

McGILL ASSOCIATION OF UNIVERSITY TEACHERS
FINANCIAL STATEMENTS
AUGUST 31, 2018

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Société Carrière CPA Inc.

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Independent Auditor's Report

**To the Members of
McGILL ASSOCIATION OF UNIVERSITY TEACHERS**

We have audited the accompanying financial statements of **McGILL ASSOCIATION OF UNIVERSITY TEACHERS**, which comprise the balance sheet as at **August 31st, 2018**, and the statements of earnings and changes in net assets and cash flows for the year then ended, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

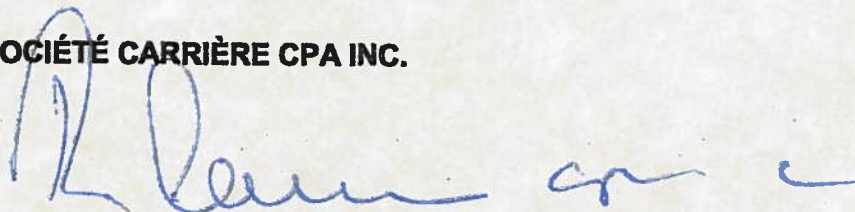
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of **McGILL ASSOCIATION OF UNIVERSITY TEACHERS** as at **August 31st, 2018**, 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.

SOCIÉTÉ CARRIÈRE CPA INC.



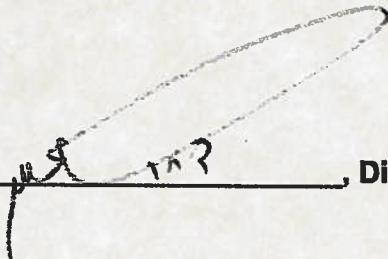
By Raymond Carrière, CPA auditeur, CA


Montreal, November 07, 2018

**McGILL ASSOCIATION OF UNIVERSITY TEACHERS
BALANCE SHEET
AS AT AUGUST 31, 2018**

	<u>2018</u>	<u>2017</u>
	\$	\$
ASSETS		
CURRENT ASSETS		
Cash	156,292	177,157
Accounts receivable	90,423	191,227
Money market funds	288,218	235,598
Interest Receivable	244	-
Prepaid expenses	400	400
	<u>535,577</u>	<u>604,382</u>
MUTUAL FUNDS	<u>201,085</u>	<u>190,488</u>
	<u><u>736,662</u></u>	<u><u>794,870</u></u>
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	9,022	13,702
UNRESTRICTED NET ASSETS	<u>727,640</u>	<u>781,168</u>
	<u><u>736,662</u></u>	<u><u>794,870</u></u>

APPROVED BY THE BOARD OF DIRECTORS

_____ , Director

_____ , Director

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

**McGILL ASSOCIATION OF UNIVERSITY TEACHERS
STATEMENT OF EARNINGS AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED AUGUST 31, 2018**

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	<u>2018</u>	<u>2017</u>
	\$	\$
REVENUES		
Association dues	712,748	736,207
Allocation	45,000	45,000
Investment income	<u>7,520</u>	<u>4,367</u>
	<u>765,268</u>	<u>785,574</u>
EXPENSES		
Dues - F.Q.P.P.U. and C.A.U.T.	301,789	300,459
Salaries and fringe benefits	322,465	226,813
Allocation	73,980	73,500
Conference and meetings	72,715	70,997
Printing and photocopying	4,808	3,985
Advertising	-	293
Donations	9,146	9,500
Professional fees	9,244	8,384
Office expenses	21,627	18,184
Insurance	1,505	1,499
Telecommunications	7,458	6,351
Members' Services	-	5,000
Change in fair value of mutual funds	<u>(5,941)</u>	<u>(7,651)</u>
	<u>818,796</u>	<u>717,314</u>
EXCESS OF REVENUES OVER EXPENSES FOR THE YEAR	(53,528)	68,260
NET ASSETS - BEGINNING OF YEAR	<u>781,168</u>	<u>712,908</u>
NET ASSETS - END OF YEAR	<u><u>727,640</u></u>	<u><u>781,168</u></u>

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

McGILL ASSOCIATION OF UNIVERSITY TEACHERS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED AUGUST 31, 2018

	2018 \$	2017 \$
CASH FLOWS FROM		
OPERATING ACTIVITIES		
Excess of revenues over expenses for the year	(53,528)	68,260
Non-cash item		
Change in fair value of mutual funds	<u>(5,941)</u>	<u>(7,651)</u>
	(59,469)	60,609
Changes in non-cash working capital items (note 3)	<u>43,260</u>	<u>(95,430)</u>
	(16,209)	(34,821)
INVESTING ACTIVITIES		
Acquisition of mutual funds	<u>(4,656)</u>	<u>(2,947)</u>
NET CHANGE IN CASH	(20,865)	(37,768)
CASH - BEGINNING OF YEAR	<u>177,157</u>	<u>214,925</u>
CASH - END OF YEAR	<u><u>156,292</u></u>	<u><u>177,157</u></u>

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

1. GOVERNING STATUTE AND NATURE OF BUSINESS

McGILL ASSOCIATION OF UNIVERSITY TEACHERS (the "Association") is an association for McGill University teachers and promotes the welfare and interests of its members in matters concerning the McGill University. The association is considered as a not-for-profit organisation for tax purposes.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO) in Part III of the CPA Canada Handbook - Accounting.

Use of estimates

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses during the reporting period and disclosure of contingencies at the date of the financial statements. Actual results could differ from those estimates.

Management believes that these estimates are appropriate. These estimates are reviewed periodically and adjustments are made to earnings in the year they become known.

Revenue recognition

The Association follows the deferral method of accounting for contributions. Contributions for which the related restrictions remain unfulfilled are deferred and recognized in the revenue when those restrictions are ultimately fulfilled. Endowment contributions are recognized directly in the statement of changes in net assets. Other contributions are recorded in revenue in the current year. Contributions include donations, memberships, contributed goods, contributed services, contributed tangible assets and grants. Contributions are recognized when the amount can be reasonably estimated and when collection is reasonably assured. Investment income is recognized in the period it is earned.

Financial instruments

Measurement of financial instruments

The Association initially measures its financial assets and financial liabilities at fair value, except for certain non-arm's length transactions. The Association subsequently measures all its financial assets and financial liabilities at amortized cost, except for equity investments quoted in active markets and derivative financial instruments, which are measured at fair value. Changes in fair value are recognized in excess of revenues over expenses.

Financial assets measured at amortized cost consist of cash and cash equivalents and accounts receivable. Financial liabilities measured at amortized cost consist of accounts payable and accrued liabilities.

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and deposit held with banks with original maturities of three months or less. Temporary investments that the entity cannot use for current transactions because they are pledged as security are excluded from cash and cash equivalents.

Donation

McGill University is offering a free lease to the Association. Due to the difficulty of determining its fair value, the rent is not recognized in the financial statements.

Contributed services

Volunteers contribute many hours during the year to assist the Association in carrying out its service delivery activities. Due to the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

3. CHANGES IN NON-CASH WORKING CAPITAL ITEMS

a) Cash and cash equivalents

Cash and cash equivalents include only cash.

b) Net change in non-cash working capital items

	2018 \$	2017 \$
	<u> </u>	<u> </u>
Accounts receivable	100,804	(99,230)
Money market funds	(52,620)	(1,420)
Interest receivable	(244)	
Prepaid expenses	-	(6)
Accounts payable and accrued liabilities	(4,680)	5,226
	<u>43,260</u>	<u>(95,430)</u>

4. FINANCIAL INSTRUMENTS

The Association is exposed to various risks through its financial instruments. The following analysis provides a measure of the Association's risk and concentrations as at August 31, 2018.

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. Financial instruments which potentially subject the Association to credit risk consist principally of accounts receivable. The Association regularly evaluates the credit of its accounts receivable and establishes a provision for accounts considered doubtful. The Association does not require guarantees.

Interest rate risk

Accounts receivable and accounts payable are without interest.

Fair value

The fair value of a financial instrument is the amount of consideration that would be agreed within an arm's length transaction between willing parties. The Association uses methods and assumptions to estimate the fair value of each class of financial instruments whose carrying amounts are included in the balance sheet.