
**UNIVERSITY OF TORONTO FACULTY
ASSOCIATION**

FINANCIAL STATEMENTS

JUNE 30, 2024

INDEPENDENT AUDITOR'S REPORT

To the Members,
University of Toronto Faculty Association:

Qualified Opinion

We have audited the financial statements of the University of Toronto Faculty Association which comprise the balance sheet as at June 30, 2024, and the statements of changes in fund balances, operations, and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the University of Toronto Faculty Association as at June 30, 2024 and the results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Qualified Opinion

In common with many not-for-profit organizations, the University of Toronto Faculty Association derives revenue from membership fees, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the University of Toronto Faculty Association. Therefore, we are not able to determine whether any adjustments might be necessary to membership revenue, excess of revenues over expenses, and cash flows from operations for the years ended June 30, 2024 and 2023, current assets as at June 30, 2024 and 2023, and net assets as at July 1 and June 30 for both the 2024 and 2023 years. Our audit opinion on the financial statements for the year ended June 30, 2023 was modified accordingly because of the possible effects of this limitation in scope.

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 organization 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 qualified audit opinion.

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 University of Toronto Faculty 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 University of Toronto Faculty Association or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the University of Toronto Faculty 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

INDEPENDENT AUDITOR'S REPORT (continued)

Auditor's Responsibilities (continued)

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 University of Toronto Faculty 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 University of Toronto Faculty Association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw your 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 University of Toronto Faculty 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.

Melita Professional Corporation

Chartered Professional Accountants
Authorized to practice public accounting by the Chartered Professional Accountants of Ontario

October 21, 2024
Toronto, Canada

UNIVERSITY OF TORONTO FACULTY ASSOCIATION

BALANCE SHEET

AS AT JUNE 30, 2024

	2024	2023
ASSETS		
Current assets		
Cash	\$ 497,728	\$ 89,173
Accounts receivable	386,067	375,756
Prepaid expenses	<u>53,091</u>	<u>57,193</u>
	<u>936,886</u>	<u>522,122</u>
Investments (note 3)	<u>4,681,054</u>	<u>4,215,828</u>
Capital assets (note 4)	<u>16,691</u>	<u>5,196</u>
	<u>\$ 5,634,631</u>	<u>\$ 4,743,146</u>
LIABILITIES AND FUND BALANCES		
Current liabilities		
Accounts payable and accrued liabilities	<u>\$ 381,586</u>	<u>\$ 662,360</u>
Fund balances		
Invested in capital assets	16,691	5,196
Contingency reserve (note 5)	1,500,000	1,500,000
Unrestricted	<u>3,736,354</u>	<u>2,575,590</u>
	<u>5,253,045</u>	<u>4,080,786</u>
	<u>\$ 5,634,631</u>	<u>\$ 4,743,146</u>

Approved on behalf of the UTFA Council:



see accompanying notes

UNIVERSITY OF TORONTO FACULTY ASSOCIATION

STATEMENT OF CHANGES IN FUND BALANCES

FOR THE YEAR ENDED JUNE 30, 2024

	2024			2023	
	<u>Unrestricted</u>	<u>Invested in capital assets</u>	<u>Contingency reserve (note 5)</u>	<u>Total</u>	<u>Total</u>
Balance, beginning of year	\$ 2,575,590	\$ 5,196	\$ 1,500,000	\$ 4,080,786	\$ 4,273,190
Excess (deficiency) of revenue over expenses for the year	1,172,259	-	-	1,172,259	(192,404)
Purchase of capital assets	(24,692)	24,692	-	-	-
Amortization	<u>13,197</u>	<u>(13,197)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Balance, end of year	<u>\$ 3,736,354</u>	<u>\$ 16,691</u>	<u>\$ 1,500,000</u>	<u>\$ 5,253,045</u>	<u>\$ 4,080,786</u>

see accompanying notes

UNIVERSITY OF TORONTO FACULTY ASSOCIATION

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED JUNE 30, 2024

	2024	2023
REVENUE		
Membership fees (note 6)	\$ 4,793,576	\$ 4,167,399
Investment income (note 7)	465,227	307,389
Operating subsidies (note 8)	<u>192,615</u>	<u>209,796</u>
	<u>5,451,418</u>	<u>4,684,584</u>
EXPENSES		
Staffing and related	1,479,671	1,884,035
Legal, audit and consulting	1,010,844	1,052,285
Canadian Association of University Teachers fees	632,891	578,489
Ontario Confederation of University Faculty Association fees	588,909	574,313
Rent (note 8)	185,700	298,413
Stipends	128,939	145,439
Technology	95,071	146,733
Office and general	85,033	110,665
Insurance	15,825	14,587
Donations and contributions	13,500	16,402
Tuition scholarships and awards	12,900	16,200
Conferences and training	7,362	13,666
Committee expenses	4,180	2,549
Outreach and communications	3,561	1,491
Library	1,576	2,944
Amortization	<u>13,197</u>	<u>18,777</u>
	<u>4,279,159</u>	<u>4,876,988</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES FOR THE YEAR	<u>\$ 1,172,259</u>	<u>\$ (192,404)</u>

see accompanying notes

UNIVERSITY OF TORONTO FACULTY ASSOCIATION

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2024

	2024	2023
CASH INFLOW (OUTFLOWS)		
OPERATING ACTIVITIES		
Excess (deficiency) of revenue over expenses	\$ 1,172,259	\$ (192,404)
Non-cash items:		
Amortization	13,197	18,777
Net change in non-cash working capital items (below)	<u>(286,983)</u>	<u>(49,415)</u>
Cash provided from (used in) operations	<u>898,473</u>	<u>(223,042)</u>
INVESTING ACTIVITIES		
Decrease (increase) in investments	(465,226)	92,611
Purchase of capital assets	<u>(24,692)</u>	<u>-</u>
Cash provided from (used in) investing activities	<u>(489,918)</u>	<u>92,611</u>
NET CASH ACTIVITY FOR THE YEAR	408,555	(130,431)
CASH, BEGINNING OF YEAR	<u>89,173</u>	<u>219,604</u>
CASH, END OF YEAR	<u>\$ 497,728</u>	<u>\$ 89,173</u>
Net change in non-cash working capital items:		
Accounts receivable	\$ (10,311)	\$ 51,656
Prepaid expenses	4,102	2,391
Accounts payable and accrued liabilities	<u>(280,774)</u>	<u>(103,462)</u>
	<u>\$ (286,983)</u>	<u>\$ (49,415)</u>

see accompanying notes

UNIVERSITY OF TORONTO FACULTY ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2024

The University of Toronto Faculty Association (the Association) is an unincorporated association that was formed in 1940. The purpose of the 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 affairs of the Association are managed by a Council of about 60 people, who are elected by the membership on a constituency basis for three-year terms.

The Association is exempt from income taxes under section 149(1)(l) of the Income Tax Act.

1. SIGNIFICANT ACCOUNTING POLICIES

In preparing its financial statements, the Association follows Canadian accounting standards for not-for-profit organizations, which is one of the financial reporting frameworks included in Canadian generally accepted accounting principles. The significant accounting policies used are as follows:

Prepaid expenses

Prepaid expenses are recorded for goods and services that have been paid for but which will be received the following year. The balance at year end is composed primarily of prepaid insurance and software subscription.

Financial instruments

The Association initially measures its financial assets and liabilities at fair value. It subsequently measures its financial assets and liabilities at amortized cost, except for investments in instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in the statement of operations.

Financial instruments measured at amortized cost include cash and accounts receivable. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

Investments

The investment portfolio is shown as a long-term asset due to the Association's intention to hold it long term.

Capital assets

Capital assets are recorded at cost. Amortization is provided on a straight line basis over the assets' estimated useful lives as follows:

Furniture and equipment	Straight-line over 5 years
Computer equipment	Straight-line over 3 years

UNIVERSITY OF TORONTO FACULTY ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2024

Capital assets are reviewed for impairment 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 replacement cost. 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 charge to income during the year.

Revenue recognition

The Association follows the deferral method of accounting for revenue. Membership fee revenue is composed of unrestricted contributions that are recognized as revenue when received or receivable, if the amount to be received is readily determinable and collection is reasonably assured.

Restricted contributions, if any, are recognized as revenue in the year in which the related expenses are incurred. Unspent restricted contributions are reported as deferred revenue on the statement of financial position.

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

Operating subsidies are recognized in the period that the corresponding expense is incurred.

The change in fair value of the marketable securities for the year is included in investment income in the statement of operations. The investment income is composed of realized gains or losses for the year, unrealized gains or losses for the year, and interest and dividend income earned during the year.

Expense recognition

Expenses are recognized when incurred. The rent subsidy is recorded at its estimated contractual value (note 8).

Use of estimates

The preparation of the financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Estimates are used when accounting for certain items such as asset impairments, the useful life of capital assets, accrued liabilities, disclosure of contingent assets and liabilities, and the valuation of the rent subsidy.

By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be significant.

UNIVERSITY OF TORONTO FACULTY ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2024

2. FINANCIAL INSTRUMENT RISK EXPOSURE

The Association is exposed to various risks through its financial instruments. The following analysis provides a measure of the Association's risk exposures at year end.

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 accounts payable. The Association expects to meet obligations as they come due primarily from cash flow from operations.

Credit and concentration risks

A concentration of credit risk arises when a group of customers has a common economic characteristic, so their ability to meet their obligations is expected to be affected similarly by changes in economic or other conditions. For the Association, significant concentration of risk is related to the University of Toronto and its affiliated colleges which is the employer of all its members.

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 risk relates to its accounts receivable. Periodically, the Association assesses the collectibility of its accounts receivable and provides an allowance for doubtful accounts as appropriate. At June 30, 2024, the allowance for doubtful accounts was nil (nil in 2023).

Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign currency rates. The Association is exposed to this risk because it holds foreign exchange traded funds in its investment portfolio.

Interest rate risk

Interest rate risk is the risk that the fair value of 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 money market mutual fund holdings which have a floating interest rate. This exposes the Association to a cash flow risk should rates decrease.

Other price risk

Other price risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments trading in the market.

The Association is exposed to other price risk because it has investments in exchange traded funds.

UNIVERSITY OF TORONTO FACULTY ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2024

3. INVESTMENTS

The investment portfolio, which is held at TD Direct Investing, is composed of the following, at market value:

	<u>2024</u>	<u>2023</u>
Exchange traded funds	\$ 3,888,307	\$ 3,551,585
Money market mutual funds	589,699	563,554
Cash and cash equivalents	<u>203,048</u>	<u>100,689</u>
	<u>\$ 4,681,054</u>	<u>\$ 4,215,828</u>

4. CAPITAL ASSETS

Capital assets, recorded at cost, are as follows:

	<u>Cost</u>	<u>Accumulated amortization</u>	<u>2024</u>	<u>2023</u>
Furniture and equipment	\$ 191,682	\$ 182,149	\$ 9,533	\$ 1,893
Computer equipment	<u>70,885</u>	<u>63,727</u>	<u>7,158</u>	<u>3,303</u>
	<u>\$ 262,567</u>	<u>\$ 245,876</u>	<u>\$ 16,691</u>	<u>\$ 5,196</u>

5. CONTINGENCY RESERVE

The Association's Council has restricted \$1,500,000 of its 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. MEMBERSHIP FEES

Membership fees are from the following sources:

	<u>2024</u>	<u>2023</u>
University of Toronto	\$ 4,709,608	\$ 4,090,927
University of Victoria College	30,395	26,587
University of St. Michael's College	28,190	24,711
Retired members	20,150	19,650
University of Trinity College	<u>5,233</u>	<u>5,524</u>
	<u>\$ 4,793,576</u>	<u>\$ 4,167,399</u>

UNIVERSITY OF TORONTO FACULTY ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2024

7. INVESTMENT INCOME

Investment income is composed of:

	<u>2024</u>	<u>2023</u>
Realized and unrealized investment gains	\$ 327,732	\$ 186,479
Exchange traded fund distributions	111,350	96,586
Interest	<u>26,145</u>	<u>24,324</u>
	<u>\$ 465,227</u>	<u>\$ 307,389</u>

8. OPERATING SUBSIDIES

Under an agreement, the University of Toronto provides the Association with various services, the most significant of which is subsidized rent for office space and a telephone line subsidy. The estimated market value of the rent and telephone line expense paid by the University have been recorded as expenses and the corresponding subsidies as revenue in the statement of operations.

In addition, the Association has an agreement with the University of Toronto for the university administration staff to provide for course release times equivalent to 3.500 full time equivalents (FTE) (3.500 FTE in 2023). For the year ended June 30, 2024, the release times were allocated as follows:

	<u>2024</u>	<u>2023</u>
	<u>FTE</u>	<u>FTE</u>
President	0.800	0.800
Vice President - Grievances	0.500	0.277
Vice President - Salary, Benefits and Pension	0.500	0.430
Vice President - University and External affairs	0.300	0.300
Treasurer	-	0.175
Chair - Appointments Committee	0.175	0.175
Chair - Equity Committee	0.175	0.175
Chair - Librarians Committee	0.175	0.175
Chair - Teaching Stream Committee	0.175	0.202
Chair - Membership	0.175	0.175
Members at large (3)	0.339	0.339
UPP Sponsor Board Representative	<u>0.158</u>	<u>0.201</u>
	<u>3.472</u>	<u>3.424</u>

In fiscal 2024, 3.472 FTE release time was claimed by the Association (3.424 FTE in fiscal 2023). The remaining release time will be used in the future.

The value of these salaries and benefits paid by the University of Toronto is not reflected in these financial statements.

UNIVERSITY OF TORONTO FACULTY ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2024

9. COMMITMENTS

The University of Toronto has leased new office premises for the Association for the period July 16, 2024 to July 15, 2034. The Association has entered into an agreement with the University whereby it will reimburse the University \$50,000 for the first year of the lease. For subsequent years, the annual payment will increase at the same percentage rate as the increases imposed by the landlord on the University.