

Financial Statements of

CONCORDIA UNIVERSITY FACULTY ASSOCIATION

Year ended May 31, 2021



INDEPENDENT AUDITOR'S REPORT

To the members of the Concordia University Faculty Association:

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **Concordia University Faculty Association** (the **Association**), which comprise the statement of financial position as at May 31, 2021, the statements of operations and changes in net assets and of 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 May 31, 2021, and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations (“ASFNPO”).

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 Auditor’s 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 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 the financial statements in accordance with ASFNPO, 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 unless management either intends to liquidate the Association or to cease operations, or has no realistic alternative but to do so.

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

CONCORDIA UNIVERSITY FACULTY ASSOCIATION

Financial Statements

Year ended May 31, 2021

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CONCORDIA UNIVERSITY FACULTY ASSOCIATION

Balance Sheet

As at May 31, 2021, with corresponding figures for 2020

	2021	2020
Assets		
Current assets:		
Cash	\$ 401,200	\$ 391,633
Accounts receivable	28,985	23,862
Due from Concordia University	-	26,521
Accrued investment income	14,273	15,059
Prepaid expenses	8,103	4,307
	<u>452,561</u>	<u>461,382</u>
Investments (note 3)	6,388,224	5,278,453
	<u>\$6,840,785</u>	<u>\$5,739,835</u>
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 82,500	\$ 58,970
Due to Concordia University	37,195	-
	<u>119,695</u>	<u>58,970</u>
Net assets:		
Unrestricted	6,721,090	5,680,865
	<u>6,721,090</u>	<u>5,680,865</u>
	<u>\$6,840,785</u>	<u>\$5,739,835</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, 2021, with corresponding figures for 2020

	2021	2020
Revenues:		
Membership dues	\$1,289,599	\$1,234,647
Less contribution paid to:		
Fédération Québécoise des professeurs et professeurs d'université ("FQPPU")	179,827	172,706
Canadian Association of University Teachers ("CAUT")	201,653	194,208
CAUT Defence Fund	70,708	69,762
National Union of the Canadian Association of University Teachers ("NUCAUT")	11,520	11,414
	463,708	448,090
Net revenue from membership	825,891	786,557
Expenses:		
Salaries and benefits	404,957	358,596
Conferences, committees and member meetings	612	29,244
Legal fees and arbitration costs	52,655	57,523
Other professional fees	15,958	15,424
Office and general	16,259	14,269
Donations	1,000	4,575
Telecommunications	7,982	6,730
Insurance	5,491	5,035
Amortization of tangible capital assets	-	1,042
	504,914	492,438
Operating income	320,977	294,119
Net investment income (note 3)	719,248	87,753
Excess of revenue over expenses	1,040,225	381,872
Net assets, beginning of year	5,680,865	5,298,993
Net assets, end of year	\$6,721,090	\$5,680,865

See accompanying notes to financial statements.

CONCORDIA UNIVERSITY FACULTY ASSOCIATION

Statement of Cash Flows

Year ended May 31, 2021, with corresponding figures for 2020

	2021	2020
Cash flows from operating activities:		
Excess of revenue over expenses	\$1,040,225	\$ 381,872
Items not affecting cash:		
Amortization of tangible capital assets	-	1,042
Realized (gain) loss on sale of investments	(221,174)	114,162
Change in accumulated amortization of premium on fixed income securities	(3,297)	7,021
Change in unrealized appreciation of investments	(420,304)	(98,577)
Changes in non-cash working capital:		
Accounts receivable	(5,123)	(1,029)
Accrued investment income	786	(5,990)
Prepaid expenses	(3,796)	260
Accounts payable and accrued liabilities	23,530	(49,962)
Due to Concordia University	63,716	(37,452)
	474,563	311,347
Cash flows from investing activities:		
Proceeds from sale of investments	1,464,674	739,593
Purchase of investments	(1,929,670)	(1,106,578)
	(464,996)	(366,985)
Increase (decrease) in cash	9,567	(55,638)
Cash, beginning of year	391,633	447,271
Cash, end of year	\$ 401,200	\$ 391,633
Cash is comprised of:		
Cash in bank	\$ 262,547	\$ 261,818
Cash with broker	138,653	129,815
	\$ 401,200	\$ 391,633

See accompanying notes to financial statements.

CONCORDIA UNIVERSITY FACULTY ASSOCIATION

Notes to Financial Statements

Year ended May 31, 2021

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

The Association initially measures its financial assets and financial liabilities at fair value. It subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments, which are measured at fair value. Changes in fair value are recognized in the statement of operations.

Financial assets measured at amortized cost include cash, accounts receivable and accrued investment income. Financial liabilities measured at amortized cost include the accounts payable and accrued liabilities.

The fair value of the Association's investments is determined based on published closing prices in active markets.

CONCORDIA UNIVERSITY FACULTY ASSOCIATION

Notes to Financial Statements, continued

Year ended May 31, 2021

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 2021	Fair Value 2021	Cost 2020	Fair Value 2020
Canadian securities:				
Bonds maturing in the next year	\$ 83,216	\$ 83,814	\$ 117,253	\$ 117,708
Other bonds	827,806	863,360	783,571	831,550
Short-term income fund	1,000,189	1,003,959	740,194	747,693
Equities	1,244,643	1,686,579	1,197,587	1,338,630
Foreign securities:				
Global bond fund	1,127,581	1,196,656	859,293	913,710
Equities	910,461	1,292,378	811,233	1,092,540
Global infrastructure fund	273,695	261,478	268,993	236,622
	\$5,467,591	\$6,388,224	\$4,778,124	\$5,278,453
Unrealized appreciation		\$ 920,633		\$ 500,329

CONCORDIA UNIVERSITY FACULTY ASSOCIATION

Notes to Financial Statements, continued

Year ended May 31, 2021

3. Investments, continued

The bonds consist of government and corporate bonds and have a weighted average return on par value of 3.07% (2020 – 3.32%) and weighted average term to maturity of 4.70 years (2020 – 4.66 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.

The positions held as of May 31, 2021 compared to the investment strategy recommendations, are as follows:

	Proposed		Actual		Actual
	%	Cost	%	Fair Value	%
Canadian equity	30%	\$ 1,244,643	23%	\$ 1,686,579	26%
US equity	20%	845,417	15%	1,025,600	16%
International equity	15%	686,363	13%	929,709	15%
Canadian fixed income	25%	1,911,210	35%	1,951,133	31%
Global fixed income	10%	779,958	14%	795,203	12%
		\$ 5,467,591		\$ 6,388,224	

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:

	2021	2020
Interest, dividends and distributions, net of withholding taxes	\$ 144,688	\$ 161,861
Realized gain (loss) on sale of investments	221,174	(114,162)
Change in unrealized appreciation of investments	420,304	98,577
Foreign exchange loss	(2,961)	(80)
Investment counsel fees	(63,957)	(58,443)
	\$ 719,248	\$ 87,753

CONCORDIA UNIVERSITY FACULTY ASSOCIATION

Notes to Financial Statements, continued

Year ended May 31, 2021

4. 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:

	2021	2020
Cash with broker	\$ 16,291	\$ 18,431
Investments held in a US account, at fair value	\$1,025,600	\$ 875,841

(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.