

MCGILL ASSOCIATION OF UNIVERSITY TEACHERS

FINANCIAL STATEMENTS

AUGUST 31, 2022

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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, 2022, and the statements of revenues and expenses, 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, 2022, 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.

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
April 17, 2023

¹ By Michel Bernucci, CPA auditor

MCGILL ASSOCIATION OF UNIVERSITY TEACHERS

STATEMENT OF REVENUES AND EXPENSES

YEAR ENDED AUGUST 31, 2022

	2022	2021
Revenues		
Association dues	\$ 788,922	\$ 760,509
Allocation	<u>45,000</u>	<u>45,000</u>
	<u>833,922</u>	<u>805,509</u>
Expenses		
F.Q.P.P.U. and C.A.U.T. dues	349,344	336,428
Salaries and fringe benefits	239,872	233,817
Allocation	77,000	73,980
Professional fees	15,607	16,670
MOA contribution to MURA and RAC	5,948	6,058
Members' services	5,017	8,008
Telecommunications	4,580	5,888
Donations	2,749	-
Insurance and taxes	2,555	3,934
Office expenses	887	399
Advertising	400	-
Printing and photocopying	<u>(25)</u>	<u>7,210</u>
	<u>703,934</u>	<u>692,392</u>
Excess of revenues over expenses from operations	<u>129,988</u>	<u>113,117</u>
Other revenues (expenses)		
Loss on redemption of investments	-	(1,643)
Investment income	14,326	5,418
Change in fair value of investments	<u>(43,695)</u>	<u>36,916</u>
	<u>(29,369)</u>	<u>40,691</u>
Excess of revenues over expenses	<u>\$ 100,619</u>	<u>\$ 153,808</u>

MCGILL ASSOCIATION OF UNIVERSITY TEACHERS
STATEMENT OF CHANGES IN NET ASSETS
YEAR ENDED AUGUST 31, 2022

	2022	2021
BALANCE, BEGINNING OF YEAR	\$ 859,697	\$ 705,889
Excess of revenues over expenses	<u>100,619</u>	<u>153,808</u>
BALANCE, END OF YEAR	<u>\$ 960,316</u>	<u>\$ 859,697</u>

MCGILL ASSOCIATION OF UNIVERSITY TEACHERS
STATEMENT OF FINANCIAL POSITION
AS AT AUGUST 31, 2022

	2022	2021
Assets		
Current assets		
Cash	\$ 174,133	\$ 102,899
Temporary investment	5,046	5,028
Accounts receivable	<u>386,626</u>	<u>254,250</u>
	565,805	362,177
Investments	<u>407,186</u>	<u>510,020</u>
	<u>\$ 972,991</u>	<u>\$ 872,197</u>
Liability		
Current liability		
Accounts payable and accrued liabilities	\$ 12,675	\$ 12,500
Net assets		
Unrestricted net assets	<u>960,316</u>	<u>859,697</u>
	<u>\$ 972,991</u>	<u>\$ 872,197</u>

APPROVED ON BEHALF OF THE BOARD,

_____, Director

_____, Director

MCGILL ASSOCIATION OF UNIVERSITY TEACHERS

STATEMENT OF CASH FLOWS

YEAR ENDED AUGUST 31, 2022

	2022	2021
OPERATING ACTIVITIES		
Excess of revenues over expenses	\$ 100,619	\$ 153,808
Non-cash items:		
Loss on redemption of investments	-	1,643
Change in fair value of investments	<u>43,695</u>	<u>(36,916)</u>
	144,314	118,535
Net change in non-cash items related to operating activities (Note 5)	<u>(132,201)</u>	<u>(97,840)</u>
	<u>12,113</u>	<u>20,695</u>
INVESTING ACTIVITIES		
Acquisition of temporary investment	(18)	(5,028)
Acquisition of investments	(861)	(233)
Proceeds from redemption of investments	<u>60,000</u>	<u>49,000</u>
	<u>59,121</u>	<u>43,739</u>
Increase in cash	71,234	64,434
Cash, beginning of year	<u>102,899</u>	<u>38,465</u>
Cash, end of year	<u><u>\$ 174,133</u></u>	<u><u>\$ 102,899</u></u>

1. NATURE OF BUSINESS

McGill Association of University Teachers (the "Association") is an association of tenure track faculty, contract academic staff and academic librarians 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.

Financial instruments

Initial measurement

The association initially measures its financial assets and liabilities originated or exchanged in arm's length transactions at fair value. Financial assets and liabilities originated or exchanged in related party transactions, except for those that involve parties whose sole relationship with the association is in the capacity of management, are initially measured at cost.

Subsequent measurement

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 using the straight-line method include cash, term deposits, trade and other receivables, except for accounts receivable from a company under common control, and notes receivable.

Financial assets measured at fair value include quoted shares.

A financial liability issued by the association in an arm's length transaction indexed to a measure of the association's financial performance or to changes in the value of the association's equity is remeasured at the higher of the amortized cost of the debt or the amount that would be due at the balance sheet date if the formula determining the additional amount was applied at that date. The amount of the adjustment relating to the additional amount is recognized in income and presented as a separate component of interest expense.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Impairment

For financial assets measured at cost or amortized cost, the association determines whether there are indications of possible impairment. When there are, 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. If the indicators of impairment have decreased or no longer exist, the 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.

Transaction costs

Transaction costs attributable to financial instruments subsequently measured at fair value and to those originated or exchanged in a related party transaction are recognized in net earnings in the period incurred. Transaction costs related to financial instruments originated or exchanged in an arm's length transaction that are subsequently measured at amortized cost are recognized in the original cost of the instrument. When the instrument is measured at amortized cost, transaction costs are recognized in net earnings over the life of the instrument using the straight-line method.

Cash and cash equivalents

The association's policy is to present bank balances under cash and cash equivalents, including bank overdrafts when bank balances that fluctuate frequently from being positive to overdrawn, and temporary investments with a maturity period of three months or less from the date of acquisition.

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.

MCGILL ASSOCIATION OF UNIVERSITY TEACHERS

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2022

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue Recognition (continued)

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 amounts of assets and liabilities and the amounts recognized as revenues and expenses for the periods covered. Actual results may differ from these estimates. The critical estimates relate to the provision for doubtful accounts, the net realizable value of inventory, the measurement of work in progress, the impairment of financial assets, the useful lives of property, plant and equipment and intangible assets subject to amortization, the likelihood of realizing future income tax assets and the measurement of investment tax credits.

3. TEMPORARY INVESTMENT

The temporary investment consists of a nine-month non-redeemable Guaranteed Investment Certificate which bears interest at 0.65% and matures on January 19, 2023.

4. INVESTMENTS

	2022	2021
Fixed income	\$ 58,340	\$ 129,315
Money market funds	181,985	181,124
Mutual funds	<u>166,861</u>	<u>199,581</u>
	<u>\$ 407,186</u>	<u>\$ 510,020</u>

MCGILL ASSOCIATION OF UNIVERSITY TEACHERS

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2022

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

	2022	2021
Accounts receivable	\$ (132,376)	\$ (99,193)
Prepaid expenses	-	6,058
Accounts payable and accrued liabilities	<u>175</u>	<u>(4,705)</u>
	<u>\$ (132,201)</u>	<u>\$ (97,840)</u>

6. FINANCIAL INSTRUMENTS

Financial risks

The significant risks arising from financial instruments to which the association is exposed as at August 31, 2022 are detailed 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.

Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices, other than those arising from interest rate risk or currency risk, whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The association is mainly exposed to other price risk through its investments in quoted shares for which the value fluctuates with the quoted market price.