



**UNIVERSITY OF TORONTO
FACULTY ASSOCIATION**

FINANCIAL STATEMENTS

JUNE 30, 2008



UNIVERSITY OF TORONTO FACULTY ASSOCIATION

FINANCIAL STATEMENTS

JUNE 30, 2008

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Schwartz Levitsky Feldman llp

CHARTERED ACCOUNTANTS
LICENSED PUBLIC ACCOUNTANTS
TORONTO • MONTREAL



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, 2008 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 (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 organization as at June 30, 2008 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 cursive script that reads "Schwartz Levitsky Feldman llp".

Toronto, Ontario
March 13, 2009

Chartered Accountants
Licensed Public Accountants

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Toronto, Ontario M6A 2X1
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UNIVERSITY OF TORONTO FACULTY ASSOCIATION

Statement of Financial Position

As at June 30, 2008



	2008	2007
	\$	\$
ASSETS		
CURRENT ASSETS		
Cash	163,428	307,812
Short-term investment (note 3)	2,262,433	2,186,247
Accounts receivable (net of allowance for doubtful accounts of \$nil; \$nil in 2007)	9,248	9,148
Prepaid expenses	5,333	8,224
	<hr/>	<hr/>
	2,440,442	2,511,431
PROPERTY AND EQUIPMENT (note 4)	106,795	135,029
	<hr/>	<hr/>
	2,547,237	2,646,460
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LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	94,751	134,200
Unearned revenue	-	1,159
	<hr/>	<hr/>
	94,751	135,359
	<hr/> <hr/>	<hr/> <hr/>
COMMITMENTS (note 9)		
FUND BALANCES		
INVESTED IN PROPERTY AND EQUIPMENT (note 4)	106,795	135,029
INTERNALLY RESTRICTED FUND (note 5)	750,000	750,000
UNRESTRICTED	1,595,691	1,626,072
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	2,452,486	2,511,101
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	2,547,237	2,646,460
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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, 2008



	Invested in Property and Equipment (note 4)	Contingency Reserve (note 5)	Unrestricted Fund Balance	2008	2007
	\$	\$	\$	\$	\$
FUND BALANCES					
Beginning of year	135,029	750,000	1,626,072	2,511,101	2,043,699
Excess of revenue over expenses (expenses over revenue)	(28,234)	-	(30,381)	(58,615)	467,402
End of year	<u>106,795</u>	<u>750,000</u>	<u>1,595,691</u>	<u>2,452,486</u>	<u>2,511,101</u>

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, 2008



	2008	2007
	\$	\$
REVENUE		
Membership fees	1,744,414	1,909,803
Interest	83,148	86,796
Other	-	200
Unrecognized loss on write down of investments	(563)	-
	<u>1,826,999</u>	<u>1,996,799</u>
EXPENSES		
Salaries and benefits	627,197	449,308
Canadian Association of University Teachers fees	270,745	263,976
Ontario Confederation of University Faculty Associations fees	216,538	209,011
Consulting and legal - salary settlement	160,655	36,164
Consulting and legal - grievances	286,998	280,694
Rent	59,312	59,312
Stipends	52,720	55,880
Repairs and maintenance	-	50,956
Computer consulting	38,100	36,060
General office	102,378	83,935
Telephone	10,326	16,203
Insurance	10,099	10,115
Tuition scholarships	4,526	4,352
Committees	9,878	13,133
Conferences and meeting	39,391	28,485
Professional fees	21,870	14,998
Special projects	-	13,523
University of Toronto operating subsidies (note 6)	(66,264)	(128,752)
Amortization	41,145	32,044
	<u>1,885,614</u>	<u>1,529,397</u>
EXCESS OF REVENUE OVER EXPENSES (EXPENSES OVER REVENUE)	<u>(58,615)</u>	<u>467,402</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, 2008



	2008	2007
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Excess of revenue over expenses (expenses over revenue)	(58,615)	467,402
Adjustment for amortization	41,145	32,044
Adjustment for unrecognized loss	563	-
Decrease in non-cash operating items (note 7)	(37,817)	(125,371)
	<u>(54,724)</u>	<u>374,075</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of short-term investments	574,876	471,937
Acquisition and reinvestment on short-term investments	(651,625)	(1,427,366)
Acquisition of property and equipment	(12,911)	(116,249)
	<u>(89,660)</u>	<u>(1,071,678)</u>
NET DECREASE IN CASH	(144,384)	(697,603)
Cash, beginning of year	<u>307,812</u>	<u>1,005,415</u>
CASH, END OF YEAR	<u><u>163,428</u></u>	<u><u>307,812</u></u>

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

UNIVERSITY OF TORONTO FACULTY ASSOCIATION

Notes to Financial Statements

June 30, 2008



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.

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
Leasehold improvements	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
June 30, 2008



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

e) Impairment of Long-Lived Assets

Property and equipment and other long-lived 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 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 exceed 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 financials 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) Income Taxes

The organization is a not-for-profit organization within the meaning of the Income Tax Act and as such is exempt from income taxes.

h) Recent Accounting Pronouncements

(i) Accounting Changes

Effective July 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 has no impact on these financial statements.

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

h) Recent Accounting Pronouncements (cont'd)

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 this organization. The organization has not yet determined the impact of the adoption of this Section on the disclosures in its financial statements.

iii) 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 this organization. The organization does not expect the adoption of this standard to have an impact on its financial statements.

iv) Financial Instruments

In October 2007, the AcSB approved disclosure and presentation requirements for financial instruments that revise and enhance the disclosure requirement of Section 3861. These requirements are included in Section 3862. Financial Instruments – Disclosure (Section 3862) and financial Instruments – Presentation (Section 3863), which replaces Section 3861.

Section 3862 requires disclosures, by class of financial instruments, which enable users to evaluate the significance of financial instruments for an entity financial position and performance, including disclosures about fair value. In addition, disclosure is required of qualitative and quantitative information about exposures to risks arising from financing instruments, including specific minimum disclosures about credit risk, liquidity risk and each type of market risk to which an entity is exposed, showing how net income (loss) would have been affected by reasonable possible changes in the relevant risk variable. This standard is effective for not for – profit organizations for year ends beginning on or after October 1, 2008, specifically July 1, 2009 for the organization. The organization has not yet determined the impact of the adoption of this change on the disclosure in its financial statements.

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

h) Recent Accounting Pronouncements (cont'd)

v) Financial Statement Presentation for Not-For-Profit Organizations

For year ends beginning on or after January 1, 2009, not-for-profit organizations must apply the updated standards of the Canadian Institute of Chartered Accountants contained in Sections 4400 and 4470 of the CICA Handbook. The amendments includes the following requirements:

- that each component of revenue, expenses, gain and loss that is required by primary sources of GAAP (Section 1000) be separately identified in the statements of financial position and changes in net assets
- the disclosure of restrictions whether under the deferral or restricted fund method
- the presentation of revenues and expenses at gross amounts where the organization acts as a principal in transactions
- presentation of a statement of cash flows in accordance with Section 1540, Cash Flow Statements
- that when allocations of fundraising and general support expenses have been made to other functions, the inclusion in the accounting policy notes an explanation of the policies adopted for the allocation of expenses among functions, the nature of the expenses being allocated and the basis on which such allocations have been made. In addition, the amounts allocated from each of these two functions, and the amounts and the functions to which they have been allocated, should be disclosed.

The organization has not yet determined the impact of the adoption of these changes on its financial statements.

(vi) Inventories

CICA Handbook Section 3031, Inventories, replaces Section 3030 and establishes new standards for the measurement and disclosure of inventories. The main features of the new Section are as follows:

- Measurement of inventories at the lower of cost and net realizable value
- Consistent use of either first-in, first-out or a weighted average cost formula to measure cost
- Reversal of previous write-downs to net realizable value when there is a subsequent increase to the value of inventories.

This standard is effective for interim and annual non-consolidated financial statements relating to fiscal years beginning on or after January 1, 2008 specifically July 1, 2008 for this organization. This standard is not expected to have an effect on this Organization.



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

h) Recent Accounting Pronouncements (cont'd)

vii) Goodwill and Intangible Assets

In January 2008, the CICA issued Section 3064 "Goodwill and Intangible Assets", which replaces Section 3062 "Goodwill and Other Intangible Assets", and results in the withdrawal of Section 3450 "Research and Development Costs", and Emerging Issues Committee Abstract 27 "Revenues and Expenditures during the Pre-operating Period", and amendments to Accounting Guideline No 11 "Enterprises in the Development Stage". The standard provides guidance on the recognition of intangible assets in accordance with the definition of an asset and the criteria for asset recognition as well as clarifying the application of the concept of matching revenues and expenses, whether these assets are separately acquired or internally developed. This standard applies to interim and annual financial statements relating to fiscal years beginning on or after October 1, 2008, which for this Organization is July 1, 2009. Earlier adoption is encouraged. This standard is not expected to have an effect on this Organization.

viii) Future Reporting Standards

At the September 23-24 meeting, the Accounting Standards Board (AcSB) decided that private enterprises would not be required to adopt the following sections:

- Section 1530, Comprehensive Income
- Section 1651, Foreign Currency Translation
- Section 3051, Investments
- Section 3251, Equity
- Section 3855, Financial Instruments - Recognition and Measurement
- Section 3862, Financial Instruments - Disclosures
- Section 3863, Financial Instruments – Presentation
- Section 3865, Hedges

Although, currently, these exemptions do not apply to not-for-profit organizations, the AcSB is undergoing further consultations on the future of reporting for not-for-profit organizations and may allow these organizations to apply the standards for private enterprises. The outcome of these developments cannot be determined at this time.

UNIVERSITY OF TORONTO FACULTY ASSOCIATION

Notes to Financial Statements

June 30, 2008



3. SHORT-TERM INVESTMENTS

	2008		2007	
	Fair Value	Cost	Fair Value	Cost
	\$	\$	\$	\$
Bonds	219,867	226,662	767,925	821,029
Mutual funds	2,035,771	2,035,771	1,482,096	1,365,218
	<u>2,255,638</u>	<u>2,262,443</u>	<u>2,250,021</u>	<u>2,186,247</u>

4. PROPERTY AND EQUIPMENT

	2008			2007
	Cost	Accumulated Amortization	Net	Net
	\$	\$	\$	\$
Furniture and equipment	74,255	44,470	29,785	31,414
Computer equipment	28,562	25,368	3,194	11,775
Leasehold improvements	104,695	30,879	73,816	91,840
	<u>207,512</u>	<u>100,717</u>	<u>106,795</u>	<u>135,029</u>

Amortization expense for the year amount to \$41,145 (\$32,044 in 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 shown as an expense recovery.

UNIVERSITY OF TORONTO FACULTY ASSOCIATION

Notes to Financial Statements

June 30, 2008



7. DECREASE IN NON-CASH WORKING CAPITAL

a) Decrease in non-cash working capital consists of the following:

	2008	2007
	\$	\$
Accounts receivable	(100)	(1,687)
Prepaid expenses	2,891	(476)
Accounts payable and accrued liabilities	(39,449)	(111,729)
Unearned revenue	(1,159)	(11,479)
	<u>(37,817)</u>	<u>(125,371)</u>

b) Property and equipment

During the year property and equipment totaling \$12,911 (\$116,249 in 2007) were acquired through cash payments.

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 (2.4 FTE in 2007). For the year ended June 30, 2008, the release times were as follows:

	2008	2007
	\$	\$
President	1.0 FTE	1.0 FTE
Vice President – Salaries & Benefits	0.5 FTE	0.5 FTE
Vice President – Grievances	0.5 FTE	0.5 FTE
Chairperson – Teaching Stream	0.1 FTE	0.1 FTE
Vice President – External Affairs	0.2 FTE	0.1 FTE
Chairperson – Librarians Committee	0.1 FTE	0.1 FTE
Treasurer	0.1 FTE	0.1 FTE
	<u>2.5 FTE</u>	<u>2.4 FTE</u>

UNIVERSITY OF TORONTO FACULTY ASSOCIATION

Notes to Financial Statements

June 30, 2008



9. COMMITMENTS

The organization 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:

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, 2008



	2008	2007
	\$	\$
University of Toronto	1,703,999	1,888,599
University of Victoria College	8,861	10,737
University of Trinity College	4,693	4,175
University of St. Michael's College	3,461	2,742
Retired members' fees	23,400	3,550
	<hr/>	<hr/>
	1,744,414	1,909,803
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