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**YORK UNIVERSITY FACULTY ASSOCIATION**

**FINANCIAL STATEMENTS**

**APRIL 30, 2017**

Draft - For discussion purposes only

# YORK UNIVERSITY FACULTY ASSOCIATION

APRIL 30, 2017

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## **INDEPENDENT AUDITORS' REPORT**

To the Members of York University Faculty Association:

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the York University Faculty Association, which comprise the statement of financial position as at April 30, 2017 and the statement of operations, statement of changes in fund balances and 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.

### **Auditors' 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 auditors' 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 auditors consider 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 York University Faculty Association as at April 30, 2017, and its operations and its cash flows for the year then ended in accordance with Canadian Accounting Standards for Not-For-Profit Organizations.

Toronto, Ontario  
REPORT DATE

Chartered Professional Accountants  
Licensed Public Accountants

**YORK UNIVERSITY FACULTY ASSOCIATION**  
**STATEMENT OF FINANCIAL POSITION**

AS AT APRIL 30, 2017

	OPERATING FUND		DEFENCE FUND		ARBITRATION FUND		TOTAL	
	2017	2016	2017	2016	2017	2016	2017	2016
	\$	\$	\$	\$	\$	\$	\$	\$
<b>ASSETS</b>								
<b>CURRENT</b>								
Cash (Note 2)	3,429,123	386,387	-	-	-	-	3,429,123	386,387
Investments (Note 3)	574,851	666,990	1,362,917	1,344,306	170,220	167,896	2,107,988	2,179,192
Accounts receivable	42,745	2,380	-	-	-	-	42,745	2,380
Government remittances receivable	6,612	-	-	-	-	-	6,612	-
Prepaid expenses	13,073	11,487	-	-	-	-	13,073	11,487
	<b>4,066,404</b>	<b>1,067,244</b>	<b>1,362,917</b>	<b>1,344,306</b>	<b>170,220</b>	<b>167,896</b>	<b>5,599,541</b>	<b>2,579,446</b>
<b>CAPITAL ASSETS (Note 4)</b>	<b>28,214</b>	<b>37,257</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>28,214</b>	<b>37,257</b>
	<b>4,094,618</b>	<b>1,104,501</b>	<b>1,362,917</b>	<b>1,344,306</b>	<b>170,220</b>	<b>167,896</b>	<b>5,627,755</b>	<b>2,616,703</b>
<b>LIABILITIES</b>								
<b>CURRENT</b>								
Accounts payable & accrued liabilities (Note 5)		168,237	271,935	-	-	-	-	168,237
271,935								
Accrued release time (Note 5)	119,823	148,777	-	-	-	-	119,823	148,777
Accrued employee costs (Note 6)	66,500	57,300	-	-	-	-	66,500	57,300
Funds held in trust (Note 2)	3,206,778	-	-	-	-	-	3,206,778	-
Capital lease obligation (Note 7)	7,569	7,295	-	-	-	-	7,569	7,295
Current portion of loan payable (Note 8)	35,000	-	-	-	-	-	35,000	-
	<b>3,603,907</b>	<b>485,307</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,603,907</b>	<b>485,307</b>
ACCRUED EMPLOYEE COSTS (Note 6)	255,400	86,200	-	-	-	-	255,400	86,200
CAPITAL LEASE OBLIGATION (Note 7)	15,999	23,568	-	-	-	-	15,999	23,568
LOAN PAYABLE (Note 8)	70,000	-	-	-	-	-	70,000	-
	<b>3,945,306</b>	<b>595,075</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,945,306</b>	<b>595,075</b>
<b>FUND BALANCES</b>	<b>149,312</b>	<b>509,426</b>	<b>1,362,917</b>	<b>1,344,306</b>	<b>170,220</b>	<b>167,896</b>	<b>1,682,449</b>	<b>2,021,628</b>
<b>NET ASSETS</b>								
Constitutionally restricted	-	-	800,000	800,000	120,000	120,000	920,000	920,000
Internally restricted	-	-	562,917	544,306	50,220	47,896	613,137	592,202
Unrestricted	149,312	509,426	-	-	-	-	149,312	509,426
<b>FUND BALANCES</b>	<b>149,312</b>	<b>509,426</b>	<b>1,362,917</b>	<b>1,344,306</b>	<b>170,220</b>	<b>167,896</b>	<b>1,682,449</b>	<b>2,021,628</b>

SEE ACCOMPANYING NOTES

APPROVED ON BEHALF OF THE BOARD: \_\_\_\_\_ President \_\_\_\_\_ Treasurer

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**YORK UNIVERSITY FACULTY ASSOCIATION**  
**STATEMENT OF OPERATIONS**

**FOR THE YEAR ENDED APRIL 30, 2017**

	<b>OPERATING FUND</b>		<b>DEFENCE FUND</b>		<b>ARBITRATION FUND</b>		<b>TOTAL</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>REVENUE</b>								
Membership (Note 9)	2,416,395	2,281,716	-	-	-	-	2,416,395	2,281,716
Other (Note 10)	42,745	-	-	-	-	-	42,745	-
	<b>2,459,140</b>	<b>2,281,716</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,459,140</b>	<b>2,281,716</b>
<b>DIRECT COSTS</b>								
CAUT fees	258,218	245,589	-	-	-	-	258,218	245,589
OCUFA fees	254,141	239,205	-	-	-	-	254,141	239,205
CAUT defence fund contributions	97,267	93,954	-	-	-	-	97,267	93,954
Other	43,072	61,692	-	-	-	-	43,072	61,692
	<b>652,698</b>	<b>640,440</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>652,698</b>	<b>640,440</b>
	<b>1,806,442</b>	<b>1,641,276</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,806,442</b>	<b>1,641,276</b>
<b>EXPENDITURES</b>								
Salaries and benefits	1,105,071	824,430	-	-	-	-	1,105,071	824,430
Professional fees (Note 11)	337,442	436,306	-	-	-	-	337,442	436,306
Release time (Notes 5 and 12)	199,174	280,831	-	-	-	-	199,174	280,831
Community support (Note 13)	183,438	78,370	-	-	-	-	183,438	78,370
Faculty Grad Club (Note 8)	150,000	-	-	-	-	-	150,000	-
Office	70,444	34,163	-	-	-	-	70,444	34,163
Stipends (Note 5)	61,122	146,411	-	-	-	-	61,122	146,411
Meetings and hospitality	33,074	32,985	-	-	-	-	33,074	32,985
Amortization	10,673	10,814	-	-	-	-	10,673	10,814
Retirement Centre support	9,738	9,738	-	-	-	-	9,738	9,738
Solidarity	8,907	10,618	-	-	-	-	8,907	10,618
Travel and conferences	7,333	20,986	-	-	-	-	7,333	20,986
	<b>2,176,416</b>	<b>1,885,652</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,176,416</b>	<b>1,885,652</b>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES BEFORE OTHER INCOME</b>	<b>(369,974)</b>	<b>(244,376)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(369,974)</b>	<b>(244,376)</b>
Investment income (Notes 3 and 14)	9,879	12,412	18,611	22,806	2,324	2,848	30,814	38,066
Loss on disposal of assets	(19)	-	-	-	-	-	(19)	-
	<b>9,860</b>	<b>12,412</b>	<b>18,611</b>	<b>22,806</b>	<b>2,324</b>	<b>2,848</b>	<b>30,795</b>	<b>38,066</b>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES</b>	<b>(360,114)</b>	<b>(231,964)</b>	<b>18,611</b>	<b>22,806</b>	<b>2,324</b>	<b>2,848</b>	<b>(339,179)</b>	<b>(206,310)</b>

SEE ACCOMPANYING NOTES

# YORK UNIVERSITY FACULTY ASSOCIATION

## STATEMENT OF CHANGES IN FUND BALANCES

FOR THE YEAR ENDED APRIL 30, 2017

	Defence Fund \$	Restricted Arbitration Fund \$	Operating Fund \$	2017 \$	2016 \$
<b>FUND BALANCES</b>					
Beginning of year	1,344,306	167,896	509,426	2,021,628	2,227,938
Excess (deficiency) of revenue over expenditures	18,611	2,324	(360,114)	(339,179)	(206,310)
End of year	1,362,917	170,220	149,312	1,682,449	2,021,628

# YORK UNIVERSITY FACULTY ASSOCIATION

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED APRIL 30, 2017

	2017 \$	2016 \$
<b>CASH, beginning of year</b>	<b>2,565,579</b>	<b>2,736,737</b>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Funds held in trust	3,206,778	-
Membership fees and other revenue	2,429,140	2,281,716
Salaries and benefits	(932,450)	(857,240)
Direct costs	(653,593)	(651,464)
Professional fees	(339,264)	(432,810)
Release time	(316,078)	(238,115)
Community support	(160,768)	(99,521)
Faculty Grad Club	(150,000)	-
Stipends	(100,653)	(113,538)
Overhead and general	(82,531)	(33,238)
Meetings and hospitality	(37,134)	(32,133)
Travel and conferences	(9,176)	(20,218)
Interest on capital lease	(1,157)	(1,481)
	<b>2,853,114</b>	<b>(198,042)</b>
<b>FINANCING ACTIVITIES</b>		
Decrease of obligation under capital lease	(15,747)	(7,031)
Loan proceeds	105,000	-
	<b>89,253</b>	<b>(7,031)</b>
<b>INVESTING ACTIVITIES</b>		
Investment income	30,815	38,066
Capital asset acquisitions	(1,650)	(4,151)
	<b>29,165</b>	<b>33,915</b>
<b>CASH, end of year</b>	<b>5,537,111</b>	<b>2,565,579</b>
<b>CASH CONSISTS OF:</b>		
Cash	3,429,123	386,387
Investments	2,107,988	2,179,192
	<b>5,537,111</b>	<b>2,565,579</b>

# YORK UNIVERSITY FACULTY ASSOCIATION

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED APRIL 30, 2017

### PURPOSE OF THE ORGANIZATION

The purpose of York University Faculty Association ("YUFA", "the Association") is to promote the welfare of York University ("the University") as an institution of higher learning and the socio-economic and general welfare of its academic staff, including the regulation of employment relations between the University and its academic staff. The Association shall promote the defence and extension of the civil rights and liberties of academic staff and the preservation and advancement of free democratic trade unionism. The Association is the certified bargaining agent of persons holding appointments as full-time faculty members or full-time librarians employed by the University.

YUFA is a not-for-profit organization and is exempt from tax under the provisions of the Income Tax Act of Canada.

YUFA meets its objectives by advocating on behalf of its members, including sponsoring mediation and arbitration, and negotiating collective agreements with the University.

### 1. SIGNIFICANT ACCOUNTING POLICIES

These financial statements were prepared in accordance with Canadian Accounting Standards for Not-for-Profit Organizations and are in accordance with Canadian generally accepted accounting principles.

#### (a) Fund accounting

The Association uses fund accounting.

General activities are reflected in the Operating Fund.

The Defence Fund was established to provide a resource fund for the membership in the event of a strike or other dispute. Five percent of annual membership fees are to be transferred from the Operating Fund to the Defence Fund each year that the Defence Fund balance is less than \$1,000,000. Investment income may be transferred to the Operating Fund, provided that the Defence Fund balance is in excess of \$800,000.

The Arbitration Fund was established to provide sufficient financial resources for the membership to provide arbitration, or similar support. The balance of the Arbitration Fund is to be maintained at a minimum level that represents the estimated cost to YUFA of thirty days arbitration. Investment income may be transferred to the Operating Fund, provided that the fund balance is in excess of \$120,000.

Investments are held on a pooled basis for ease of management.

#### (b) Investments

Investments are recorded at cost on the date of purchase, which is their fair value. Investment income is accrued and recognized as income up to the year end date.

#### (c) Capital assets

Capital assets are recorded at cost. Amortization is provided annually at rates calculated to write off the assets over their estimated useful lives as follows:

Computer equipment	-	45% declining balance
Furniture and fixtures	-	20% declining balance
Assets under capital lease	-	straight-line over the term of the lease

# YORK UNIVERSITY FACULTY ASSOCIATION

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED APRIL 30, 2017

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### 1. SIGNIFICANT ACCOUNTING POLICIES, continued

(d) Revenue recognition

The Association follows the deferral method of accounting for revenue. Membership fee revenue is comprised of unrestricted contributions that are recognized as revenue when received or when receivable, if the amount to be received can be reasonably estimated and if collection is reasonably assured. Membership fees are calculated as 1.1% of each individual member's annual base salary rate.

Restricted contributions are recognized as revenue in the year in which the related expenses are incurred.

Other income is recognized as revenue when it is received or receivable

(e) Contributed services

Contributed Services are recorded when the fair value can be reasonably estimated.

(f) Financial instruments

The Association's financial instruments comprise cash, investments in interest bearing instruments, accounts receivable, accounts payable, accrued liabilities and a loan payable.

Cash, accounts receivable, accounts payable and accrued liabilities, and loan payable are reported at their fair values on the statement of financial position, which are the same as the carrying value.

(g) Cash and cash equivalents

The Association considers deposits on account and investments as cash and cash equivalents.

(h) Use of estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingencies at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. The organization uses estimates in assessing the amount of accrued liabilities and useful life of capital assets. Actual results could differ from those estimates.

### 2. FUNDS HELD IN TRUST

YUFA is the custodian of a fund held by York University in the amount of \$3,206,778. This balance arose from the refund of Long Term Disability premiums paid by members of YUFA over the past number of years. As the refunds are required to be used for the benefit of the members, and no membership vote has yet been held to determine that use, the funds are considered to be held in trust for the benefit of the members and are not available for use by YUFA. As such, no revenue has been included in the statement of operations and the cash balance is considered to be restricted.

### 3. INVESTMENTS

Investments are comprised of general investment certificates and term bonds, earning interest at rates from 0.65% to 2.36%. The investment balance includes accrued interest of \$55,189 (2016 - \$71,962).

# YORK UNIVERSITY FACULTY ASSOCIATION

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED APRIL 30, 2017

### 4. CAPITAL ASSETS

	Cost	Accumulated Amortization	Net 2017	Net 2016
	\$	\$	\$	\$
Computer equipment	12,900	8,545	4,355	5,628
Furniture and fixtures	31,022	28,816	2,206	2,758
Assets under capital lease	37,894	16,241	21,653	28,871
	<b>81,816</b>	<b>53,602</b>	<b>28,214</b>	<b>37,257</b>

### 5. RELEASE TIME AND STIPENDS

Each year members of the YUFA Executive Committee are granted release from their teaching duties to participate in YUFA activities. Approved release time for the Executive is as follows. Additional release time may be granted at the discretion of the Executive.

President	full teaching release
Vice President, Internal	1.5 full course equivalents of teaching release
Vice President, External	1.5 full course equivalents of teaching release
Chief Stewards	full teaching release
Equity Officers	1 full course equivalent of teaching release
Communications Officer	1.5 full course equivalents of teaching release
Treasurer	1 full course equivalent of teaching release
Recording Secretary	1 full course equivalent of teaching release
Past President	0.5 course equivalent of teaching release

As there is no requirement to take teaching release in the year granted, individuals may choose to defer this compensation to future years. The liability of \$119,823 (2016 - \$148,777) represents the estimated value of 5.5 (2016 - 7.5) teaching release grants to be taken in the future.

In prior years members of the executive were also granted stipends. While this is no longer the case, there remains an amount accrued for stipends deferred from prior years. Included in accounts payable and accrued liabilities is \$44,280 (2016 - \$83,811) related to unpaid stipends granted for service in a prior year.

### 6. EMPLOYEE COSTS

Accrued employee benefits are comprised of commitments for vacation pay, severance payments and post-retirement benefits such as supplemented group benefit coverage.

In addition to the amounts accrued in the financial statements, the Collective Bargaining Agreement with the YUFA employees provides for the payment of other post-retirement benefits, the value of which cannot be reasonably estimated and therefore no accrual is included in the financial statements.

# YORK UNIVERSITY FACULTY ASSOCIATION

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED APRIL 30, 2017

### 7. CAPITAL LEASE OBLIGATION

The Association entered an agreement to acquire office equipment financed by capital lease. The obligation under capital lease represents the minimum lease payments payable, net of imputed interest at a rate of 3.75% per annum. The lease matures April 2020.

The Association's obligation under capital lease consists of:

	\$
Lease payments repayable in blended annual payments of \$8,452	25,357
Less: Amount representing interest	<u>1,789</u>
	23,568
Less: Current portion	<u>7,569</u>
Long term portion	<u>15,999</u>

### 8. FACULTY GRAD CLUB

YUFA committed to a contribution of \$180,000 to the Faculty Grad Club Co-operative (the "Club"), which will also be funded by contributions from the York University Graduate Students' Association and the York University administration. The Faculty Grad Club will provide a restaurant and beverage facility, be a space for collegial interaction for the academic community at York University. YUFA members will receive membership in the Faculty Grad Club.

During the year YUFA contributed \$150,000 to the Club, of which \$105,000 was financed by way of a loan from the YUFA Trust. The loan is non-interest bearing and is repayable in three annual installments of \$35,000 beginning May 2017, to be paid from proceeds of a special levy.

A further \$25,000 of this commitment was provided to the Club directly by the YUFA Trust

### 9. MEMBERSHIP

Included in membership fee revenue are the following amounts, collected from the members of YUFA by way of special levies :

	2017	2016
	\$	\$
To support Community Projects	34,918	34,876
To support the Centre for Refugee Studies	78,370	13,385
To support the Faculty Grad Club	26,228	nil

### 10. OTHER INCOME

Other income includes amounts received from York University. \$30,000 was received pursuant to Article 26.11 - Transgendered Health Fund and \$12,745 representing York University's contribution to the cost of producing the Collective Agreement.

# YORK UNIVERSITY FACULTY ASSOCIATION

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED APRIL 30, 2017

### 11. ARBITRATION EXPENSES

Under the provisions of the YUFA By-laws, arbitration expenses exceeding the average of the prior three years may be charged to the Arbitration Fund. Although expenses incurred during the year exceeded this limit, management decided that no arbitration costs would be charged to the Arbitration Fund (2016 - \$Nil) .

Under the provisions of the YUFA By-laws, an allocation from the Operating Fund is to be made to the Arbitration Fund to maintain a minimum balance in the fund approximating the estimated cost of thirty days of arbitration. As the balance of the fund is above this limit, no allocation has been made (2016 - \$Nil).

### 12. CONTRIBUTED SERVICES

There is an agreement in place with York University to provide various services to the Association, the most significant of which are free office rent and course release time for members of the Executive Committee. The approximate value of one course release is \$19,837, with York University providing nine course releases.

Volunteers contribute numerous hours each year to the Association. As the fair value of the contributed services cannot be reasonably estimated, they are not recognized in the financial statements.

### 13. COMMUNITY SUPPORT

Community support grants provided during the year are comprised of the following:

	2017 \$	2016 \$
Community projects	81,623	64,985
Centre for Refugee Studies	71,815	13,385
Article 26.11 - Transgendered Health Fund	30,000	-
	<u>183,438</u>	<u>78,370</u>

### 14. INVESTMENT INCOME

Under the provisions of the YUFA By-laws, investment income earned on the Defence Fund may be transferred to the Operating Fund if the balance of the Defence Fund exceeds \$800,000. No investment income has been transferred to the Operating Fund in the current year (2016 - \$nil).

Under the provisions of the YUFA By-laws, investment income earned on the Arbitration Fund may be transferred to the Operating Fund if the balance of the Arbitration Fund exceeds \$120,000. No investment income has been transferred to the Operating Fund in the current year (2016 - \$nil).

# YORK UNIVERSITY FACULTY ASSOCIATION

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED APRIL 30, 2017

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### 15. FINANCIAL INSTRUMENTS

The Association's financial instruments include cash and investments in interest bearing instruments. The main purpose of the investments is to provide financing for the organization's activities.

The Association has other financial assets and liabilities such as accounts receivables, accrued liabilities and loans payable which arise directly from operations. The main risk arising from the Association's financial instruments are interest rate risk and credit risk.

#### Interest Rate Risk Exposure

The Association's exposure to the risk of changes in market interest rates relates to the Association's cash and investment balances. The Association manages its risk by investing in liquid, interest bearing investments.

#### Credit Risk Exposure

The credit risk on the financial assets of the Association equates to the carrying amount. The Association carries receivables from recognized third parties. Receivable balances are monitored on a regular basis to minimize the exposure to bad debt. Credit risk associated with cash and investments is limited to the risk of default by the counter party, with a maximum exposure equal to the carrying amount of these assets.