The University of Western Ontario Faculty Association

Financial Statements

October 31, 2024

The University of Western Ontario Faculty Association

Financial Statements

Year ended October 31, 2024

To the Members of The University of Western Ontario Faculty Association:

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of The University of Western Ontario Faculty Association (the "Association"), which comprise the statement of financial position as at October 31, 2024, and the statement of operations, changes in net assets, and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Association as at October 31, 2024, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

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 Corporation 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 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 the Corporation'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 Corporation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Corporation'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 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 Corporation'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 Corporation'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 Corporation 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 Corporations Act of Canada, we report that, in our opinion, the accounting principles in Canadian accounting standards for not-for-profit organizations have been applied on a basis consistent with that of the preceding period.

MNP LLP

London, Ontario — Chartered Professional Accountants

March 31, 2025 — Licensed Public Accountants

The University of Western Ontario Faculty Association

Statement of Financial Position

As at October 31, 2024

	Operating Fund	*Grievances & Collective Bargaining Fund*	*Reserve Fund*	*Total 2024*	*Total 2023*
Assets					
Current					
Cash	**$ 533,598**	**$ 1,112,587**	**$ 284,054**	**$ 1,930,239**	$ 2,461,822
Internally restricted funds (Note 3)	**106,311**	**-**	**-**	**106,311**	103,818
GIC investments (Note 4)	**-**	**1,708,405**	**-**	**1,708,405**	1,701,184
Interest receivable	**-**	**178,924**	**-**	**178,924**	179,090
Prepaid expenses	**22,511**	**-**	**-**	**22,511**	30,244
	662,420	**2,999,916**	**284,054**	**3,946,390**	4,476,158
Long term assets					
GIC investments (Note 4)	**-**	**3,219,459**	**-**	**3,219,459**	3,000,000
Capital assets (Note 5)	**17,073**	**-**	**-**	**17,073**	22,134
	$ 679,493	**$ 6,219,375**	**$ 284,054**	**$ 7,182,922**	$ 7,498,292
Liabilities					
Current					
Accounts payable and accrued liabilities (Note 9)	**$ 380,322**	**$ -**	**$ -**	**$ 380,322**	$ 310,740
Long-term liabilities					
Post retirement benefit obligation (Note 6)	**-**	**-**	**93,100**	**93,100**	199,700
	380,322	**-**	**93,100**	**473,422**	510,440
Contingent liability (Note 10)					
Fund balances					
Operating Fund	**299,171**	**-**	**-**	**299,171**	969,488
Grievances & Collective Bargaining Fund	**-**	**6,219,375**	**-**	**6,219,375**	5,940,672
Reserve Fund	**-**	**-**	**190,954**	**190,954**	77,692
	299,171	**6,219,375**	**190,954**	**6,709,500**	6,987,852
	$ 679,493	**$ 6,219,375**	**$ 284,054**	**$ 7,182,922**	$ 7,498,292

Approved on behalf of the Board

Christina Maco

Director

Johanna Weststar

Director

The accompanying notes are an integral part of these financial statements

The University of Western Ontario Faculty Association
Statement of Operations
For the year ended October 31, 2024

	Operating Fund	Grievances & Collective Bargaining Fund	Reserve Fund	Total 2024	Total 2023
Revenue					
Membership dues	$ **2,349,967**	$ -	$ -	$ **2,349,967**	$ 2,243,376
Dues for Canadian and Ontario Associations	**(742,165)**	-	-	**(742,165)**	(677,294)
Net membership dues	**1,607,802**	-	-	**1,607,802**	1,566,082
Interest income	**13,037**	**278,703**	**6,662**	**298,402**	285,574
Post retirement benefit gain (Note 6)	-	-	**106,600**	**106,600**	45,900
Total Revenue	**1,620,839**	**278,703**	**113,262**	**2,012,804**	1,897,556
Expenses					
Professional fees	**1,154,023**	-	-	**1,154,023**	321,121
Employee wages	**675,108**	-	-	**675,108**	719,615
Release time	**211,165**	-	-	**211,165**	227,095
Administration and general	**86,379**	-	-	**86,379**	74,207
Scholarships paid (Note 9)	**54,000**	-	-	**54,000**	110,500
Grad club membership dues	**22,374**	-	-	**22,374**	21,456
Travel	**17,800**	-	-	**17,800**	10,827
Amortization	**14,942**	-	-	**14,942**	20,899
Occupancy costs	**14,355**	-	-	**14,355**	15,211
Negotiations and strike preparations	**13,864**	-	-	**13,864**	59,608
SAR Program Donation	**10,000**	-	-	**10,000**	10,000
Donations	**9,879**	-	-	**9,879**	19,013
Research and professional fund	**7,267**	-	-	**7,267**	6,468
Post retirement benefit expense (Note 6)	-	-	-	-	31,497
Loss on disposal of capital assets	-	-	-	-	1,451
Total Expenses	**2,291,156**	-	-	**2,291,156**	1,648,968
Excess of revenue over expenses for the year	$ **(670,317)**	$ **278,703**	$ **113,262**	$ **(278,352)**	$ 248,588

The accompanying notes are an integral part of these financial statements

The University of Western Ontario Faculty Association
Statement of Changes in Net Assets
Year ended October 31, 2024

	Operating Fund	Grievances & Collective Bargaining Fund	Reserve Fund	2024	2023
Fund Balances, beginning of year	**$ 969,488**	**$ 5,940,672**	**$ 77,692**	**$ 6,987,852**	$ 6,739,264
Excess of revenues over expenses	**(670,317)**	**278,703**	**113,262**	**(278,352)**	248,588
Fund Balances, end of year	**$ 299,171**	**$ 6,219,375**	**$ 190,954**	**$ 6,709,500**	$ 6,987,852

The accompanying notes are an integral part of these financial statements

The University of Western Ontario Faculty Association
Statement of Cash Flows
For the year ended October 31, 2024

		2024		2023
Cash provided by the following activities				
Operating				
Excess of revenues over expenses for the year	**$**	**(278,352)**	$	248,588
Adjustments for				
Amortization		**14,942**		20,899
Loss on disposal of capital assets		**-**		1,451
		(263,410)		270,938
Changes in working capital accounts				
Prepaid expenses		**7,733**		54,301
Interest receivable		**166**		(155,429)
Accounts payable and accrued liabilities		**69,583**		155,127
Post retirement benefit obligation		**(106,600)**		(45,900)
		(292,528)		279,037
Investing				
Purchase of capital assets		**(9,882)**		(7,165)
Change in GIC investments		**(226,680)**		(3,168,043)
		(236,562)		(3,175,208)
(Decrease) increase in cash resources		**(529,090)**		(2,896,171)
Cash resources, beginning of year		**2,565,640**		5,461,811
Cash resources, end of year	**$**	**2,036,550**	$	2,565,640
Cash resources are comprised of:				
Cash - operating fund	**$**	**533,598**	$	1,124,032
Cash - internally restricted funds		**106,311**		103,818
Cash - grievances and collective bargaining fund		**1,112,587**		1,060,398
Cash - reserve fund		**284,054**		277,392
	$	**2,036,550**	$	2,565,640

The accompanying notes are an integral part of these financial statements

1. Purpose of the organization

The University of Western Ontario Faculty Association ("the Association") is the certified bargaining agent for faculty teaching at least a half University degree credit course in each of two of the last three fiscal years and for librarians and archivists at The University of Western Ontario ("the University"). As a non-profit organization, the Association is not subject to income taxes on any earned income.

2. Significant accounting policies

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

Fund accounting

The Association has the following funds:

(i) Operating Fund - Unrestricted
The operating fund accounts for the day to day operating activities of the Association.

(ii) Grievance & Collective Bargaining Fund - Internally Restricted
This amount is internally restricted by the Membership of the Association for contingencies, for the payment of expenses associated with legal advice and arbitration arising from grievances and rights cases and/or expenses associated with collective bargaining in excess of budget and as a means of providing funds in the event of a strike.

(iii) Reserve Fund – Internally Restricted
The reserve fund accounts for funding for specific purposes such as the post-retirement benefits for employees of the Association, as approved by the Board of Directors.

Capital assets

Capital assets are recorded at cost. The company provides for amortization using the following methods at rates designed to amortize the cost of the capital assets over their useful lives. The annual amortization rates and methods are as follows:

Furniture and fixtures	Declining balance	20%
Computer equipment	Straight-line	3 years
Computer software	Straight-line	3 years
Website development costs	Straight-line	3 years

Capital assets are amortized using the half-year rule in the year of addition.

Revenue recognition

The Association follows the deferral method of accounting for contributions and operating revenues. All membership fee revenue is recorded as revenue in the period to which it relates. Where a portion of revenue is related to a future period, it is deferred and recognized in the subsequent period.

Interest income is recognized as revenue when earned.

Use of estimates

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires directors and management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. By their nature, these estimates are subject to measurement uncertainty. These estimates are reviewed periodically, and adjustments are made to income in the year which they become known. The accounts specifically affected by estimates in these financial statements are the useful life of capital assets and employee future benefits. Actual results may vary from these estimates.

2. Significant accounting policies (continued from previous page)

Employee future benefits

The Association provides medical, dental and life insurance benefits to eligible employees. This plan is managed by The University of Western Ontario. The Association accrues post retirement benefits for the eligible administrative staff, with the cost of these benefits being actuarially determined using the projected benefit method. Differences arising from plan amendments, changes in assumptions and actuarial gains and losses are recognized in income as they are incurred.

The Association sponsors pension plans for its administrative staff. The benefits provided under the plans are defined contribution.

Cash and cash equivalents

Included in cash is savings account investments, as well as the Associations credit union shares.

Financial instruments

The Association recognizes its financial instruments when the Association becomes party to the contractual provisions of the financial instrument.

Arm's length financial instruments

Financial instruments originated/acquired or issued/assumed in an arm's length transaction ("arm's length financial instruments") are initially recorded at their fair value.

At initial recognition, the Association may irrevocably elect to subsequently measure any arm's length financial instrument at fair value. The Association has not made such an election during the year.

The Association subsequently measures investments in equity instruments quoted in an active market and all derivative instruments, except those designated in a qualifying hedging relationship or that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, at fair value. Fair value is determined by published price quotations. Investments in equity instruments not quoted in an active market and derivatives that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, are subsequently measured at cost less impairment. With the exception of financial liabilities indexed to a measure of the Association's performance or value of its equity and those instruments designated at fair value, all other financial assets and liabilities are subsequently measured at amortized cost.

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in net income. Conversely, transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

Related party financial instruments

The Company initially measures the following financial instruments originated/acquired or issued/assumed in a related party transaction ("related party financial instruments") at fair value:

- Investments in equity instruments quoted in an active market
- Debt instruments quoted in an active market
- Debt instruments when the inputs significant to the determination of its fair value are observable (directly or indirectly)
- Derivative contracts.

2. Significant accounting policies (continued from previous page)

All other related party financial instruments are measured at cost on initial recognition. When the financial instrument has repayment terms, cost is determined using the undiscounted cash flows, excluding interest, dividend, variable and contingent payments, less any impairment losses previously recognized by the transferor. When the financial instrument does not have repayment terms, but the consideration transferred has repayment terms, cost is determined based on the repayment terms of the consideration transferred. When the financial instrument and the consideration transferred both do not have repayment terms, the cost is equal to the carrying or exchange amount of the consideration transferred or received.

At initial recognition, the Association may elect to subsequently measure related party debt instruments that are quoted in active market, or that have observable inputs significant to the determination of fair value, at fair value.

The Association subsequently measures investments in equity instruments quoted in an active market and all derivative instruments, except those designated in a qualifying hedging relationship or that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, at fair value. Fair value is determined by published price quotations. Financial instruments that were initially measured at cost and derivatives that are linked to, and must be settled by, delivery of unquoted equity instruments of another entity, are subsequently measured using the cost method less any reduction for impairment.

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance or assumption of related party financial instruments are immediately recognized in excess of revenue over expenses.

Financial asset impairment

The Association assesses impairment of all its financial assets measured at cost or amortized cost. The Association groups assets for impairment testing when available information is not sufficient to permit identification of each individually impaired financial asset in the group; there are numerous assets affected by the same factors; no asset is individually significant. Management considers whether the issuer is having significant financial difficulty; whether there has been a breach in contract, such as a default or delinquency in interest or principal payments in determining whether objective evidence of impairment exists. When there is an indication of impairment, the Association determines whether it has resulted in a significant adverse change in the expected timing or amount of future cash flows during the year.

With the exception of related party debt instruments and related party equity instruments initially measured at cost, the Association reduces the carrying amount of any impaired financial assets to the highest of: the present value of cash flows expected to be generated by holding the assets; the amount that could be realized by selling the assets at the statement of financial position date; and the amount expected to be realized by exercising any rights to collateral held against those assets.

For related party debt instruments initially measured at cost, the Association reduces the carrying amount of the asset (or group of assets), to the highest of: the undiscounted cash flows expected to be generated by holding the asset, or group of similar assets, excluding the interest and dividend payments of the instrument; the present value of cash flows expected to be generated by holding the assets; the amount that could be realized by selling the assets at the balance sheet date; and the amount expected to be realized by exercising any rights to collateral held against those assets.

For related party equity instruments initially measured at cost, the Association reduces the carrying amount of the asset (or group of assets), to the amount that could be realized by selling the assets at the statement of financial position date.

Any impairment, which is not considered temporary, is included in current year excess of revenue over expenses.

The Association reverses impairment losses on financial assets when there is a decrease in impairment and the decrease can be objectively related to an event occurring after the impairment loss was recognized. The amount of the reversal is recognized in excess of revenue over expenses in the year the reversal occurs.

3. Internally restricted funds

The Association has set aside $106,311 (2023 - $103,818) as an internally restricted fund. These funds are in a cash savings account and were set aside to assist Members. No criteria have been set and no decision has been made as to how the funds will be disbursed.

4. GIC investments

The grievance and collective bargaining fund held the following investment portfolios at year end:

	2024	*2023*
BMO Nesbitt Burns - GICs of multiple institutions	**1,500,000**	1,500,000
Libro GICs	**208,405**	201,184
Total short term investments	**1,708,405**	1,701,184
BMO Nesbitt Burns - GICs of multiple institutions	**3,219,459**	3,000,000
Total short and long term investments	**4,927,864**	4,701,184

Short-term GIC investments represent amounts with maturity dates due within a year of the year-end date. Interest rates on the short-term GICs range from 2.50% to 4.85% (2023 – 3.00% to 5.15%) with maturity dates between November 13, 2024 and January 10, 2025. Long-term GIC investments represent amounts with maturity dates beyond one year of the year-end date. Interest rates on the long-term GICs range from 4.55% to 4.70% (2023 – 4.60% to 4.85%) with maturity dates between January 9, 2026 and January 15, 2027.

5. Capital assets

	Cost	***Accumulated amortization***	***2024***	*2023*
Furniture and fixtures	**50,387**	**43,647**	**6,740**	8,427
Computer equipment	**43,414**	**35,717**	**7,697**	6,021
Website development costs	**74,082**	**71,446**	**2,636**	7,686
	167,883	**150,810**	**17,073**	22,134

The amortization for 2024 was $14,942 (2023 - $20,899).

6. Employee future benefits

The Association has a defined contribution pension plan for the administrative staff. During the year the Association's contributions to the pension plan were $49,648 (2023 - $37,409). The fair value of plan assets for the year was $Nil (2023 - $Nil).

The accrued benefit liability relating to the post-retirement benefits is $93,100 (2023 - $199,700). This liability has been recorded in the financial statements.

The most recent actuarial valuation was completed as of April 30, 2024.

6. Employee future benefits (continued from previous page)

	2024	2023
Current service costs	**5,000**	5,700
Interest costs	**9,600**	11,600
Actuarial gain	**(121,200)**	(63,200)
Net benefit plan expense/loss	**(106,600)**	(45,900)

The significant actuarial assumptions adopted in measuring the Association's accrued benefit obligation expense are as follows:

	2024	2023
Discount rate - post-retirement	**4.70%**	4.60%
Medical trend rate	**5.54%**	5.54%
Dental trend rate	**5.00%**	5.00%

7. Interfund transfers

During the period, no amount (2023 - $Nil) was transferred from the Operating Fund to the Grievances & Collective Bargaining Fund. No amount was transferred from the Grievances & Collective Bargaining Fund to the Operating fund (2023 - $Nil). No amount (2023 - $Nil) was transferred from the operating fund to the reserve fund.

8. Financial instruments

Unless otherwise noted it is management’s opinion that the Association is not exposed to significant risks from financial instruments. There have been no changes in the Association’s risk exposures from the prior year.

Credit risk

The financial instruments that potentially subject the Association to a significant concentration of credit risk consist primarily of cash. The Association mitigates its exposure to credit loss by placing its cash with major financial institutions.

Market risk

The Association is exposed to market rate risk through possible future changes in market rates for current marketable securities. The Association does not use financial instruments to reduce its risk exposure.

Liquidity risk

Liquidity risk is the risk that the Association will not be able to meet its obligations as they become due. The Association manages this risk by establishing budgets and funding plans and by levying sufficient membership dues to fund its expenses. Cash is held in an interest bearing account which provides a rate of return as well as liquidity.

9. Commitments

The Association made an expendable pledged to the University of Western Ontario (Western) in the amount of $162,000 to be paid in three instalments in fiscal 2022 through 2024 of $54,000. The Association may terminate funding for the scholarships, provided they inform Western prior to June 1 for the upcoming academic year. The donation will be administered as a scholarship provided by Western based on the award criteria stipulated within the agreement. As of the year-ended October 31, 2023, the full amount committed was paid.

10. Contingent liability

The Association is party to legal action arising in the ordinary course of operations. While it is not feasible to predict the outcome of all actions at the end of the fiscal period, it is the opinion of management that the resolution of these matters will not have a material adverse effect on the operations of the Association. An accrual related to known settlement amounts has been recorded in the October 31, 2024 financial statements; the remaining settlements are not determinable at this time.