

CONCORDIA UNIVERSITY FACULTY ASSOCIATION

FINANCIAL STATEMENTS

MAY 31, 2022

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FINANCIAL STATEMENTS
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SUMMARY

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Mongiat • Bernucci
S.E.N.C.R.L. / LLP, Société de CPA / Partnership of CPAs

INDEPENDENT AUDITOR'S REPORT

To the Members of
CONCORDIA UNIVERSITY FACULTY ASSOCIATION

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, 2022, and the statements of revenues and expenses, 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 May 31, 2022, and the results of its 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 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 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 for the year ended May 31, 2021 were audited by another auditor who expressed an unmodified opinion on those financial statements on December 9, 2021.

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 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 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.

Auditor's 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 auditor's 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 judgment 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.
- 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 auditor's 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 auditor's report. However, future events or conditions may cause the Association to cease to continue as a going concern.
- 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.



Montréal, Québec
January 19, 2023

¹ By Michel Bernucci, CPA auditor

CONCORDIA UNIVERSITY FACULTY ASSOCIATION
STATEMENT OF REVENUES AND EXPENSES
YEAR ENDED MAY 31, 2022

	2022	2021
Revenues		
Membership dues	\$ <u>1,337,099</u>	\$ <u>1,289,599</u>
Less contribution paid to:		
Canadian Association of University Teachers ("CAUT")	207,779	201,653
Fédération Québécoise des professeures et professeurs d'université ("FQPPU")	186,070	179,827
CAUT Defence Fund	70,840	70,708
National Union of the Canadian Association of University Teachers ("NUCAUT")	<u>11,245</u>	<u>11,520</u>
	<u>475,934</u>	<u>463,708</u>
Net revenue from membership	<u>861,165</u>	<u>825,891</u>
Expenses		
Salaries and benefits	334,291	404,957
Other professional fees	73,239	15,958
Legal fees and arbitration costs	45,084	52,655
Office and general	14,714	16,259
Donations and grants	12,000	1,000
Telecommunications	7,001	7,982
Insurance	6,091	5,491
Amortization of tangible capital assets	2,064	-
Conferences, committees and member meetings	<u>1,167</u>	<u>612</u>
	<u>495,651</u>	<u>504,914</u>
Excess of revenues over expenses from operations	365,514	320,977
Net investment income (Note 6)	<u>(171,574)</u>	<u>719,248</u>
Excess of revenues over expenses	<u>\$ 193,940</u>	<u>\$ 1,040,225</u>

CONCORDIA UNIVERSITY FACULTY ASSOCIATION
STATEMENT OF CHANGES IN NET ASSETS
YEAR ENDED MAY 31, 2022

	2022	2021
BALANCE, BEGINNING OF YEAR	\$ 6,721,090	\$ 5,680,865
Excess of revenues over expenses	<u>193,940</u>	<u>1,040,225</u>
BALANCE, END OF YEAR	<u>\$ 6,915,030</u>	<u>\$ 6,721,090</u>

CONCORDIA UNIVERSITY FACULTY ASSOCIATION
STATEMENT OF FINANCIAL POSITION
AS AT MAY 31, 2022

	2022	2021
Assets		
Current assets		
Cash	\$ 181,450	\$ 401,200
Accounts receivable	34,910	28,985
Due from Concordia University	62,338	-
Accrued investment income	3,862	14,273
Prepaid expenses	<u>-</u>	<u>8,103</u>
	282,560	452,561
Investments (Note 3)	6,718,425	6,388,224
Tangible capital assets (Note 5)	<u>2,063</u>	<u>-</u>
	<u>\$ 7,003,048</u>	<u>\$ 6,840,785</u>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	\$ 88,018	\$ 82,500
Due to Concordia University	<u>-</u>	<u>37,195</u>
	88,018	119,695
Net assets		
Unrestricted	<u>6,915,030</u>	<u>6,721,090</u>
	<u>\$ 7,003,048</u>	<u>\$ 6,840,785</u>

CONCORDIA UNIVERSITY FACULTY ASSOCIATION

STATEMENT OF CASH FLOWS

YEAR ENDED MAY 31, 2022

	2022	2021
OPERATING ACTIVITIES		
Excess of revenues over expenses	\$ 193,940	\$ 1,040,225
Non-cash items:		
Amortization of tangible capital assets	2,064	-
Realized gain on sale of investments	(335,132)	(221,174)
Change in accumulated amortization for premiums on fixed asset securities	(7,684)	(3,297)
Change in unrealized appreciation of investments	<u>623,288</u>	<u>(420,304)</u>
	476,476	395,450
Net change in non-cash items related to operating activities (Note 8)	<u>(81,426)</u>	<u>79,113</u>
	<u>395,050</u>	<u>474,563</u>
INVESTING ACTIVITIES		
Proceeds from sale of investments	2,048,408	1,464,674
Purchase of investments	(2,659,081)	(1,929,670)
Acquisition of tangible capital assets	<u>(4,127)</u>	<u>-</u>
	<u>(614,800)</u>	<u>(464,996)</u>
Increase (decrease) in cash	(219,750)	9,567
Cash and cash equivalents, beginning of year	<u>401,200</u>	<u>391,633</u>
Cash and cash equivalents, end of year	<u>\$ 181,450</u>	<u>\$ 401,200</u>
CASH AND CASH EQUIVALENTS		
Cash in bank	\$ 28,127	\$ 262,547
Cash with broker	<u>153,323</u>	<u>138,653</u>
	<u>\$ 181,450</u>	<u>\$ 401,200</u>

CONCORDIA UNIVERSITY FACULTY ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

MAY 31, 2022

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:

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.

Tangible capital assets

Tangible capital assets are accounted for at cost. Amortization is calculated on their respective estimated useful life using the straight-line method over the following periods:

Computer equipment	2 years
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Financial instruments

Initial measurement

The Association initially measures its financial assets and liabilities originated or exchanged in arm's length transactions at fair value.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Subsequent measurement

The Association subsequently measures all its financial assets and liabilities at cost or amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value of these financial instruments are recognized in net earnings in the period incurred.

Financial assets measured at amortized cost using the straight-line method include cash, accounts receivable and accrued investment income.

Financial assets measured at fair value include quoted shares.

Financial liabilities measured at amortized cost include the accounts payable and accrued liabilities.

Transaction costs

Transaction costs attributable to financial instruments subsequently measured at fair value and to those originated or exchanged in a related party transaction are recognized in net earnings in the period incurred. Transaction costs related to financial instruments originated or exchanged in an arm's length transaction that are subsequently measured at amortized cost are recognized in the original cost of the instrument. When the instrument is measured at amortized cost, transaction costs are recognized in net earnings over the life of the instrument using the straight-line method.

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.

CONCORDIA UNIVERSITY FACULTY ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

MAY 31, 2022

3. INVESTMENTS

	Cost 2022	Fair Value 2022	Cost 2021	Fair Value 2021
Canadian securities:				
Bonds maturing in the next year	\$ -	\$ -	\$ 83,216	\$ 83,814
Other bonds	932,395	910,539	827,806	863,360
Short-term income fund	1,011,104	950,830	1,000,189	1,003,959
Equity	<u>1,924,718</u>	<u>2,027,464</u>	<u>1,244,643</u>	<u>1,686,579</u>
	<u>3,868,217</u>	<u>3,888,833</u>	<u>3,155,854</u>	<u>3,637,712</u>
Foreign securities:				
Global bond fund	1,375,705	1,363,703	1,127,581	1,196,656
Equities	887,378	1,160,082	910,461	1,292,378
Global infrastructure fund	<u>289,779</u>	<u>305,806</u>	<u>273,695</u>	<u>261,478</u>
	<u>2,552,862</u>	<u>2,829,591</u>	<u>2,311,737</u>	<u>2,750,512</u>
	<u>\$ 6,421,079</u>	<u>\$ 6,718,424</u>	<u>\$ 5,467,591</u>	<u>\$ 6,388,224</u>

Unrealized appreciation of investments as at year end is \$297,345 (2021 - \$920,633)

The bonds consist of government and corporate bonds and have a weighted average return on par value of 3.36% (2021 - 3.36%) and weighted average term to maturity of 4.70 years (2021 - 4.70 years).

CONCORDIA UNIVERSITY FACULTY ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

MAY 31, 2022

4. INVESTMENTS ALLOCATION

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 of the fund in real terms, to obtain the best real net return consistent with an moderate degree of risk over the long term, and to maintain a minimal level of liquidity.

The Association's policy allows investments in cash (treasury bills of the federal or provincial governments, US treasury bills, short-term obligations of chartered banks and money market mutual funds), fixed Income (bonds, preferred shares, term deposits, and GICs) and equities (common shares of large, broadly held companies, or broadly based mutual funds or index funds/units).

Socially responsible investing (SRI) takes environmental, social, and corporate governance (ESG) factors into account in investment analysis. In addition to respecting social criteria, ESG factors can have a positive impact, directly and indirectly, on a company's current profitability and long-term performance. For these reasons, the Association's fund managers are expected to incorporate the evaluation of ESG principles into their analysis of candidate purchases for the Association's portfolio. In addition, the Association specifically requires that the investment portfolio excludes any direct ownership of the shares or debt of companies that manufacture tobacco products, armaments, or are involved in the production of fossil fuels.

The positions held as of May 31, 2022 compared to the investment strategy are as follows:

	Proposed %	Actual %
Equities (range 40% - 60%)	50.0 %	51.8 %
Fixed Income (range 35% - 55%)	45.0 %	46.0 %
Cash (range 0% - 10%)	5.0 %	2.2 %

5. TANGIBLE CAPITAL ASSETS

	2022		2021	
	Cost	Accumulated amortization	Net book value	Net book value
Computer equipment	\$ <u>11,309</u>	\$ <u>9,246</u>	\$ <u>2,063</u>	\$ <u>-</u>

CONCORDIA UNIVERSITY FACULTY ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

MAY 31, 2022

6. NET INVESTMENT INCOME

	2022	2021
Interest, dividends and distributions	\$ 186,332	\$ 148,010
Realized gain (loss) on sale of investments	335,132	221,174
Change in unrealized appreciation of investments	(623,288)	420,303
Foreign exchange gain (loss)	870	(2,961)
Withholding taxes	(3,446)	(3,322)
Investment counsel fees	<u>(67,174)</u>	<u>(63,956)</u>
	<u>\$ (171,574)</u>	<u>\$ 719,248</u>

7. DONATIONS AND GRANTS

Donations and grants consist of charitable gifts of \$ 1,000 (2021 - \$ 1,000) and grants in support of other faculty associations of \$ 11,000 (2021 - \$ nil).

8. NET CHANGE IN NON-CASH ITEMS RELATED TO OPERATING ACTIVITIES

	2022	2021
Accounts receivable	\$ (5,925)	\$ (5,123)
Accrued investment income	10,411	786
Due from Concordia University	(62,338)	26,521
Prepaid expenses	8,103	(3,796)
Accounts payable and accrued liabilities	5,518	23,530
Due to Concordia University	<u>(37,195)</u>	<u>37,195</u>
	<u>\$ (81,426)</u>	<u>\$ 79,113</u>

9. 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.

9. FINANCIAL INSTRUMENTS (continued)

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.

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.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Association realizes sales and purchases in foreign currency. Consequently, some assets are exposed to foreign exchange fluctuations. As at May 31, 2022, assets denominated in foreign exchange and converted into Canadian dollars are the following:

	2022	2021
	\$	\$
Cash with broker	22,322	16,291
Investments held in a US account, at fair value	817,400	1,025,600

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.