

Financial Statements of

CONCORDIA UNIVERSITY FACULTY ASSOCIATION

Year ended May 31, 2015



SAURO-LALLA LAPOLLA S.E.N.C. / G.P.

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INDEPENDENT AUDITOR'S REPORT

To the members of the Concordia University Faculty Association:

Report on the Financial Statements

We have audited the accompanying financial statements of the Concordia University Faculty Association (the "Association"), which comprise the balance sheet as at May 31, 2015, and the statements of operations and changes in net assets and 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 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 Concordia University Faculty Association as at May 31, 2015, 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.


senc¹

Montréal, Canada
September 21, 2015

¹ By public accountancy permit A104373, CPA auditor, CA

CONCORDIA UNIVERSITY FACULTY ASSOCIATION

Financial Statements

Year ended May 31, 2015

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CONCORDIA UNIVERSITY FACULTY ASSOCIATION

Balance Sheet

As at May 31, 2015, with corresponding figures for 2014

	2015	2014
Assets		
Current assets:		
Cash	\$ 384,577	\$ 174,318
Accrued investment income	7,051	2,976
Prepaid expenses	5,006	-
	396,634	177,294
Investments (note 3)	3,244,182	2,951,913
Tangible capital assets (note 4)	4,796	6,952
	<u>\$3,645,612</u>	<u>\$3,136,159</u>
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 51,291	\$ 43,193
Due to Concordia University	23,370	34,270
	74,661	77,463
Net assets:		
Invested in tangible capital assets	4,796	6,952
Unrestricted	3,566,155	3,051,744
	3,570,951	3,058,696
Commitment (note 7)		
	<u>\$3,645,612</u>	<u>\$3,136,159</u>

See accompanying notes to financial statements.

On behalf of the Council:

_____ President _____ Treasurer

CONCORDIA UNIVERSITY FACULTY ASSOCIATION

Statement of Operations and Changes in Net Assets

Year ended May 31, 2015, with corresponding figures for 2014

	2015	2014
Revenue:		
Membership dues	\$1,013,919	\$ 983,594
Less contribution paid to:		
Fédération Québécoise des professeures et professeurs d'université ("FQPPU")	141,930	137,703
Canadian Association of University Teachers ("CAUT")	166,145	163,805
CAUT Defence Fund	63,756	63,756
National Union of the Canadian Association of University Teachers ("NUCAUT")	11,821	9,981
	<u>383,652</u>	<u>375,245</u>
Net revenue from membership	630,267	608,349
Expenses:		
Salaries and benefits	219,592	215,883
Part-time help	14,536	6,884
Conferences, committees and member meetings	30,701	28,460
Legal fees and arbitration costs	122,492	85,143
Other professional fees	12,693	13,412
Donations and grants (note 5)	6,920	4,670
Office and general	17,325	24,614
Telecommunications	4,029	4,551
Amortization of tangible capital assets	5,613	6,425
Insurance	4,104	4,045
	<u>438,005</u>	<u>394,087</u>
Operating income	192,262	214,262
Net investment income (note 3)	319,993	254,865
Excess of revenue over expenses	512,255	469,127
Net assets, beginning of year	3,058,696	2,589,569
Net assets, end of year	<u>\$ 3,570,951</u>	<u>\$3,058,696</u>

See accompanying notes to financial statements.

CONCORDIA UNIVERSITY FACULTY ASSOCIATION

Statement of Cash Flows

Year ended May 31, 2015, with corresponding figures for 2014

	2015	2014
Cash flows from operating activities:		
Excess of revenue over expenses	\$ 512,255	\$ 469,127
Items not affecting cash:		
Amortization of tangible capital assets	5,613	6,425
Realized gain on sale of investments	(4,559)	(419,701)
Amortization of discount on fixed income securities	7,194	-
Change in unrealized appreciation of investments	(268,652)	212,710
Changes in non-cash working capital:		
Accrued investment income	(4,075)	(2,566)
Prepaid expenses	(5,006)	-
Accounts payable and accrued liabilities	8,098	29,551
Due to Concordia University	(10,900)	(20,032)
	239,968	275,514
Cash flows from investing activities:		
Proceeds from sale of investments	457,020	3,146,337
Purchase of investments	(483,272)	(3,630,814)
Purchase of tangible capital assets	(3,457)	(6,252)
	(29,709)	(490,729)
Increase (decrease) in cash	210,259	(215,215)
Cash, beginning of year	174,318	389,533
Cash, end of year	\$ 384,577	\$ 174,318
Cash is comprised of:		
Cash in bank	\$ 284,489	\$ 93,313
Cash with broker	100,088	81,005
	\$ 384,577	\$ 174,318

See accompanying notes to financial statements.

CONCORDIA UNIVERSITY FACULTY ASSOCIATION

Notes to Financial Statements

Year ended May 31, 2015

1. Statutes and purpose

The Concordia University Faculty Association was incorporated under Part III of the Quebec Companies' Act on September 6, 1988 and is an accredited union under the Quebec Labour Code. The Association serves as a bargaining unit for full-time faculty, including those on limited and extended term, and professional librarians of Concordia University. The Association is affiliated with the *Fédération Québécoise des professeures et professeurs d'université* ("FQPPU"), the *Canadian Association of University Teachers* ("CAUT") and the *National Union of the Canadian Association of University Teachers* ("NUCAUT").

The Association is a not-for-profit organization exempt from income tax under the provisions of section 149 of the *Income Tax Act*.

2. Significant accounting policies

The 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

Fees withheld from member salaries and remitted to the Association are recognized as revenues on an accrual basis. Dividend income is recognized on the ex-dividend date. Interest income is accounted for on the accrual basis. Premiums or discounts on bonds are amortized on a straight-line basis over the term to maturity. Gains or losses on the sale of investments are determined using the average cost basis.

(b) Financial instruments

All financial instruments are measured at fair value upon initial recognition. Subsequently, they are measured as follows:

Asset/liability	Classification	Basis of accounting
Cash and cash equivalents	Financial assets held for trading	Fair value
Amounts receivable	Loans and receivables	Amortized cost
Investments	Financial assets held for trading	Fair value
Amounts payable	Other financial liabilities	Amortized cost
Due to Concordia University	Other financial liabilities	Amortized cost

The fair value of the Association's investments is determined based on published closing prices in active markets. The Association accounts for investment purchases and sales based on the trade date. Transaction costs for all financial instruments are expensed as incurred. The Association does not have any derivative financial instruments.

CONCORDIA UNIVERSITY FACULTY ASSOCIATION

Notes to Financial Statements, continued

Year ended May 31, 2015

2. Significant accounting policies, continued

(c) Tangible capital assets

Tangible capital assets are recorded at cost. Amortization is provided on a straight-line basis over the following periods:

Asset	Term
Computer equipment	2 years
Furniture and fixtures	5 years
Leasehold improvements	5 years

(d) Foreign currency translation

Revenues and expenses denominated in foreign currencies are translated at the average rate of exchange in the month of the transaction. Exchange gains or losses are included in earnings for the year. The fair value of investments and other monetary assets and liabilities are translated at the rate of exchange at the balance sheet date.

3. Investments

	Cost 2015	Fair Value 2015	Cost 2014	Fair Value 2014
Canadian securities:				
Bonds maturing in the next year	\$ 34,000	\$ 34,489	\$ 39,994	\$ 39,793
Other bonds	392,450	410,180	393,106	395,153
Equities	852,843	925,098	865,616	877,680
Fixed income funds	305,234	306,627	299,816	300,238
Foreign securities:				
Equities	912,956	1,075,514	884,705	895,021
Global equity fund	150,645	171,911	145,000	148,743
Fixed income funds	298,726	320,363	295,000	295,285
	\$2,946,854	\$3,244,182	\$2,923,237	\$2,951,913
Unrealized appreciation		\$ 297,328		\$ 28,676

CONCORDIA UNIVERSITY FACULTY ASSOCIATION

Notes to Financial Statements, continued

Year ended May 31, 2015

3. Investments, continued

The bonds consist of provincial and corporate bonds and have a weighted average return on par value of 3.81% (2014 – 4.11%) and average term to maturity of 5.53 years (2014 – 5.57 years).

The investments are held by an independent broker who is guided by an investment policy approved by the Association. The investment policy was established to secure the safety of the principal in real terms, to maximize long-term returns consistent with an appropriate degree of risk and to maintain a minimal level of liquidity. The Association's policy allows investments in cash, treasury bills, money market funds, term deposits, commercial paper, government bonds, bonds with a minimum credit rating of A, shares publicly traded on Canadian and US markets and exchange-traded funds.

Based on the investment strategy recommendations, the positions held as of May 31, 2015 are as follows:

	Proposed percentages	Cost		Fair Value	
Canadian Equity	30%	\$ 852,843	29.0%	\$ 925,099	28.5%
US Equity	20%	628,223	21.3%	742,417	22.9%
International Equity	15%	435,377	14.8%	505,007	15.6%
Canadian Fixed Income	25%	731,685	24.8%	751,296	23.1%
Global Fixed Income	10%	298,726	10.1%	320,363	9.9%
		\$ 2,946,854		\$ 3,244,182	

The Association's target allocation by asset class is reviewed annually. Council has overall responsibility for the establishment and oversight of the Association's risk management framework.

CONCORDIA UNIVERSITY FACULTY ASSOCIATION

Notes to Financial Statements, continued

Year ended May 31, 2015

3. Investments, continued

Net investment income is comprised of the following:

	2015	2014
Interest, dividends and distributions, net of withholding taxes	\$ 79,884	\$ 47,170
Realized gain on sale of investments	4,559	419,701
Change in unrealized appreciation of investments	268,652	(212,710)
Foreign exchange gain	3,857	704
Investment counsel fees	(36,959)	-
	\$ 319,993	\$ 254,865

4. Tangible capital assets

			2015
	Cost	Accumulated amortization	Net book value
Computer equipment	\$ 10,301	\$ 8,725	\$ 1,576
Furniture and fixtures	22,591	19,371	3,220
Leasehold improvements	12,668	12,668	-
	\$ 45,560	\$ 40,764	\$ 4,796

			2014
	Cost	Accumulated amortization	Net book value
Computer equipment	\$ 10,283	\$ 5,202	\$ 5,081
Furniture and fixtures	19,151	18,547	604
Leasehold improvements	12,668	11,401	1,267
	\$ 42,102	\$ 35,150	\$ 6,952

CONCORDIA UNIVERSITY FACULTY ASSOCIATION

Notes to Financial Statements, continued

Year ended May 31, 2015

5. Donations and grants

Donations and grants consist of charitable gifts of \$ 4,420 (2014 - \$ 2,670) and grants in support of other faculty associations of \$ 2,500 (2014 - \$ 2,000).

6. Financial instruments

Credit risk

Credit risk is the risk of financial loss to the Association if a party to a financial instrument fails to meet its contractual obligations. The Association's investments in short-term investments, bonds and money market funds are subject to credit risk. The maximum exposure to credit risk on these instruments is their carrying value. The Association manages the risk by limiting investments to those of high-quality issuers and limiting the credit exposure.

Market risk

The market price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk.

(a) Interest rate risk

Interest rate risk arises from changes in market interest rates. This risk arises from investments held in interest-bearing instruments. The Association is exposed to the risk that the fair value or future cash flows of such financial instruments will fluctuate due to changes in the prevailing levels of market interest rates.

(b) Currency risk

Currency risk arises from changes in foreign exchange rates. Cash balances and investments in foreign securities bear the risk of currency fluctuations. The Canadian equivalent of amounts originally in US dollars is as follows:

	2015	2014
Cash with broker	\$ 43,320	\$ 37,653
Foreign investments at fair value	\$ 742,417	\$ 616,136

CONCORDIA UNIVERSITY FACULTY ASSOCIATION

Notes to Financial Statements, continued

Year ended May 31, 2015

6. Financial instruments, continued

(c) Other price risk

The other price risk arises from changes in market prices other than those arising from interest rate risk or currency risk. Investments are subject to market volatility risk. The investments of the Association are susceptible to market price risk arising from uncertainties about the future prices of the instruments.

Liquidity risk

Liquidity risk is the risk that the Association will not be able to meet its financial obligations as they fall due. The majority of the Association's assets are investments traded in active markets that can be readily liquidated and therefore the Association's liquidity risk is considered minimal. In addition, the Association retains sufficient cash positions to manage liquidity.

7. Commitment

The Association has a commitment under an operating lease for a photocopier until 2018. The annual and aggregate payments under this lease are as follows:

2016	\$	2,732
2017		2,732
2018		2,049
	\$	7,513
