
**UNIVERSITY OF TORONTO FACULTY
ASSOCIATION**

FINANCIAL STATEMENTS

JUNE 30, 2009

AUDITORS' REPORT

To the Members,
University of Toronto Faculty Association:

We have audited the balance sheet of the University of Toronto Faculty Association as at June 30, 2009 and the statements of changes in fund balances and unrestricted operations and cash flows for the year then ended. These financial statements are the responsibility of the Association'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 Association 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 Association and we were not able to determine whether any adjustments might be necessary to revenues, excess of expenses over revenue, 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 Association as at June 30, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Cowperthwaite Mehta

Chartered Accountants
Licensed Public Accountants

October 23, 2009
Toronto, Ontario

UNIVERSITY OF TORONTO FACULTY ASSOCIATION

BALANCE SHEET

AS AT JUNE 30, 2009

	2009	2008
ASSETS		
Current assets		
Cash	\$ 201,688	\$ 163,428
Marketable securities (note 5)	2,169,685	2,262,433
Accounts receivable	15,975	9,248
Prepaid expenses	<u>8,299</u>	<u>5,333</u>
	<u>2,395,647</u>	<u>2,440,442</u>
Capital assets (note 6)	<u>107,759</u>	<u>106,795</u>
	<u>\$ 2,503,406</u>	<u>\$ 2,547,237</u>
LIABILITIES AND FUND BALANCES		
Current liabilities		
Accounts payable and accrued liabilities	<u>\$ 116,658</u>	<u>\$ 94,751</u>
Fund balances		
Invested in capital assets	107,759	106,795
Contingency reserve (note 7)	750,000	750,000
Unrestricted	<u>1,528,989</u>	<u>1,595,691</u>
	<u>2,386,748</u>	<u>2,452,486</u>
	<u>\$ 2,503,406</u>	<u>\$ 2,547,237</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, 2009

				2009	2008
	<u>Unrestricted</u>	<u>Invested in capital assets</u>	<u>Contingency reserve (note 7)</u>	<u>Total</u>	<u>Total</u>
Balance, beginning of year	\$ 1,595,691	\$ 106,795	\$ 750,000	\$ 2,452,486	\$ 2,511,101
Excess of expenses over revenue	(58,933)			(58,933)	(58,615)
Adjustment to fair market value of investments (note 3)	(6,805)			(6,805)	
Purchase of capital assets	(41,834)	41,834			
Amortization	<u>40,870</u>	<u>(40,870)</u>			
Balance, end of year	<u>\$ 1,528,989</u>	<u>\$ 107,759</u>	<u>\$ 750,000</u>	<u>\$ 2,386,748</u>	<u>\$ 2,452,486</u>

see accompanying notes

UNIVERSITY OF TORONTO FACULTY ASSOCIATION

STATEMENT OF UNRESTRICTED OPERATIONS

FOR THE YEAR ENDED JUNE 30, 2009

	2009	2008
REVENUE		
Membership fees (note 8)	\$ 2,204,371	\$ 1,744,414
Operating subsidies (note 9)	70,822	66,264
Investment income (loss)	<u>(82,679)</u>	<u>82,585</u>
	<u>2,192,514</u>	<u>1,893,263</u>
EXPENSES		
Legal, audit and consulting	665,922	463,431
Staffing and related	580,853	706,259
Canadian Association of University Teachers fees	321,930	270,745
Ontario Confederation of University Faculty Associations fees	270,118	216,538
Special projects	92,820	
Stipends	88,800	52,720
Rent	59,312	59,312
Office and general	41,693	27,400
Meetings, conferences and training	27,055	58,984
Committee expenses	16,295	9,877
Office equipment	16,239	8,638
Advertising and communications	9,191	14,481
Donations and contributions	7,100	6,100
Insurance	5,839	8,663
Tuition scholarships	5,329	4,526
Library	2,081	871
Other		2,188
Amortization	<u>40,870</u>	<u>41,145</u>
	<u>2,251,447</u>	<u>1,951,878</u>
EXCESS OF EXPENSES OVER REVENUE FOR THE YEAR	<u>\$ (58,933)</u>	<u>\$ (58,615)</u>

see accompanying notes

UNIVERSITY OF TORONTO FACULTY ASSOCIATION

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2009

	2009	2008
OPERATING ACTIVITIES		
Excess of expenses over revenue for the year	\$ (58,933)	\$ (58,615)
Non-cash items:		
Adjustment for unrealized loss		563
Adjustment to fair market value of investments (note 3)	(6,805)	
Amortization	40,870	41,145
Net change in non-cash working capital items (below)	<u>12,214</u>	<u>(37,817)</u>
Cash used in operations	<u>(12,654)</u>	<u>(54,724)</u>
INVESTING ACTIVITIES		
Decrease (increase) in marketable securities	92,748	(76,749)
Purchase of capital assets	<u>(41,834)</u>	<u>(12,911)</u>
Cash provided by (used in) investing activities	<u>50,914</u>	<u>(89,660)</u>
NET CASH ACTIVITY FOR THE YEAR	38,260	(144,384)
CASH, BEGINNING OF YEAR	<u>163,428</u>	<u>307,812</u>
CASH, END OF YEAR	<u>\$ 201,688</u>	<u>\$ 163,428</u>
Net change in non-cash working capital items:		
Accounts receivable	\$ (6,727)	\$ (100)
Prepaid expenses	(2,966)	2,891
Accounts payable	21,907	(39,449)
Unearned revenue		<u>(1,159)</u>
	<u>\$ 12,214</u>	<u>\$ (37,817)</u>

see accompanying notes

UNIVERSITY OF TORONTO FACULTY ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2009

1. THE FUND

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.

2. SIGNIFICANT ACCOUNTING POLICIES

The Association follows accounting principles generally accepted in Canada in preparing its financial statements. The significant accounting policies used are as follows:

Marketable securities held-for-trading

The Association has classified their marketable securities as "held-for-trading". The marketable securities are recognized at fair value based on market prices. Gains and losses from dispositions and fluctuations in market value are recognized in the statement of operations in the period in which they arise.

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
Leasehold improvements	Straight-line over 5 years

In the year of acquisition, amortization is charged at one-half the normal rates.

Capital assets are reviewed for impairment 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 assets 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 exceed its fair value. Any impairment results in a write-down of the asset and charge to income during the year.

UNIVERSITY OF TORONTO FACULTY ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2009

Revenue recognition

Membership fees are recognized in the period to which they relate. The Association follows the deferral method of accounting for revenue. Membership fees revenue is comprised 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 organization, by the members 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 free rent is recorded at its contractual value (note 9).

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 and disclosure of contingent assets and liabilities.

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.

3. CHANGE IN ACCOUNTING POLICY

The Association has applied on a prospective basis the recommendations of the Canadian Institute of Chartered Accountants regarding the recognition, measurement and presentation of financial instruments in the financial statements following the release of Sections 3855, "Financial Instruments - Recognition and measurement", and 3861, "Financial instruments - Disclosure and presentation." The Association has designated their investments as held for trading. As a result of adopting these standards prospectively, the Association recorded a non-cash decrease in the carry value of investments held for trading and unrestricted net assets of \$6,805 as at July 1, 2008.

As a result of this change, any unrealized investment gains or losses are recorded in the statement of operations in the year they occur.

UNIVERSITY OF TORONTO FACULTY ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2009

4. FINANCIAL INSTRUMENTS AND RISKS

Fair value of financial instruments

The fair value of cash, accounts receivable, and accounts payable and accrued liabilities is approximately equal to their carrying value due to the short-term maturity of these instruments.

The fair value of investments in listed companies and mutual funds is approximately equal to their quoted market value.

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 their members.

5. INVESTMENTS

Marketable securities, which are classified as held-for-trading and are held by CIBC Investors Edge and CIBC Securities, are composed of the following:

	<u>2009</u>	<u>2008</u>	
	<u>Market Value</u>	<u>Market Value</u>	<u>Cost</u>
Mutual funds	\$ 2,047,484	\$ 2,035,771	\$ 2,035,771
Fixed income equities	<u>122,201</u>	<u>219,867</u>	<u>226,662</u>
	<u>\$ 2,169,685</u>	<u>\$ 2,255,638</u>	<u>\$ 2,262,433</u>

6. CAPITAL ASSETS

Capital assets, recorded at cost, are as follows:

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>2009</u>	<u>2008</u>
Furniture and equipment	\$ 99,234	\$ 58,397	\$ 40,837	\$ 29,785
Computer equipment	<u>45,417</u>	<u>31,371</u>	<u>14,046</u>	<u>3,194</u>
	<u>\$ 144,651</u>	<u>\$ 89,768</u>	54,883	32,979
Leasehold improvements			<u>52,876</u>	<u>73,816</u>
			<u>\$ 107,759</u>	<u>\$ 106,795</u>

UNIVERSITY OF TORONTO FACULTY ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2009

7. CONTINGENCY RESERVE

The Association's Council has restricted \$750,000 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.

8. MEMBERSHIP FEES

Membership fees are received from the following sources:

	<u>2009</u>	<u>2008</u>
University of Toronto	\$ 2,165,924	\$ 1,703,999
Retired members	18,516	23,400
University of Victoria College	11,105	8,861
University of Trinity College	4,979	4,693
University of St. Michael's College	<u>3,847</u>	<u>3,461</u>
	<u>\$ 2,204,371</u>	<u>\$ 1,744,414</u>

The membership fees received in 2008 were lower than those received in 2009 because of a two-month fees holiday in 2008. Thus fees were received for 10 months in 2008 but 12 months in 2009.

UNIVERSITY OF TORONTO FACULTY ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2009

9. OPERATING SUBSIDIES

Under an agreement, the University of Toronto provides the Association with various services, the most significant of which are free rent and a telephone line subsidy. The market value of this rent and telephone line have been recorded as expenses and corresponding subsidies 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 teaching release times equivalent to 2.5 full time employees ("FTE") (2.5 FTE in 2008). For the year ended June 30, 2009, the release times were as follows:

	2009 <u>FTE</u>	2008 <u>FTE</u>
President	1.0	1.0
Vice President - Grievances	0.5	0.5
Vice President - Salary, Benefits and Pension	0.4	0.5
Vice President - University and External affairs	0.1	0.2
Treasurer	0.1	0.1
Chair - Appointments Committee	0.1	
Chair - Equity Committee	0.1	
Chair - Librarians Committee	0.1	0.1
Chair - Teaching Stream Committee	<u>0.1</u>	<u>0.1</u>
	<u>2.5</u>	<u>2.5</u>

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

10. CONTRACTUAL OBLIGATIONS

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

2010	\$ 4,250
2011	<u>3,896</u>
	<u>\$ 8,146</u>

11. COMPARATIVE FIGURES

Certain of the 2008 comparative figures, as audited by the Association's previous auditor, have been restated to conform to the method of presentation adopted in 2009.