

Financial Statements of

**UNIVERSITY OF VICTORIA
FACULTY ASSOCIATION**

Period Ended June 30, 2018

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INDEPENDENT AUDITORS' REPORT

To: The Members of of University of Victoria Faculty Association

We have audited the accompanying financial statements of University of Victoria Faculty Association (the Association), which comprise the statement of financial position as at June 30, 2018 and the statements of changes in net assets, operations and cash flows for the period then ended, and a summary of significant 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 our 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, we 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.

INDEPENDENT AUDITOR'S REPORT (cont'd)

Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of the University of Victoria Faculty Association as at June 30, 2018 and the results of its operations, changes in net assets and cash flows for the period then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Report on Other Legal and Regulatory Requirements

As required by the Societies Act of British Columbia, we report that in our opinion, these principles have been applied on a basis consistent with that of the preceding year.

Victoria B.C.
November 23, 2018

Wiseman & Mills
Chartered Professional Accountants

UNIVERSITY OF VICTORIA FACULTY ASSOCIATION

STATEMENT OF FINANCIAL POSITION

	June 30, 2018	January 31, 2018
	\$	\$
ASSETS		
CURRENT		
Cash and term deposits - Operating Fund	-	105,739
- Legal Reserve Fund	-	119,812
- General Reserve Fund	-	102,304
- Defence Fund	223,116	-
Accounts receivable	62,242	60,984
Prepaid expenses	3,225	5,174
	288,583	394,013
TANGIBLE CAPITAL ASSETS (Note 3)	16,062	15,699
	304,645	409,712

LIABILITIES

CURRENT		
Bank indebtedness	6,387	-
Accounts payable and accrued liabilities	62,969	77,355
	69,356	77,355

NET ASSETS

INVESTED IN TANGIBLE CAPITAL ASSETS	16,062	15,699
INTERNALLY RESTRICTED (Note 4)	223,116	222,116
UNRESTRICTED	(3,889)	94,542
	235,289	332,357
	304,645	409,712

Approved by the Board:

_____ Director

_____ Director

See accompanying notes

UNIVERSITY OF VICTORIA FACULTY ASSOCIATION**STATEMENT OF CHANGES IN NET ASSETS****PERIOD ENDED**

	Invested in Tangible Capital Assets	Internally Restricted	Unrestricted	June 30, 2018 Total	January 31, 2018 Total
NET ASSETS, beginning of year	15,699	222,116	94,542	332,357	358,740
INTERFUND TRANSFER	2,233	-	(2,233)	-	-
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	-	1,000	(98,068)	(97,068)	(26,383)
AMORTIZATION OF TANGIBLE CAPITAL ASSETS	(1,870)	-	1,870	-	-
NET ASSETS, end of year	<u>16,062</u>	<u>223,116</u>	<u>(3,889)</u>	<u>235,289</u>	<u>332,357</u>

See accompanying notes

UNIVERSITY OF VICTORIA FACULTY ASSOCIATION

STATEMENT OF OPERATIONS

PERIOD ENDED	June 30, 2018 5 months \$	January 31, 2018 12 months \$
REVENUE		
Members dues	299,897	705,490
Investment income	936	3,963
	<u>300,833</u>	<u>709,453</u>
EXPENSES		
Amortization	1,870	698
Association services	1,216	15,953
Communications	-	995
Education and training	4,484	12,862
Governance and committees	14,759	44,958
Legal services for members	122,455	129,564
Membership fees	109,092	262,454
Office	27,054	38,823
Special commitments	649	4,900
Wages and employee benefits	116,322	224,629
	<u>397,901</u>	<u>735,836</u>
(DEFICIENCY) OF REVENUE OVER EXPENSES	<u>(97,068)</u>	<u>(26,383)</u>

See accompanying notes

UNIVERSITY OF VICTORIA FACULTY ASSOCIATION

CASH FLOW STATEMENT

PERIOD ENDED	June 30, 2018 5 months \$	January 31, 2018 12 months \$
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
(Deficiency) of revenue over expenses	(97,068)	(26,383)
Adjustments for:		
Amortization	1,870	698
	(95,198)	(25,685)
Changes in non-cash working capital		
Accounts receivable	(1,258)	3,508
Prepaid expenses	1,949	3,802
Accounts payable and accrued liabilities	(14,386)	28,900
Cash flows from (used in) operating activities	(108,893)	10,525
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in bank indebtedness	6,387	-
CASH FLOWS (USED IN) INVESTING ACTIVITIES		
Purchase of tangible capital assets	(2,233)	(14,825)
NET (DECREASE) IN CASH AND CASH EQUIVALENTS	(104,739)	(4,300)
CASH AND CASH EQUIVALENTS - beginning of the period	327,855	332,155
CASH AND CASH EQUIVALENTS - end of period	223,116	327,855
 CASH AND CASH EQUIVALENTS is comprised of the following:		
Cash and term deposits- Operating Fund	-	105,739
Cash and term deposits- Legal Reserve Fund	-	119,812
Cash and term deposits- General Reserve Fund	-	102,304
Cash and term deposits- Defence Fund	223,116	-
	223,116	327,855

See accompanying notes

UNIVERSITY OF VICTORIA FACULTY ASSOCIATION

NOTES TO THE NON-CONSOLIDATED FINANCIAL STATEMENTS

PERIOD ENDED JUNE 30, 2018

1. PURPOSE OF THE ORGANIZATION

The purpose of the University of Victoria Faculty Association (the Association) is to manage relations between the University of Victoria and the Association, maintain and promote the professional and material status of the members, including acting as sole negotiating agent regarding the terms and conditions of employment of all members and to promote the welfare of the University of Victoria and to further the cause for higher education by upholding the principles of academic freedom, tenure, equity and human rights within the University. The Association is incorporated under the Societies Act of British Columbia as a not-for-profit organization and is a tax exempt body under Section 149 of the Income Tax Act.

During the year the Association changed its year end to June 30 which was previously January 31.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

Revenue Recognition

The Association follows the deferral method of accounting for contributions received, whereby revenues are matched with expenses. Restricted contributions, if any, are recognized as revenue in the year in which the related expenses are incurred.

Membership fees are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Investment income is recognized when earned.

Financial Instruments

Financial assets and financial liabilities are initially measured at fair value, and are subsequently measured at amortized cost. Changes in fair value are recognized in income.

Cash and cash equivalents

Cash is defined as cash on hand, cash on deposit, outstanding deposits, and term deposits convertible to cash within 90 days, net of cheques issued and outstanding at the reporting date.

Net assets

Net assets consist of:

Invested in tangible capital assets - represented by the tangible capital assets of the Association.

Internally restricted - represented by assets of the Association which have been internally restricted by the Executive Committee for a defence fund. (January 31, 2018: legal reserve fund and a general reserve fund); and

Unrestricted - represented by assets of the Association which remain available for general purposes and for future internal restrictions.

UNIVERSITY OF VICTORIA FACULTY ASSOCIATION

NOTES TO THE NON-CONSOLIDATED FINANCIAL STATEMENTS

PERIOD ENDED JUNE 30, 2018

Tangible Capital Assets

Tangible Capital Assets are accounted for at cost. Amortization is based on the estimated useful life of each asset using the following methods and rates:

Computer equipment	50 %	Declining balance
Furniture and equipment	20 %	Declining balance
Website	50 %	Declining balance

In the year of acquisition only one-half the normal rate is applied.

Use of Estimates

The preparation of these financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. These estimates are reviewed periodically and adjustments are made to income as appropriate in the year they become known. Actual results could differ from those estimates.

3. TANGIBLE CAPITAL ASSETS

	June 30, 2018		
	\$		
	Cost	Accumulated Amortization	Net
Computer equipment	4,047	2,967	1,080
Furniture and equipment	2,491	752	1,739
Website	14,783	1,540	13,243
	<u>21,321</u>	<u>5,259</u>	<u>16,062</u>

	January 31, 2018		
	\$		
	Cost	Accumulated Amortization	Net
Computer equipment	3,197	2,795	402
Furniture and equipment	2,491	594	1,897
Website	13,400	-	13,400
	<u>19,088</u>	<u>3,389</u>	<u>15,699</u>

UNIVERSITY OF VICTORIA FACULTY ASSOCIATION**NOTES TO THE NON-CONSOLIDATED FINANCIAL STATEMENTS****PERIOD ENDED JUNE 30, 2018**

4. INTERNALLY RESTRICTED NET ASSETS

	June 30, 2018	January 31, 2018
	\$	\$
General Reserve Fund		
Balance, beginning of year	102,304	101,291
Interest earned in the year	460	1,013
Transfer for the year	(102,764)	-
	<hr/>	<hr/>
Balance, end of year	-	102,304
	<hr/>	<hr/>
Legal Reserve Fund		
Balance, beginning of year	119,812	118,636
Interest earned in the year	540	1,176
Transfer during the year	(120,352)	-
	<hr/>	<hr/>
Balance, end of year	-	119,812
	<hr/>	<hr/>
Defence Fund		
Balance, beginning of year	-	-
Transfer during the year	223,116	-
	<hr/>	<hr/>
Balance, end of year	223,116	-
	<hr/>	<hr/>
TOTAL INTERNALLY RESTRICTED FUNDS, end of year	223,116	222,116
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5. FINANCIAL INSTRUMENTS

Financial instruments measured at amortized cost include cash and term deposits, accounts receivable, bank indebtedness, accounts payable and accrued liabilities.

The risks that arise from transacting financial instruments include credit risk, liquidity risk and market risk. Market risk is comprised of interest rate risk, currency risk and other price risk. It is management's opinion that the Association is not exposed to significant credit, liquidity or market risks arising from these financial instruments except as described below:

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Association's main credit risks relate to its accounts receivable. Membership fees become receivable from members on a monthly basis.

Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Association is exposed to this risk mainly in respect of its bank indebtedness and accounts payable.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Association is exposed to interest rate risk on its fixed interest rate financial instruments. Fixed-interest instruments subject the Association to a fair value risk.