

**FINANCIAL STATEMENTS**

**University of Waterloo Staff Association**  
Unaudited - see Review Engagement Report

**April 30, 2018**



# Hemmerich, Flanagan, Kratz, McRae & Wilson LLP

Chartered Professional Accountants

## Independent Practitioner's Review Engagement Report

To the Executive Committee of **University of Waterloo Staff Association**

We have reviewed the accompanying financial statements of **University of Waterloo Staff Association** that comprise the statement of financial position as at **April 30, 2018**, and the statements of changes in surplus, operations and cash flows for the year then ended, and 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.

### Practitioner's Responsibility

Our responsibility is to express a conclusion on the accompanying financial statements based on our review. We conducted our review in accordance with Canadian generally accepted standards for review engagements, which require us to comply with relevant ethical requirements.

A review of financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, we do not express an audit opinion on these financial statements.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the financial statements do not present fairly, in all material respects, the financial position of **University of Waterloo Staff Association** as at **April 30, 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.

*Hemmerich, Flanagan, Kratz,  
McRae & Wilson LLP*

Waterloo, Ontario  
August 3, 2018

Hemmerich, Flanagan, Kratz, McRae & Wilson LLP  
Chartered Professional Accountants, Licensed Public Accountants

University of Waterloo Staff Association

**Statement of Financial Position**

As as April 30

Unaudited - see Review Engagement Report

	<b>2018</b>	<b>2017</b>
<b>ASSETS</b>		
<b>Current</b>		
Cash	\$ 360,051	\$ 328,796
Interest receivable	1,133	96
Short-term investments	100,000	103,045
Prepaid expenses	-	17,650
	461,184	449,587
<b>Property, plant and equipment - Note 3</b>	<b>6,139</b>	<b>8,558</b>
	\$ 467,323	\$ 458,145
<b>LIABILITIES AND SURPLUS</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	\$ 13,068	\$ 21,347
<b>Surplus</b>	<b>454,255</b>	<b>436,798</b>
	\$ 467,323	\$ 458,145

*See accompanying notes*

University of Waterloo Staff Association

Statement of Changes in Surplus

Year ended April 30

Unaudited - see Review Engagement Report

	2018	2017
<b>Investments in Property, Plant and Equipment</b>		
Balance - beginning of year	\$ 8,558	\$ 9,183
Investment in assets	950	2,572
Amortization	(2,753)	(3,197)
Loss on disposal of assets	(616)	-
<b>Balance - end of year</b>	<b>\$ 6,139</b>	<b>\$ 8,558</b>
<b>Wind-up Reserve Fund</b>		
Balance - beginning of year	\$ 280,898	\$ 245,062
Transfer from Operating Surplus	17,457	35,836
<b>Balance - end of year</b>	<b>\$ 298,355</b>	<b>\$ 280,898</b>
<b>Projects Reserve Fund</b>		
Balance - beginning of year	\$ 50,000	\$ 50,000
<b>Balance - end of year</b>	<b>\$ 50,000</b>	<b>\$ 50,000</b>
<b>Operating Surplus</b>		
Balance - beginning of year	\$ 97,342	\$ 95,089
Excess of revenues over expenditures	17,457	37,464
Investment in property, plant and equipment	(950)	(2,572)
Amortization	2,753	3,197
Transfer to Wind-up Reserve Fund	(17,457)	(35,836)
Loss on disposal of assets	616	-
<b>Balance - end of year</b>	<b>\$ 99,761</b>	<b>\$ 97,342</b>
	<b>\$ 454,255</b>	<b>\$ 436,798</b>

See accompanying notes

University of Waterloo Staff Association

Statement of Operations

Year ended April 30

Unaudited - see Review Engagement Report

	2018	2017
<b>Revenue</b>		
Membership dues	\$ 305,535	\$ 299,160
Other revenue	20,640	14,941
	<u>326,175</u>	<u>314,101</u>
<b>Expenses</b>		
Payroll and employee expenses	246,010	223,666
Board operations	17,258	8,350
Professional services	13,177	8,154
Office and administration	11,246	11,311
Member benefits	10,866	10,967
Fundraising and social	4,291	3,009
Member advisory	4,282	3,818
Amortization	2,753	3,197
Communication and membership	1,934	6,587
Outreach	1,262	1,929
Loss on disposal of asset	616	-
Foreign exchange	41	-
	<u>313,736</u>	<u>280,988</u>
<b>Income from operations</b>	<u>12,439</u>	<u>33,113</u>
<b>Other revenue</b>		
Interest revenue	<u>5,018</u>	<u>4,351</u>
<b>Excess of revenue over expenditures</b>	<u>\$ 17,457</u>	<u>\$ 37,464</u>

*See accompanying notes*

University of Waterloo Staff Association

Statement of Cash Flows

Year ended April 30

Unaudited - See Review Engagement Report

	2018	2017
<b>Cash flows from operating activities</b>		
Cash receipts from members	\$ 326,271	\$ 314,197
Cash paid to suppliers and employees	(300,996)	(297,451)
Interest received	3,885	4,351
<b>Cash flows from operating activities</b>	<b>29,160</b>	<b>21,097</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment - <i>Note 3</i>	(950)	(2,572)
Increase in short-term investments	3,045	(2,021)
<b>Cash flows from investing activities</b>	<b>2,095</b>	<b>(4,593)</b>
<b>Net increase in cash</b>	<b>31,255</b>	<b>16,504</b>
<b>Cash - beginning of year</b>	<b>328,796</b>	<b>312,292</b>
<b>Cash - end of year</b>	<b>\$ 360,051</b>	<b>\$ 328,796</b>

*See accompanying notes*

## Notes to Financial Statements

April 30, 2018

Unaudited - see Review Engagement Report

### 1. Purpose of Organization

The University of Waterloo Staff Association, is a not-for-profit organization incorporated under the Laws of Ontario, without share capital. The Association is responsible for establishing an independent, democratic organization pledged to maintaining and developing the economic and social interests of staff members. These financial statements reflect all of the revenues, expenditures, assets, liabilities and surplus of the Association.

### 2. Significant Accounting Policies

#### Basis of Accounting

These statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.

The Association follows the accrual basis of accounting for all transactions.

#### Property, Plant and Equipment

Property, plant and equipment are stated at cost. Amortization is provided using the following rates and methods:

Furniture and fixtures	20% declining balance
Computer equipment	55% declining balance
Computer software	100% declining balance

One-half the normal rate of amortization is applied in the year of acquisition.

#### Investments

Investments are recorded at cost and are written down to market value only when a permanent decline in value is indicated.

## **University of Waterloo Staff Association**

### **Notes to Financial Statements**

April 30, 2018

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#### **2. Significant Accounting Policies - continued**

##### **Inter-fund Transfers and Internally Restricted Fund Balances**

The Association has established certain internally restricted funds as noted below. During the year, the board of directors internally restricted resources amounting to \$17,457, all of which was allocated to the Wind-up reserve.

a) Wind-up Reserve Fund - The Wind-up Reserve Fund has been established to provide business continuity and severance obligations for the Corporation in the event of the windup of the Corporation.

b) Projects Reserve Fund - The projects Reserve Fund has been established to permit the board of directors to engage in special projects that are not capital in nature with a fixed duration typically not to exceed one year.

##### **Revenue Recognition**

The Association follows the deferral method of accounting for contributions. Revenue from membership dues and other income are recognized when received or receivable if the amounts to be received can be reasonably estimated and collection is reasonably assured.

##### **Contributed Services**

Volunteers contribute a number of hours each year to assist the Association in carrying out its activities. Because of the difficulty in determining fair value, these contributed services are not recognized in the financial statements.

##### **Donations**

Unrestricted donations are recorded on the cash basis. They are recognized as income when received regardless of what fiscal year they have been pledged. Restricted donations are recognized as revenue in the year in which the related expenditures have been incurred and recognized.

##### **Use of Estimates**

The preparation of these financial statements, in conformity with Canadian accounting standards for not-for-profit organizations, requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from these estimates.

##### **Measurement Uncertainty**

Financial statements are based on representations that require estimates to be made in anticipation of future transactions and events and include measurement that may, by their nature, be approximations.



**Notes to Financial Statements**

April 30, 2018

Unaudited - see Review Engagement Report

**3. Property, Plant and Equipment**

	Cost	Accumulated Amortization	Net Book Value	
			2018	2017
Furniture and fixtures	\$ 24,725	\$ 19,187	\$ 5,538	\$ 5,853
Computer equipment	15,720	15,119	601	2,705
	<u>\$ 40,445</u>	<u>\$ 34,306</u>	<u>\$ 6,139</u>	<u>\$ 8,558</u>

During the year, property, plant and equipment totaling \$950 (2017 - \$2,572) were purchased with cash.

**4. Rent**

The Association has an agreement with the University of Waterloo permitting them to occupy facilities located on campus in the William Davis Computer Research Centre at no charge, with a fair market rental value of \$3,881 (2017 - \$3,674). Since the agreement does not require the Association to pay for the occupancy of the facilities, no expenditure has been recorded in the financial statements to reflect the fair value of the use of the facilities.

**5. Income Taxes**

The Association is registered as a not-for-profit organization under the Income Tax Act (Canada). As such no provision for income taxes is required.

**6. Financial Instruments**

The Association's financial instruments consist of cash, accounts receivable, short-term investments, and accounts payable and accrued liabilities. The carrying value of cash, short-term investments, accounts receivable, accounts payable and accrued liabilities approximate their fair values due to the relatively short period to maturity of these instruments.

The Association has adopted the following classifications for financial assets and financial liabilities:

- Cash and cash equivalents and short-term investments are classified as held-for-trading. Changes in fair value for the period are recorded in the statement of revenue and expenditures and transaction costs are expensed as incurred.
- Amounts receivable are classified as loans and receivables. These assets are initially recorded at fair value and subsequently measured at amortized cost less any provision for impairment.
- Accounts payable and accrued liabilities are classified as other financial liabilities. These liabilities are initially recorded at fair value and subsequently measured at amortized cost.

## Notes to Financial Statements

April 30, 2018

Unaudited - see Review Engagement Report

### **6. Financial Instruments - continued**

The Association has a comprehensive risk management framework to monitor, evaluate and manage the principal risks assumed with financial instruments. The risks that arise from transacting financial instruments include credit risk and liquidity risk.

#### **a) Credit Risk**

The Association's exposure to credit risk is as indicated by the carrying value amount of the financial assets. The Association may be exposed to losses in the future where the carrying amounts of assets are not realized. The Association is satisfied that the risk of realization has been appropriately provided for.

#### **b) Liquidity Risk**

The Association's exposure to liquidity risk is dependent on the collection of funds to sustain operations. The Association controls liquidity risk by management of working capital and cash flows.