

Financial Statements of

**UNIVERSITY OF VICTORIA
FACULTY ASSOCIATION**

Period Ended June 30, 2019

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INDEPENDENT AUDITOR'S REPORT

To: The Members of University of Victoria Faculty Association

Opinion

We have audited the accompanying financial statements of University of Victoria Faculty Association, which comprise the statement of financial position as at June 30, 2019 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.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Association as at June 30, 2019 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 (ASNPOs).

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 audit opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with ASNPOs, 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.

INDEPENDENT AUDITOR'S REPORT (CONT'D)

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.

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 period.

Wiseman & Mills

Chartered Professional Accountants

October 15, 2019

Victoria, B.C.

UNIVERSITY OF VICTORIA FACULTY ASSOCIATION

STATEMENT OF FINANCIAL POSITION

JUNE 30,	2019	2018
	\$	\$
ASSETS		
CURRENT		
Cash	273,679	-
Accounts receivable	91,958	62,242
Prepaid expenses	2,841	3,225
	<u>368,478</u>	<u>65,467</u>
INTERNALLY RESTRICTED CASH <i>(Note 4)</i>	224,454	223,116
TANGIBLE CAPITAL ASSETS <i>(Note 3)</i>	<u>11,745</u>	<u>16,062</u>
	<u>604,677</u>	<u>304,645</u>
LIABILITIES		
CURRENT		
Bank indebtedness	-	6,387
Accounts payable and accrued liabilities	82,352	62,970
	<u>82,352</u>	<u>69,357</u>
NET ASSETS		
INVESTED IN TANGIBLE CAPITAL ASSETS	11,745	16,062
INTERNALLY RESTRICTED <i>(Note 4)</i>	224,454	223,116
UNRESTRICTED	<u>286,126</u>	<u>(3,890)</u>
	<u>522,325</u>	<u>235,288</u>
	<u>604,677</u>	<u>304,645</u>

Approved by the Board:

_____ Director

_____ Director

See accompanying notes

UNIVERSITY OF VICTORIA FACULTY ASSOCIATION**STATEMENT OF CHANGES IN NET ASSETS****PERIOD ENDED JUNE 30,**

	Invested in Tangible Capital Assets	Internally Restricted	Unrestricted	2019 Total	2018 Total
NET ASSETS, beginning of year	16,062	223,116	(3,890)	235,288	332,357
PURCHASE OF TANGIBLE CAPITAL ASSETS	4,257	-	(4,257)	-	-
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	-	1,338	285,699	287,037	(97,069)
AMORTIZATION OF TANGIBLE CAPITAL ASSETS	(8,574)	-	8,574	-	-
NET ASSETS, end of year	11,745	224,454	286,126	522,325	235,288

See accompanying notes

UNIVERSITY OF VICTORIA FACULTY ASSOCIATION

STATEMENT OF OPERATIONS

PERIOD ENDED JUNE 30,

	2019 (12 months) \$	2018 (5 months) \$
REVENUE		
Members dues	1,081,618	299,897
Investment income	1,339	936
	<u>1,082,957</u>	<u>300,833</u>
EXPENSES		
Amortization	8,574	1,870
Association services	10,759	1,216
Communications	1,201	-
Education and training	14,580	4,484
Governance and committees	52,324	14,759
Legal services for members	91,466	122,455
Membership fees	266,778	109,092
Office	48,011	27,055
Special commitments	2,200	649
Wages and employee benefits	300,027	116,322
	<u>795,920</u>	<u>397,902</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	<u>287,037</u>	<u>(97,069)</u>

See accompanying notes

UNIVERSITY OF VICTORIA FACULTY ASSOCIATION**CASH FLOW STATEMENT****PERIOD ENDED JUNE 30,**

	2019 <i>(12 months)</i>	2018 <i>(5 months)</i>
	\$	\$
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Excess (deficiency) of revenue over expenses	287,037	(97,069)
Adjustments for:		
Amortization	8,574	1,870
	<u>295,611</u>	<u>(95,199)</u>
Changes in non-cash working capital		
Accounts receivable	(29,716)	(1,258)
Prepaid expenses	384	1,949
Accounts payable and accrued liabilities	19,383	(14,386)
	<u>285,662</u>	<u>(108,894)</u>
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES		
Increase (decrease) in bank indebtedness	(6,387)	6,387
Internally restricted cash	(1,339)	70,870
	<u>(7,726)</u>	<u>77,257</u>
CASH FLOWS (USED IN) INVESTING ACTIVITIES		
Purchase of tangible capital assets	(4,257)	(2,233)
	<u>(4,257)</u>	<u>(2,233)</u>
NET INCREASE (DECREASE) IN CASH	273,679	(33,870)
CASH - beginning of the period	-	33,870
CASH - end of period	273,679	-

See accompanying notes

UNIVERSITY OF VICTORIA FACULTY ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

PERIOD ENDED JUNE 30, 2019

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.

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

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.

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

Tangible Capital Assets

Tangible Capital Assets are accounted for at amortized 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

UNIVERSITY OF VICTORIA FACULTY ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

PERIOD ENDED JUNE 30, 2019

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. The most significant estimates of the association include the useful life of tangible capital assets. 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

	2019		
	\$		
	Cost	Accumulated Amortization	Net
Computer equipment	8,305	4,572	3,733
Furniture and equipment	2,491	1,100	1,391
Website	14,783	8,162	6,621
	<u>25,579</u>	<u>13,834</u>	<u>11,745</u>

	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>

UNIVERSITY OF VICTORIA FACULTY ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

PERIOD ENDED JUNE 30, 2019

4. INTERNALLY RESTRICTED NET ASSETS

	2019	2018
	\$	\$
General Reserve Fund		
Balance, beginning of year	-	102,304
Interest earned in the year	-	460
Transfer for the year	-	(102,764)
	<hr/>	<hr/>
Balance, end of year	-	-
Legal Reserve Fund		
Balance, beginning of year	-	119,812
Interest earned in the year	-	540
Transfer during the year	-	(120,352)
	<hr/>	<hr/>
Balance, end of year	-	-
Defence Fund		
Balance, beginning of year	223,116	-
Interest earned in the year	1,338	-
Transfer during the year	-	223,116
	<hr/>	<hr/>
Balance, end of year	224,454	223,116
	<hr/>	<hr/>
TOTAL INTERNALLY RESTRICTED FUNDS, end of year	224,454	223,116
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UNIVERSITY OF VICTORIA FACULTY ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

PERIOD ENDED JUNE 30, 2019

5. FINANCIAL INSTRUMENTS

Financial instruments measured at amortized cost include cash, accounts receivable, internally restricted cash, 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.

6. REMUNERATION PAID TO EXECUTIVE COMMITTEE MEMBERS

The Association expensed \$32,840 of amounts to, or relating to, members of the Executive Committee. This includes a \$10,000 stipend to the President, and \$22,840 for course release time of three members reimbursed to The University of Victoria.

WISEMAN & MILLS

Chartered Professional Accountants

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**UNIVERSITY OF VICTORIA FACULTY
ASSOCIATION**

**Audit Findings Report to the Executive Committee
of the Association**

**Year-end: June 30, 2019
Report Date: October 15, 2019**

UNIVERSITY OF VICTORIA FACULTY ASSOCIATION

Audit Findings Report to the Officers of the Association

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UNIVERSITY OF VICTORIA FACULTY ASSOCIATION

Audit Findings Report to the Officers of the Association

INTRODUCTION

We have issued this audit findings report to assist you in your review of University of Victoria Faculty Association's (the "Association") financial statements.

The matters raised in this report are by-products of the financial statement audit and include only those matters that have come to our attention as a result of our audit and which we believe need to be brought to your attention. They are not a comprehensive record of all matters arising, and in particular, we cannot be held responsible for reporting all risks in your business or all internal control weaknesses.

Responsibilities of management, auditors and Executive Committee

Management

- Prepare financial statements and notes in accordance with Canadian accounting standards for not-for-profit organizations
- Design, implement and maintain effective internal control over financial reporting processes
- Disclose to external auditors any fraud or suspected fraud, illegal acts or possibly illegal acts

Auditors

- Be independent and communicate independence in accordance with professional requirements
- Conduct audit in accordance with Canadian generally accepted auditing standards (GAAS)
- Express an opinion on the financial statements based on the results of the audit
- Communicate openly with management and the officers

Executive Committee

- Overseeing the financial reporting process
- Monitoring the choice of accounting policies and principles
- Monitoring internal control and risk management process
- Making such enquiries as appropriate into the findings of the auditors with respect to corporate governance, management conduct, cooperation, information flow and systems of internal controls
- Make known to the auditors any issues of disclosure, corporate governance, fraud or illegal acts, non-compliance with laws or regulatory requirements that are known to them, where such matters may impact the financial statements or auditor's report
- Approve financial statements

UNIVERSITY OF VICTORIA FACULTY ASSOCIATION

Audit Findings Report to the Officers of the Association

Professional standards and independence

We confirm that we are independent within the meaning of the Code of Professional Conduct of the Organization of Chartered Professional Accountants of British Columbia. There are no relationships that, in our professional judgment, may reasonably be thought to bear on our independence as your auditors.

UNIVERSITY OF VICTORIA FACULTY ASSOCIATION

Audit Findings Report to the Officers of the Association

SUMMARY OF AUDIT STRATEGY

General

We conducted our audit in accordance with Canadian generally accepted auditing standards (GAAS). These standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement.

To perform an audit, we examine evidence on a test basis, which supports the amounts and disclosures in the financial statements. These standards include procedures to consider the potential likelihood of fraud and illegal acts occurring; however, they are not specifically designed to identify all such matters.

Audit approach

We planned our audit approach based upon an analysis of the entity's objectives, industry and environment, strategies and risks, financial performance, discussions with management and review of any significant changes to the entity. We identified key business processes, and when applicable, tested the key internal controls of these processes. As well we performed an assessment of the entity's information technology systems. This analysis allowed us to focus on areas of the financial statements that are more likely to be misstated.

To reduce this risk of misstatement in the financial statements we have obtained sufficient appropriate audit evidence for all material account balances to reduce this risk to an acceptably low level.

Materiality and audit risk levels

We planned and performed our audit with the objective of having reasonable assurance of detecting misstatements that would be, individually or in aggregate, material to the financial statements taken as a whole. We assessed materiality from the perspective of qualitative and quantitative factors that are likely to change or influence the decisions of persons relying on the financial statements.

UNIVERSITY OF VICTORIA FACULTY ASSOCIATION

Audit Findings Report to the Officers of the Association

AUDIT STATUS

We have completed our audit of University of Victoria Faculty Association's financial statements for the year-ended June 30, 2019 and have released our Auditors' Report for the financial statements.

Our audit report indicates that these financial statements present fairly, in all material respects, the financial position, results of its operations and cash flows of the Association in accordance with Canadian accounting standards for not-for-profit organizations.

UNIVERSITY OF VICTORIA FACULTY ASSOCIATION

Audit Findings Report to the Officers of the Association

MATTERS ARISING FROM THE AUDIT

Significant accounting principles and estimates

Revenue recognition

- We assessed that the accounting policy is in accordance with Canadian standards for not-for-profit organizations.
- We have obtained sufficient and appropriate audit evidence over revenue through performing substantive analytical procedures, substantive testing as well as testing of accounts receivable.

Payroll

- We have obtained sufficient and appropriate audit evidence over payroll through performing substantive analytical procedures, substantive testing as well as testing of employee existence.

Other Significant Accounting policies

Significant accounting policies are described in note 2 to the financial statements. We did not identify in the course of our audit:

- Any material departures from Canadian accounting standards for not-for-profit organizations
- Any accounting policies in controversial or emerging areas
- Any material changes in selection or application of accounting policies

Other observations

- We had access to all records and information required to complete our audit;
- We had full cooperation from management and staff;
- We had adequate two-way communication with management and the Executive Committee for us to complete our audit;
- There were no serious difficulties encountered while performing the audit;
- There are no unresolved disagreements with management. All auditing, accounting and presentation issues were resolved to our satisfaction;
- During the course of our audit we did not detect any instances of fraud, illegal or possibly illegal acts;
- During the course of the audit we did not detect any related party transactions that were not in the normal course of operations.

AUDIT DIFFERENCES

Corrected audit differences

Management is responsible for the financial statements and accordingly is responsible for the recording of any audit differences identified from our audit.

We identified 8 audit differences in our audit which have been corrected in the financial statements upon discussion with management. Please refer to our adjusting journal entries in Appendix 1.

University of Victoria Faculty Association

Year End: June 30, 2019

Adjusting entries - client copy

Date: 7/01/18 To 6/30/19

Number	Date	Name	Account No	Debit	Credit
1	6/30/19	CIBC - GR GIC #00027	1110	616.58	
1	6/30/19	CIBC - LR GIC #00078	1120	722.11	
1	6/30/19	B.a. - Interest Revenue	4440		1,338.69
		To record interest earned on GICs.			
2	6/30/19	Accum. Amort. - Website	1806		6,621.64
2	6/30/19	Accum. Amort. - Equip. & Furn.	1825		347.69
2	6/30/19	Accum. Amort. - Computer Equip	1845		1,604.28
2	6/30/19	Amortization	5000	8,573.61	
		To record amortization of capital assets			
3	6/30/19	Accounts Payable	2100		3,759.68
3	6/30/19	E.a. - Corporate Reporting Fees	5610	40.00	
3	6/30/19	E.e. - Mailing & Courier	5630	12.34	
3	6/30/19	E.f. - Office Supplies & Services	5635	224.35	
3	6/30/19	E.g. - Telephone & Fax	5640	30.10	
3	6/30/19	E.o. - Sundry	5680	511.98	
3	6/30/19	F.e. - Standing & Ad Hoc Committees	5720	1,193.77	
3	6/30/19	G.c. - Campaigns	5765	684.93	
3	6/30/19	H.b. - Subscriptions/Literature	5805	183.57	
3	6/30/19	L.d. - Collective Bargaining	5945	878.64	
		To record June 2019 FAST7. TO BE REVERSED AFTER YEAR-END.			
4	6/30/19	Prepaid Expenses	1320		666.40
4	6/30/19	Accrued Liabilities	2110	1,597.47	
4	6/30/19	E.f. - Office Supplies & Services	5635		931.07
		To reverse accrual for July 2018 Fast statement			
5	6/30/19	Release Time Payable	2200	15,142.40	
5	6/30/19	F.c. - Release Time	5710		15,142.40
		To reallocate course release payments			
6	6/30/19	Defence Fund	3320		1,338.69
6	6/30/19	Retained Earnings - Previous Year	3560	1,338.69	
		To adjust internally restricted funds to actual			
7	6/30/19	Release Time Payable	2200		30,000.00
7	6/30/19	F.c. - Release Time	5710	30,000.00	
		To record course release payable			
8	6/30/19	Accrued Liabilities	2110		1,477.33
8	6/30/19	E.f. - Office Supplies & Services	5635	1,477.33	
		To record items on July FAST statement that should be set-up as payable at year-end.			
				63,227.87	63,227.87

Net Income (Loss) 287,037.23

10/15/19
9:50 AM

Prepared by	Reviewed by

CL2