

MCGILL ASSOCIATION OF UNIVERSITY TEACHERS
FINANCIAL STATEMENTS
AUGUST 31, 2020

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Mongiat • Bernucci

S.E.N.C.R.L. / LLP, Société de CPA / Partnership of CPAs

INDEPENDENT AUDITOR'S REPORT

To the Members of
McGILL ASSOCIATION OF UNIVERSITY TEACHERS

Opinion

We have audited the financial statements of McGILL ASSOCIATION OF UNIVERSITY TEACHERS (the association), which comprise the statement of financial position as at August 31, 2020, and the statements 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 August 31, 2020, 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 opinion.

Other Matter

The financial statements for the year ended August 31, 2019 were audited by another auditor who expressed an unmodified opinion on those financial statements on December 12, 2019.

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.
- 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.



Montréal (Québec)
January 13, 2021

¹ By Michel Bernucci, CPA auditor, CA

MCGILL ASSOCIATION OF UNIVERSITY TEACHERS

STATEMENT OF OPERATIONS

YEAR ENDED AUGUST 31, 2020

	2020	2019
Revenues		
Association dues	\$ 719,137	\$ 699,550
Allocation	<u>45,000</u>	<u>45,000</u>
	<u>764,137</u>	<u>744,550</u>
Expenses		
F.Q.P.P.U. and C.A.U.T. dues	322,625	310,639
Salaries and fringe benefits	270,582	324,636
Allocation	73,980	73,980
Conferences and meetings	24,343	33,778
Members' services	19,860	32,871
Professional fees	13,141	9,417
Office expenses	9,481	11,366
MOA contribution to MURA and RAC	7,735	4,157
Insurance and taxes	4,524	1,559
Telecommunications	4,458	5,151
Printing and photocopying	2,453	2,325
Advertising	897	1,781
Donations	<u>782</u>	<u>3,000</u>
	<u>754,861</u>	<u>814,660</u>
Excess (deficiency) of revenues over expenses from operations	<u>9,276</u>	<u>(70,110)</u>
Other revenues (expenses)		
Gain on sale of investments	-	59,779
Investment income	10,795	5,693
Change in fair value of investments	<u>3,434</u>	<u>(69,598)</u>
	<u>14,229</u>	<u>(4,126)</u>
Excess (deficiency) of revenues over expenses	<u>\$ 23,505</u>	<u>\$ (74,236)</u>

MCGILL ASSOCIATION OF UNIVERSITY TEACHERS

STATEMENT OF CHANGES IN NET ASSETS

YEAR ENDED AUGUST 31, 2020

	2020	2019
BALANCE, BEGINNING OF YEAR	\$ 653,404	\$ 727,640
Excess (deficiency) of revenues over expenses	<u>23,505</u>	<u>(74,236)</u>
BALANCE, END OF YEAR	<u>\$ 676,909</u>	<u>\$ 653,404</u>

MCGILL ASSOCIATION OF UNIVERSITY TEACHERS

STATEMENT OF FINANCIAL POSITION

AS AT AUGUST 31, 2020

	2020	2019
Assets		
Current assets		
Cash	\$ 38,465	\$ 60,377
Accounts receivable	155,057	97,955
Prepaid expenses	<u>6,058</u>	<u>420</u>
	199,580	158,752
Investments (Note 3)	<u>523,514</u>	<u>503,649</u>
	<u>\$ 723,094</u>	<u>\$ 662,401</u>
Liability		
Current liability		
Accounts payable and accrued liabilities	\$ 46,185	\$ 8,997
Net assets		
Unrestricted net assets	<u>676,909</u>	<u>653,404</u>
	<u>\$ 723,094</u>	<u>\$ 662,401</u>

APPROVED ON BEHALF OF THE BOARD,

Dror ETZION  _____, Director

_____, Director

MCGILL ASSOCIATION OF UNIVERSITY TEACHERS

STATEMENT OF CASH FLOWS

YEAR ENDED AUGUST 31, 2020

	2020	2019
OPERATING ACTIVITIES		
Excess (deficiency) of revenues over expenses	\$ 23,505	\$ (74,236)
Non-cash items:		
Gain on sale of investments	-	(59,779)
Change in fair value of investments	<u>(3,434)</u>	<u>69,598</u>
	20,071	(64,417)
Net change in non-cash items related to operating activities (Note 4)	<u>(25,553)</u>	<u>(7,572)</u>
	<u>(5,482)</u>	<u>(71,989)</u>
INVESTING ACTIVITIES		
Acquisition of investments	(80,513)	(23,926)
Proceeds from sale of investments	<u>64,083</u>	<u>-</u>
	<u>(16,430)</u>	<u>(23,926)</u>
Decrease in cash	(21,912)	(95,915)
Cash, beginning of year	<u>60,377</u>	<u>156,292</u>
Cash, end of year	<u>\$ 38,465</u>	<u>\$ 60,377</u>

1. NATURE OF BUSINESS

McGill Association of University Teachers (the "Association") is an association for McGill University teachers that promotes the welfare and interests of its members in matters affecting working conditions and to involve the teaching faculty in university activities and governance. The Association is considered a not-for-profit organization for tax purposes.

2. SIGNIFICANT ACCOUNTING POLICIES

The Association applies the Canadian accounting standards for not-for-profit organizations in Part III of the CPA Canada Handbook – Accounting.

Financial instruments

Initial and subsequent measurement

The Association initially measures its financial assets and liabilities at fair value, except for certain related party transactions that are measured at the carrying amount or exchange amount, as appropriate.

The Association subsequently measures all its financial assets and liabilities at cost or 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 of these financial instruments are recognized in net earnings in the period incurred.

Financial assets measured at amortized cost on a straight-line basis include cash and accounts receivable.

Financial liabilities measured at amortized cost on a straight-line basis include accounts payable and accrued liabilities.

Financial assets measured at fair value include the investments.

Impairment

For financial assets measured at cost or amortized cost, the Association determines whether there are indications of possible impairment. When there is an indication of impairment, and the Association determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows, a write-down is recognized in net earnings. A previously recognized impairment loss may be reversed to the extent of the improvement. The carrying amount of the financial asset may not be 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 earnings.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Transaction costs

Transaction costs related to financial instruments that will be subsequently measured at fair value are recognized in net earnings in the period incurred. Transaction costs related to financial instruments subsequently measured at amortized cost are included in the original cost of the asset or liability and recognized in net earnings over the life of the instrument using straight-line method.

Revenue Recognition

Contributions

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

Investment income

Investment income is recognized in the period it is earned.

Contributed services

Volunteers contribute several hours during the year to assist the Association in delivering its services. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

Use of estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and the reported amounts of revenues and expenses for the periods covered. The main estimates relate to the impairment of financial assets.

MCGILL ASSOCIATION OF UNIVERSITY TEACHERS

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2020

3. INVESTMENTS

	2020	2019
Fixed income	\$ 179,329	\$ 112,316
Money market funds	180,890	242,185
Mutual funds	<u>163,295</u>	<u>149,148</u>
	<u>\$ 523,514</u>	<u>\$ 503,649</u>

4. NET CHANGE IN NON-CASH ITEMS RELATED TO OPERATING ACTIVITIES

	2020	2019
Accounts receivable	\$ (57,102)	\$ (7,532)
Prepaid expenses	(5,638)	(20)
Accounts payable and accrued liabilities	<u>37,187</u>	<u>(20)</u>
	<u>\$ (25,553)</u>	<u>\$ (7,572)</u>

5. FINANCIAL INSTRUMENTS

Financial risks

The Association is exposed to various risks through its financial instruments, without being exposed to concentrations of risk. The main risks are broken down below.

Credit risk

Credit risk is the risk that one party to a financial asset will cause a financial loss for the Association by failing to discharge an obligation. The Association's credit risk is mainly related to its accounts receivable.

Market risk

Market risk is the risk that the fair value or future cash flows of the Association's financial instruments will fluctuate because of changes in market prices. Some of the Association's financial instruments expose it to this risk, which comprises currency risk, interest rate risk and other price risk.

6. COMPARATIVE FIGURES

Certain figures for 2019 have been reclassified to make their presentation identical to that adopted in 2020.