

POLICY ON FINANCIAL REPORTING, RESERVES, AND BUDGETING

A. PURPOSE

The University of Lethbridge Faculty Association (ULFA) is a democratic, membership-based organization of academic staff whose overarching goals are to promote the collective interests of its members; to protect and enhance the freedom and quality of teaching scholarship, debate, thought, and research within the university community; and to improve the overall quality of academic life at the University of Lethbridge. Policies are essential in providing substance to this mandate. The purpose of this policy is to describe ULFA's current financial management policy and to provide a sustainable financial framework.

B. POLICY STATEMENT

The University of Lethbridge Faculty Association will responsibly use the association's funds to promote the collective ULFA membership, herein referred to as Members, and to ensure the long-term financial stability of the association.

C. RESPONSIBILITIES

Executive committee

1. Oversees and approves the general actions and directions of the Finance Committee.
2. Provides annual financial reports to Members.

Finance committee (comprised of ULFA President, UFLA Treasurer, and at least one member of the ULFA staff)

1. Ensures this policy is correctly administered.
2. Will provide monthly financial reporting to the executive committee.
3. Oversees the annual external audit.
4. President, Treasurer and Executive Officer or equivalent will have signing authority.
5. Treasurer and one staff member shall be members of the job action committee's finance sub-committee.

D. PROCEDURES

Operating budget

1. ULFA staff will prepare a monthly bank reconciliation for the Finance Committee which can be made available to members of the Executive (e.g., in executive meeting packages).
2. The Finance Committee is responsible for monitoring expenditures and must bring to the attention of the Executive in the event any operating budget item expenditures exceed either 10% of budget category or \$10,000, whichever is less.
3. The Finance Committee is responsible for monitoring expenditures and must bring to the attention of the Executive any operating budget item expenditure that becomes a deficit or in the event of an overall operating

budget deficit.

4. The Finance Committee will be responsible for drafting a proposed annual operating budget for ultimate approval by Members. This proposed budget should be presented for approval by the Executive at least four weeks prior to the annual general meeting (usually held in the Spring).
 - a. When developing the budget, the Finance Committee will take into account the current and desired level of each of the reserves identified in *E. Financial reserves* below and make recommendations to the Executive for replenishment of said reserves as needed and in accordance with ULFA's by-laws.
 - b. When developing the budget, the Finance Committee will review the current mil rate and make any recommended changes of the mil rate to Executive.

Revenue

1. Most of the association's revenues come from Member dues (based on the mil rate). All Members are ultimately responsible to ensure their dues are paid, however dues are withheld by the university when Members are paid.
2. The Finance Committee periodically review financial reports from the University of Lethbridge to ensure that dues are deducted accurately from Members, in accordance with bylaw 4.
3. ULFA's mil rate shall be established or amended by Members at a general meeting.
4. Dues rate and schedule shall be reported annually to Members for both ULFA and external organization where ULFA is a member.
 - a. ULFA is a member of the Confederation of Alberta Faculty Associations (CAFA).
 - b. ULFA is a member of the Canadian Association of University Teachers (CAUT).
 - c. ULFA contributes to the CAUT Defence Fund.

Capital Expenditures

1. Tangible assets that are critical to the business operations that will have a useful life over one year will be recorded as capital assets on the financial records. Expenditures of less than \$500 are not normally considered capital assets.
 - a. For financial statement purposes, capital assets will be annually amortized on a straight-line basis over their useful life.
2. Capital expenditures for assets with a useful life of one year or less will be recorded as operating expenses.
3. ULFA staff will maintain a list of capital assets, including the accumulated amortization on those assets.
 - a. The Executive Officer is responsible for acquiring and safeguarding the association's capital assets, including verifying the location off all capital assets at least annually.
 - b. The Finance Committee is to review this list for accuracy and

completeness at least semi-annually.

Investment

1. This clause was endorsed by Executive on October 6, 2006, and by Members at a general meeting on November 14, 2006.
2. The Finance Committee will be responsible for the administration of ULFA's cash assets and investments with a view to:
 - a. Meeting liquidity requirements.
 - b. Generating modest income through interest.
 - c. Achieving stability by investing only in low volatility, low risk instruments thereby:
 - i. Maintaining the security of the principal and rates of return; and
 - ii. Maintaining sufficient cash on hand for the day-to-day operations of the Association.
3. Interest from all ULFA's investments shall be considered as revenue in the annual operating budget.
4. The Finance Committee will report annually to the Executive detailing the state and performance of investments.

Job Action

If job action seems likely, Executive may approve the release of funds from the ULFA Lockout/strike preparedness reserve to be accessible and controlled by the Job Action Committee.

In the event of job action:

1. The Finance Committee hands over control and authority of the ULFA Lockout/strike preparedness reserve to the Job Action Committee.
2. The Finance Committee will continue to control the remainder of ULFA's financial matters.

E. FINANCIAL RESERVES

ULFA has four internally restricted reserves. Policies regarding the accumulation and use of each financial reserve is provided below. The Finance Committee will review these policies annually, making recommendations for any required changes to Executive for approval.

1. Arbitration and litigation reserve
 - a. This reserve was approved by Members at a Special General Meeting on February 6, 1987 for the purpose of covering ULFA costs as may be associated with arbitrations, hearing committees, selection officers and related matters arising out of the administration of the Collective Agreement.
 - b. Executive recommends a balance of \$120,000 be held in this reserve for legal costs that exceed budgeted funds in any given year. Each year that the approved budget exceeds the actual legal costs, the balance will be transferred to this reserve. If the legal costs exceed the approved budgeted amount, the difference will be taken from this reserve.
 - c. Should the balance in this reserve be below the suggested balance for two

consecutive years, the Finance Committee will recommend to executive a special mil rate increase to recover this balance.

2. Lockout/strike preparedness reserve
 - a. This reserve is established for the purpose of supporting job action by the association. Examples of job action costs include:
 - i. Member pay during job action;
 - ii. Benefit premiums for Members on behalf of the Board of Governors;
 - iii. Supplementary costs of office relocation, rental of additional equipment and services, purchase of job action related supplies, and other relevant expenses; and
 - iv. Contributions to connected faculty associations and unions when they are undertaking job action, as approved by executive. (Executive has currently approved \$500 per week to other faculty associations commencing on the second week of their job action.)
 - b. Funds from this reserve are intended to supplement monies to be received from the CAUT Defence Fund.
 - c. The value of the reserve is based on the following principles:
 - i. Member pay to cover the first three days of any job action (recommended Member pay rate of up to \$160 per Member per calendar day).
 - ii. Difference in Member pay and CAUT Defence Fund pay after the first three days of any job action (e.g., if pay rate is \$160 and CAUT Defence Fund pays \$96/Member/day, this reserve would fund the \$64/Member/day difference).
 - iii. Executive recommends that this reserve have sufficient funds to support a job action for at least twice the length of either a) the average Canadian post-secondary strike/lockout or b) the average Alberta post-secondary strike/lockout, whichever is greater.
 - iv. Some costs will need to be incurred prior to any official job action. An additional amount to cover these costs will be included in this reserve and can be used with executive approval prior to job action. Executive recommends at least \$50,000 for this additional amount.
 - d. Member pay during job action will be determined based on, in part, amounts accumulated in this reserve at the time of job action.
 - e. This reserve was approved in principle by Members at an Annual General Meeting on April 22, 2016, thereafter, approved by Executive on October 26, 2017. Since that time, several editorial changes and updates to expected balances have been made.
3. Conference travel reserve

- a. Half of the Inactive Member dues are placed into this reserve according to the Collective Agreement (Article 4.06).
 - b. This reserve shall be used each year for the purpose of the ULFA staff and Members to attend conferences and meetings on association business.
4. Contingency reserve
- a. Half of the Inactive Member dues are placed into this reserve according to the Collective Agreement (Article 4.06).
 - b. Executive recommends that our contingency reserve be established at 75% of the annual operating budget.
 - c. The reserve shall be allowed to grow in years when revenues exceed expenditures.
 - d. It shall be used when required, such as but not limited to:
 - i. Staff salaries, benefits, and overtime pay during job action; and
 - ii. Years when expenditures exceed revenues.
 - e. This reserve was established through a Memorandum of Agreement dated March/April 1996, ULFA has always had sole signing authority for this reserve.

F. UNRESTRICTED NET ASSETS

The Association accounts for its accumulated excess (deficiency) of revenues over expenditures as unrestricted net assets on the financial statements. Given that the association is non-profit organization and maintains reserves necessary for future events with large expenditures (e.g., lockout/strike preparedness and contingency reserves), the balance in unrestricted net assets is expected to be near zero. Any positive balances in unrestricted net assets should be used to build the financial reserves of the association. Once all reserves have sufficiently high balances, positive balances in the unrestricted net assets should be avoided by mil rate adjustments. Negative balances in the unrestricted net assets can normally be avoided by transfers from the association's contingency reserve.

G. REFERENCES

- [Bylaws of the University of Lethbridge Faculty Association](#)
- [ULFA Financial Support of Conference Attendance](#)
- [Academic Staff Collective Agreement](#)
- [Job Action Policy](#)
- [CAUT Defence Fund – Bylaws](#)
- [CAUT Defence Fund – Standing Rules & Regulations](#)

H. REVISION HISTORY

- November 9, 2017: New Policy
- November 1, 2020: New Policy to align with the 2018 Collective Agreement
 - Changes approved by Executive via e-motion on November 10, 2020



- October 2, 2024 approved policy: Revisions to language throughout, including significant updates to descriptions of the reserve policies.