

Financial Statements of

CONCORDIA UNIVERSITY FACULTY ASSOCIATION

Year ended May 31, 2018



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, 2018, the statement of operations and changes in net assets, the statement 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 the Concordia University Faculty Association as at May 31, 2018, 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.


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Montréal, Canada
September 24, 2018

¹ By public accountancy permit A104373, CPA auditor, CA

CONCORDIA UNIVERSITY FACULTY ASSOCIATION

Financial Statements

Year ended May 31, 2018

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CONCORDIA UNIVERSITY FACULTY ASSOCIATION

Balance Sheet

As at May 31, 2018, with corresponding figures for 2017

	2018	2017
Assets		
Current assets:		
Cash	\$ 165,898	\$ 511,854
Accounts receivable	16,304	12,102
Accrued investment income	10,214	10,544
Prepaid expenses	4,655	3,918
Due from Concordia University	-	27,056
	197,071	565,474
Investments (note 3)	4,821,270	4,087,208
Tangible capital assets (note 4)	3,127	1,720
	\$5,021,468	\$4,654,402
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 24,385	\$ 14,488
Due to Concordia University	7,404	-
Free Homa Campaign liability (note 5)	40,000	40,000
	71,789	54,488
Net assets:		
Invested in tangible capital assets	3,127	1,720
Unrestricted	4,946,552	4,598,194
	4,949,679	4,599,914
	\$5,021,468	\$4,654,402

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, 2018, with corresponding figures for 2017

	2018	2017
Revenues:		
Membership dues	\$1,084,869	\$1,072,913
Less contribution paid to:		
Fédération Québécoise des professeurs et professeurs d'université ("FQPPU")	151,293	149,625
Canadian Association of University Teachers ("CAUT")	179,428	178,668
CAUT Defence Fund	67,716	65,664
National Union of the Canadian Association of University Teachers ("NUCAUT")	10,902	11,095
	409,339	405,052
Net revenue from membership	675,530	667,861
Expenses:		
Salaries and benefits	286,285	234,434
Part-time help	5,194	2,869
Conferences, committees and member meetings	42,444	34,831
Legal fees and arbitration costs	107,383	28,744
Free Homa campaign costs (note 5)	-	22,459
Other professional fees	13,556	15,319
Office and general	16,363	15,539
Donations and grants (note 6)	6,260	5,580
Telecommunications	4,218	4,129
Insurance	4,671	4,640
Amortization of tangible capital assets	1,386	688
	487,760	369,232
Operating income	187,770	298,629
Net investment income (note 3)	161,995	371,898
Excess of revenue over expenses	349,765	670,527
Net assets, beginning of year	4,599,914	3,929,387
Net assets, end of year	\$4,949,679	\$4,599,914

See accompanying notes to financial statements.

CONCORDIA UNIVERSITY FACULTY ASSOCIATION

Statement of Cash Flows

Year ended May 31, 2018, with corresponding figures for 2017

	2018	2017
Cash flows from operating activities:		
Excess of revenue over expenses	\$ 349,765	\$ 670,527
Items not affecting cash:		
Amortization of tangible capital assets	1,386	688
Realized gain on sale of investments	(96,313)	(43,586)
Amortization of premium on fixed income securities	4,774	1,764
Change in unrealized appreciation of investments	59,241	(222,962)
Changes in non-cash working capital:		
Accounts receivable	(4,202)	(4,162)
Accrued investment income	330	(435)
Prepaid expenses	(737)	(1,157)
Accounts payable and accrued liabilities	9,897	1,165
Deferred contributions	-	40,000
Due to Concordia University	34,460	(23,445)
	358,601	418,397
Cash flows from investing activities:		
Proceeds from sale of investments	1,380,653	613,049
Purchase of investments	(2,082,416)	(733,253)
Acquisition of tangible capital assets	(2,794)	-
	(704,557)	(120,204)
(Decrease) increase in cash	(345,956)	298,193
Cash, beginning of year	511,854	213,661
Cash, end of year	\$ 165,898	\$ 511,854
Cash is comprised of:		
Cash in bank	\$ 8,427	\$ 431,908
Cash with broker	157,471	79,946
	\$ 165,898	\$ 511,854

See accompanying notes to financial statements.

CONCORDIA UNIVERSITY FACULTY ASSOCIATION

Notes to Financial Statements

Year ended May 31, 2018

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	Financial assets	Amortized cost
Amounts receivable	Loans and receivables	Amortized cost
Investments	Financial assets held for trading	Fair value
Amounts payable	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, 2018

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. The fair value of investments and other monetary assets and liabilities are translated at the rate of exchange at the balance sheet date. Exchange gains or losses are included in earnings for the year.

3. Investments

	Cost 2018	Fair Value 2018	Cost 2017	Fair Value 2017
Canadian securities:				
Bonds maturing				
in the next year	\$ 149,800	\$ 149,642	\$ 28,676	\$ 28,523
Other bonds	635,922	629,670	505,891	522,288
Short-term income fund	621,890	606,427	315,814	311,552
Equities	1,232,214	1,500,220	1,120,338	1,263,903
Foreign securities:				
Global bond fund	742,975	776,551	801,631	887,831
Equities	782,462	940,596	645,883	843,995
Global infrastructure fund	254,129	218,164	207,856	229,116
	\$4,419,392	\$4,821,270	\$3,626,089	\$4,087,208
Unrealized appreciation		\$ 401,878		\$ 461,119

CONCORDIA UNIVERSITY FACULTY ASSOCIATION

Notes to Financial Statements, continued

Year ended May 31, 2018

3. Investments, continued

The bonds consist of government and corporate bonds and have a weighted average return on par value of 3.44% (2017 – 3.73%) and weighted average term to maturity of 4.31 years (2017 – 4.81 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, 2018 are as follows:

	Proposed percentages	Cost		Fair Value	
Canadian equity	30%	\$ 1,232,214	31%	\$ 1,500,220	31%
US equity	20%	719,442	22%	792,071	23%
International equity	15%	616,377	14%	686,610	16%
Canadian fixed income	25%	1,407,612	24%	1,385,739	21%
Global fixed income	10%	443,747	9%	456,630	9%
		\$ 4,419,392		\$ 4,821,270	

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.

Net investment income is comprised of the following:

	2018	2017
Interest, dividends and distributions, net of withholding taxes	\$ 175,355	\$ 146,161
Realized gain on sale of investments	96,313	43,586
Change in unrealized appreciation of investments	(59,241)	222,962
Foreign exchange (loss) gain	(2,555)	1,280
Investment counsel fees	(47,877)	(42,091)
	\$ 161,995	\$ 371,898

CONCORDIA UNIVERSITY FACULTY ASSOCIATION

Notes to Financial Statements, continued

Year ended May 31, 2018

4. Tangible capital assets

			2018
	Cost	Accumulated amortization	Net book value
Computer equipment	\$ 13,095	\$ 11,000	\$ 2,095
Furniture and fixtures	22,591	21,559	1,032
Leasehold improvements	12,668	12,668	-
	\$ 48,354	\$ 45,227	\$ 3,127

			2017
	Cost	Accumulated amortization	Net book value
Computer equipment	\$ 10,301	\$ 10,301	\$ -
Furniture and fixtures	22,591	20,871	1,720
Leasehold improvements	12,668	12,668	-
	\$ 45,560	\$ 43,840	\$ 1,720

5. Free Homa Campaign liability

During the year ended May 31, 2017, the Association received \$ 81,960 from third parties for the “Free Homa Campaign” and contributed \$ 22,459 of its own funds to assist in raising awareness and applying pressure to have Professor Homa Hoodfar released from a prison in Iran where she was being detained. Expenditures of \$ 64,419 were incurred, and the balance of \$ 40,000 has been retained to pay for legal and other costs associated with the release of Professor Hoodfar.

6. Donations and grants

Donations and grants consist of charitable gifts of \$ 5,260 (2017 - \$ 2,580) and grants in support of other faculty associations of \$ 1,000 (2017 - \$ 3,000).

CONCORDIA UNIVERSITY FACULTY ASSOCIATION

Notes to Financial Statements, continued

Year ended May 31, 2018

7. 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 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:

(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:

	2018	2017
Cash with broker	\$ 26,882	\$ 14,271
Foreign investments at fair value	\$ 792,071	\$ 952,937

(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.