

FINANCIAL STATEMENTS

**FACULTY ASSOCIATION OF SIMON
FRASER UNIVERSITY**

September 30, 2023

INDEPENDENT AUDITOR'S REPORT

To the Members of
Faculty Association of Simon Fraser University

Opinion

We have audited the financial statements of Faculty Association of Simon Fraser University (the Association), which comprise the statement of financial position as at September 30, 2023, 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, the accompanying financial statements present fairly, in all material respects, the financial position of the Association as at September 30, 2023, 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 Association 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 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 the 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 Association or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the 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 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 Association's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

INDEPENDENT AUDITOR'S REPORT

- 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 Association'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 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.

Report on Other Legal and Regulatory Requirements

As required by the British Columbia Societies Act, we report that, in our opinion, the accounting principles used in these financial statements, Canadian accounting standards for not-for-profit organizations, have been applied on a basis consistent with that of the preceding year.

The comparative figures for the year ended September 30, 2022 were reported on by another firm of chartered professional accountants who expressed an unqualified opinion thereon in their report dated April 13, 2023.

Vancouver, Canada
April 18, 2024

Chartered Professional Accountants

STATEMENT OF FINANCIAL POSITION


As at September 30

| | 2023 | | | | 2022 | |
|---|----------------------|----------------------------|--------------------------|-------------------------------|------------------|------------------|
| | Operating Fund \$ | General Reserve Fund \$ | Legal Reserve Fund \$ | Bargaining Reserve Fund \$ | Total \$ | Total \$ |
| ASSETS | | | | | | |
| Current | | | | | | |
| Cash | 211,308 | — | — | — | 211,308 | 197,722 |
| Accounts receivable [note 4] | 12,986 | — | — | — | 12,986 | — |
| Prepaid expenses | 5,194 | — | — | — | 5,194 | — |
| Total current assets | 229,488 | — | — | — | 229,488 | 197,722 |
| Investments [note 3] | 782,235 | — | — | — | 782,235 | 921,457 |
| Due (to) from interfund [note 9], no specific terms | (764,555) | 554,805 | 140,600 | 69,150 | — | — |
| Capital assets [note 5] | 4,082 | — | — | — | 4,082 | 2,952 |
| | 251,250 | 554,805 | 140,600 | 69,150 | 1,015,805 | 1,122,131 |
| LIABILITIES | | | | | | |
| Current liabilities | | | | | | |
| Accounts payable and accruals [note 6] | 243,024 | — | — | — | 243,024 | 186,960 |
| Professional development accrual [note 7] | 8,226 | — | — | — | 8,226 | 4,372 |
| Total current liabilities | 251,250 | — | — | — | 251,250 | 191,332 |
| Total liabilities | 251,250 | — | — | — | 251,250 | 191,332 |
| FUND BALANCES | — | 554,805 | 140,600 | 69,150 | 764,555 | 930,799 |
| | 251,250 | 554,805 | 140,600 | 69,150 | 1,015,805 | 1,122,131 |

See accompanying notes to the financial statements

On behalf of the Executive Committee:


Director


Director

STATEMENT OF CHANGES IN NET ASSETS

Year ended September 30

| | Operating Fund \$ | General Reserve Fund \$ <i>[note 9(i)]</i> | Legal Reserve Fund \$ <i>[note 9(ii)]</i> | Bargaining Reserve Fund \$ <i>[note 9(iii)]</i> | Total \$ |
|--|-------------------------|--|---|---|----------------|
| 2023 | | | | | |
| Balance, beginning of year | — | 736,534 | 135,600 | 58,665 | 930,799 |
| Revenue over (under) expenses for the year | 108,709 | 24,562 | (295,000) | (4,515) | (166,244) |
| Provision for Bargaining Reserve | (15,000) | — | — | 15,000 | — |
| Transfer of deficit (surplus) | (93,709) | 93,709 | — | — | — |
| Transfer to Legal Reserve Fund | — | (300,000) | 300,000 | — | — |
| Balance, end of year | — | 554,805 | 140,600 | 69,150 | 764,555 |
| 2022 | | | | | |
| Balance, beginning of year | — | 818,696 | 257,600 | 75,058 | 1,151,354 |
| Revenue over (under) expenses for the year | 18,036 | 14,802 | (222,000) | (31,393) | (220,555) |
| Provision for Bargaining Reserve | (15,000) | — | — | 15,000 | — |
| Transfer of deficit (surplus) | (3,036) | 3,036 | — | — | — |
| Transfer to Legal Reserve Fund | — | (100,000) | 100,000 | — | — |
| Balance, end of year | — | 736,534 | 135,600 | 58,665 | 930,799 |

See accompanying notes to the financial statements

Faculty Association of Simon Fraser University

STATEMENT OF OPERATIONS

Year ended September 30

| | 2023 | | | | 2022 | |
|--|------------------|----------------------|--------------------|-------------------------|------------------|------------------|
| | Operating Fund | General Reserve Fund | Legal Reserve Fund | Bargaining Reserve Fund | Total | Total |
| | \$ | \$ | \$ | \$ | \$ | \$ |
| REVENUE | | | | | | |
| Membership dues | 1,379,231 | — | — | — | 1,379,231 | 1,116,315 |
| Investment income | — | 24,562 | — | — | 24,562 | 14,802 |
| | 1,379,231 | 24,562 | — | — | 1,403,793 | 1,131,117 |
| EXPENSES | | | | | | |
| Amortization | 1,809 | — | — | — | 1,809 | 2,891 |
| Association dues - CAUT | 237,402 | — | — | — | 237,402 | 227,680 |
| - CAUT Defence Fund | 89,052 | — | — | — | 89,052 | 76,868 |
| - CUFA BC | 108,241 | — | — | — | 108,241 | 97,377 |
| Audit | 11,550 | — | — | — | 11,550 | 11,550 |
| Donations | 11,000 | — | — | — | 11,000 | 6,000 |
| Insurance | 5,267 | — | — | — | 5,267 | 4,892 |
| IT support | 2,350 | — | — | — | 2,350 | 2,820 |
| Legal <i>[note 11]</i> | 206,421 | — | 295,000 | — | 501,421 | 295,154 |
| Meetings | 15,730 | — | — | 4,515 | 20,245 | 8,242 |
| Member events | 6,545 | — | — | — | 6,545 | 10,917 |
| Office and general | 13,390 | — | — | — | 13,390 | 15,477 |
| Professional development | 5,520 | — | — | — | 5,520 | 5,520 |
| Release time - current year provision <i>[notes 8 and 11]</i> | 40,902 | — | — | — | 40,902 | 71,579 |
| Salaries and benefits <i>[note 11]</i> | 466,253 | — | — | — | 466,253 | 459,250 |
| Special projects | 275 | — | — | — | 275 | 15,448 |
| Travel and conference costs | 48,815 | — | — | — | 48,815 | 40,007 |
| | 1,270,522 | — | 295,000 | 4,515 | 1,570,037 | 1,351,672 |
| Excess of revenues (expenses) for the year | 108,709 | 24,562 | (295,000) | (4,515) | (166,244) | (220,555) |
| Fund balances, beginning of year | — | 736,534 | 135,600 | 58,665 | 930,799 | 1,151,354 |
| Interfund transfers | | | | | | |
| Provision for Bargaining Reserve | (15,000) | — | — | 15,000 | — | — |
| Transfer to Legal Reserve Fund | — | (300,000) | 300,000 | — | — | — |
| Transfer of operating surplus | (93,709) | 93,709 | — | — | — | — |
| Fund balances, end of year | — | 554,805 | 140,600 | 69,150 | 764,555 | 930,799 |

See accompanying notes to the financial statements

STATEMENT OF CASH FLOWS

Year ended September 30

| | 2023 | | | 2022 | | |
|--|------------------|----------------------|--------------------|-------------------------|------------------|-----------------|
| | Operating Fund | General Reserve Fund | Legal Reserve Fund | Bargaining Reserve Fund | Total | Total |
| | \$ | \$ | \$ | \$ | \$ | \$ |
| OPERATING ACTIVITIES | | | | | | |
| Revenue over (under) expenses for the year | 108,709 | 24,562 | (295,000) | (4,515) | (166,244) | (220,555) |
| Items not affecting cash: | | | | | | |
| Amortization of capital assets | 1,809 | — | — | — | 1,809 | 2,891 |
| Changes in other non-cash working capital items | | | | | | |
| Accounts receivable | (12,986) | — | — | — | (12,986) | 83,846 |
| Prepaid expenses | (5,194) | — | — | — | (5,194) | 70,561 |
| Accounts payable and accruals | 56,064 | — | — | — | 56,064 | 42,117 |
| Professional development accrual | 3,854 | — | — | — | 3,854 | (2,148) |
| Cash provided by (used in) operating activities | 152,255 | 24,562 | (295,000) | (4,515) | (122,698) | (23,288) |
| INVESTING ACTIVITIES | | | | | | |
| Purchase of capital assets | (2,938) | — | — | — | (2,938) | (3,427) |
| Redemption of investments, net | 139,222 | — | — | — | 139,222 | 220,524 |
| Cash provided by investing activities | 136,284 | — | — | — | 136,284 | 217,097 |
| FINANCING ACTIVITIES | | | | | | |
| Interfund transfers | (108,709) | (206,291) | 300,000 | 15,000 | — | — |
| Due (to) from interfund | (166,244) | 181,729 | (5,000) | (10,485) | — | — |
| Cash provided by (used in) financing activities | (274,953) | (24,562) | 295,000 | 4,515 | — | — |
| Increase in cash for the year | 13,586 | — | — | — | 13,586 | 193,809 |
| Cash, beginning of year | 197,722 | — | — | — | 197,722 | 3,913 |
| Cash, end of year | 211,308 | — | — | — | 211,308 | 197,722 |

See accompanying notes to the financial statements

NOTES TO FINANCIAL STATEMENTS

September 30, 2023

1. NATURE OF THE ORGANIZATION

The Faculty Association of Simon Fraser University (the "Association") was incorporated pursuant to the British Columbia Societies Act. The Association is a registered, not-for-profit organization who is exempt from income taxes. In May 2014 the Association became recognized as a trade union under the British Columbia Labour Relations Code.

The purpose of the Association is to assert the integrity of the academic profession, to defend academic freedom in teaching and research, to promote the welfare of all faculty members, to foster high standards of excellence in teaching and scholarship, and to act as the sole bargaining agent of all faculty members employed by Simon Fraser University and to regulate relations between the faculty members and the University through collective bargaining.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO") and include the following significant accounting policies:

Use of Estimates

The preparation of financial statements in conformity with Canadian ASNPO requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the amounts of revenues and expenses reported during the year. Significant areas requiring the use of management estimates relate to the determination of net recoverable value of assets, in particular as it relates to useful lives of capital assets. Actual results could differ from these estimates.

Fund Accounting

The Association follows fund accounting using the deferral method of accounting for contributions. Revenue and their related expenses are accounted for in separate funds in accordance with objectives, limitations and restrictions imposed by the Association.

The major funds are described below:

The Operating Fund reports the assets, liabilities, revenues and expenses related to the Association's unrestricted activities.

The General Reserve Fund reports the assets, liabilities, revenues and expenses related to the Association's reserve for future unanticipated expenses.

NOTES TO FINANCIAL STATEMENTS

September 30, 2023

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Fund Accounting (Cont'd)

The Legal Reserve Fund reports the assets, liabilities, revenues and expenses related to the Association's reserve to provide financial assistance to members to help defray any potential legal defence costs incurred with respect to their professional activities.

The Bargaining Reserve Fund reports the assets, liabilities, revenues and expenses related to the Association's reserve for collective bargaining activities.

Revenue Recognition

The Association follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenditures are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Membership dues are recognized as revenue on a monthly basis based on the members' employment income from Simon Fraser University.

Investment income includes interest income which is recorded based on the passage of time.

Measurement of Financial Instruments

The Association initially measures its financial assets and financial liabilities at fair value. The Association subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in net income.

Financial assets measured at amortized cost include cash, investments and accounts receivable.

Financial liabilities measured at amortized cost include accounts payable and accruals, accrued salaries, and professional development accrual.

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in net income. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in net income.

Investments

Investments, which are represented by term deposits, are presented as non-current assets if the investments are subject to restrictions that prevent its use for current purposes. This applies even if the investments are realizable over the next twelve months.

NOTES TO FINANCIAL STATEMENTS

September 30, 2023

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Capital Assets

Capital assets are recorded at cost, less accumulated amortization. Amortization of capital assets is recorded at the following rates:

- Office furniture and equipment 3 years straight-line

3. INVESTMENTS

| | 2023 | 2022 |
|---------------|---------|---------|
| | \$ | \$ |
| Term deposits | 782,235 | 921,457 |

The term deposits bears interest rates ranging from 2.22% to 4.90% [2022 - 0.75% to 3.35%] with maturity dates ranging from December 2023 to September 2025. The year-end balance includes accrued interest of \$2,642 [2022 - \$2,682].

4. ACCOUNTS RECEIVABLE

| | 2023 | 2022 |
|---------------------------------|--------|------|
| | \$ | \$ |
| Operations | 12,986 | — |
| Allowance for doubtful accounts | — | — |
| | 12,986 | — |

5. CAPITAL ASSETS

| | Cost | Accumulated | Net Book |
|--------------------------------|--------|--------------|----------|
| | \$ | Amortization | Value |
| | \$ | \$ | \$ |
| 2023 | | | |
| Office furniture and equipment | 19,522 | 15,440 | 4,082 |
| | 19,522 | 15,440 | 4,082 |
| 2022 | | | |
| Office furniture and equipment | 16,582 | 13,630 | 2,952 |
| | 16,582 | 13,630 | 2,952 |

NOTES TO FINANCIAL STATEMENTS

September 30, 2023

6. ACCOUNTS PAYABLE AND ACCRUALS

| | 2023 | 2022 |
|------------------|----------------|----------------|
| | \$ | \$ |
| Operations | 142,784 | 73,740 |
| Accrued salaries | 100,240 | 113,220 |
| | 243,024 | 186,960 |

7. PROFESSIONAL DEVELOPMENT ACCRUAL

The Association has entered into agreements to provide the Executive Director, Membership Services Officer and Executive Assistant with professional development accrual allowances equivalent to the amount received by the Association's members, which is currently \$1,910 [2022 - \$1,910] per year for each of the Executive Director and Membership Services Officer and \$1,700 [2022 - \$1,700] per year for the Executive Assistant. Total funds carried forward in the professional development accounts are limited to four year's accumulation.

8. RELEASE TIME

The Association pays for teaching release time for the President and certain other Officers in accordance with the Framework Agreement. The Executive may also approve a course release for other members for service to the Association which requires them to have a reduced workload in order to meet their commitments to the Association.

9. INTERFUND LOANS AND INTERNAL RESTRICTIONS

(i) Restricted for General Reserve Activities

Effective November 1, 1980, a reserve account was established for the purpose of providing funds to meet unanticipated expenses. Commencing October 1, 1985, interest earned on all General Fund assets has been allocated to this account to the extent there are adequate funds available in the unallocated surplus account. This fund balance shall be limited to an amount not to exceed the average of the annual revenues earned from members' dues during the previous two fiscal years. Expenditures from this account are recoverable from the Operating Fund.

During the year, the operating surplus, in the amount of \$89,195 [2022 - \$3,036], was transferred to the General Reserve Fund from the Operating Fund.

During the year, a transfer of \$300,000 [2022 - \$100,000] was made from the General Reserve Fund to the Legal Reserve Fund.

NOTES TO FINANCIAL STATEMENTS

September 30, 2023

9. INTERFUND LOANS AND INTERNAL RESTRICTIONS (CONT'D)

(i) Restricted for General Reserve Activities (Cont'd)

As at September 30, 2023, the balance in the General Reserve Fund was below the internally imposed accumulation limit by approximately \$523,000 [2022 - \$279,000 below the internally imposed accumulation limit].

(ii) Restricted for Legal Activities

In March 1987, the membership approved a contribution of \$30,000 from the Operating Fund to establish a Legal Reserve Fund. All interest earned on the assets of this fund is allocated to the General Reserve Fund. This fund balance shall be limited to a maximum of 40% of the members' dues for the current year. No further appropriations to the fund can be made after this limit is reached.

During the year, a transfer of \$300,000 [2022 - \$100,000] was made to the Legal Reserve Fund from the General Reserve Fund.

(iii) Restricted for Bargaining Activities

In March 2019, the membership approved a contribution of \$30,000 from the Operating Fund to establish a Bargaining Reserve Fund. All interest earned on the assets of this fund is allocated to the General Reserve Fund.

During the year, a transfer of \$15,000 [2022 - \$15,000] was made to the Bargaining Reserve Fund from the General Reserve Fund.

10. FINANCIAL INSTRUMENTS

The Association is exposed to various risks through its financial instruments. The following analysis presents the Association's exposures to significant risk as at September 30, 2023.

Credit Risk

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 is exposed to credit risk with respect to its cash, accounts receivables and investments. The Association assesses, on a continuous basis, accounts receivable on the basis of amounts it is virtually certain to receive. The Association's cash and investments are invested with a large financial institution.

Liquidity Risk

Liquidity risk is the risk of being unable to meet cash requirements or fund obligations as they become due. It stems from the possibility of a delay in realizing the fair value of financial instruments.

NOTES TO FINANCIAL STATEMENTS

September 30, 2023

10. FINANCIAL INSTRUMENTS (CONT'D)

Liquidity Risk (Cont'd)

The Association manages its liquidity risk by constantly monitoring forecasted and actual cash flows and financial liability maturities, and by holding assets that can be readily converted into cash.

Interest Rate Risk

Interest rate risk is the risk that the fair value or 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 cash and investments.

11. REMUNERATION OF DIRECTOR, EMPLOYEES AND CONTRACTORS

Pursuant to the British Columbia Societies Act, the Association is required to disclose remuneration paid to employees and contractors who are paid \$75,000 or more during the fiscal year. Salaries and benefits expense includes \$471,773 [2022 - \$458,058] remunerated to three [2022 - three] employees during the year.

Legal expense includes \$463,699 [2022 - \$275,895] for legal services provided by one [2022 - one] contractor during the year.

The Directors of the Association did not receive any remuneration for their service as Directors during the year. The Association does provide teaching release for various duties, which may be provided to Directors or other members of the Association as appropriate. The Association has paid Simon Fraser University for the teaching release of several Directors this year in order to allow them to fulfill specific duties to the Association. A number of these Directors may be involved with collective bargaining and those releases are also reflected here. The teaching release provided by the Association to people who also served as Directors is valued as follows:

| | \$ |
|--|---------------|
| President - Kumari Beck | 13,634 |
| Vice President - Dave Hannah | 6,817 |
| Community Engagement Director - Janice Regan | 6,817 |
| Chair, Equity Committee - Ljiljana Trajkovic | 6,817 |
| | <u>34,085</u> |

NOTES TO FINANCIAL STATEMENTS

September 30, 2023

12. COMPARATIVE FIGURES

The comparative figures for the year ended September 30, 2022 were reported on by another firm of chartered professional accountants who expressed an unqualified opinion thereon in their report dated April 13, 2023.

Certain 2022 comparative figures have been reclassified where necessary to conform to the current year's presentation.

DRAFT