



**UNIVERSITY OF TORONTO  
FACULTY ASSOCIATION**

**FINANCIAL STATEMENTS**

**JUNE 30, 2007**



# **UNIVERSITY OF TORONTO FACULTY ASSOCIATION**

## **FINANCIAL STATEMENTS**

**JUNE 30, 2007**

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## AUDITORS' REPORT

To the Members of  
University Of Toronto Faculty Association

We have audited the statement of financial position of University of Toronto Faculty Association as at June 30, 2007 and the statements of revenue and expenses, changes in fund balances and cash flows for the year then ended. These financial statements are the responsibility of the organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as explained in the following paragraph, we conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

The organization derives revenue from membership fees, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of membership fees was limited to the amounts recorded in the records of the organization and we were not able to determine whether any adjustments might be necessary to revenues, excess of revenues over expenses, current assets and fund balances.

In our opinion, except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of the revenues referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the organization as at June 30, 2007 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

A handwritten signature in black ink that reads 'Schwartz Levitsky Feldman LLP'.

Toronto, Ontario  
April 8, 2008

Chartered Accountants  
Licensed Public Accountants

# UNIVERSITY OF TORONTO FACULTY ASSOCIATION

## Statement of Financial Position

As at June 30, 2007



|                                                                                            | 2007             | 2006             |
|--------------------------------------------------------------------------------------------|------------------|------------------|
|                                                                                            | \$               | \$               |
| <b>ASSETS</b>                                                                              |                  |                  |
| <b>CURRENT ASSETS</b>                                                                      |                  |                  |
| Cash                                                                                       | 307,812          | 1,005,415        |
| Short-term investment, at cost (market value \$2,250,021;<br>\$1,202,019 in 2006) (note 3) | 2,186,247        | 1,230,818        |
| Accounts receivable (net of allowance for doubtful<br>accounts of \$nil; \$nil in 2006)    | 9,148            | 7,461            |
| Prepaid expenses                                                                           | 8,224            | 7,748            |
|                                                                                            | <u>2,511,431</u> | <u>2,251,442</u> |
| <b>PROPERTY AND EQUIPMENT (note 4)</b>                                                     | 135,029          | 50,824           |
|                                                                                            | <u>2,646,460</u> | <u>2,302,266</u> |
| <b>LIABILITIES</b>                                                                         |                  |                  |
| <b>CURRENT LIABILITIES</b>                                                                 |                  |                  |
| Accounts payable and accrued liabilities                                                   | 134,200          | 245,929          |
| Unearned revenue                                                                           | 1,159            | 12,638           |
|                                                                                            | <u>135,359</u>   | <u>258,567</u>   |
| <b>FUND BALANCES</b>                                                                       |                  |                  |
| INVESTED IN PROPERTY AND EQUIPMENT                                                         | 135,029          | 50,824           |
| INTERNALLY RESTRICTED (note 5)                                                             | 750,000          | 750,000          |
| UNRESTRICTED                                                                               | 1,626,072        | 1,242,875        |
|                                                                                            | <u>2,511,101</u> | <u>2,043,699</u> |
|                                                                                            | <u>2,646,460</u> | <u>2,302,266</u> |

The accompanying notes are an integral part of these financial statements.

APPROVED ON BEHALF OF THE MEMBERS

 President  
 Treasurer

# UNIVERSITY OF TORONTO FACULTY ASSOCIATION

## Statement of Changes in Fund Balances

For the year ended June 30, 2007



|                                                                            | Invested in<br>Property and<br>Equipment<br>(note 6) | Contingency<br>Reserve<br>(note 5) | Unrestricted<br>Fund Balance | 2007      | 2006      |
|----------------------------------------------------------------------------|------------------------------------------------------|------------------------------------|------------------------------|-----------|-----------|
|                                                                            | \$                                                   | \$                                 | \$                           | \$        | \$        |
| FUND BALANCES                                                              |                                                      |                                    |                              |           |           |
| Beginning of year                                                          | 50,824                                               | 750,000                            | 1,242,875                    | 2,043,699 | 1,833,967 |
| Excess of revenue over expenses<br>(expenses over revenue)*                | 22,230                                               | -                                  | 445,172                      | 467,402   | 209,732   |
| Fund transfer for acquisition of property and<br>equipment, net of subsidy | 61,975                                               | -                                  | (61,975)                     | -         | -         |
| End of year                                                                | 135,029                                              | 750,000                            | 1,626,072                    | 2,511,101 | 2,043,699 |

\* Building renovation subsidy of \$54,274 less amortization of \$32,044

The accompanying notes are an integral part of these financial statements.

# UNIVERSITY OF TORONTO FACULTY ASSOCIATION

## Statement of Revenue and Expenses

For the year ended June 30, 2007



|                                                               | 2007             | 2006             |
|---------------------------------------------------------------|------------------|------------------|
|                                                               | \$               | \$               |
| <b>REVENUE</b>                                                |                  |                  |
| Membership fees                                               | 1,909,803        | 1,780,629        |
| University of Toronto subsidies (note 6)                      | 128,752          | 60,298           |
| Interest                                                      | 86,796           | 68,891           |
| Other                                                         | 200              | 94               |
|                                                               | <u>2,125,551</u> | <u>1,909,912</u> |
| <b>EXPENSES</b>                                               |                  |                  |
| Salaries and benefits                                         | 534,869          | 415,726          |
| Canadian Association of University Teachers fees              | 263,976          | 255,564          |
| Ontario Confederation of University Faculty Associations fees | 209,011          | 203,101          |
| Consulting and legal - salary settlement                      | 36,164           | 391,509          |
| Consulting and legal - grievances                             | 195,133          | 104,481          |
| Rent                                                          | 59,312           | 45,133           |
| Stipends                                                      | 55,880           | 53,414           |
| Repairs and maintenance                                       | 50,956           | -                |
| Computer consulting                                           | 36,060           | 50,050           |
| General office                                                | 83,935           | 64,462           |
| Telephone                                                     | 16,203           | 16,831           |
| Insurance                                                     | 10,115           | 8,439            |
| Tuition scholarships                                          | 4,352            | 4,185            |
| Committees                                                    | 13,133           | 9,929            |
| Conferences and meeting                                       | 28,485           | 23,122           |
| Professional fees                                             | 14,998           | 19,173           |
| Special projects                                              | 13,523           | 15,062           |
| Amortization                                                  | 32,044           | 19,999           |
|                                                               | <u>1,658,149</u> | <u>1,700,180</u> |
| <b>EXCESS OF REVENUE OVER EXPENSES</b>                        | <u>467,402</u>   | <u>209,732</u>   |

The accompanying notes are an integral part of these financial statements.

# UNIVERSITY OF TORONTO FACULTY ASSOCIATION

## Statement of Cash Flows

For the year ended June 30, 2007



|                                                          | 2007                  | 2006                    |
|----------------------------------------------------------|-----------------------|-------------------------|
|                                                          | \$                    | \$                      |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>              |                       |                         |
| Excess of revenue over expenses                          | 467,402               | 209,732                 |
| Adjustments for:                                         |                       |                         |
| Amortization                                             | 32,044                | 19,999                  |
| Increase (decrease) in non-cash operating items (note 7) | (125,371)             | 50,528                  |
|                                                          | <u>374,075</u>        | <u>280,259</u>          |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>              |                       |                         |
| Net change in short-term investments                     | (955,429)             | -                       |
| Acquisition of property and equipment                    | (116,249)             | (25,962)                |
|                                                          | <u>(1,071,678)</u>    | <u>(25,962)</u>         |
| <b>NET INCREASE (DECREASE) IN CASH</b>                   | <b>(697,603)</b>      | <b>254,297</b>          |
| Cash, beginning of year                                  | <u>1,005,415</u>      | <u>751,118</u>          |
| <b>CASH, END OF YEAR</b>                                 | <b><u>307,812</u></b> | <b><u>1,005,415</u></b> |

The accompanying notes are an integral part of these financial statements.

# UNIVERSITY OF TORONTO FACULTY ASSOCIATION

## Notes to Financial Statements

For the year ended June 30, 2007



### 1. PURPOSE OF THE ORGANIZATION

The purpose of the University Of Toronto Faculty Association is to promote the welfare of current and retired faculty, librarians and research associates of the University of Toronto, the University of St. Michael's College, the University of Trinity College, and Victoria University, and generally to advance the interests of teachers, researchers and librarians in Canadian universities. The organization is a not-for-profit entity and as such is exempt from tax under the provisions of the Income Tax Act of Canada.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### a) Revenue Recognition

The organization 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.

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

Membership fees are calculated by multiplying a mill rate, as set by the organization, by the member's salary.

#### b) Contributed Services

Volunteers contribute numerous hours each year to assist the organization in carrying out its service delivery activities. As the fair value of the contributed services cannot be reasonably estimated, they are not recognized in the financial statements.

#### c) Short-Term Investments

Short-term investments are recorded at either the amortized cost or the original acquisition cost. Investments whose carrying value exceeds market value are expected to be held until maturity or until market value exceeds carrying value. If there is an other than temporary decline in value, these investments are written down to provide for the loss.

#### d) Property and Equipment

Property and equipment are recorded at cost. Amortization is provided annually at rates calculated to write off the property and equipment over their estimated useful lives as follows:

|                         |                            |
|-------------------------|----------------------------|
| Furniture and equipment | Straight-line over 5 years |
| Computer equipment      | Straight-line over 3 years |
| Office renovation       | Straight-line over 5 years |

Property and equipment acquired during the year are amortized at one-half of the indicated rates.

# UNIVERSITY OF TORONTO FACULTY ASSOCIATION

## Notes to Financial Statements

For the year ended June 30, 2007



### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### e) Impairment of Long-Lived Assets

Property and equipment and other long-lived assets are regularly reviewed for impairment as well as whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. Impairment is assessed by comparing the carrying amount of an asset with its expected future net undiscounted cash flows from use together with its residual value (net recoverable value). If such assets are considered impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds its fair value. Any impairment results in a write-down of the asset and a charge to income during the year.

#### f) 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 amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Significant areas requiring the use of management estimates relates to accruals and estimated useful lives of property and equipment. These estimates are reviewed periodically and as adjustments become necessary, they are reported in earnings in the period in which they become known.

#### g) Recent Accounting Pronouncements

##### (i) Accounting Changes

Effective January 1, 2007, the organization adopted the new recommendations of the CICA Handbook Section 1506, Accounting Changes. Under these new recommendations, voluntary changes in accounting policy are permitted only when they result in the financial statements providing reliable and/or relevant information.

These recommendations also require changes in accounting policy to be applied retrospectively unless doing so is impracticable, require prior period errors to be corrected retrospectively, require enhanced disclosures about the effect of changes in accounting policies, estimates and errors on the financial statements and require disclosure of new primary sources of GAAP that have been issued but not yet effective. The adoption of Section 1506 had no impact on these financial statements

##### (ii) Capital Disclosures

CICA Handbook Section 1535, Capital Disclosures, requires disclosure of an entity's objectives, policies and processes for managing capital, quantitative data about what the entity regards as capital and whether the entity has complied with any capital requirements and, if it has not complied, the consequences of such noncompliance.

This standard is effective for interim and annual financial statements relating to fiscal years beginning on or after October 1, 2007, specifically July 1, 2008 for the organization. The organization has not yet determined the impact of the adoption of this change on the disclosure in its financial statements.

# UNIVERSITY OF TORONTO FACULTY ASSOCIATION

## Notes to Financial Statements

For the year ended June 30, 2007



### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### g) Recent Accounting Pronouncements (cont'd)

##### (iii) Financial Instruments

In January 2005, the CICA issued Handbook Section 3855, Financial Instruments – Recognition and Measurement; Section 1530, Comprehensive Income; Section 3251, Equity; Section 3861, Financial Instruments – Disclosure and Presentation; and Section 3865, Hedges. The new standards will be effective for interim and annual financial statements relating to fiscal year beginning on or after October 1, 2007, specifically July 1, 2008 for this organization. The new standards will require presentation of separate statement of comprehensive income under specific circumstances. Derivative financial instruments will be recorded in the balance sheet at fair value and the changes in fair value of derivatives designated as cash flow hedges will be reported in comprehensive income. The organization is assessing the impact of the new standards.

##### (iv) Financial Instruments – Disclosure

CICA Handbook Section 3862, Financial Instruments – Disclosure, increases the disclosure currently required that will enable users to evaluate the significance of financial instruments for an entity's financial position and performance, including disclosures about fair value. In addition, disclosure is required of qualitative and quantitative information about exposure to risk arising from financial instruments, including specified minimum disclosures about liquidity risk and market risk. The quantitative disclosures must also include a sensitivity analysis for each type of market risk to which an entity is exposed, showing how net income and other comprehensive income would have been affected by reasonable possible changes in the relevant risk variable. This standard is effective for interim and annual financial statements relating to fiscal years beginning on or after October 1, 2007, specifically July 1, 2008 for the organization. The organization has not yet determined the impact of the adoption of this change on the disclosure in its financial statements.

##### (v) Financial Instruments – Presentation

CICA Handbook Section 3863, Financial Instruments – Presentation, replaces the existing requirements on presentation of financial instruments which have been carried forward unchanged to this section. This standard is effective for interim and annual financial statements relating to fiscal years beginning on or after October 1, 2007, specifically July 1, 2008 for the organization. The organization does not expect the adoption of this standard to have any impact on the financial statements.

# UNIVERSITY OF TORONTO FACULTY ASSOCIATION

## Notes to Financial Statements

For the year ended June 30, 2007



### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### g) Recent Accounting Pronouncements (cont'd)

##### (vi) General Standards on Financial Statement Presentation

CICA Handbook Section 1400, General Standards on Financial Statement Presentation, has been amended to include requirements to assess and disclose an entity's ability to continue as a going concern. This standard is effective for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2008, specifically July 1, 2008 for the organization. The organization does not expect the adoption of these changes to have an impact on its financial statements.

##### (vii) International Financial Reporting Standards

The CICA plans to converge Canadian GAAP with International Financial Reporting Standards ("IFRS") over a transition period expected to end in 2011. The impact of the transition to IFRS on the organization's financial statements is not yet determinable.

### 3. SHORT-TERM INVESTMENTS

|              | 2007             | 2006             |
|--------------|------------------|------------------|
|              | \$               | \$               |
| Bonds        | 821,029          | 1,005,720        |
| Mutual funds | 1,365,218        | 225,098          |
|              | <u>2,186,247</u> | <u>1,230,818</u> |

### 4. PROPERTY AND EQUIPMENT

|                         | 2007           |                             |                | 2006          |
|-------------------------|----------------|-----------------------------|----------------|---------------|
|                         | Cost           | Accumulated<br>Amortization | Net            | Net           |
|                         | \$             | \$                          | \$             | \$            |
| Furniture and equipment | 63,994         | 32,580                      | 31,414         | 27,807        |
| Computer equipment      | 28,561         | 16,786                      | 11,775         | 23,017        |
| Office renovation       | 102,045        | 10,205                      | 91,840         | -             |
|                         | <u>194,600</u> | <u>59,571</u>               | <u>135,029</u> | <u>50,824</u> |

Amortization expense for the year amount to \$32,044 (\$19,999 in 2006).

# UNIVERSITY OF TORONTO FACULTY ASSOCIATION

## Notes to Financial Statements

For the year ended June 30, 2007



### 5. INTERNALLY RESTRICTED FUND

The organization's Council has internally restricted \$750,000 of unrestricted net assets to be held as a reserve for salary, benefits and pension negotiations, major grievances, academic freedom and other contingencies. This internally restricted amount is not available for other purposes without the approval of the Council.

### 6. UNIVERSITY OF TORONTO OPERATING SUBSIDIES

Under an agreement, the University of Toronto provides the organization with various services, the most significant of which are free rent and a telephone line subsidy. The market value of this rent and the telephone line subsidy is included in revenue.

Current year subsidies received include \$54,274 (\$nil in 2006) for office renovation.

### 7. DECREASE IN NON-CASH WORKING CAPITAL

i) Increase (decrease) in non-cash working capital consists of the following:

|                                                                 | 2007             | 2006          |
|-----------------------------------------------------------------|------------------|---------------|
|                                                                 | \$               | \$            |
| Increase in accounts receivable                                 | (1,687)          | (3,467)       |
| Increase in prepaid expenses                                    | (476)            | (690)         |
| (Decrease) increase in accounts payable and accrued liabilities | (111,729)        | 70,754        |
| (Decrease) increase in unearned revenue                         | (11,479)         | 1,129         |
|                                                                 | <u>(125,371)</u> | <u>50,528</u> |

ii) Property and equipment

During the year property and equipment totaling \$116,249 (\$25,962 in 2006) were acquired through cash payments.

# UNIVERSITY OF TORONTO FACULTY ASSOCIATION

## Notes to Financial Statements

For the year ended June 30, 2007



### 8. UNIVERSITY OF TORONTO ADMINISTRATIVE SUBSIDY

The organization has an agreement with the University of Toronto for the University Administration staff to provide for teaching release times equivalent to 2.5 full time employees (FTE). For the year ended June 30, 2007, the release times were as follows:

|                                      |         |
|--------------------------------------|---------|
| President                            | 1.0 FTE |
| Vice President – Salaries & Benefits | 0.5 FTE |
| Vice President – Grievances          | 0.5 FTE |
| Chairperson – Teaching Stream        | 0.1 FTE |
| Vice President – External Affairs    | 0.1 FTE |
| Chairperson – Librarians Committee   | 0.1 FTE |
| Treasurer                            | 0.1 FTE |
|                                      | <hr/>   |
|                                      | 2.4FTE  |
|                                      | <hr/>   |

The organization advises that the shortfall of 0.1FTE will be honoured in subsequent years.

### 9. COMMITMENTS

The organization is committed to minimum payments under an operating lease agreement for an office equipment expiring May 31, 2011. Future annual minimum lease payment are as follows:

|      |    |       |
|------|----|-------|
| 2008 | \$ | 4,250 |
| 2009 | \$ | 4,250 |
| 2010 | \$ | 4,250 |
| 2011 | \$ | 3,896 |

### 10. FINANCIAL INSTRUMENTS

The carrying amount of accounts receivable and accounts payable approximates their fair values because of the short-term maturities of these items.

### 11. COMPARATIVE FIGURES

Certain of the prior year's figures have been reclassified to conform with the current year's presentation.

# UNIVERSITY OF TORONTO FACULTY ASSOCIATION

## Schedule of Membership Fees

For the year ended June 30, 2007



|                                     | 2007      | 2006      |
|-------------------------------------|-----------|-----------|
|                                     | \$        | \$        |
| University of Toronto               | 1,888,599 | 1,737,987 |
| University of Victoria College      | 10,737    | 9,637     |
| University of Trinity College       | 4,175     | 3,857     |
| University of St. Michael's College | 2,742     | 2,797     |
| Retired members' fees               | 3,550     | 26,351    |
|                                     | <hr/>     | <hr/>     |
|                                     | 1,909,803 | 1,780,629 |
|                                     | <hr/>     | <hr/>     |