equipment maintenance and technical support	23,686	17,027
Insurance	21,360	19,301
Supplies and stationary	9,123	9,478
Printing and photocopying	8,630	15,786
Offsite storage	7,730	6,674
Telephone and computer wireless	6,566	6,063
	<u>\$ 114,855</u>	<u>\$ 100,559</u>
Professional fees		
Legal and consulting	\$ 84,460	\$ 20,640
Audit	16,500	16,500
Bookkeeping	7,535	6,190
	<u>\$ 108,495</u>	<u>\$ 43,330</u>
Other expenses		
Sessional travel	\$ 46,530	\$ 30,863
Special motion donations	5,000	5,000
	<u>\$ 51,530</u>	<u>\$ 35,863</u>
Governance		
Travel, training and conferences	\$ 18,442	\$ 8,009
Policy support and other expenses	4,075	1,939
Election committee	2,661	2,063
Discretionary fund	1,972	1,843
Meetings and coffee supplies	1,449	3,186
President's discretionary fund	1,038	365
Member services	-	4,819
	<u>\$ 29,637</u>	<u>\$ 22,224</u>

¹ Consolidation of a number of accounts.