

Mount Royal Faculty Association
Financial Statements
March 31, 2023

Independent Auditors' Report

To the Members of Mount Royal Faculty Association:

Opinion

We have audited the accompanying financial statements of Mount Royal Faculty Association (the "Association"), which comprise the statement of financial position as at March 31, 2023, and the statements of operations, changes in fund balances and cash flows for the year then ended, and 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 March 31, 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 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.

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- 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.

Calgary, Alberta
June 9, 2023

MNP LLP

Chartered Professional Accountants

Mount Royal Faculty Association Statement of Financial Position

As at March 31, 2023

	<i>Operating fund</i>	<i>Professional fees fund</i>	<i>Grants fund</i>	<i>Building fund</i>	2023	2022
Assets						
Current						
Cash (Note 3)	439,615	159,016	20,985	13,622	633,238	643,637
Term deposits (Note 4)	-	898,179	-	-	898,179	894,601
Prepaid expenses	9,697	-	-	-	9,697	5,900
Inventory	5,848	-	-	-	5,848	5,078
	455,160	1,057,195	20,985	13,622	1,546,962	1,549,216
Capital assets (Note 2)	5,517	-	-	22,688	28,205	15,807
	460,677	1,057,195	20,985	36,310	1,575,167	1,565,023
Liabilities						
Current						
Accounts payable and accruals	13,366	-	-	-	13,366	19,960
Deferred contributions (Note 6)	20,206	-	-	-	20,206	15,591
	33,572				33,572	35,551
Commitments (Note 9)						
Fund Balances						
Internally restricted	-	1,057,195	-	36,310	1,093,505	1,073,549
Externally restricted (Note 7)	-	-	20,985	-	20,985	40,000
Unrestricted	427,105	-	-	-	427,105	415,923
	427,105	1,057,195	20,985	36,310	1,541,595	1,529,472
	460,677	1,057,195	20,985	36,310	1,575,167	1,565,023

Approved on behalf of the Executive Board



Director



Director

The accompanying notes are an integral part of these financial statements

Mount Royal Faculty Association
Statement of Operations
For the year ended March 31, 2023

	<i>Operating fund</i>	<i>Professional fees fund</i>	<i>Grants fund</i>	<i>Building fund</i>	2023	2022
Revenue						
Cleaning allowance	3,159	-	-	-	3,159	3,159
Education grants	-	-	64,000	-	64,000	64,000
Food and beverage sales	29,735	-	-	-	29,735	2,801
Interest	-	3,578	-	-	3,578	4,094
Union dues	907,236	-	-	-	907,236	938,869
Part-time grants	-	-	20,000	-	20,000	20,000
Professional development fund	10,000	-	-	-	10,000	4,500
Retreat room subsidies	9,394	-	-	-	9,394	-
Total revenue	959,524	3,578	84,000	-	1,047,102	1,037,423
Expenses						
Committee	56,754	-	-	-	56,754	22,910
Compensation	446,538	-	-	-	446,538	498,982
Faculty centre	320,578	1,788	-	1,046	323,412	323,566
General	29,847	-	-	-	29,847	18,546
Office	30,467	-	-	-	30,467	22,028
Professional development	35,052	-	89,535	-	124,587	114,801
Scholarships and gifts	23,374	-	-	-	23,374	32,668
Total expenses	942,610	1,788	89,535	1,046	1,034,979	1,033,501
Excess (deficiency) of revenue over expenses	16,914	1,790	(5,535)	(1,046)	12,123	3,922

The accompanying notes are an integral part of these financial statements

Mount Royal Faculty Association
Statement of Changes in Fund Balances

For the year ended March 31, 2023

	<i>Operating fund</i>	<i>Professional fees fund</i>	<i>Grants fund</i>	<i>Building fund</i>	2023	2022
Fund balance, beginning of year	415,923	1,039,117	40,000	34,432	1,529,472	1,525,550
Excess (deficiency) of revenue over expenses	16,914	1,790	(5,535)	(1,046)	12,123	3,922
Interfund transfers (Note 8)	(5,732)	16,288	(13,480)	2,924	-	-
Fund balance, end of year	427,105	1,057,195	20,985	36,310	1,541,595	1,529,472

The accompanying notes are an integral part of these financial statements

Mount Royal Faculty Association
Statement of Cash Flows
For the year ended March 31, 2023

	2023	2022
Cash provided by (used for) the following activities		
Operating		
Excess of revenue over expenses	12,123	3,922
Amortization	4,740	3,175
	16,863	7,097
Changes in working capital accounts		
Term deposits	(3,578)	(354,094)
Prepaid expenses	(3,797)	1,953
Inventory	(770)	(5,078)
Accounts payable and accruals	(6,594)	1,005
Deferred contributions	4,615	15,591
Net cash provided by operating activities	6,739	(333,526)
Investing		
Purchase of capital assets	(17,138)	(8,279)
Decrease in cash resources	(10,399)	(341,805)
Cash resources, beginning of year	643,637	985,442
Cash resources, end of year	633,238	643,637

The accompanying notes are an integral part of these financial statements

Mount Royal Faculty Association

Notes to the Financial Statements

For the year ended March 31, 2023

1. Purpose of the organization

Mount Royal Faculty Association (the "Association") is a not-for-profit organization, incorporated under the auspices of the Post Secondary Learning Act, which represents the faculty members of Mount Royal University (the "University"). The Association is exempt from income taxes under paragraph 149(1)(k) of the Income Tax Act (Canada). The Association's purpose is to manage relations between the University and the members of the Association, act as the sole negotiating agent regarding the terms and conditions of employment of all members of the Association, to maintain and promote the professional and material status of members, to promote the welfare of the University, and to uphold the principles of academic freedom, tenure, equity and human rights within the University.

2. Significant accounting policies

The financial statements of the Association have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations. The financial statements have, in management's opinion, been properly prepared using careful judgment with reasonable limits of materiality and within the framework of the significant accounting policies summarized below.

Fund accounting

The Association follows the restricted fund method of accounting for contributions, and maintains four funds: the Operating Fund, Professional Fees Fund, Grants Fund and Building Fund.

The Operating Fund accounts for the Association's general operating and administrative activities. This fund reports unrestricted resources.

The Professional Fees Fund is an internally restricted fund that was established to pay professional fees resulting from costs associated with the maintenance of members' professional welfare.

The Grants Fund (formerly the Education Fund) includes funding that is collectively bargained for and externally restricted by the University. Interest income earned by the Grants Fund is internally restricted within the Grants Fund. Education grants are provided to assist members in improving their educational qualifications or developing their educational skills. Part-time grants are provided to encourage part-time staff members to attend faculty meetings through cash incentives.

The Building Fund includes capital expenditures of the University faculty centre and funds restricted to cover future costs of maintaining the faculty centre.

Cash and cash equivalents

Cash and cash equivalents are comprised of cash on hand and funds held on deposit with financial institutions.

Term deposits

Term deposits comprised of short-term investments which mature within one year and are redeemable at the holder's discretion. Term deposits are measured at cost with the associated interest recognized upon maturity.

Revenue recognition

Restricted contributions related to general operations are recognized as revenue of the Operating Fund in the year in which the related expenses are incurred. All other restricted contributions are recognized as revenue of the appropriate restricted fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Restricted contributions include education grants, part-time grants, and restricted union dues.

Unrestricted contributions are recognized as revenue of the Operating Fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Unrestricted contributions include unrestricted union dues, cleaning allowance and social committee revenues.

Revenue from food and beverage sales is recognized as revenue of the Operating Fund at the point of sale.

Investment income on restricted resources is recognized as revenue in its respective fund upon maturity of the underlying investments and is internally restricted within the fund. Unrestricted investment income earned on Operating Fund resources is recognized as revenue of the Operating Fund upon maturity of the underlying investments.

Mount Royal Faculty Association

Notes to the Financial Statements

For the year ended March 31, 2023

2. Significant accounting policies (continued)

Inventory

Inventory is valued at the lower of cost and net realizable value. Cost is determined by the first-in, first-out method. Net realizable value is the estimated selling price in the ordinary course of business less selling costs. Total inventory expensed during the year was \$22,202 (2022 - \$3,715).

Financial instruments

The Association recognizes its financial instruments when the Association becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at their fair value, including financial assets and liabilities originated and issued in a related party transaction with management.

Measurement:

At initial recognition, the Association may irrevocably elect to subsequently measure any financial instrument at fair value.

Financial assets and liabilities are subsequently measured at amortized cost.

Financial assets subsequently measured at amortized cost include cash, term deposits and accounts receivable.

Financial liabilities subsequently measured at amortized cost include accounts payable and accruals.

Transaction costs directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in the excess of revenue over expenses for the current year. Transaction costs are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

Impairment:

Financial assets subsequently measured at amortized cost are tested for impairment when there are indications that impairment exists. The amount of write-down is recognized as an impairment loss in excess/deficiency of revenue over expenses. A previously recognized impairment loss may be reversed to the extent of an improvement, 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 excess/deficiency of revenue over expenses in the period the reversal occurs.

Measurement uncertainty

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations 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 reported amounts of revenues and expenses during the reporting period. Amortization of capital assets is based upon the estimated useful life of those assets.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary, they are reported in excess/deficiency of revenue over expenses in the periods in which they become known.

Capital assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution if fair value can be reasonably determined.

Amortization is provided using methods and rates intended to amortize the cost of assets over their estimated useful lives.

	Method	Rate
Computer equipment	declining balance	45 %
Leasehold improvements	straight-line	20 years

Mount Royal Faculty Association

Notes to the Financial Statements

For the year ended March 31, 2023

3. Cash

Included in the operating fund is a cash balance of \$314,821 (2022 - \$262,809) from collected union dues. Proceeds from union dues have been segregated for internal tracking purposes.

4. Term deposits

Term deposits consist of guaranteed investment certificates. The date of acquisition, cost, date of redemption, interest rate and redemption values of the term deposits are as follows:

Date of Acquisition	Cost	Date of Redemption	Term	Annual Interest Rate	Redemption Value
June 9, 2022	278,803	June 9, 2023	1 year	1.40%	282,707
September 28, 2022	267,976	September 28, 2023	1 year	2.40%	274,407
August 30, 2022	351,400	August 30, 2023	1 year	2.40%	359,834
	<u>\$ 898,179</u>				<u>\$ 916,948</u>

5. Capital assets

	Cost	Accumulated amortization	2023 Net book value	2022 Net book value
Computer equipment	17,060	11,542	5,518	7,204
Leasehold improvements	402,661	379,974	22,687	8,603
	<u>419,721</u>	<u>391,516</u>	<u>28,205</u>	<u>15,807</u>

Included in faculty centre expenses for the year is \$4,740 (2022 – \$3,715) of amortization expense.

6. Deferred contributions

During the year, a donation of \$10,000 (2022 - \$10,000) was received from the Board of Governors and \$10,206 (2022 - \$5,591) was collected from members of the Association to subsidize costs of the Annual Member's Retreat. These amounts have been recorded as a deferred contribution liability and will be recognized in full within the subsequent year.

7. Externally restricted fund

Externally imposed restrictions on fund balances are as follows:

	2023	2022
Restricted for faculty professional development	<u>20,985</u>	40,000

8. Interfund transfers

During the year, \$16,288 (2022 - \$91,454) was transferred from the Operating Fund to the Professional Fees Fund in order to establish funding for any potential contingencies as per the Association's Bylaws.

Additionally, \$20,000 was transferred from the Grant Fund to the Operating Fund for Contract Service Honourarium payments, and \$6,520 (2022 - \$27,925) was transferred from the Operating Fund to the Grant Fund to support professional development activities, for a total transfer of (\$13,480) (2022 - \$27,925) from the Operating Fund to the Grand Fund.

Finally, \$2,924 (2022 - \$17,912) was transferred from the Operating Fund to the Building Fund to meet its target balance and support any future capital asset purchases.

Mount Royal Faculty Association

Notes to the Financial Statements

For the year ended March 31, 2023

9. Commitments

The Association has signed a 20 year lease with the University for the sum of \$1.00 per annum expiring on June 30, 2034.

10. Economic dependence

The Association is dependent on the University and its faculty for its continued operation. Union dues are levied by the Association per the collective bargaining agreement on all full-time and part-time faculty members. The dues are collected by the University and distributed to the Association on a monthly basis.

11. Financial instruments

The Association is exposed to various risks through its financial instruments. The following analysis provides a measure of the entity's risk exposure at the balance sheet date.

Credit risk

The Association is exposed to credit risk resulting from the possibility that parties may default on their financial obligations. The Association's funding is primarily received from the University, however, due to the economically stable nature of the University, there are no undue credit risks.

The Association's credit risk exposure on cash and term deposits is minimized substantially by ensuring that cash and term deposits are held with credible financial institutions.