

Newfoundland & Labrador Teachers' Association

**Finance Booklet
BGM 2019**

Finance Booklet

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Section I

Introduction

A. NLTA Finance and Property Committee 2017-2019: Craig Hicks (Chairperson), Kelly Loch, Joe Santos, Chesley West, Wade Rogers (Staff) and Rita Tee (Staff)

B. Terms of Reference of Finance and Property Committee:

1. In accordance with By-Law XVII and policies of the Executive Council, the duties of the Finance Committee are:
 - a) To control, under the direction of the Executive, the spending of all funds of the Association.
 - b) To review, under the direction of the Executive, the spending of all funds of the Association.
 - c) To make recommendations to Executive regarding budgetary revisions and adjustments.
 - d) To submit monthly and annual financial reports to the Executive and present the annual financial reports to BGM.
 - e) To prepare an annual budget for presentation in preliminary draft to Executive and in draft to the BGM.
 - f) To recommend to the Executive the allowance for expenses incurred through attendance at BGM.
 - g) To serve in an advisory capacity to the Executive and to BGM in matters of finance and financial policy.
 - h) To invest funds in accordance with the financial policy of the Association.
2. To authorize purchase, lease or rental of property and equipment as directed by the Executive Council.
3. To make recommendations to the Executive Council regarding office space, renovations, maintenance, tenancy and the acquisition or disposal of property and equipment.
4. To administer the tendering policies of the Executive Council.

NOTE: The administrative staff members, subject to the review of the Finance and Property Committee, are to be responsible for processing expense claims at Convention and at all conferences.

C. The Budget Process

The Terms of Reference of the Finance Committee require that the Committee prepare an Annual Budget for presentation in preliminary draft to the Provincial Executive and in draft to the BGM.

The main elements of the process are as follows:

1. The budget process for the 2019-20 and 2020-21 budgets began with an initial discussion draft prepared and reviewed by NLTA staff in September 2018.
2. In October 2018 the discussion draft was reviewed by the Finance and Property Committee prior to presentation to Joint Council.
3. The discussion draft was then presented to Joint Council at the meeting of October 26-27, 2018. Branch Presidents were separated into groups where input was provided into the budget documents.
4. At a meeting held on November 29, 2018, the Finance and Property Committee reviewed the input from Joint Council.
5. The draft was provided to the March 8-9, 2019 meeting of Joint Council for further comment.
6. A final draft of the budgets for 2019-20 and 2020-21 was approved by Provincial Executive for presentation to the 2019 BGM.
7. The draft budgets for 2019-20 and 2020-21, as presented, at the 2019 BGM are subject to amendment during the BGM debate.

Section II

NLTA Auditor Reports 2016-17 and 2017-18



Financial Statements

Newfoundland and Labrador Teachers' Association

August 31, 2017

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Independent auditors' report

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To the Members of Newfoundland and Labrador Teachers' Association,

We have audited the accompanying financial statements of Newfoundland and Labrador Teachers' Association, which comprise the statements of financial position as at August 31, 2017, and the statements of operations, statements of changes in net assets 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.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 in our audits 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 Newfoundland and Labrador Teachers' Association as at August 31, 2017, 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.



St. John's, Canada

March 8, 2018

Chartered Professional Accountants

Newfoundland and Labrador Teachers' Association

Statement of Operations

Year Ended August 31

2017

2016

	General Fund (Pages 16-17)	Restricted Funds (Page 18)	<u>Total</u>	<u>Total</u>
Revenue				
Membership fees	\$ 5,407,907	\$ 472,499	\$ 5,880,406	\$ 6,338,459
Contributions	354,415	164,207	518,622	499,536
Government grants	246,361	-	246,361	266,216
Interest on investments	24,196	692,564	716,760	1,164,457
Miscellaneous	<u>105,034</u>	<u>34,006</u>	<u>139,040</u>	<u>127,824</u>
	<u>6,137,913</u>	<u>1,363,276</u>	<u>7,501,189</u>	<u>8,396,492</u>
Expenses				
Administration	2,359,996	26,458	2,386,454	2,146,490
Benefits and economic services	1,352,736	-	1,352,736	1,389,789
Communications	754,114	-	754,114	776,761
Employee assistance program	-	84,619	84,619	74,619
Retired Teachers' Association of NL	-	12,000	12,000	6,000
Branch operations	343,661	-	343,661	299,831
Investment fees	-	69,903	69,903	64,592
Professional development	628,377	28,940	657,317	628,757
Grievances and arbitration	-	213,080	213,080	136,877
Negotiations and other lock-out	-	89,962	89,962	46,282
Public awareness strategy	<u>-</u>	<u>692,362</u>	<u>692,362</u>	<u>1,043,393</u>
	<u>5,438,884</u>	<u>1,217,324</u>	<u>6,656,208</u>	<u>6,613,391</u>
Excess of revenue over expenses before other items	<u>699,029</u>	<u>145,952</u>	<u>844,981</u>	<u>1,783,101</u>
Other items				
Increase in fair value of investments	<u>-</u>	<u>531,015</u>	<u>531,015</u>	<u>293,961</u>
	<u>-</u>	<u>531,015</u>	<u>531,015</u>	<u>293,961</u>
Excess of revenue over expenses	<u>\$ 699,029</u>	<u>\$ 676,967</u>	<u>\$ 1,375,996</u>	<u>\$ 2,077,062</u>

See accompanying notes to the financial statements.

Newfoundland and Labrador Teachers' Association Statement of Changes in Fund Balances

Year Ended August 31	2017	2016		
	<u>General Fund</u>	<u>Restricted Funds (Page 19)</u>	<u>Total</u>	<u>Total</u>
Fund balances, beginning of year	\$ 5,766,923	\$ 20,432,758	\$ 26,199,681	\$ 24,113,200
Excess of revenue over expenses	699,029	676,967	1,375,996	2,077,062
Actuarial re-measurements (Note 9)	(313,551)	-	(313,551)	9,419
Interfund transfers	<u>(690,532)</u>	<u>690,532</u>	<u>-</u>	<u>-</u>
Fund balances, end of year	<u>\$ 5,461,869</u>	<u>\$ 21,800,257</u>	<u>\$ 27,262,126</u>	<u>\$ 26,199,681</u>

See accompanying notes to the financial statements.

Newfoundland and Labrador Teachers' Association

Statement of Financial Position

August 31

2017

2016

	General Fund	Restricted Funds (Page 20)	Total	Total
Assets				
Current				
Cash and cash equivalents	\$ 4,621,531	\$ -	\$ 4,621,531	\$ 4,643,850
Receivables	20,256	-	20,256	12,434
Receivable from				
General fund	-	980,415	980,415	944,936
Insurance fund	51,758	-	51,758	43,242
Restricted funds	471,708	-	471,708	323,471
Prepays	29,060	-	29,060	23,309
	5,194,313	980,415	6,174,728	5,991,242
Investments (Note 4)	1,047,312	21,376,876	22,424,188	21,060,274
Property and equipment (Note 5)	1,823,075	-	1,823,075	1,964,894
Deferred pension costs (Note 9)	421,429	-	421,429	402,910
	<u>\$ 8,486,129</u>	<u>\$ 22,357,291</u>	<u>\$ 30,843,420</u>	<u>\$ 29,419,320</u>
Liabilities				
Current				
Payables and accruals	\$ 583,500	\$ 85,326	\$ 668,826	\$ 566,828
Payable to				
General fund	-	471,708	471,708	323,471
Restricted funds	980,415	-	980,415	944,936
	1,563,915	557,034	2,120,949	1,835,235
Accrued severance pay	425,432	-	425,432	514,638
Accrued benefit liability (Note 9)	1,034,913	-	1,034,913	869,766
	3,024,260	557,034	3,581,294	3,219,639
Members' Equity	<u>5,461,869</u>	<u>21,800,257</u>	<u>27,262,126</u>	<u>26,199,681</u>
	<u>\$ 8,486,129</u>	<u>\$ 22,357,291</u>	<u>\$ 30,843,420</u>	<u>\$ 29,419,320</u>

Commitments (Note 8)

On behalf of the Board

President_____
Treasurer

See accompanying notes to the financial statements.

Newfoundland and Labrador Teachers' Association

Statement of Cash Flows

Year Ended August 31

2017

2016

	General Fund	Restricted Funds (Page 21)	Total	Total
Operating				
Excess of revenue over expenses	\$ 699,029	\$ 676,967	\$ 1,375,996	\$ 2,077,062
Depreciation	165,201	-	165,201	164,794
Deferred pension costs	(18,519)	-	(18,519)	(140,413)
Accrued severance pay	(89,206)	-	(89,206)	(27,816)
Accrued benefit liability	165,147	-	165,147	92,666
Actuarial re-measurements	(313,551)	-	(313,551)	9,419
	608,101	676,967	1,285,068	2,175,712
Change in non-cash operating working capital (Note 7)	(6,145)	86,054	79,909	(214,823)
	601,956	763,021	1,364,977	1,960,889
Financing				
Advances to restricted fund	(690,532)	-	(690,532)	(452,051)
Advances from general funds	-	690,532	690,532	452,051
	(690,532)	690,532	-	-
Investing				
Increase (decrease) in investments	89,636	(1,453,553)	(1,363,917)	(1,094,053)
Purchase of property and equipment	(23,379)	-	(23,379)	(37,162)
Proceeds from sale of property	-	-	-	4,059
	66,257	(1,453,553)	(1,387,296)	(1,127,156)
Net (decrease) increase in cash and cash equivalents	(22,319)	-	(22,319)	833,733
Cash and cash equivalents				
Beginning of year	4,643,850	-	4,643,850	3,810,117
End of year	\$ 4,621,531	\$ -	\$ 4,621,531	\$ 4,643,850

See accompanying notes to the financial statements.

Newfoundland and Labrador Teachers' Association

Notes to the Financial Statements

August 31, 2017

1. Purpose of the organization

The Newfoundland and Labrador Teachers' Association is a provincial union and professional association, providing services collectively and individually to all teachers in Newfoundland and Labrador. These services include collective bargaining, handling of grievances and arbitrations, professional development, economic services and any other function deemed relevant by the membership. The Association is a not-for-profit corporation and is exempt from paying income tax under Subsection 149 (1) (K) of the Income Tax Act.

2. Summary of significant accounting policies

Basis of presentation

The Association has prepared these financial statements in accordance with Canadian Accounting Standards for not-for-profit organization (ASNPO).

Fund accounting

The Association follows the restricted fund method of accounting for contributions.

The General Fund accounts for the organization's program delivery and administrative activities. The Fund reports all unrestricted resources. During 2017, the General Fund transferred \$690,532 to the Emergency Fund.

The Emergency Fund is responsible for any matters related to arbitration, negotiations, lock-outs or job actions, and any other approved emergency purposes. The Fund reports on the investments maintained for emergency job actions, as well as the expenses for the same. During 2017, the Emergency Fund received transfers of \$690,532 from the General Fund.

The Professional Development Fund utilizes interest earned to support professional development initiatives for teachers.

The Centennial Fund, created in 1990 to mark the 100th anniversary of the NLTA, utilizes interest earned to offset EAP counselling services, to provide an annual grant to the RTANL and to provide educational opportunities to teachers to enhance knowledge about teaching and learning.

The Reserve Fund is used to cover annual deficits in the General Fund. It is internally restricted to a minimum of 10% of current revenues in the General Fund.

The IT Strategy Fund was established to provide support for information technology upgrades within the Association.

Newfoundland and Labrador Teachers' Association

Notes to the Financial Statements

August 31, 2017

2. Summary of significant accounting policies (cont'd.)

The purpose of the Safe Schools Fund is to promote whole-school community involvement in violence prevention activities that contribute to the development of a safe and caring learning environment.

The School Administrators' Council Professional Development Fund (SAC Fund) was established to hold a portion of school administrators' membership fees for the use of the Schools Administrators' Council to fund its programs.

The Presidential Housing Fund was established to assist in funding costs associated with future presidential housing benefits.

The Presidential Travel Fund was established to assist in funding costs associated with future presidential travel expenses.

Use of estimates

In preparing the Association's financial statements in conformity with Canadian accounting standards for not-for-profit organizations, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and reported amounts of revenue and expenses during the year. Items requiring the use of significant estimates include deferred pension costs, accrued benefit liability, and rates of depreciation.

Revenue

Membership dues are recognized when collected. Investment income is recorded as it is earned.

Government grants and contributions for specific projects are recognized as the related expenses are incurred.

Reimbursements of costs from the Group Insurance Fund to the General Fund are recorded as the related costs are incurred and information to determine the Fund's proportionate share of the costs becomes readily available.

Depreciation

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution.

Rates of depreciation applied on a straight line basis to write-off the cost of property and equipment over their estimated lives are as follows:

Land improvements	10%
Buildings	2-5%
Building improvements	2.5 - 10%
Equipment	10%
Computer equipment	20%

Newfoundland and Labrador Teachers' Association

Notes to the Financial Statements

August 31, 2017

2. Summary of significant accounting policies (cont'd.)

Cash and cash equivalents

Cash and cash equivalents include cash on hand and balances with banks (net of bank overdrafts). Bank borrowings are considered to be financing activities.

Investments

Investments are classified as held for trading and accounted for at fair value with changes in fair value recorded in excess of revenue over expenses. Fair value is determined using the quoted market value for publicly traded investments.

Accrued severance pay

Severance pay is calculated based upon years of service and current salary levels. The amount is payable when the employee ceases employment with the Association.

Accrued pension costs

Accrual of the costs of the Association's defined benefit pension plans are recorded monthly and adjusted annually based on actuaries' reports using the funding going concern valuation method. Pension expense includes the net of management's best estimate of the cost of benefits provided, interest cost of projected benefits, return on pension plan assets, as well as the best estimates of salary changes and retirement ages of employees. Pension plan assets are valued at market values. The discount rate used for determining deferred pension costs is the expected rate of return on plan assets.

Accrued employee future benefit liability

The Association provides post-retirement benefits in the form of extended life and health coverage to employees. The cost and obligations of these benefits earned by employees are actuarially determined using the funding going concern valuation method and management's best estimate of assumptions and future claim rates and costs.

Financial instruments

Initial measurement

The Association's financial instruments are measured at fair value when issued or acquired. For financial instruments subsequently measured at cost or amortized cost, fair value is adjusted by the amount of the related financing fees and transaction costs. Transaction costs and financing fees relating to financial instruments that are measured subsequently at fair value are recognized in operations in the year in which they are incurred.

Subsequent measurement

At each reporting date, the Association measures its financial assets and liabilities at cost or amortized cost (less impairment in the case of financial assets), except for equities quoted in an active market, which must be measured at fair value.

Newfoundland and Labrador Teachers' Association

Notes to the Financial Statements

August 31, 2017

2. Summary of significant accounting policies (cont'd.)

The Association uses the effective interest rate method to amortize any premiums, discounts, transaction fees and financing fees to the statement of operations. The financial instruments measured at amortized cost are cash and cash equivalents, receivables and payables and accruals. The financial instruments measured at fair value are investments.

For financial assets measured at cost or amortized cost, the Association regularly assesses whether there are any indications of impairment. If there is an indication of impairment, and the Association determines that there is a significant adverse change in the expected timing or amount of future cash flows from the financial asset, it recognizes an impairment loss in the statement of operations. Any reversals of previously recognized impairment losses are recognized in operations in the year the reversal occurs.

Impairment of long-lived assets

Long-lived assets are reviewed for impairment upon the occurrence of events or changes in circumstances indicating that the value of the assets may not be recoverable, as measured by comparing their net book value to the estimated undiscounted cash flows generated by their use. Impaired assets are recorded at fair value, determined principally using discounted future cash flows expected from their use and eventual disposition.

3. Risk management

The Association's policy for managing significant risks includes policies, procedures and oversight designed to reduce the risks identified to an appropriate threshold. Management and the Board of Directors manage its investment portfolio in accordance with its long term investment policy. The investment risk inherent in its investment portfolio is managed through diversification in both asset classes and investments held. The Board is provided with timely and relevant reports on the management of significant risks. Significant risks managed by the Association include liquidity, credit, and market risks.

Liquidity risk

Liquidity risk is the risk that the Association will be unable to meet its contractual obligations and financial liabilities. The Association manages liquidity risk by monitoring its cash flows and ensuring that it has sufficient cash and marketable securities available to meet its obligations and liabilities.

Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Association's credit risk is attributable to receivables. Management believes that the credit risk concentration with respect to financial instruments included in receivables is remote.

Newfoundland and Labrador Teachers' Association

Notes to the Financial Statements

August 31, 2017

3. Risk management (cont'd.)

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates and equity prices.

Interest rate risk

Interest rate risk is the risk that the value of a financial security will fluctuate due to changes in market interest rates. The Association is exposed to interest rate risk through investment in fixed income securities. Interest rate risk is managed through diversification of fixed income securities through sector allocation and security duration. The Association holds fixed income securities totaling approximately 32.3% of its investments in the Fiera Balanced Integrated Fund with a market value of \$7,243,013 at year end.

Foreign exchange risk

The Association is exposed to foreign exchange risk on fluctuations related to equity investments that are denominated in a foreign currency. The Association manages this risk through diversification of its investment portfolio. The Association held foreign equities totaling approximately 26.4% of its investment in the Fiera Balanced Integrated Fund with a market value of \$5,919,986 at year end.

Price risk

The Association has exposure to price risk with respect to equity prices. Equity price risk is defined as the potential adverse impact on the Association's earnings due to movements in individual equity prices or general movements in the level of the stock market. The Association manages price risk through diversification of its investment portfolio. Its investment in the Fiera Balanced Integrated Fund had a total market value of \$22,424,188 at year end.

4. Investments	2017		2016	
	Cost	Market Value	Cost	Market Value
General fund	\$ 1,047,312	\$ 1,047,312	\$ 1,136,948	\$ 1,136,948
Restricted fund	<u>19,634,541</u>	<u>21,376,876</u>	<u>18,712,186</u>	<u>19,923,326</u>
	<u>\$ 20,681,853</u>	<u>\$ 22,424,188</u>	<u>\$ 19,849,134</u>	<u>\$ 21,060,274</u>

Newfoundland and Labrador Teachers' Association

Notes to the Financial Statements

August 31, 2017

5. Property and equipment			<u>2017</u>	<u>2016</u>
	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Land	\$ 24,875	\$ -	\$ 24,875	\$ 24,875
Land improvements	96,970	89,309	7,661	8,937
Buildings	488,379	290,969	197,410	207,178
Building improvements	2,802,017	1,285,671	1,516,346	1,642,762
Equipment	995,005	935,789	59,216	66,232
Computer equipment	<u>932,769</u>	<u>915,202</u>	<u>17,567</u>	<u>14,910</u>
	<u>\$ 5,340,015</u>	<u>\$ 3,516,940</u>	<u>\$ 1,823,075</u>	<u>\$ 1,964,894</u>

6. Bank indebtedness

The Association has a line of credit of \$250,000. The balance owing as at August 31, 2017 was \$Nil (August 31, 2016 - \$Nil).

7. Change in non-cash operating working capital			<u>2017</u>	<u>2016</u>
	<u>General Fund</u>	<u>Restricted Funds (Page 21)</u>	<u>Total</u>	<u>Total</u>
Receivables	\$ (7,822)	\$ -	\$ (7,822)	\$ (12,053)
Receivable from				
General funds	-	(35,477)	(35,477)	(66,927)
Insurance fund	(8,516)	-	(8,516)	(8,367)
Restricted funds	(148,237)	-	(148,237)	(44,390)
Prepays	(5,751)	-	(5,751)	26,403
Payables and accruals	128,704	(26,706)	(101,998)	(220,806)
Payable to general fund	-	148,237	148,237	44,390
Payable to restricted fund	<u>35,477</u>	<u>-</u>	<u>35,477</u>	<u>66,927</u>
	<u>\$ (6,145)</u>	<u>\$ 86,054</u>	<u>\$ 79,909</u>	<u>\$ (214,823)</u>

8. Commitments

The Association has commitments under a contract for legal services, and under rental leases for property rental, office and printing equipment to make payments as follows: 2018 - \$348,675; and 2019 - \$36,887

Newfoundland and Labrador Teachers' Association

Notes to the Financial Statements

August 31, 2017

9. Employee future benefits

Defined benefit pension plan

The Association maintains a defined benefit pension plan for its support staff. The plan provides benefits based on length of service and average earnings.

There were no significant changes in the contractual elements of the plan during the years ended August 31, 2016 and August 31, 2017. Based on an actuarial valuation of the plan, completed as at December 31, 2016, the following results have been extrapolated for August 31, 2017.

	<u>2017</u>	<u>2016</u>
Accrued benefits obligation	\$ 4,290,137	\$ 3,907,296
Fair value of plan assets	<u>4,588,366</u>	<u>4,310,206</u>
Funded status – plan surplus	298,229	402,910
Accrued special payments	123,200	-
Valuation allowance	<u>-</u>	<u>-</u>
Deferred pension costs	<u>\$ 421,429</u>	<u>\$ 402,910</u>

The accrued benefit asset noted above was determined based on the going concern funding obligation and current service costs as permitted in Part III of the CPA Handbook Section 3463.

	<u>2017</u>	<u>2016</u>
Current service costs	\$ 37,475	\$ 40,656
Finance income	<u>(23,401)</u>	<u>(14,794)</u>
Net pension expense	<u>\$ 14,074</u>	<u>\$ 25,862</u>

	<u>2017</u>	<u>2016</u>
Actuarial re-measurements charged (credited) to member's equity	<u>\$ 219,136</u>	<u>\$ (36,304)</u>

Significant actuarial assumptions used in calculating the net pension expense for the Association's funded pension plan were as follows:

	<u>2017</u>	<u>2016</u>
Discount rate	5.35%	5.90%
Long term rate of return on plan assets	5.35%	5.90%
Rate of increase in compensation levels	3.00%	3.50%

Newfoundland and Labrador Teachers' Association

Notes to the Financial Statements

August 31, 2017

9. Employee future benefits (cont'd.)

Other post-employment benefits

The Association provides for coverage under the group life and group health plans upon retirement from active service for its employees.

The following results have been prepared based on a full actuarial valuation of the plans as at August 31, 2016 and extrapolated to August 31, 2017.

	<u>2017</u>	<u>2016</u>
Accrued benefits obligation	\$ 1,034,913	\$ 869,766
Fair value of plan assets	<u>-</u>	<u>-</u>
Funded status – plan deficit	(1,034,913)	(869,766)
Valuation allowance	<u>-</u>	<u>-</u>
Accrued benefit liability	<u>\$ (1,034,913)</u>	<u>\$ (869,766)</u>

The accrued benefit liability noted above was determined based on the going concern funding obligation and current service costs as permitted in Part III of the CPA Handbook Section 3463.

	<u>2017</u>	<u>2016</u>
Current service costs	\$ 25,371	\$ 27,813
Finance costs	<u>51,873</u>	<u>46,420</u>
Net benefit expense	<u>\$ 77,244</u>	<u>\$ 74,233</u>

	<u>2017</u>	<u>2016</u>
Actuarial re-measurements charged to member's equity	<u>\$ 94,415</u>	<u>\$ 26,885</u>

Significant actuarial assumptions used in calculating the accrued benefit liability and expense for these plans were as follows:

<u>Group Life</u>	<u>2017</u>	<u>2016</u>
Discount rate	5.35%	5.90%
Rate of increase in compensation levels	3.00%	3.50%

Newfoundland and Labrador Teachers' Association

Notes to the Financial Statements

August 31, 2017

9. Employee future benefits (cont'd.)

<u>Group Health</u>	<u>2017</u>	<u>2016</u>
Discount rate	5.35%	5.90%
Medical inflation rate	6.80% in 2017 decreasing 0.15% per year to 2029 and then to 5.0% per year thereafter	6.95% in 2016 decreasing 0.15% per year to 2029 and then to 5.0% per year thereafter

10. Related party transactions

Revenue includes \$75,548 (2016 - \$73,737) from the Insurance Fund for its share of building operating expenses and pre-retirement seminars and \$278,867 (2016 - \$226,710) from the Insurance Fund for reimbursement of salaries.

These related party transactions were in the normal course of operations and were measured at their exchange amounts, which are the amounts of consideration established and agreed to by the related parties.

Newfoundland and Labrador Teachers' Association
General Fund
Schedule of Expenses

Year Ended August 31 2017 2016

Administration

Building	\$ 342,450	\$ 332,769
Canadian Teachers' Federation	157,840	162,893
Conferences	37,991	38,416
Conventions	311,866	3,036
Executive	109,247	75,822
General	119,140	122,098
IT strategy	65,000	110,000
Office	163,975	166,625
Personnel	818,580	779,115
President's office	<u>233,907</u>	<u>280,238</u>
	<u>\$ 2,359,996</u>	<u>\$ 2,071,012</u>

Benefits and economic services

Employee assistance program	\$ 246,361	\$ 259,667
Lawyers' fees	135,500	135,500
Non-program travel	23,273	21,568
Personnel	821,959	836,305
Pre-retirement sessions/financial information	39,011	46,377
Resource Centre	80,097	83,324
Standing committees	<u>6,535</u>	<u>7,048</u>
	<u>\$ 1,352,736</u>	<u>\$ 1,389,789</u>

Communications

Committees	\$ 1,164	\$ 2,621
Education week	22,462	17,270
Personnel	261,298	259,309
Print plant	380,173	408,974
Publicity and design	84,587	83,229
Travel	<u>4,430</u>	<u>5,358</u>
	<u>\$ 754,114</u>	<u>\$ 776,761</u>

Newfoundland and Labrador Teachers' Association
 General Fund
 Schedule of Expenses (cont'd.)

Year Ended August 31	2017	2016
Branch operations		
Branches	\$ 335,511	\$ 286,356
Membership services	<u>8,150</u>	<u>13,475</u>
	<u>\$ 343,661</u>	<u>\$ 299,831</u>
Professional development		
Conferences and resource materials	\$ 48,555	\$ 45,679
Personnel	381,960	365,711
Professional development programs	32,604	28,943
Program and travel	49,558	34,348
Special interest councils	106,742	111,329
Standing committees	<u>8,958</u>	<u>9,697</u>
	<u>\$ 628,377</u>	<u>\$ 595,707</u>

Newfoundland and Labrador Teachers' Association

Restricted Funds' Statement of Operations

Year Ended August 31

2017

2016

	Emergency Fund	Professional Development Fund	Centennial Fund	Reserve Fund	President's Travel Fund	IT Strategy Fund	Safe Schools Fund	Schools Administrators' Council Professional Development Fund	Presidential Housing Fund	Total	Total
Revenue											
Membership fees	\$ 472,499	\$ -	\$ 157,815	\$ -	\$ -	\$ 6,392	\$ -	\$ -	\$ -	\$ 472,499	\$ 507,077
Contributions	-	-	-	-	-	-	-	-	-	164,207	199,089
Interest on investments	490,622	39,153	37,899	124,414	-	-	26	450	-	692,564	1,147,585
Miscellaneous	-	-	-	-	-	-	-	34,006	-	34,006	28,578
	<u>963,121</u>	<u>39,153</u>	<u>195,714</u>	<u>124,414</u>	<u>-</u>	<u>6,392</u>	<u>26</u>	<u>34,456</u>	<u>-</u>	<u>1,363,276</u>	<u>1,882,329</u>
Expenses											
Administration	8,868	-	-	-	2,086	-	-	12,504	3,000	26,458	75,478
Employee assistance program	-	-	84,619	-	-	-	-	-	-	84,619	74,619
Retired Teachers' Association of NL	-	-	12,000	-	-	-	-	-	-	12,000	6,000
Investment fees	42,149	7,172	6,902	13,680	-	-	-	-	-	69,903	64,592
Professional development	-	19,190	9,750	-	-	-	-	-	-	28,940	33,050
Grievance and arbitrations	213,080	-	-	-	-	-	-	-	-	213,080	136,877
Negotiations and other lock-out	89,962	-	-	-	-	-	-	-	-	89,962	46,282
Public awareness strategy	692,362	-	-	-	-	-	-	-	-	692,362	1,043,393
	<u>1,046,421</u>	<u>26,362</u>	<u>113,271</u>	<u>13,680</u>	<u>2,086</u>	<u>-</u>	<u>-</u>	<u>12,504</u>	<u>3,000</u>	<u>1,217,324</u>	<u>1,480,291</u>
Excess of revenue over expenses before other item	(83,300)	12,791	82,443	110,734	(2,086)	6,392	26	21,952	(3,000)	145,952	402,038
Other item											
Increase in fair value Of investments	380,029	28,767	26,821	95,398	-	-	-	-	-	531,015	293,961
Excess of revenue over expenses	<u>\$ 296,729</u>	<u>\$ 41,558</u>	<u>\$ 109,264</u>	<u>\$ 206,132</u>	<u>\$ (2,086)</u>	<u>\$ 6,392</u>	<u>\$ 26</u>	<u>\$ 21,952</u>	<u>\$ (3,000)</u>	<u>\$ 676,967</u>	<u>\$ 695,999</u>

Newfoundland and Labrador Teachers' Association

Restricted Funds' Statement of Changes in Fund Balances

Year Ended August 31

2017 2016

	Emergency Fund	Professional Development Fund	Centennial Fund	Reserve Fund	President's Travel Fund	IT Strategy Fund	Safe Schools Fund	Schools Administrators' Council Professional Development Fund	Presidential Housing Fund	Total	Total
Fund balances beginning of year	\$ 13,642,918	\$ 1,114,410	\$ 1,289,799	\$ 3,482,571	\$ 11,348	\$ 575,635	\$ 5,799	\$ 104,748	\$ 205,530	\$ 20,432,758	\$ 19,284,708
Excess of revenue over expenses	296,729	41,558	109,264	206,132	(2,086)	6,392	26	21,952	(3,000)	676,967	695,999
Interfund transfers	690,532	-	-	-	-	-	-	-	-	690,532	452,051
Fund balances, end of year	<u>\$ 14,630,179</u>	<u>\$ 1,155,968</u>	<u>\$ 1,399,063</u>	<u>\$ 3,688,703</u>	<u>\$ 9,262</u>	<u>\$ 582,027</u>	<u>\$ 5,825</u>	<u>\$ 126,700</u>	<u>\$ 202,530</u>	<u>\$ 21,800,257</u>	<u>\$ 20,432,758</u>

Newfoundland and Labrador Teachers' Association

Restricted Funds' Statement of Financial Position

Year Ended August 31

2017 2016

	Emergency Fund	Professional Development Fund	Centennial Fund	Reserve Fund	President's Travel Fund	IT Strategy Fund	Safe Schools Fund	Schools Administrators' Council Professional Development Fund	Presidential Housing Fund	Total	Total
Assets											
Current											
Receivable from general fund \$	159,889	-	-	176	9,262	582,027	-	26,531	202,530	\$ 980,415	\$ 944,936
Investments (Note 4)	<u>15,009,623</u>	<u>1,162,504</u>	<u>1,404,644</u>	<u>3,694,111</u>	<u>-</u>	<u>-</u>	<u>5,825</u>	<u>100,169</u>	<u>-</u>	<u>21,376,876</u>	<u>19,923,326</u>
	<u>\$ 15,169,512</u>	<u>\$ 1,162,504</u>	<u>\$ 1,404,644</u>	<u>\$ 3,694,287</u>	<u>\$ 9,262</u>	<u>\$ 582,027</u>	<u>\$ 5,825</u>	<u>\$ 126,700</u>	<u>\$ 202,530</u>	<u>\$ 22,357,291</u>	<u>\$ 20,868,262</u>
Liabilities											
Current											
Payables and accruals payable to general fund	80,993	1,574	1,378	1,381	-	-	-	-	-	\$ 85,326	\$ 112,033
	<u>458,340</u>	<u>4,962</u>	<u>4,203</u>	<u>4,203</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>471,708</u>	<u>323,471</u>
	539,333	6,536	5,581	5,584	-	-	-	-	-	557,034	435,504
Members' Equity	<u>14,630,179</u>	<u>1,155,968</u>	<u>1,399,063</u>	<u>3,688,703</u>	<u>9,262</u>	<u>582,027</u>	<u>5,825</u>	<u>126,700</u>	<u>202,530</u>	<u>21,800,257</u>	<u>20,432,758</u>
	<u>\$ 15,169,512</u>	<u>\$ 1,162,504</u>	<u>\$ 1,404,644</u>	<u>\$ 3,694,287</u>	<u>\$ 9,262</u>	<u>\$ 582,027</u>	<u>\$ 5,825</u>	<u>\$ 126,700</u>	<u>\$ 202,530</u>	<u>\$ 22,357,291</u>	<u>\$ 20,868,262</u>

Newfoundland and Labrador Teachers' Association

Restricted Funds' Statement of Cash Flows

Year Ended August 31

2017 2016

	Emergency Fund	Professional Development Fund	Centennial Fund	Reserve Fund	President's Travel Fund	IT Strategy Fund	Safe Schools Fund	Schools Administrators Council Professional Development Fund	Presidential Housing Fund	Total	Total
Operating											
Excess of revenue over expenses \$	296,729	\$ 41,558	\$ 109,264	\$ 206,132	\$ (2,086)	\$ 6,392	\$ 26	\$ 21,952	\$ (3,000)	\$ 676,967	\$ 695,999
Change in non-cash operating working capital (Note 7)	113,891	-	-	-	2,086	(6,392)	-	(26,531)	3,000	86,054	79,435
	410,620	41,558	109,264	206,132	-	-	26	(4,579)	-	763,021	775,434
Financing											
Advances from general fund	690,532	-	-	-	-	-	-	-	-	690,532	452,051
Investing											
(Increase) decrease in investments	(1,101,152)	(41,558)	(109,264)	(206,132)	-	-	(26)	4,579	-	(1,453,553)	(1,227,485)
Net increase in cash and cash equivalents	-	-	-	-	-	-	-	-	-	-	-
Cash and cash equivalents											
Beginning of year	-	-	-	-	-	-	-	-	-	-	-
End of year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -



Financial Statements

Newfoundland and Labrador Teachers'
Association

August 31, 2018

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Independent auditors' report

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To the Members of Newfoundland and Labrador Teachers' Association

We have audited the accompanying financial statements of Newfoundland and Labrador Teachers' Association, which comprise the statements of financial position as at August 31, 2018, and the statements of operations, statements of changes in net assets 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.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 in our audits 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 Newfoundland and Labrador Teachers' Association as at August 31, 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.



St. John's, Canada

March 6, 2019

Chartered Professional Accountants

Newfoundland and Labrador Teachers' Association Statement of Operations

Year Ended August 31

2018

2017

	General Fund (Pages 16-17)	Restricted Funds (Page 18)	<u>Total</u>	<u>Total</u>
Revenue				
Membership fees	\$ 5,614,562	\$ 490,095	\$ 6,104,657	\$ 5,880,406
Contributions	311,628	174,799	486,427	518,622
Government grants	260,627	-	260,627	246,361
Interest on investments	92,222	1,633,268	1,725,490	716,760
Miscellaneous	<u>101,735</u>	<u>33,186</u>	<u>134,921</u>	<u>139,040</u>
	<u>6,380,774</u>	<u>2,331,348</u>	<u>8,712,122</u>	<u>7,501,189</u>
Expenses				
Administration	1,902,511	152,907	2,055,418	2,386,454
Benefits and economic services	1,368,729	-	1,368,729	1,352,736
Communications	712,066	-	712,066	754,114
Employee assistance program	-	98,397	98,397	84,619
Retired Teachers' Association of NL	-	17,000	17,000	12,000
Branch operations	325,292	-	325,292	343,661
Investment fees	-	58,333	58,333	69,903
Professional development	557,814	26,386	584,200	657,317
Grievances and arbitration	-	155,679	155,679	213,080
Negotiations and other lock-out	-	86,930	86,930	89,962
Public awareness strategy	<u>-</u>	<u>700,033</u>	<u>700,033</u>	<u>692,362</u>
	<u>4,866,412</u>	<u>1,295,665</u>	<u>6,162,077</u>	<u>6,656,208</u>
Excess of revenue over expenses before other items	1,514,362	1,035,683	2,550,045	844,981
Other item Increase in fair value of investments	<u>-</u>	<u>525,609</u>	<u>525,609</u>	<u>531,015</u>
Excess of revenue over expenses	<u>\$ 1,514,362</u>	<u>\$ 1,561,292</u>	<u>\$ 3,075,654</u>	<u>\$ 1,375,996</u>

See accompanying notes to the financial statements.

Newfoundland and Labrador Teachers' Association
Statement of Changes in Fund Balances

Year Ended August 31

2018

2017

	General Fund	Restricted Funds (Page 19)	Total	Total
Fund balances, beginning of year	\$ 5,461,869	\$21,800,257	\$27,262,126	\$26,199,681
Excess of revenue over expenses	1,514,362	1,561,292	3,075,654	1,375,996
Actuarial re-measurements (Note 9)	(159,483)	-	(159,483)	(313,551)
Interfund transfers	(349,515)	349,515	-	-
Fund balances, end of year	<u>\$ 6,467,233</u>	<u>\$23,711,064</u>	<u>\$30,178,297</u>	<u>\$27,262,126</u>

See accompanying notes to the financial statements.

Newfoundland and Labrador Teachers' Association

Statement of Financial Position

August 31

2018

2017

	General Fund	Restricted Funds (Page 20)	Total	Total
Assets				
Current				
Cash and cash equivalents	\$ 5,190,182	\$ -	\$ 5,190,182	\$ 4,621,531
Receivables	21,040	-	21,040	20,256
Receivable from				
General fund	-	767,236	767,236	980,415
Insurance fund	66,145	-	66,145	51,758
Restricted funds	636,929	-	636,929	471,708
Prepays	<u>1,422</u>	<u>272,955</u>	<u>274,377</u>	<u>29,060</u>
	5,915,718	1,040,191	6,955,909	6,174,728
Investments (Note 4)	1,050,314	23,318,885	24,369,199	22,424,188
Property and equipment (Note 5)	1,687,660	-	1,687,660	1,823,075
Deferred pension costs (Note 9)	<u>539,592</u>	<u>-</u>	<u>539,592</u>	<u>421,429</u>
	<u>\$ 9,193,284</u>	<u>\$24,359,076</u>	<u>\$33,552,360</u>	<u>\$30,843,420</u>
Liabilities				
Current				
Payables and accruals	\$ 442,967	\$ 11,083	\$ 454,050	\$ 668,826
Payable to				
General fund	-	636,929	636,929	471,708
Restricted funds	<u>767,236</u>	<u>-</u>	<u>767,236</u>	<u>980,415</u>
	1,210,203	648,012	1,858,215	2,120,949
Accrued severance pay	402,128	-	402,128	425,432
Accrued benefit liability (Note 9)	<u>1,113,720</u>	<u>-</u>	<u>1,113,720</u>	<u>1,034,913</u>
	<u>2,726,051</u>	<u>648,012</u>	<u>3,374,063</u>	<u>3,581,294</u>
Members' Equity				
Internally restricted	-	23,593,242	23,593,242	21,667,732
Externally restricted	-	117,822	117,822	132,525
Unrestricted	<u>6,467,233</u>	<u>-</u>	<u>6,467,233</u>	<u>5,461,869</u>
	<u>6,467,233</u>	<u>23,711,064</u>	<u>30,178,297</u>	<u>27,262,126</u>
	<u>\$ 9,193,284</u>	<u>\$24,359,076</u>	<u>\$33,552,360</u>	<u>\$30,843,420</u>

Commitments (Note 8)

On behalf of the Board

_____ President _____ Treasurer

See accompanying notes to the financial statements.

Newfoundland and Labrador Teachers' Association Statement of Cash Flows

Year Ended August 31

2018

2017

	General Fund	Restricted Funds (Page 21)	Total	Total
Operating				
Excess of revenue over expenses	\$ 1,514,362	\$ 1,561,292	\$ 3,075,654	\$ 1,375,996
Depreciation	169,913	-	169,913	165,201
Deferred pension costs	(118,165)	-	(118,165)	(18,519)
Accrued severance pay	(23,304)	-	(23,304)	(89,206)
Accrued benefit liability	78,807	-	78,807	165,147
Actuarial re-measurements	(159,483)	-	(159,483)	(313,551)
	<u>1,462,130</u>	<u>1,561,292</u>	<u>3,023,422</u>	<u>1,285,068</u>
Change in non-cash operating working capital (Note 7)	<u>(506,466)</u>	<u>31,202</u>	<u>(475,264)</u>	<u>79,909</u>
	<u>955,664</u>	<u>1,592,494</u>	<u>2,548,158</u>	<u>1,364,977</u>
Financing				
Advances to restricted fund	(349,515)	-	(349,515)	(690,532)
Advances from general funds	-	349,515	349,515	690,532
	<u>(349,515)</u>	<u>349,515</u>	<u>-</u>	<u>-</u>
Investing				
Increase in investments	(3,002)	(1,942,009)	(1,945,011)	(1,363,917)
Purchase of property and equipment	(34,496)	-	(34,496)	(23,379)
	<u>(37,498)</u>	<u>(1,942,009)</u>	<u>(1,979,507)</u>	<u>(1,387,296)</u>
Net increase (decrease) in cash and cash equivalents	568,651	-	568,651	(22,319)
Cash and cash equivalents				
Beginning of year	<u>4,621,531</u>	<u>-</u>	<u>4,621,531</u>	<u>4,643,850</u>
End of year	<u>\$ 5,190,182</u>	<u>\$ -</u>	<u>\$ 5,190,182</u>	<u>\$ 4,621,531</u>

See accompanying notes to the financial statements.

Newfoundland and Labrador Teachers' Association

Notes to the Financial Statements

August 31, 2018

1. Purpose of the organization

The Newfoundland and Labrador Teachers' Association is a provincial union and professional association, providing services collectively and individually to all teachers in Newfoundland and Labrador. These services include collective bargaining, handling of grievances and arbitrations, professional development, economic services and any other function deemed relevant by the membership. The Association is a not-for-profit corporation and is exempt from paying income tax under Subsection 149 (1) (K) of the Income Tax Act.

2. Summary of significant accounting policies

Basis of presentation

The Association has prepared these financial statements in accordance with Canadian Accounting Standards for not-for-profit organization (ASNPO).

Fund accounting

The General Fund accounts for the organization's program delivery and administrative activities. The Fund reports all unrestricted resources. During 2018, the General Fund transferred \$349,515 to the Emergency Fund.

The Emergency Fund is responsible for any matters related to arbitration, negotiations, lock-outs or job actions, and any other approved emergency purposes. The Fund reports on the investments maintained for emergency job actions, as well as the expenses for the same. During 2018, the Emergency Fund received transfers of \$349,515 from the General Fund.

The Professional Development Fund utilizes interest earned to support professional development initiatives for teachers.

The Centennial Fund, created in 1990 to mark the 100th anniversary of the NLTA, utilizes interest earned to offset EAP counselling services, to provide an annual grant to the RTANL and to provide educational opportunities to teachers to enhance knowledge about teaching and learning.

The Reserve Fund is used to cover annual deficits in the General Fund. It is internally restricted to a minimum of 10% of current revenues in the General Fund.

The IT Strategy Fund was established to provide support for information technology upgrades within the Association.

The purpose of the Safe Schools Fund is to promote whole-school community involvement in violence prevention activities that contribute to the development of a safe and caring learning environment.

Newfoundland and Labrador Teachers' Association

Notes to the Financial Statements

August 31, 2018

2. Summary of significant accounting policies (cont'd.)

The School Administrators' Council and Newfoundland and Labrador Counsellors' and Psychologists' Association Professional Development Fund (SAC/NLCPA Fund) was established to hold a portion of school administrators' and NLCPA members' membership fees for the use of the School Administrators' Council and the NLCPA to fund their programs.

The Presidential Housing Fund was established to assist in funding costs associated with future presidential housing benefits.

The Presidential Travel Fund was established to assist in funding costs associated with future presidential travel expenses.

Use of estimates

In preparing the Association's financial statements in conformity with Canadian accounting standards for not-for-profit organizations, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and reported amounts of revenue and expenses during the year. Items requiring the use of significant estimates include deferred pension costs, accrued benefit liability, and rates of depreciation.

Revenue

Membership dues are recognized when collected. Investment income is recorded as it is earned.

Government grants and contributions for specific projects are recognized using the deferral method of accounting for contributions. Under this method, contributions restricted for future period expenses are deferred and are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable, if the amount to be received can be reasonably estimated and collection is reasonably assured.

Reimbursements of costs from the Group Insurance Fund to the General Fund are recorded as the related costs are incurred and information to determine the Fund's proportionate share of the costs becomes readily available.

Depreciation

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution.

Rates of depreciation applied on a straight line basis to write-off the cost of property and equipment over their estimated lives are as follows:

Land improvements	10%
Buildings	2%
Building improvements	2.5 - 10%
Equipment	10%
Computer equipment	20%

Newfoundland and Labrador Teachers' Association

Notes to the Financial Statements

August 31, 2018

2. Summary of significant accounting policies (cont'd.)

Cash and cash equivalents

Cash and cash equivalents include cash on hand and balances with banks (net of bank overdrafts). Bank borrowings are considered to be financing activities.

Investments

Investments are classified as held for trading and accounted for at fair value with changes in fair value recorded in excess of revenue over expenses. Fair value is determined using the quoted market value for publicly traded investments.

Accrued severance pay

Severance pay is calculated based upon years of service and current salary levels. The amount is payable when the employee ceases employment with the Association.

Accrued pension costs

Accrual of the costs of the Association's defined benefit pension plans are recorded monthly and adjusted annually based on actuaries' reports using the funding going concern valuation method. Pension expense includes the net of management's best estimate of the cost of benefits provided, interest cost of projected benefits, return on pension plan assets, as well as the best estimates of salary changes and retirement ages of employees. Pension plan assets are valued at market values. The discount rate used for determining deferred pension costs is the expected rate of return on plan assets.

Accrued employee future benefit liability

The Association provides post-retirement benefits in the form of extended life and health coverage to employees. The cost and obligations of these benefits earned by employees are actuarially determined using the funding going concern valuation method and management's best estimate of assumptions and future claim rates and costs.

Financial instruments

Initial measurement

The Association's financial instruments are measured at fair value when issued or acquired. For financial instruments subsequently measured at cost or amortized cost, fair value is adjusted by the amount of the related financing fees and transaction costs. Transaction costs and financing fees relating to financial instruments that are measured subsequently at fair value are recognized in operations in the year in which they are incurred.

Subsequent measurement

At each reporting date, the Association measures its financial assets and liabilities at cost or amortized cost (less impairment in the case of financial assets), except for equities quoted in an active market, which must be measured at fair value.

Newfoundland and Labrador Teachers' Association

Notes to the Financial Statements

August 31, 2018

2. Summary of significant accounting policies (cont'd.)

The Association uses the effective interest rate method to amortize any premiums, discounts, transaction fees and financing fees to the statement of operations. The financial instruments measured at amortized cost are cash and cash equivalents, receivables and payables and accruals. The financial instruments measured at fair value are investments.

For financial assets measured at cost or amortized cost, the Association regularly assesses whether there are any indications of impairment. If there is an indication of impairment, and the Association determines that there is a significant adverse change in the expected timing or amount of future cash flows from the financial asset, it recognizes an impairment loss in the statement of operations. Any reversals of previously recognized impairment losses are recognized in operations in the year the reversal occurs.

Impairment of long-lived assets

Long-lived assets are reviewed for impairment upon the occurrence of events or changes in circumstances indicating that the value of the assets may not be recoverable, as measured by comparing their net book value to the estimated undiscounted cash flows generated by their use. Impaired assets are recorded at fair value, determined principally using discounted future cash flows expected from their use and eventual disposition.

3. Risk management

The Association's policy for managing significant risks includes policies, procedures and oversight designed to reduce the risks identified to an appropriate threshold. Management and the Board of Directors manage its investment portfolio in accordance with its long term investment policy. The investment risk inherent in its investment portfolio is managed through diversification in both asset classes and investments held. The Board is provided with timely and relevant reports on the management of significant risks. Significant risks managed by the Association include liquidity, credit, and market risks.

Liquidity risk

Liquidity risk is the risk that the Association will be unable to meet its contractual obligations and financial liabilities. The Association manages liquidity risk by monitoring its cash flows and ensuring that it has sufficient cash and marketable securities available to meet its obligations and liabilities.

Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Association's credit risk is attributable to receivables. Management believes that the credit risk concentration with respect to financial instruments included in receivables is remote.

Newfoundland and Labrador Teachers' Association

Notes to the Financial Statements

August 31, 2018

3. Risk management (cont'd.)

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates and equity prices.

Interest rate risk

Interest rate risk is the risk that the value of a financial security will fluctuate due to changes in market interest rates. The Association is exposed to interest rate risk through investment in fixed income securities. Interest rate risk is managed through diversification of fixed income securities through sector allocation and security duration. The Association holds fixed income securities totaling approximately 32.2% of its investments in the Fiera Balanced Integrated Fund with a market value of \$7,846,882 at year end.

Foreign exchange risk

The Association is exposed to foreign exchange risk on fluctuations related to equity investments that are denominated in a foreign currency. The Association manages this risk through diversification of its investment portfolio. The Association held foreign equities totaling approximately 24.2% of its investment in the Fiera Balanced Integrated Fund with a market value of \$5,897,347 at year end.

Price risk

The Association has exposure to price risk with respect to equity prices. Equity price risk is defined as the potential adverse impact on the Association's earnings due to movements in individual equity prices or general movements in the level of the stock market. The Association manages price risk through diversification of its investment portfolio. Its investment in the Fiera Balanced Integrated Fund had a total market value of \$24,369,199 at year end.

4. Investments	2018		2017	
	Cost	Market Value	Cost	Market Value
General fund	\$ 1,050,314	\$ 1,050,314	\$ 1,047,312	\$ 1,047,312
Restricted fund	21,050,933	23,318,885	19,634,541	21,376,876
	<u>\$22,101,247</u>	<u>\$24,369,199</u>	<u>\$20,681,853</u>	<u>\$22,424,188</u>

Newfoundland and Labrador Teachers' Association

Notes to the Financial Statements

August 31, 2018

	Property and equipment		2018	2017
	<u>Cost</u>	<u>Accumulated Depreciation</u>	Net Book Value	Net Book Value
Land	\$ 24,875	\$ -	\$ 24,875	\$ 24,875
Land improvements	96,970	90,586	6,384	7,661
Buildings	506,087	300,825	205,262	197,410
Building improvements	2,802,017	1,412,058	1,389,959	1,516,346
Equipment	1,002,474	952,610	49,864	59,216
Computer equipment	942,090	930,774	11,316	17,567
	<u>\$ 5,374,513</u>	<u>\$ 3,686,853</u>	<u>\$ 1,687,660</u>	<u>\$ 1,823,075</u>

6. Bank indebtedness

The Association has a line of credit of \$250,000. The balance owing as at August 31, 2018 was \$Nil (August 31, 2017 - \$Nil).

	Change in non-cash operating working capital		2018	2017
	<u>General Fund</u>	<u>Restricted Funds (Page 21)</u>	Total	Total
Receivables	\$ (784)	\$ -	\$ (784)	\$ (7,822)
Receivable from				
General fund	-	213,179	213,179	(35,477)
Insurance fund	(14,387)	-	(14,387)	(8,516)
Restricted funds	(165,221)	-	(165,221)	(148,237)
Prepays	27,638	(272,955)	(245,317)	(5,751)
Payables and accruals	(140,533)	(74,243)	(214,776)	101,998
Payable to general fund	-	165,221	165,221	148,237
Payable to restricted fund	(213,179)	-	(213,179)	35,477
	<u>\$ (506,466)</u>	<u>\$ 31,202</u>	<u>\$ (475,264)</u>	<u>\$ 79,909</u>

8. Commitments

The Association is committed under a contract for legal services and under rental leases for property and printing equipment to make payments as follows: 2019 - \$319,287; 2020 - \$262,441; and 2021 - \$265,008.

Newfoundland and Labrador Teachers' Association

Notes to the Financial Statements

August 31, 2018

9. Employee future benefits

Defined benefit pension plan

The Association maintains a defined benefit pension plan for its support staff. The plan provides benefits based on length of service and average earnings.

There were no significant changes in the contractual elements of the plan during the years ended August 31, 2017 and August 31, 2018. Based on an actuarial valuation of the plan, completed as at December 31, 2017, the following results have been extrapolated for August 31, 2018.

	<u>2018</u>	<u>2017</u>
Accrued benefits obligation	\$ 4,377,212	\$ 4,290,137
Fair value of plan assets	<u>5,304,619</u>	<u>4,588,366</u>
Funded status – plan surplus	927,407	298,229
Accrued special payments	-	123,200
Valuation allowance	<u>387,815</u>	<u>-</u>
Deferred pension costs	<u>\$ 539,592</u>	<u>\$ 421,429</u>

The accrued benefit asset noted above was determined based on the going concern funding obligation and current service costs as permitted in Part III of the CPA Handbook Section 3463.

	<u>2018</u>	<u>2017</u>
Current service costs	\$ 36,514	\$ 37,475
Finance income	<u>(23,473)</u>	<u>(23,401)</u>
Net pension expense	<u>\$ 13,041</u>	<u>\$ 14,074</u>

	<u>2018</u>	<u>2017</u>
Actuarial re-measurements charged (credited) to member's equity	<u>\$ 159,483</u>	<u>\$ 219,136</u>

Significant actuarial assumptions used in calculating the net pension expense for the Association's funded pension plan were as follows:

	<u>2018</u>	<u>2017</u>
Discount rate	5.35%	5.35%
Long term rate of return on plan assets	5.35%	5.35%
Rate of increase in compensation levels	3.00%	3.00%

Newfoundland and Labrador Teachers' Association

Notes to the Financial Statements

August 31, 2018

9. Employee future benefits (cont'd.)

Other post-employment benefits

The Association provides for coverage under the group life and group health plans upon retirement from active service for its employees.

The following results have been prepared based on a full actuarial valuation of the plans as at August 31, 2016 and extrapolated to August 31, 2018.

	<u>2018</u>	<u>2017</u>
Accrued benefits obligation	\$ 1,113,720	\$ 1,034,913
Fair value of plan assets	<u>-</u>	<u>-</u>
Funded status – plan deficit	(1,113,720)	(1,034,913)
Valuation allowance	<u>-</u>	<u>-</u>
Accrued benefit liability	<u>\$(1,113,720)</u>	<u>\$(1,034,913)</u>

The accrued benefit liability noted above was determined based on the going concern funding obligation and current service costs as permitted in Part III of the CPA Handbook Section 3463.

	<u>2018</u>	<u>2017</u>
Current service costs	\$ 30,566	\$ 25,371
Finance costs	<u>55,979</u>	<u>51,873</u>
Net benefit expense	<u>\$ 86,545</u>	<u>\$ 77,244</u>

	<u>2018</u>	<u>2017</u>
Actuarial re-measurements charged to member's equity	<u>\$ -</u>	<u>\$ 94,415</u>

Significant actuarial assumptions used in calculating the accrued benefit liability and expense for these plans were as follows:

<u>Group Life</u>	<u>2018</u>	<u>2017</u>
Discount rate	5.35%	5.35%
Rate of increase in compensation levels	3.00%	3.00%

Newfoundland and Labrador Teachers' Association

Notes to the Financial Statements

August 31, 2018

9. Employee future benefits (cont'd.)

<u>Group Health</u>	<u>2018</u>	<u>2017</u>
Discount rate	5.35%	5.35%
Medical inflation rate	7.825% in 2018 decreasing 0.175% per year to 2037 and then to 4.5% per year thereafter	6.80% in 2017 decreasing 0.15% per year to 2029 and then to 5.0% per year thereafter

10. Related party transactions

Revenue includes \$86,397 (2017 - \$75,548) from the Insurance Fund for its share of building operating expenses and pre-retirement seminars and \$225,231 (2017 - \$278,867) from the Insurance Fund for reimbursement of salaries.

These related party transactions were in the normal course of operations and were measured at their exchange amounts, which are the amounts of consideration established and agreed to by the related parties.

Newfoundland and Labrador Teachers' Association
 General Fund
 Schedule of Expenses

Year Ended August 31 2018 2017

Administration

Building	\$ 344,458	\$ 342,450
Canadian Teachers' Federation	161,870	157,840
Conferences	35,753	37,991
Conventions	1,464	311,866
Executive	73,532	109,247
General	106,975	119,140
IT strategy	-	65,000
Office	175,878	163,975
Personnel	777,087	818,580
President's office	<u>225,494</u>	<u>233,907</u>
	<u>\$ 1,902,511</u>	<u>\$ 2,359,996</u>

Benefits and economic services

Employee assistance program	\$ 260,627	\$ 246,361
Lawyers' fees	135,500	135,500
Non-program travel	16,946	23,273
Personnel	810,799	821,959
Pre-retirement sessions/financial information	61,689	39,011
Resource Centre	76,053	80,097
Standing committees	<u>7,115</u>	<u>6,535</u>
	<u>\$ 1,368,729</u>	<u>\$ 1,352,736</u>

Communications

Committees	\$ 4,422	\$ 1,164
Education week	23,417	22,462
Personnel	255,818	261,298
Print plant	321,317	380,173
Publicity and design	99,779	84,587
Travel	<u>7,313</u>	<u>4,430</u>
	<u>\$ 712,066</u>	<u>\$ 754,114</u>

Newfoundland and Labrador Teachers' Association
 General Fund
 Schedule of Expenses (cont'd.)

Year Ended August 31	2018	2017
Branch operations		
Branches	\$ 317,105	\$ 335,511
Membership services	<u>8,187</u>	<u>8,150</u>
	<u>\$ 325,292</u>	<u>\$ 343,661</u>
Professional development		
Conferences and resource materials	\$ 50,030	\$ 48,555
Personnel	365,895	381,960
Professional development programs	21,312	32,604
Program and travel	23,963	49,558
Special interest councils	83,894	106,742
Standing committees	<u>12,720</u>	<u>8,958</u>
	<u>\$ 557,814</u>	<u>\$ 628,377</u>

Newfoundland and Labrador Teachers' Association Restricted Funds' Statement of Operations

Year Ended August 31

2018 **2017**

	Emergency Fund	Professional Development Fund	Centennial Fund	Reserve Fund	President's Travel Fund	IT Strategy Fund	Safe Schools Fund	SAC/NLCPA Fund	Presidential Housing Fund	Total	Total
Revenue											
Memberships fees	\$ 490,095	-	-	-	-	-	-	-	-	\$ 490,095	\$ 472,499
Contributions	-	15,000	159,799	-	-	-	-	-	-	174,799	164,207
Interest on investments	1,179,470	85,890	85,877	276,486	-	-	96	2,091	3,358	1,633,268	692,564
Miscellaneous	-	-	-	-	-	-	-	33,186	-	33,186	34,006
	<u>1,669,565</u>	<u>100,890</u>	<u>245,676</u>	<u>276,486</u>	<u>-</u>	<u>-</u>	<u>96</u>	<u>35,277</u>	<u>3,358</u>	<u>2,331,348</u>	<u>1,363,276</u>
Expenses											
Administration	6,596	15,000	-	-	-	57,060	-	50,076	24,175	152,907	26,458
Employee assistance program	-	-	98,397	-	-	-	-	-	-	98,397	84,619
Retired Teachers' Association of NL	-	-	17,000	-	-	-	-	-	-	17,000	12,000
Investment fees	34,150	6,384	6,229	11,570	-	-	-	-	-	58,333	69,903
Professional development	-	17,136	9,250	-	-	-	-	-	-	26,386	28,940
Grievance and arbitrations	155,679	-	-	-	-	-	-	-	-	155,679	213,080
Negotiations and other lock-out	86,930	-	-	-	-	-	-	-	-	86,930	89,962
Public awareness strategy	700,033	-	-	-	-	-	-	-	-	700,033	692,362
	<u>983,388</u>	<u>38,520</u>	<u>130,876</u>	<u>11,570</u>	<u>-</u>	<u>57,060</u>	<u>-</u>	<u>50,076</u>	<u>24,175</u>	<u>1,295,665</u>	<u>1,217,324</u>
Excess of revenue over expenses before other item	686,177	62,370	114,800	264,916	-	(57,060)	96	(14,799)	(20,817)	1,035,683	145,952
Other item											
Increase in fair value of investments	355,311	32,470	30,258	107,570	-	-	-	-	-	525,609	531,015
Excess (deficiency) of revenue over expenses	\$ 1,041,488	\$ 94,840	\$ 145,058	\$ 372,486	\$ -	\$ (57,060)	\$ 96	\$ (14,799)	\$ (20,817)	\$ 1,561,292	\$ 676,967

Newfoundland and Labrador Teachers' Association Restricted Funds' Statement of Changes in Fund Balances

Year Ended August 31

2018 **2017**

	Emergency Fund	Professional Development Fund	Centennial Fund	Reserve Fund	President's Travel Fund	IT Strategy Fund	Safe Schools Fund	SAC/NLCPA Fund	Presidential Housing Fund	Total	Total
Fund balances beginning of year	\$ 14,630,179	\$ 1,155,968	\$ 1,399,063	\$ 3,688,703	\$ 9,262	\$ 582,027	\$ 5,825	\$ 126,700	\$ 202,530	\$ 21,800,257	\$ 20,432,758
Excess (deficiency) of revenue over expenses	1,041,488	94,840	145,058	372,486	-	(57,060)	96	(14,799)	(20,817)	1,561,292	676,967
Interfund transfers	349,515	-	-	-	-	-	-	-	-	349,515	690,532
Fund balances, end of year	<u>\$ 16,021,182</u>	<u>\$ 1,250,808</u>	<u>\$ 1,544,121</u>	<u>\$ 4,061,189</u>	<u>\$ 9,262</u>	<u>\$ 524,967</u>	<u>\$ 5,921</u>	<u>\$ 111,901</u>	<u>\$ 181,713</u>	<u>\$ 23,711,064</u>	<u>\$ 21,800,257</u>

Newfoundland and Labrador Teachers' Association Restricted Funds' Statement of Financial Position

Year Ended August 31

2018

2017

	Emergency Fund	Professional Development Fund	Centennial Fund	Reserve Fund	President's Travel Fund	IT Strategy Fund	Safe Schools Fund	SAC/NLCPA Fund	Presidential Housing Fund	Total	Total
Assets											
Current											
Receivable from general fund	\$ 51,118	\$ -	\$ -	\$ 176	\$ 9,262	\$ 524,967	\$ -	\$ -	\$ 181,713	\$ 767,236	\$ 980,415
Prepays	<u>272,955</u>	-	-	-	-	-	-	-	-	<u>272,955</u>	-
Investments (Note 4)	324,073	-	-	176	9,262	524,967	-	-	181,713	1,040,191	980,415
	<u>16,327,421</u>	<u>1,257,344</u>	<u>1,549,701</u>	<u>4,066,597</u>	-	-	<u>5,921</u>	<u>111,901</u>	-	<u>23,318,885</u>	<u>21,376,876</u>
	<u>\$ 16,651,494</u>	<u>\$ 1,257,344</u>	<u>\$ 1,549,701</u>	<u>\$ 4,066,773</u>	<u>\$ 9,262</u>	<u>\$ 524,967</u>	<u>\$ 5,921</u>	<u>\$ 111,901</u>	<u>\$ 181,713</u>	<u>\$ 24,359,076</u>	<u>\$ 22,357,291</u>
Liabilities											
Current											
Payables and accruals	\$ 5,992	\$ 2,333	\$ 1,377	\$ 1,381	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,083	\$ 85,326
Payable to general fund	<u>624,320</u>	<u>4,203</u>	<u>4,203</u>	<u>4,203</u>	-	-	-	-	-	<u>636,929</u>	<u>471,708</u>
	<u>630,312</u>	<u>6,536</u>	<u>5,580</u>	<u>5,584</u>	-	-	-	-	-	<u>648,012</u>	<u>557,034</u>
Members' Equity											
Internally restricted	16,021,182	1,250,808	1,544,121	4,061,189	9,262	524,967	-	-	181,713	23,593,242	21,667,732
Externally restricted	-	-	-	-	-	-	5,921	111,901	-	117,822	132,525
	<u>16,021,182</u>	<u>1,250,808</u>	<u>1,544,121</u>	<u>4,061,189</u>	<u>9,262</u>	<u>524,967</u>	<u>5,921</u>	<u>111,901</u>	<u>181,713</u>	<u>23,711,064</u>	<u>21,800,257</u>
	<u>\$ 16,651,494</u>	<u>\$ 1,257,344</u>	<u>\$ 1,549,701</u>	<u>\$ 4,066,773</u>	<u>\$ 9,262</u>	<u>\$ 524,967</u>	<u>\$ 5,921</u>	<u>\$ 111,901</u>	<u>\$ 181,713</u>	<u>\$ 24,359,076</u>	<u>\$ 22,357,291</u>

Newfoundland and Labrador Teachers' Association Restricted Funds' Statement of Cash Flows

Year Ended August 31

2018

2017

	Emergency Fund	Professional Development Fund	Centennial Fund	Reserve Fund	President's Travel Fund	IT Strategy Fund	Safe Schools Fund	SAC/NLCPA Fund	Presidential Housing Fund	Total	Total
Operating											
Excess (deficiency) of revenue over expenses	\$ 1,041,488	\$ 94,840	\$ 145,058	\$ 372,486	\$ -	\$ (57,060)	\$ 96	\$ (14,799)	\$ (20,817)	\$ 1,561,292	\$ 676,967
Change in non-cash operating working capital (Note 7)	(73,205)	-	-	-	-	57,060	-	26,530	20,817	31,202	86,054
	968,283	94,840	145,058	372,486	-	-	96	11,731	-	1,592,494	763,021
Financing											
Advances from general fund	349,515	-	-	-	-	-	-	-	-	349,515	690,532
Investing											
Increase in investments	(1,317,798)	(94,840)	(145,058)	(372,486)	-	-	(96)	(11,731)	-	(1,942,009)	(1,453,553)
Net increase in cash and cash equivalents	-	-	-	-	-	-	-	-	-	-	-
Cash and cash equivalents											
Beginning of year	-	-	-	-	-	-	-	-	-	-	-
End of year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Section III

Historical Data on NLTA Finances

A. General Operations Income & Expenditures 1986/87 - 2017/18					
Year	Total Income	Total Expenditures	Yearly Surplus (Deficit)	Inter-fund Transfers & Accounting Policy	Accumulated Surplus/Deficit
2017-2018	\$6,380,774	\$4,866,412	\$1,514,362	(\$508,998)	\$6,467,233
2016-2017	6,137,913	5,438,884	699,029	(1,004,083)	5,461,869
2015-2016	6,514,163	5,133,100	1,381,063	(442,632)	5,766,923
2014-2015	6,187,317	5,283,215	904,102	(620,979)	4,828,492
2013-2014	6,192,004	5,148,455	1,043,549	(587,586)	4,545,369
2012-2013	6,208,737	5,444,626	764,111	(690,274)	4,089,406
2011-2012	6,100,637	4,899,138	1,201,499	(357,697)	4,010,049
2010-2011	5,740,991	5,045,598	695,393	(585,153)	3,166,247
2009-2010	5,534,599	4,384,293	1,150,306	(437,629)	3,056,007
2008-2009	5,456,702	4,639,252	817,450	(418,484)	2,343,330
2007-2008	4,966,867	4,149,900	816,967	(517,267)	1,944,364
2006-2007	4,719,138	4,233,167	485,971	(959,451)	1,644,664
2005-2006	4,619,308	3,980,011	639,297	(7,000)	2,118,144
2004-2005	3,872,163	4,077,890	(205,727)		1,485,847
2003-2004	3,960,752	3,881,407	79,345		1,581,574
2002-2003	3,871,108	4,109,828	(238,720)		1,632,229
2001-2002	3,739,317	3,580,184	159,133		2,056,949
2000-2001	3,565,396	3,544,238	(306,572)		1,997,816
1999-2000	3,503,356	3,169,095	334,261		2,304,388
1998-1999	3,618,210	3,504,109	114,101		1,970,127
1997-1998	3,530,531	3,197,846	332,685		1,856,026
1996-1997	3,747,531	3,598,940	148,591		1,523,341
1995-1996	3,797,298	3,614,351	182,947		1,374,750
1994-1995	4,126,069	3,593,644	532,425		1,413,159
1993-1994	3,521,820	3,758,975	(237,155)		880,734
1992-1993	4,178,277	3,880,021	298,256		1,117,889
1991-1992	3,718,009	3,781,052	(63,043)		958,811
1990-1991	3,503,498	3,549,432	(45,934)		1,031,995
1989-1990	3,329,786	3,403,001	(73,215)		1,138,562
1988-1989	3,054,607	3,149,472	(94,865)		1,173,117
1987-1988	3,039,221	2,973,837	65,384		1,251,634
1986-1987	2,728,378	2,537,303	191,075		1,003,135

B.

**Emergency Fund
1984/85 – 2017/18**

Year	Revenue	Expenses	Inter-fund Transfers & Accounting Policy	Accumulated Surplus (Deficit)
2017-2018	\$1,669,565	\$983,388	\$704,826	\$16,021,182
2016-2017	963,121	1,046,421	1,070,561	14,630,532
2015-2016	1,325,833	1,273,323	671,552	13,642,918
2014-2015	1,690,636	648,466	(55,842)	12,918,856
2013-2014	1,001,463	425,792	1,653,815	11,932,528
2012-2013	736,403	364,953	1,184,153	9,703,042
2011-2012	945,882	331,962	182,401	8,147,439
2010-2011	661,008	248,961	630,983	7,351,118
2009-2010	603,084	214,713	529,751	6,308,088
2008-2009	554,792	344,146	126,644	5,389,966
2007-2008	1,194,846	205,113	523,613	5,052,676
2006-2007	555,567	613,260	127,859	3,539,330
2005-2006	491,961	428,110		3,469,164
2004-2005	297,581	253,847		3,405,313
2003-2004	318,047	498,259		3,361,579
2002-2003	383,730	230,588		3,541,791
2001-2002	318,306	592,013		3,388,649
2000-2001	440,103	326,837		3,662,356
1999-2000	331,282	365,217		3,549,090
1998-1999	323,094	292,941		3,583,025
1997-1998	417,608	450,224		3,552,872
1996-1997	358,968	371,821		3,585,488
1995-1996	371,369	215,605		3,598,341
1994-1995	367,810	192,745		3,221,221
1993-1994	575,648	7,724,684		3,046,156
1992-1993	809,171	1,228,664		10,195,192
1991-1992	960,488	403,115		10,614,685
1990-1991	1,063,151	1,494,875		10,057,352
1989-1990	1,688,120	547,686		10,489,076
1988-1989	1,586,222	226,383		9,437,482
1987-1988	1,335,850	234,360		8,077,643
1986-1987	1,174,825	142,431		6,979,700
1985-1986	1,206,728	779,878		5,954,500
1984-1985	1,237,912	343,493		5,559,946

C.

**Reserve Fund
1993/94 – 2017/18**

Year	Total Income	Total Expenditures	Inter-fund Transfers & Accounting Policy	Accumulated Surplus (Deficit)
2017-2018	\$276,486	\$11,570	\$107,570	\$4,061,189
2016-2017	124,414	13,680	95,398	3,688,703
2015-2016	199,922	12,823	252,067	3,482,571
2014-2015	311,293	12,485	(118,411)	3,230,504
2013-2014	140,709	14,230	358,791	3,050,107
2012-2013	73,006	10,462	176,493	2,564,837
2011-2012	147,928	14,265	(51,933)	2,325,800
2010-2011	72,480	10,677	33,544	2,244,070
2009-2010	61,837	9,815	50,929	2,148,723
2007-2008	409,715	12,291	(282,430)	2,138,486
2006-2007	42,293	11,804	800,000	2,023,492
2005-2006	40,269	6,226		1,193,003
2004-2005	17,735	966		1,158,960
2003-2004	19,602	932		1,142,191
2002-2003	200,160	949		1,123,521
2001-2002	135,257	1,014		924,310
2000-2001	350,389	863		790,067
1999-2000	100,209	905		440,541
1998-1999	16,279	120,191		341,237
1997-1998	104,811	31,557		445,149
1996-1997	9,194	77,502		371,895
1995-1996	20,202	803		440,203
1994-1995	8,405	803		420,804
1993-1994	1,491	800		413,202

D.

**Professional Development Fund
1998/99 – 2017/18**

Year	Total Income	Total Expenditures	Transfers & New Accounting Policy	Accumulated Surplus (Deficit)
2017-2018	\$100,890	\$38,520	\$32,740	\$1,250,808
2016-2017	39,153	26,362	28,767	1,155,968
2015-2016	111,032	46,740	55,419	1,114,410
2014-2015	101,778	42,337	(38,932)	1,058,991
2013-2014	46,872	28,343	116,260	1,038,482
2012-2013	24,758	35,108	57,024	903,693
2011-2012	57,335	41,746	(25,126)	857,019
2010-2011	25,438	41,054	10,517	866,556
2009-2010	20,192	26,123	15,743	871,655
2008-2009	16,576	41,214	(47,929)	861,843
2007-2008	177,724	24,501	10,006	934,410
2006-2007	32,278	30,001		771,181
2005-2006	27,469	27,634		768,904
2004-2005	25,291	19,765		769,069
2003-2004	25,389	34,652		763,543
2002-2003	41,131	31,320		772,806
2001-2002	177,453	79,351		762,995
2000-2001	55,946	121,323		664,893
1999-2000	35,130	113,119		730,270
1998-1999	34,118	129,076		808,259

E.

**Centennial Fund
1995/96 – 2017/18**

Year	Total Income	Total Expenditures	Transfers & New Accounting Policy	Accumulated Surplus (Deficit)
2017-2018	\$245,676	\$130,876	\$30,258	\$1,544,121
2016-2017	195,714	113,271	26,821)	1,399,063
2015-2016	214,932	96,990	136,307	1,289,799
2014-2015	240,619	102,546	(34,690)	1,153,492
2013-2014	185,859	99,689	103,791	1,050,109
2012-2013	161,942	81,439	(38,339)	860,149
2011-2012	183,790	100,327	(112,510)	817,985
2010-2011	145,432	67,738	(76,438)	847,032
2009-2010	133,406	86,814	(68,445)	845,776
2008-2009	122,704	83,887	(122,655)	867,629
2007-2008	269,038	83,266	(63,386)	951,467
2006-2007	133,802	83,450	(81,000)	829,081
2005-2006	128,148	154,498		859,729
2004-2005	126,046	81,470		886,079
2003-2004	99,831	77,760		841,503
2002-2003	167,749	83,956		819,432
2001-2002	29,290	247,699		735,639
2000-2001	182,587	63,643		954,048
1999-2000	37,580	67,201		835,104
1998-1999	317,580	37,471		864,725
1997-1998	38,504	17,154		584,616
1996-1997	23,168	28,500		563,266
1995-1996	34,513	16,084		568,598

Section IV

NLTA Draft Budgets

2019-20 and 2020-21

BGM 2019

	Draft Budget 2020-2021	Draft Budget 2019-2020	Budget 2018-2019	Budget 2017-2018	Unaudited Actual 2017-2018
Revenue					
Fees	\$ 5,332,100	\$ 5,309,600	\$ 5,220,133	\$ 5,268,864	\$ 5,568,633
Advertising	10,000	10,000	10,000	10,000	7,600
Miscellaneous	500	500	500	500	362
Group Insurance Income (Salary)	229,500	228,500	224,508	223,598	225,231
Group Insurance (Other)	75,000	75,000	75,000	73,000	86,397
President's Housing	28,800	28,800	28,800	28,800	19,800
Transferred from Convention Fund	150,000	-	-	-	-
Print Plant Revenue	8,000	8,000	8,000	7,500	17,654
Interest Income	65,000	60,000	17,000	17,000	97,252
Employee Assistance Program	256,300	256,300	254,244	254,244	252,398
Sponsorship Agreement	75,000	75,000	72,725	72,725	75,000
Total Revenue	\$ 6,230,200	\$ 6,051,700	\$ 5,910,910	\$ 5,956,231	\$ 6,350,327
Expenses					
Governance and Administration (Schedule A)	\$ 2,670,000	\$ 2,458,500	\$ 2,481,044	\$ 2,135,527	\$ 2,085,113
Branch Operations (Schedule B)	391,100	391,100	347,534	347,534	325,101
Communications (Schedule C)	783,000	782,700	798,754	798,427	712,548
Programs and Services (Schedule D)	2,315,800	2,303,800	2,173,109	2,161,660	1,964,805
Total Operating Expenses	\$ 6,159,900	\$ 5,936,100	\$ 5,800,441	\$ 5,443,148	\$ 5,087,567
Excess of Revenue over Expenses	\$ 70,300	\$ 115,600	\$ 110,469	\$ 513,083	\$ 1,262,760
Less: Contribution to Emergency Fund	(35,150)	(57,800)	(55,235)	(256,542)	-
Revised: Excess of Revenue over Expenses	\$ 35,150	\$ 57,800	\$ 55,235	\$ 256,542	\$ 1,262,760
Capital Expenditures	\$ 45,000	\$ 45,000	\$ 45,000	\$ 45,000	\$ 35,749

	Draft Budget 2020-2021	Draft Budget 2019-2020	Budget 2018-2019	Budget 2017-2018	Unaudited Actual 2017-2018
Building					
Building Maintenance	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ 44,466
Garbage Collection	6,500	6,500	6,500	6,500	5,905
Grounds Maintenance/Snow Clearing	25,000	25,000	25,000	25,000	17,583
Hydro	65,000	65,000	62,500	60,000	49,166
Insurance on Building	13,800	13,500	15,000	15,000	11,982
Property/Water Taxes	65,000	65,000	65,000	62,500	54,174
Supplies - Janitorial	4,500	4,500	5,000	5,000	4,044
Depreciation - Building	139,000	139,000	139,000	138,000	137,520
Depreciation - Computer Equipment	15,000	15,000	14,300	12,000	15,573
Elevator - Service Contract	4,200	4,200	4,200	4,200	4,046
Sub-Total: Building	\$ 378,000	\$ 377,700	\$ 376,500	\$ 368,200	\$ 344,459
Canadian Teachers' Federation					
Fees	156,600	153,500	145,038	146,453	151,628
CTF-AGM	10,000	10,000	10,000	10,000	10,242
Sub-Total: CTF	\$ 166,600	\$ 163,500	\$ 155,038	\$ 156,453	\$ 161,870
Executive					
Executive Meetings	96,000	86,500	100,000	96,000	61,213
Standing Committees					
Table Officers	3,000	3,000	3,000	3,000	1,350
Ad-Hoc Province Wide Vote & Renumeration	-	-	6,556	6,556	6,203
Finance and Property	5,000	5,000	5,000	5,000	2,689
Staff Negotiations	1,000	6,000	1,000	6,000	-
Electoral Committee	5,000	1,000	5,000	1,000	744
Pooled Investment Fund Committee	1,500	1,500	1,500	1,500	1,333
Sub-Total: Executive and Standing Committees	\$ 111,500	\$ 103,000	\$ 122,056	\$ 119,056	\$ 73,532
Office					
Audit Fees	50,000	50,000	50,000	50,000	47,897
Bank Charges	7,000	7,000	7,000	7,000	6,897
Depreciation - Furniture/Equipment	19,000	18,000	19,000	18,000	16,821
Computer Service/Technical Support	5,000	5,000	6,500	5,000	3,285
Equipment - Service/ Repair	2,000	2,000	2,000	2,000	-
Office Supplies	39,000	37,000	35,000	35,000	34,174
Telephone	55,000	52,500	57,000	55,000	48,194
Computer Upgrades (Hardware/Software)	35,000	35,000	35,000	35,000	18,080
Sub-Total: Office	\$ 212,000	\$ 206,500	\$ 211,500	\$ 207,000	\$ 175,348

	Draft Budget 2020-2021	Draft Budget 2019-2020	Budget 2018-2019	Budget 2017-2018	Unaudited Actual 2017-2018
Personnel					
Salary & Benefits	\$ 797,400	\$ 789,800	\$ 790,174	\$ 782,311	\$ 687,677
Casual Labor	6,000	6,000	6,000	6,000	5,850
Staff Replacement	5,000	5,000	5,000	5,000	2,136
Staff Training	10,000	10,000	10,000	10,000	4,935
Travel	15,000	15,000	15,000	15,000	11,459
Deferred Severance Pay	40,000	40,000	40,000	40,000	35,000
Reserve for Annual Leave	20,000	20,000	20,000	20,000	21,554
Sub-Total: Personnel	\$ 893,400	\$ 885,800	\$ 886,174	\$ 878,311	\$ 768,611
President's Office					
Salary & Benefits	196,900	196,700	197,426	197,257	198,495
Accountable Allowance - President	1,500	1,500	1,500	1,500	1,500
President's Travel	25,000	25,000	25,000	25,000	25,000
President's Housing	28,800	28,800	28,800	28,800	19,800
Relocation Costs	10,000	-	10,000	-	-
Vice President Stipend	2,400	2,400	1,600	-	-
Accountable Allowance - Vice President	1,000	1,000	1,000	500	500
Province-Wide Election	23,000	-	23,000	-	-
Sub-Total: President's Office	\$ 288,600	\$ 255,400	\$ 288,326	\$ 253,057	\$ 245,295
General					
Miscellaneous	4,000	4,000	4,000	4,000	627
Professional Services	2,000	2,000	3,000	3,000	-
Insurance - Travel	3,600	3,500	3,450	3,450	3,359
Insurance - Directors & Officers Liability	8,600	8,400	-	-	7,056
Public Relations	25,000	25,000	25,000	25,000	23,811
Conferences	25,000	25,000	25,000	25,000	13,136
Convention - BGM	300,000	-	285,000	-	1,464
Support Staff Pension Plan Special Payments	213,700	213,700	58,000	58,000	232,967
Transferred to Convention Fund	-	150,000	-	-	-
NLTA Medal	2,000	2,000	2,000	2,000	500
NLTA Scholarship	6,000	6,000	6,000	6,000	6,384
CAPTO	15,000	15,000	15,000	15,000	22,616
General Secretaries Conference	6,000	6,000	6,000	6,000	1,608
CTF Presidents' Meeting	6,000	6,000	6,000	6,000	2,470
Education International	3,000	-	3,000	-	-
Sub-Total: General	\$ 619,900	\$ 466,600	\$ 441,450	\$ 153,450	\$ 315,998
Total: Governance and Administration	\$ 2,670,000	\$ 2,458,500	\$ 2,481,044	\$ 2,135,527	\$ 2,085,113

	Draft Budget 2020-2021	Draft Budget 2019-2020	Budget 2018-2019	Budget 2017-2018	Unaudited Actual 2017-2018
Branches					
Registration	\$ 34,300	\$ 34,300	\$ 34,300	\$ 34,300	\$ 34,300
Membership	39,000	39,000	39,000	39,000	31,938
Sub-Total: Branches	\$ 73,300	\$ 73,300	\$ 73,300	\$ 73,300	\$ 66,238
Branches					
School Board - Teacher Liaison	23,000	23,000	19,500	19,500	22,497
Labrador West Branch Office	5,000	5,000	5,000	5,000	5,000
Coastal Labrador Branches	15,000	15,000	15,000	15,000	2,183
Exceptional Travel	500	500	500	500	-
Additional Branch Projects	5,000	5,000	5,000	5,000	2,740
Branch Retirement Functions	13,300	13,300	13,234	13,234	14,054
Branch Visitations	6,000	6,000	6,000	6,000	4,058
Joint Council Meetings	150,000	150,000	150,000	150,000	141,553
Observer Funding Joint Council Meetings	40,000	40,000	-	-	-
School Representatives Seminars	50,000	50,000	50,000	50,000	58,781
Sub-Total: Branches	\$ 307,800	\$ 307,800	\$ 264,234	\$ 264,234	\$ 250,866
Pins and Scrolls	10,000	10,000	10,000	10,000	7,997
Total: Branch Operations	\$ 391,100	\$ 391,100	\$ 347,534	\$ 347,534	\$ 325,101

	Draft Budget 2020-2021	Draft Budget 2019-2020	Budget 2018-2019	Budget 2017-2018	Unaudited Actual 2017-2018
Publicity and Promotion					
Internal/Membership	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 24,724
External/Public	45,000	45,000	40,000	40,000	42,325
Promotion	12,000	12,000	12,000	12,000	19,115
Media Monitoring	5,000	5,000	10,000	10,000	2,611
Donations/Sponsorships	10,000	10,000	10,000	10,000	13,095
Sub-Total: Publicity and Promotion	\$ 102,000	\$ 102,000	\$ 102,000	\$ 102,000	\$ 101,870
Education Week	20,000	20,000	17,000	17,000	21,807
Communications/Political Action Committee	4,300	4,300	4,256	4,256	4,422
Salary & Benefits	270,600	270,400	270,794	270,616	255,817
Program Travel	8,500	8,500	8,500	8,500	7,313
Print Plant					
Service/Repair Contracts	2,500	2,500	5,000	5,000	1,614
Postage	60,000	60,000	60,000	60,000	49,923
Supplies	45,000	45,000	50,000	50,000	25,250
Printers (Outside)	4,000	4,000	4,000	4,000	-
Salary & Benefits	156,100	156,000	156,204	156,055	134,818
Copier - Lease	60,000	60,000	76,000	76,000	67,888
- Service	50,000	50,000	45,000	45,000	41,826
Sub-Total: Print Plant	\$ 377,600	\$ 377,500	\$ 396,204	\$ 396,055	\$ 321,319
Total: Communications	\$ 783,000	\$ 782,700	\$ 798,754	\$ 798,427	\$ 712,548

	Draft Budget 2020-2021	Draft Budget 2019-2020	Budget 2018-2019 *	Budget 2017-2018 *	Unaudited Actual 2017-2018 *
Standing Committees					
Membership Benefits & Services	\$ 5,600	\$ 5,600	\$ 5,559	\$ 5,559	\$ 3,310
Pensions (Administration)	1,200	1,200	1,198	1,198	-
Deferred Salary Leave Plan	200	200	197	197	-
EAP	1,000	1,000	973	973	-
Substitute Teachers	1,500	1,500	1,449	1,449	1,213
Professional Issues	9,800	9,800	9,719	9,719	1,079
Teacher Certification	1,900	1,900	1,886	1,886	2,656
Education Leave	200	200	209	209	-
Equity Issues in Education	4,600	4,600	4,619	4,619	1,246
Comm for Student Support Service	500	500	500	500	-
Curriculum	6,000	6,000	5,975	5,975	5,245
Inclusion	-	-	2,000	2,000	-
Sub-Total: Standing Committees	\$ 32,500	\$ 32,500	\$ 34,284	\$ 34,284	\$ 14,749
Pre-Retirement Seminars	55,000	55,000	55,000	55,000	56,919
Financial Information Seminars	15,000	15,000	15,000	15,000	4,779
Professional Relations Disputes	3,000	3,000	3,000	3,000	1,223
Teacher Certification Review Panel	1,000	1,000	1,000	1,000	3,864
Certification Appeals	2,000	2,000	2,000	2,000	-
Joint Ventures	10,000	10,000	10,000	10,000	-
Support for Beginning Teachers	38,000	38,000	30,000	30,000	17,627
Teacher Orientation	10,000	10,000	15,000	15,000	-
NLTA/MUN Graduation Ceremony	7,500	7,500	7,500	7,500	5,477
Leadership Initiatives	5,000	5,000	5,000	5,000	685
Project Overseas	11,000	11,000	11,000	11,000	11,000
Contact	32,000	32,000	32,000	32,000	32,000
Developing Successful Schools (DSS)	17,500	17,500	17,500	17,500	13,989
Special Interest Councils					
Program Budgets	100,000	100,000	100,000	100,000	77,163
Leadership Seminar	20,000	20,000	20,000	20,000	6,731
Sub-Total: Special Interest Councils	\$ 120,000	\$ 120,000	\$ 120,000	\$ 120,000	\$ 83,894

	Draft Budget 2020-2021	Draft Budget 2019-2020	Budget 2018-2019 *	Budget 2017-2018 *	Unaudited Actual 2017-2018 *
Transferred to School Administrators PD Fund	26,000	26,000	24,000	24,000	26,165
Transferred to NLCPA PD Fund	7,000	7,000	6,500	6,500	7,021
Legal Fees					
(a) Counsel/Defense	143,000	143,000	138,527	135,148	125,000
(b) Research/Opinion	11,000	11,000	10,656	10,396	10,500
(c) Teacher Costs	2,000	2,000	2,000	2,000	-
Sub-Total: Legal Fees	\$ 156,000	\$ 156,000	\$ 151,183	\$ 147,544	\$ 135,500
Research	2,000	2,000	2,000	2,000	-
Employee Assistance Program	256,300	256,300	254,244	254,244	252,398
Salary & Benefits	1,344,400	1,334,500	1,215,858	1,208,052	1,176,694
Programs and Services Travel	75,000	75,000	70,000	70,000	36,288
Information Centre					
Salary & Benefits	59,600	57,500	62,540	62,536	51,270
Books and Resources	25,000	25,000	24,500	24,500	26,510
Memberships and Subscriptions	5,000	5,000	4,000	4,000	6,753
Sub-Total: Information Centre	\$ 89,600	\$ 87,500	\$ 91,040	\$ 91,036	\$ 84,533
Total: Programs and Services	\$ 2,315,800	\$ 2,303,800	\$ 2,173,109	\$ 2,161,660	\$ 1,964,805

* Note: Prior year budgets and actuals for BES and PD have been combined where required to reflect the new Programs & Services budgeting format.

	Draft Budget 2020-2021	Draft Budget 2019-2020	Budget 2018-2019	Budget 2017-2018	Unaudited Actual 2017-2018
Revenue					
Interest from Investments	\$ 575,000	\$ 570,000	\$ 475,000	\$ 462,650	\$ 1,179,470
Fees	465,900	463,900	453,925	458,162	490,095
1/2 Prior Year Surplus	57,800	55,200	256,423	65,268	349,515
Total Revenue	\$ 1,098,700	\$ 1,089,100	\$ 1,185,348	\$ 986,080	\$ 2,019,080
Expenses					
Negotiations					
Labrador Benefits Negotiations	\$ 6,500	\$ 6,500	\$ 6,500	\$ -	\$ -
Labrador West Negotiations	8,500	8,500	8,500	8,500	4,944
Provincial Negotiations	40,000	40,000	40,000	40,000	17,140
Branch Visits	16,000	16,000	16,000	16,000	-
Executive Meetings	20,000	20,000	20,000	20,000	-
Joint Council Meetings	58,000	58,000	58,000	58,000	-
Negotiating Team	30,000	30,000	30,000	30,000	38,350
Political Action Campaign	25,000	25,000	25,000	25,000	5,000
Collective Bargaining Training	10,000	10,000	10,000	10,000	10,809
Collective Bargaining Preparations	20,000	20,000	20,000	-	-
Collective Bargaining Focus Groups	10,000	10,000	10,000	-	-
Sub-Total : Negotiations	244,000	244,000	244,000	207,500	76,243
Public Awareness Strategy	\$ 875,000	\$ 875,000	\$ 1,050,000	\$ 700,000	\$ 700,033
Grievances and Arbitrations	200,000	200,000	200,000	200,000	156,162
Miscellaneous					
Pensions Conference	8,000	8,000	8,000	8,000	10,206
Pension Sponsor Body	10,000	10,000	-	-	-
Auditors	8,000	8,000	8,000	8,000	6,596
Fund Manager Fees	42,500	42,500	42,500	40,000	34,150
Disciplinary Committee	5,000	5,000	5,000	5,000	-
Disciplinary Hearings	10,000	10,000	10,000	10,000	-
Sub-Total: Miscellaneous	\$ 83,500	\$ 83,500	\$ 73,500	\$ 71,000	\$ 50,952
Total Expenses	\$ 1,402,500	\$ 1,402,500	\$ 1,567,500	\$ 1,178,500	\$ 983,390
NET SURPLUS/(DEFICIT)	\$ (303,800)	\$ (313,400)	\$ (382,151)	\$ (192,420)	\$ 1,035,690

Section V

NLTA

Financial Statement

February 28, 2019



Draft

	Addit. Funding Approved By Exec./J. Council	Budget 2018-19	For the 6 Months Ending 02-28-19	Percentage of Budget
Revenue				
Fees	\$ -	\$ 5,220,133	\$ 2,794,375	53.53%
Advertising	-	10,000	4,600	46.00%
Miscellaneous	-	500	126	25.20%
Group Insurance Income (Salary)	-	224,508	102,831	45.80%
Group Insurance (Other)	-	75,000	-	0.00%
President's Housing	-	28,800	14,400	50.00%
Print Plant Revenue	-	8,000	8,910	111.37%
Interest Income	-	17,000	66,686	392.27%
Employee Assistance Program	-	254,244	120,000	47.20%
Sponsorship Agreement	-	72,725	75,000	103.13%
Total Revenue	\$ -	\$ 5,910,910	\$ 3,186,928	53.92%
Expenses				
Governance and Administration (Schedule A)	\$ 9,456	\$ 2,480,844	\$ 1,141,085	46.00%
Branch Operations (Schedule B)	-	347,534	230,621	66.36%
Communications (Schedule C)	(6,726)	798,754	356,737	44.66%
Professional Development (Schedule D)	2,297	717,958	368,272	51.29%
Benefits and Economic Services (Schedule E)	(3,363)	1,455,151	748,109	51.41%
Total Operating Expenses	\$ 1,664	\$ 5,800,241	\$ 2,844,824	49.05%
Surplus / (Deficit)	\$ (1,664)	\$ 110,669	\$ 342,104	
Less: Contribution to Emergency Fund	-	55,334		
Revised Surplus / (Deficit)	\$ (1,664)	\$ 55,334	\$ 342,104	
Capital Expenditures (Schedule G)	\$ -	\$ 45,000	\$ 15,801	35.11%

* additional funding approved by Executive/Joint Council is included in the budget column

Schedule A: Corporate Services - Governance and Administration

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	Addit. Funding Approved By Exec./J. Council	Budget 2018-19	Actual 02-28-19	Percentage of Budget
Building				
Building Maintenance	\$ -	\$ 40,000	\$ 16,842	42.10%
Garbage Collection	-	6,500	3,494	53.76%
Grounds Maintenance/Snow Clearing	-	25,000	13,104	52.41%
Hydro	-	62,500	27,617	44.19%
Insurance on Building	-	15,000	7,737	51.58%
Property/Water Taxes	-	65,000	34,422	52.96%
Supplies - Janitorial	-	5,000	1,896	37.93%
Depreciation - Building	-	139,000	69,288	49.85%
Depreciation - Computer Equipment	-	14,300	4,595	32.13%
Elevator - Service Contract	-	4,200	4,269	101.63%
Sub-Total Building	\$ -	\$ 376,500	\$ 183,263	48.68%
Canadian Teachers' Federation				
Fees	-	145,038	112,622	77.65%
CTF-AGM	-	10,000	-	0.00%
Sub-Total - CTF	\$ -	\$ 155,038	\$ 112,622	72.64%
Executive				
Executive Meetings	-	100,000	50,102	50.10%
Standing Committees				
Table Officers	-	3,000	1,796	59.86%
Ad-Hoc Province Wide Vote & Remuneration	6,556	6,556	4,205	64.15%
Finance and Property	-	5,000	1,585	31.69%
Staff Negotiations	-	1,000	-	0.00%
Electoral Committee	-	5,000	3,204	64.09%
Pooled Investment Fund Committee	-	1,500	1,339	89.26%
Sub-Total - Executive and Standing Committees	\$ 6,556	\$ 122,056	\$ 62,231	50.99%
Office				
Audit Fees	-	50,000	46,862	93.72%
Bank Charges	-	7,000	3,731	53.31%
Depreciation - Furniture/Equipment	-	19,000	8,617	45.35%
Computer Service/Technical Support	-	6,500	1,135	17.46%
Equipment - Service/ Repair	-	2,000	-	0.00%
Office Supplies	-	35,000	18,681	53.38%
Telephone	-	57,000	29,275	51.36%
Computer Upgrades (Hardware/Software)	-	35,000	17,480	49.94%
Sub-Total - Office	\$ -	\$ 211,500	\$ 125,781	59.47%

Schedule A: Corporate Services - Governance and Administration (Continued)

	Addit. Funding Approved By Exec./J. Council	Budget 2018-19	Actual 02-28-19	Percentage of Budget
Personnel				
Salaries	\$ -	\$ 655,618	\$ 316,750	48.31%
Employer's Share of Deductions	-	133,836	57,514	42.97%
Car Allowance	-	720	360	50.00%
Casual Labor	1,000	6,000	-	0.00%
Staff Replacement	-	5,000	1,699	33.99%
Staff Training	-	10,000	5,500	55.00%
Travel	-	15,000	14,468	96.46%
Deferred Severance Pay	-	40,000	-	0.00%
Reserve for Annual Leave	-	20,000	-	0.00%
Sub-Total - Personnel	\$ 1,000	\$ 886,174	\$ 396,292	44.72%
President's Office				
Salary	-	167,217	83,241	49.78%
Employer's Share of Deductions	-	30,209	15,018	49.72%
Accountable Allowance - President	-	1,500	1,492	99.44%
President's Travel	-	25,000	19,070	76.28%
Relocation Costs	-	10,000	-	0.00%
President's Housing	-	28,800	14,400	50.00%
Vice President Stipend	1,400	1,400	-	0.00%
Accountable Allowance - Vice President	500	1,000	-	0.00%
Sub - Total President's Office	\$ 1,900	\$ 265,126	\$ 133,222	50.25%
General				
Messages & Miscellaneous	-	4,000	498	12.46%
Professional Services	-	3,000	-	0.00%
Insurance - Directors & Officers/ Accident	-	3,450	6,823	197.77%
Public Relations (Note 1 - page 12)	-	25,000	14,222	56.89%
Conferences	-	25,000	9,600	38.40%
Convention	-	285,000	3,540	1.24%
NLTA Medal	-	2,000	-	0.00%
NLTA Scholarship	-	6,000	5,900	98.33%
CAPTO	-	15,000	6,827	45.51%
Contribution to Support Staff Pension Plan	-	58,000	77,950	134.40%
General Secretaries Conference	-	6,000	2,047	34.12%
CTF Presidents' Meeting	-	6,000	-	0.00%
Education International	-	3,000	-	0.00%
Province-wide Vote	-	23,000	268	1.16%
Sub-Total - General	\$ -	\$ 464,450	\$ 127,675	27.49%
Total - Governance and Administration	\$ 9,456	\$ 2,480,844	\$ 1,141,085	46.00%

Schedule B: Corporate Services - Branch Operations

	Addit. Funding Approved By Exec./J. Council	Budget 2018-19	Actual 02-28-19	Percentage of Budget
Branches				
Registration	\$ -	\$ 34,300	\$ 34,300	100.00%
Membership	-	39,000	34,035	87.27%
School Board - Teacher Liaison	-	19,500	15,950	81.80%
Labrador West Branch Office	-	5,000	5,000	100.00%
Coastal Labrador Branches	-	15,000	4,583	30.55%
Exceptional Travel	-	500	-	0.00%
Additional Branch Projects	-	5,000	-	0.00%
Branch Retirement Functions	-	13,234	2,048	15.48%
Branch Visitations	-	6,000	2,597	43.28%
Joint Council Meetings	-	150,000	102,424	68.28%
School Representatives Seminars	-	50,000	28,862	57.72%
Sub-Total Branches	\$ -	\$ 337,534	\$ 229,798	68.08%
Membership Services				
Pins and Scrolls	-	10,000	823	8.23%
Sub-Total - Membership Services	\$ -	\$ 10,000	\$ 823	8.23%
Total - Branch Operations	\$ -	\$ 347,534	\$ 230,621	66.36%

Schedule C: Communications

	Addit. Funding Approved By Exec./J. Council	Budget 2018-19	Actual 02-28-19	Percentage of Budget
Publicity and Promotion				
Internal/Membership	\$ -	\$ 30,000	\$ 10,194	33.98%
External/Public	-	40,000	26,448	66.12%
Promotion	-	12,000	5,022	41.85%
Media Monitoring	-	10,000	1,572	15.72%
Donations/Sponsorships	-	10,000	3,285	32.85%
Sub-Total Publicity and Promotion (Note 2 - page 12)	\$ -	\$ 102,000	\$ 46,521	45.61%
Education Week	-	17,000	2,316	13.62%
Communications/Political Action Committee	(2,717)	4,256	1,458	34.26%
Membership Engagement Committee	(3,009)	-	-	-
Personnel				
Salaries	-	226,813	111,962	49.36%
Employer's Share of Deductions	-	43,981	17,968	40.85%
Casual Help	(1,000)	-	-	-
Sub-Total Personnel	\$ (1,000)	\$ 270,794	\$ 129,929	47.98%
Travel				
ACE Meetings	-	4,500	829	18.42%
Program Travel	-	4,000	1,200	30.00%
Sub-Total Travel	\$ -	\$ 8,500	\$ 2,029	23.87%
Print Plant				
Service/Repair Contracts	-	5,000	1,988	39.77%
Postage	-	60,000	29,040	48.40%
Supplies	-	50,000	27,624	55.25%
Printers (Outside)	-	4,000	-	0.00%
Salaries	-	127,762	57,581	45.07%
Employer's Share of Deductions	-	28,442	11,055	38.87%
Copier - Lease	-	76,000	30,106	39.61%
Copier - Service/Printing	-	45,000	17,090	37.98%
Sub-Total - Print Plant	\$ -	\$ 396,204	\$ 174,483	44.04%
Total - Communications	\$ (6,726)	\$ 798,754	\$ 356,737	44.66%

Schedule D: Programs and Services - Professional Development

	Addit. Funding Approved By Exec./J. Council	Budget 2018-19	Actual 02-28-19	Percentage of Budget
Standing Committees				
Professional Issues	\$ -	\$ 9,719	\$ 472	4.85%
Provincial Certification	-	1,886	-	0.00%
Education Leave	-	209	-	0.00%
Equity Issues in Education	2,297	4,619	633	13.71%
Comm for Student Support Service	-	500	-	0.00%
Curriculum	-	5,975	2,348	39.30%
Sub-Total - Standing Committees	\$ 2,297	\$ 22,908	\$ 3,453	15.07%
Personnel				
Salaries		319,232	143,657	45.00%
Employer's Share of Deductions		59,318	26,194	44.16%
Sub-Total - Personnel	\$ -	\$ 378,550	\$ 169,851	44.87%
Conference and Resource Materials				
CONTACT	-	32,000	-	0.00%
Developing Successful Schools (DDS)	-	17,500	6,096	34.84%
Resource Materials	-	8,000	-	0.00%
Sub-Total - Conference & Resource Materials	\$ -	\$ 57,500	\$ 6,096	10.60%
Program and Travel	-	45,000	23,118	51.37%
Joint Ventures		10,000	-	0.00%
Support for Beginning Teachers	-	30,000	18,486	61.62%
NLTA/MUN Graduation Ceremony	-	7,500	4,555	60.74%
Leadership Initiatives		5,000	-	0.00%
Transferred to School Administrators PD Fund	-	24,000	26,163	109.01%
Transferred to NLCPA PD Fund	-	6,500	6,279	96.60%
Special Interest Councils				
Program Budgets	-	100,000	87,238	87.24%
Leadership Seminar	-	20,000	12,033	60.16%
Sub-Total - Special Interest Councils	\$ -	\$ 120,000	\$ 99,270	82.73%
Project Overseas	-	11,000	11,000	100.00%
Total - Professional Development	\$ 2,297	\$ 717,958	\$ 368,272	51.29%

Schedule E: Programs and Services - Benefits and Economic Services

	Addit. Funding Approved By Exec./J. Council	Budget 2018-19	Actual 02-28-19	Percentage of Budget
Legal: Teacher Costs	\$ -	\$ 2,000	\$ -	0.00%
Standing Committees				
Membership Benefits & Services	1,776	5,559	1,187	21.35%
Pensions (Administration)	-	1,198	-	0.00%
Deferred Salary Leave Plan	-	167	-	0.00%
EAP	-	973	-	0.00%
Employer/Employee Relations	-	30	-	0.00%
Substitute Teachers	(5,139)	1,449	818	56.46%
Inclusion	-	2,000	-	0.00%
Sub-Total Standing Committees	\$ (3,363)	\$ 11,376	\$ 2,005	17.63%
Pre-Retirement Seminars	-	55,000	49,466	89.94%
Teacher Orientation	-	15,000	15,957	106.38%
Financial Information Seminars	-	15,000	883	5.88%
Professional Relations Disputes	-	3,000	-	0.00%
Teacher Certification Review Panel	-	1,000	-	0.00%
Certification Appeals	-	2,000	-	0.00%
Personnel				
Salaries	-	703,305	368,217	52.36%
Employer's Share of Deductions	-	134,003	68,534	51.14%
Sub-Total Personnel	\$ -	\$ 837,308	\$ 436,752	52.16%
Lawyer's Fees				
(a) Counsel/Defense	-	138,527	66,946	48.33%
(b) Research/Opinion	-	10,656	2,625	24.63%
Sub-Total - Lawyer's Fees	\$ -	\$ 149,183	\$ 69,571	46.63%
Research	-	2,000	-	0.00%
Employee Assistance Program	-	254,244	120,000	47.20%
Benefits and Economic Services Travel	-	25,000	11,536	46.15%
Information Centre				
Salary	-	52,467	22,787	43.43%
Employer's Share of Deductions	-	10,073	4,416	43.84%
Books and Supplies	-	16,500	12,165	73.73%
Memberships and Subscriptions	-	4,000	2,572	64.29%
Sub-Total - Information Centre	\$ -	\$ 83,040	\$ 41,939	50.50%
Total - Benefits and Economic Services	\$ (3,363)	\$ 1,455,151	\$ 748,109	51.41%

Schedule F: Programs and Services - Benefits and Economic Services - EAP

(April 01, 2018 - February 28, 2019) (not included in page 1)

	Addit. Funding Approved By Exec./J. Council	Budget 2017-18	Actual 02-28-19
Revenue			
Government Grant	\$ -	\$ 255,781	\$ 180,000
Expenses			
Personnel			
Salaries	\$ -	\$ 180,193	\$ 214,974
Employer's Share of Deductions	-	37,038	41,547
Car Allowance	-	3,600	4,125
Sub-Total - Personnel	\$ -	\$ 220,831	\$ 260,645
Publicity	0	2,000	-
Subscriptions	0	200	-
Postage	0	2,000	-
Telephone	0	5,000	-
Professional Services (Audit, Legal & Consultation)	0	1,000	1,400
Travel - Professional Development	0	6,000	5,587
- Program	0	17,000	5,410
Memberships	0	750	485
Equipment and Supplies	0	1,000	6,118
Total Expenses - EAP	\$ -	\$ 255,781	\$ 279,646
Surplus (Deficit)	\$ -	\$ -	\$ (99,646)

Schedule G: Capital Expenditures

	Budget 2017-18	Actual 02-28-19
Capital Purchases		
Building		\$ 15,801
Computer Equipment		-
Furniture and Equipment		-
Total	\$ 45,000	\$ 15,801

Schedule H: Emergency Fund

	Addit. Funding Approved By Exec./J. Council	Budget 2018-19	Actual 02-28-19	Percentage of Budget
Revenue				
Interest from Investments	\$ -	\$ 475,000	\$ 912,831	192.17%
Fees	-	453,925	234,004	51.55%
1/2 - 2017-2018 Budgeted Surplus	-	256,423	757,181	295.29%
Total Revenue	\$ -	\$ 1,185,348	\$ 1,904,016	160.63%
Negotiations				
Labrador Benefits Negotiations	\$ -	\$ 6,500	\$ -	-
Labrador West Negotiations	-	8,500	-	0.00%
Provincial Negotiations	-	40,000	6,730	16.83%
Branch Visitations	-	16,000	19,884	124.28%
Executive Meetings	-	20,000	20,966	104.83%
Joint Council Meetings	-	58,000	38,959	67.17%
Negotiating Team	-	30,000	-	0.00%
Political Action Campaign (Note 3 - page 12)	-	25,000	-	0.00%
Collective Bargaining Preparation	-	20,000	-	0.00%
Collective Bargaining Focus Groups	-	10,000	-	0.00%
Sub-Total - Negotiations	\$ -	\$ 234,000	\$ 86,540	36.98%
Public Awareness Strategy	\$ -	\$ 1,050,000	\$ 843,480	80.33%
Miscellaneous				
Grievances and Arbitrations	\$ -	\$ 200,000	\$ 45,883	22.94%
Collective Bargaining Training	-	10,000	14,559	145.59%
Pensions Conference	-	8,000	4,599	57.49%
Auditors	-	8,000	4,837	60.46%
Fund Manager's Fees	-	42,500	22,319	52.51%
Disciplinary Committee	-	5,000	-	0.00%
Disciplinary Hearings	-	10,000	-	0.00%
Sub-Total - Miscellaneous	\$ -	\$ 283,500	\$ 92,196	32.52%
Total Expenses	\$ -	\$ 1,567,500	\$ 1,022,216	65.21%
Surplus / (Deficit)	\$ -	\$ (382,152)	\$ 881,800	

FUND BALANCES - 28 FEBRUARY 2019

	<u>BOOK VALUE</u>	<u>MARKET VALUE</u>
Emergency Fund		
Investments	\$ 15,197,511	\$ 16,189,176
Cash in Bank	9,880	9,880
Total Cash and Investments	<u>\$ 15,207,390</u>	<u>\$ 16,199,056</u>
Reserve Fund		
Investments	\$ 4,053,894	\$ 4,083,054
Cash in Bank	15,714	15,714
Total Cash and Investments	<u>\$ 4,069,608</u>	<u>\$ 4,098,769</u>
Professional Development Fund		
Investments	\$ 1,105,655	\$ 1,199,566
Cash in Bank	52,952	52,952
Total Cash and Investments	<u>\$ 1,158,607</u>	<u>\$ 1,252,519</u>
Centennial Fund		
Investments	\$ 1,076,295	\$ 1,168,136
Cash in Bank	312,261	312,261
Total Cash and Investments	<u>\$ 1,388,556</u>	<u>\$ 1,480,397</u>
Support Staff Pension Fund		
Investments	\$ 5,066,742	\$ 5,367,816
Cash in Bank	399	399
Total Cash and Investments	<u>\$ 5,067,141</u>	<u>\$ 5,368,215</u>
TOTAL CASH & INVESTMENTS	<u>\$ 26,891,302</u>	<u>\$ 28,398,955</u>

Note 1 - Public Relations (Governance & Admin Stmt - page 3)

Includes donations and sponsorships:

Newfoundland and Labrador Federation of School Councils	\$	550
Relationships First (RF-RJE)		5,000
Kids Eat Smart Foundation		5,000
		-
		<u>10,550</u>
	\$	<u>10,550</u>

Note 2 - Publicity and Promotion (Communications Stmt - page 5)

Includes donations and sponsorships:

School Sports Newfoundland and Labrador	\$	1,840
RNC Guide - Crime Prevention		750
CCPANL (Bullying Handbook)		695
		-
		-
		-
		-
		-
		-
		-
		<u>3,285</u>
	\$	<u>3,285</u>

Note 3 - Political Action Campaign (Emergency Fund - page 10)

Includes donations and sponsorships:

	\$	-
		-
		<u>-</u>
	\$	<u>-</u>

Section VI

Group Insurance

Auditor Reports

2016-17 and 2017-18



Financial Statements

Newfoundland and Labrador Teachers'

Association - Insurance Fund

April 30, 2017

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Independent auditors' report

To the Managers of the

Newfoundland and Labrador Teachers' Association – Insurance Fund

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We have audited the accompanying financial statements of the Newfoundland and Labrador Teachers' Association – Insurance Fund, which comprise the statement of financial position as at April 30, 2017, and the statements of operations, changes in net assets, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Fund management's responsibility for the financial statements

Fund 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 Fund 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 interim 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 the Newfoundland and Labrador Teachers' Association – Insurance Fund as at April 30, 2017, 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.



St. John's, Canada

February 10, 2018

Chartered Professional Accountants

Newfoundland and Labrador Teachers' Association - Insurance Fund

Statement of Operations

Year Ended April 30	2017	2016		
	<u>Program Fund</u>	<u>Emergency Fund</u>	<u>Post 65 Life Fund</u>	<u>Total</u>
Income (loss) from insurance programs				
Health	\$ 688,023			\$ (780,730)
Dental	486,951			77,844
Life	(521,852)			792,514
Long term disability	<u>(635,089)</u>			<u>(1,465,762)</u>
	18,033			(1,376,134)
Investment income				
Basic/life dependent surplus	912,952		\$ 173,243	1,086,195
Refund of long term disability premiums	42,715		-	42,715
Other income	408		-	408
Premiums Post 65 life	233,226		-	233,226
	-		<u>192,000</u>	<u>192,000</u>
	<u>1,207,334</u>		<u>365,243</u>	<u>1,572,577</u>
Long term disability worker compensation top-up	35,324		-	35,324
Increase in Claims Fluctuation Reserve	274,828		-	274,828
Expenses (Page 13)	<u>932,519</u>		<u>261,475</u>	<u>1,193,994</u>
	<u>1,242,671</u>		<u>261,475</u>	<u>1,504,146</u>
(Loss) income before other item	(35,337)		103,768	68,431
Other item				
Increase (decrease) in fair value of investments	<u>2,567,029</u>		<u>494,708</u>	<u>3,061,737</u>
Net income (loss)	<u>\$ 2,531,692</u>	<u>\$ -</u>	<u>\$ 598,476</u>	<u>\$ 3,130,168</u>
				<u>\$ (1,826,195)</u>

See accompanying notes to the financial statements.

Newfoundland and Labrador Teachers' Association - Insurance Fund
Statement of Changes in Net Assets

Year Ended April 30	2017			2016
	<u>Program Fund</u>	<u>Emergency Fund</u>	<u>Post 65 Life Fund</u>	<u>Total</u>
Surplus, beginning of year	\$ 14,759,738	\$ 3,500,000	\$ 4,242,619	\$ 22,502,357
Net income (loss)	2,531,692	-	598,476	3,130,168
Interfund transfers	<u>(350,000)</u>	<u>350,000</u>	-	-
Surplus, end of year	<u>\$ 16,941,430</u>	<u>\$ 3,850,000</u>	<u>\$ 4,841,095</u>	<u>\$ 25,632,525</u>
				<u>\$ 22,502,357</u>

See accompanying notes to the financial statements.

Newfoundland and Labrador Teachers' Association - Insurance Fund

Statement of Financial Position

April 30

2017 2016

	Program Fund	Emergency Fund	Post 65 Life Fund	Total
Assets				Total
Cash and cash equivalents	\$ 182,085		\$ 14,567	\$ 196,652
Restricted deposits - underwriter	827,804		-	827,804
Receivables (Note 4)	480,805		-	480,805
Investments (Note 5)	<u>19,634,234</u>	<u>\$ 3,850,000</u>	<u>4,830,103</u>	<u>28,314,337</u>
	<u>\$ 21,124,928</u>	<u>\$ 3,850,000</u>	<u>\$ 4,844,670</u>	<u>\$ 29,819,598</u>
<hr/>				
Liabilities				
Payables and accruals (Note 6)	\$ 1,326,624		\$ 3,575	\$ 1,330,199
Payable to NLTA – General Fund	<u>51,767</u>		<u>-</u>	<u>51,767</u>
	<u>1,378,391</u>		<u>3,575</u>	<u>1,381,966</u>
Net assets				
Restricted net assets - Claims Fluctuation Reserve (Note 8)	2,805,107			2,805,107
Surplus	<u>16,941,430</u>	<u>\$ 3,850,000</u>	<u>4,841,095</u>	<u>25,632,525</u>
	<u>19,746,537</u>	<u>3,850,000</u>	<u>4,841,095</u>	<u>28,437,632</u>
	<u>\$ 21,124,928</u>	<u>\$ 3,850,000</u>	<u>\$ 4,844,670</u>	<u>\$ 29,819,598</u>

On Behalf of the Insurance Fund

_____ Manager _____ Manager

See accompanying notes to the financial statements.

Newfoundland and Labrador Teachers' Association - Insurance Fund

Statement of Cash Flows

Year Ended April 30

2017 2016

	Program Fund	Emergency Fund	Post 65 Life Fund	Total	Total
Operating					
Net income (loss)	\$ 2,531,692	\$ -	\$ 598,476	\$ 3,130,168	\$ (1,826,195)
Change in claims fluctuation reserve	<u>274,828</u>	-	-	<u>274,828</u>	<u>141,515</u>
Change in non-cash operating working capital (Note 9)	2,806,520	-	598,476	3,404,996	(1,684,680)
	<u>149,736</u>	-	<u>(16,048)</u>	<u>133,688</u>	<u>1,320,907</u>
	<u>2,956,256</u>	-	<u>582,428</u>	<u>3,538,684</u>	<u>(363,773)</u>
	<u>(2,679,589)</u>	<u>(350,000)</u>	<u>(568,029)</u>	<u>(3,597,618)</u>	<u>550,157</u>
Investing					
(Increase) decrease in investments					
Financing					
Advances to Emergency fund	(350,000)	-	-	(350,000)	(200,000)
Advances from Program fund	-	<u>350,000</u>	-	<u>350,000</u>	<u>200,000</u>
	<u>(350,000)</u>	<u>350,000</u>	-	-	-
Net (decrease) increase in cash and cash equivalents	(73,333)	-	14,399	(58,934)	186,384
Cash and cash equivalents					
Beginning of year	<u>255,418</u>	-	<u>168</u>	<u>255,586</u>	<u>69,202</u>
End of year	<u>\$ 182,085</u>	<u>\$ -</u>	<u>\$ 14,567</u>	<u>\$ 196,652</u>	<u>\$ 255,586</u>

See accompanying notes to the financial statements.

Newfoundland and Labrador Teachers' Association - Insurance Fund

Notes to the Financial Statements

April 30, 2017

1. Purpose of the organization

The Newfoundland and Labrador Teachers' Association - Insurance Fund is a fund of the Association that administers the group insurance activities of the members. The Insurance Fund is responsible for reporting the results of the insurance programs and the selection of an underwriter to provide insurance coverage and pay claims.

2. Summary of significant accounting policies

Basis of presentation

The Insurance Fund has prepared these financial statements in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

Fund accounting

The Insurance Fund follows the restricted fund method of accounting for contributions.

The Program Fund accounts for the organization's program delivery and administrative activities, as well as the operating activity in the underwriting accounts of the insurance programs.

The Emergency Fund was established for the following purposes:

- a) to pay to a maximum of one month's group insurance premiums for insured members during a job action; and
- b) to pay other emergency costs related to insurance that the Insurance Fund deems justified and within the parameters of the Deed agreement between Insurance Fund Managers and the Newfoundland and Labrador Teachers' Association.

The Post 65 Life Fund was established for the purpose of recording activity related to the Post 65 Life insurance option and is governed in accordance with a Post 65 Life Agreement with the Government of Newfoundland and Labrador.

Claims fluctuations reserve

The fund has established a claims fluctuations reserve (CFR) to a maximum of the CFR objective for health, dental, and life determined annually at April 30 each year and long term disability as determined annually at December 31 each year. This reserve is reported as restricted net assets of the Program Fund. The purpose of this reserve is to assist in maintaining the financial stability of the Insurance Fund and to offset deficits in the various insurance programs.

Newfoundland and Labrador Teachers' Association - Insurance Fund

Notes to the Financial Statements

April 30, 2017

2. Summary of significant accounting policies (cont'd.)

Use of estimates

Management reviews the carrying amounts of items in the financial statements at each balance sheet date to assess the need for revision or any possibility of impairment. Many items in the preparation of these financial statements require management's best estimate. Management determines these estimates based on assumptions that reflect the most probable set of economic conditions and planned course of action.

These estimates are reviewed periodically and adjustments are made to net income as appropriate in the year as they become known. The item subject to significant management estimate includes allowance for doubtful accounts.

Cash and cash equivalents

Cash and cash equivalents include cash on hand and balances with banks and investment brokers, net of bank overdrafts.

Investments

Investments are classified as held for trading and accounted for at fair value with changes in fair value recorded in net earnings.

Revenue recognition

The Insurance Fund recognize annual earnings (losses) in the underwriting accounts of the insurance programs on an accrual basis. Investment income is recorded as it is earned. Refunds of premiums related to insurance programs are recorded as they are received.

Government subsidies are recognized in accordance with the period to which they relate.

Salaries and benefits

Salary and benefit expenses are initially payable by NLTA - General Fund as all employees are legally contracted to it. The portion of salary and benefit payments for employees dedicated to Insurance Fund activities is reimbursed each period by the Insurance Fund, which then records the salary and benefit expenses as its own. Annual leave and severance benefits are accrued in the NLTA - General Fund until paid or employee termination, at which time they become expenses in the Insurance Fund. Pension and other post-retirement benefits remain the obligation of NLTA - General Fund and are not accrued in the Insurance Fund.

Financial instruments

Initial measurement

The Insurance Fund's financial instruments are measured at fair value when issued or acquired. For financial instruments subsequently measured at cost or amortized cost, fair value is adjusted by the amount of the related financing fees and transaction costs. Transaction costs and financing fees relating to financial instruments that are measured subsequently at fair value are recognized in operations in the year in which they are incurred.

Newfoundland and Labrador Teachers' Association - Insurance Fund

Notes to the Financial Statements

April 30, 2017

2. Summary of significant accounting policies (cont'd.)

Subsequent measurement

At each reporting date, the Insurance Fund measures its financial assets and liabilities at cost or amortized cost (less impairment in the case of financial assets), except for equities quoted in an active market, which must be measured at fair value. The Insurance Fund uses the effective interest rate method to amortize any premiums, discounts, transaction fees, and financing fees to the statement of operations. The financial instruments measured at amortized cost are cash and cash equivalents, receivables, and payables and accruals. The financial instruments measured at fair value are investments.

For financial assets measured at cost or amortized cost, the Insurance Fund regularly assesses whether there are any indications of impairment. If there is an indication of impairment, and the Insurance Fund determines that there is a significant adverse change in the expected timing or amount of future cash flows from the financial asset, it recognizes an impairment loss in the statement of operations. Any reversals of previously recognized impairment losses are recognized in operations in the year the reversal occurs.

3. Risk management

The Insurance Fund's policy for managing significant risks includes policies, procedures and oversight designed to reduce the risks identified to an appropriate threshold. Management, with the oversight of Fund Managers, manage its investment portfolio in accordance with its long term investment policy. The investment risk inherent in its investment portfolio is managed through diversification in both asset classes and investments held. The Fund Managers are provided with timely and relevant reports on the management of significant risks. Significant risks managed by the Fund include credit, liquidity, and market risks.

Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Insurance Fund's credit risk is attributable to receivables and fixed income securities. Management believes that the credit risk concentration with respect to financial instruments included in receivables is remote, and does not anticipate any issuers of fixed income securities will fail to meet their obligations. There has been no significant change in exposure from the prior year.

Liquidity risk

Liquidity risk is the risk that the fund will be unable to meet its contractual obligations and financial liabilities. The Insurance Fund is exposed to this risk mainly in respect of payables and accruals, and payable to the General Fund. The Insurance Fund manages liquidity risk by monitoring its cash flows and ensuring that it has sufficient cash and marketable securities available to meet its obligations and liabilities. In the opinion of management, the liquidity risk to the Fund is low. There has been no significant change in exposure from the prior year.

Newfoundland and Labrador Teachers' Association - Insurance Fund

Notes to the Financial Statements

April 30, 2017

3. Risk management (cont'd.)

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates and equity prices.

i) Interest rate risk

Interest rate risk is the risk that the value of a financial security will fluctuate due to changes in market interest rates. The Insurance Fund is exposed to interest rate risk through investment in fixed income securities. Interest rate risk is managed through diversification of fixed income securities through sector allocation and security duration. The Insurance Fund holds fixed income securities totaling approximately 31.00% (2016 - 31.20%) of its investment in the Fiera Balanced Integrated Fund with a market value of \$8,777,444 (2016 - \$7,711,736) at year end.

ii) Foreign exchange risk

The Insurance Fund is exposed to foreign exchange risk on fluctuations related to equity investments that are denominated in a foreign currency. The Insurance Fund manages this risk through diversification of its investment portfolio. The Insurance Fund holds foreign equities totaling approximately 26.90% (2016 - 28.60%) of its investment in the Fiera Balanced Integrated Fund with a market value of \$7,616,557 (2016 - \$7,069,091) at year end.

iii) Price risk

The Insurance Fund has exposure to price risk with respect to equity prices. Equity price risk is defined as the potential adverse impact on the Insurance Fund's earnings due to movements in individual equity prices or general movements in the level of the stock market. The Insurance Fund manages price risk through diversification of its investment portfolio. The Insurance Fund's investment in the Fiera Balanced Integrated Fund had a total market value of \$28,314,337 (2016 - \$24,716,719) at year end.

4. Receivables

	<u>2017</u>	<u>2016</u>
Insurance administrator	\$ 264,687	\$ 330,091
Insurance carrier	<u>216,118</u>	<u>581,886</u>
	<u>\$ 480,805</u>	<u>\$ 911,977</u>

Newfoundland and Labrador Teachers' Association - Insurance Fund

Notes to the Financial Statements

April 30, 2017

5. Investments	2017		2016	
	Cost	Carry Value/ Market Value	Cost	Carry Value/ Market Value
Program/Emergency Fund	\$ 21,660,697	\$ 23,484,234	\$ 20,997,924	\$ 20,454,645
Post 65 Life Fund	<u>4,526,337</u>	<u>4,830,103</u>	<u>4,452,848</u>	<u>4,262,074</u>
	<u>\$ 26,187,034</u>	<u>\$ 28,314,337</u>	<u>\$ 25,450,772</u>	<u>\$ 24,716,719</u>

All investments are held in the Fiera Balanced Integrated Fund.

6. Payables and accruals	2017	2016
Insurance administrator	\$ 19,270	\$ 33,517
Insurance carrier	1,180,381	1,223,666
Other	<u>130,548</u>	<u>25,265</u>
	<u>\$ 1,330,199</u>	<u>\$ 1,282,448</u>

7. Interest from insurance administrator

The Insurance Fund has entered into an agreement with Johnson Inc. to administer the teachers' insurance plans. Insurance premiums are received in advance by the administrator and invested until required to be remitted to the insurance carrier.

8. Claims fluctuation reserve	2017	2016
Balance, beginning of the year	\$ 2,530,279	\$ 2,388,764
Net transfer to reserve during the year	<u>274,828</u>	<u>141,515</u>
Balance, end of the year	<u>\$ 2,805,107</u>	<u>\$ 2,530,279</u>

Desjardins and Manulife Financial, the insurance carriers, have established specific objectives for the level of the Claim Fluctuation Reserve for each of the options under the plan, except for Life options for which the Insurance Fund Managers took over responsibility in the 2017 year. The Claim Fluctuation Reserve for each option are as follows:

Newfoundland and Labrador Teachers' Association - Insurance Fund

Notes to the Financial Statements

April 30, 2017

8. Claims fluctuation reserve (cont'd.)

	<u>2017</u>	<u>2016</u>
Dental	\$ 298,633	\$ 271,709
Life	277,016	277,943
Health	1,385,944	1,244,595
Long term disability	<u>843,514</u>	<u>736,032</u>
	<u>\$ 2,805,107</u>	<u>\$ 2,530,279</u>

At April 30, 2017, \$827,804 (2016 - \$547,791) of this reserve was held in deposits with underwriters, the remainder was held in the Insurance Fund's investment account.

9. Change in non-cash operating working capital

	<u>Program Fund</u>	<u>Emergency Fund</u>	<u>Post 65 Life Fund</u>	<u>2017 Total</u>	<u>2016 Total</u>
Restricted deposits - underwriter	\$ (280,013)	\$ -		\$ (280,013)	\$ 492,258
Receivables	431,172	-		431,172	(471,706)
Prepays	-	-		-	352
Payables and accruals	63,798	-	\$ (16,048)	47,750	1,226,378
Payable to General Fund	<u>(65,221)</u>	<u>-</u>	<u>-</u>	<u>(65,221)</u>	<u>73,625</u>
	<u>\$ 149,736</u>	<u>\$ -</u>	<u>\$ (16,048)</u>	<u>\$ 133,688</u>	<u>\$ 1,320,907</u>

10. Related party transactions

During the year, the Insurance Fund paid \$416,796 (2016 - \$303,911) to the Newfoundland and Labrador Teachers' Association for incurred costs relating to the group insurance plan. These transactions were in the normal course of operations and were measured at their exchange amount, which is the amount of consideration established and agreed to by the related parties.

Newfoundland and Labrador Teachers' Association - Insurance Fund Schedules of Expenses

Year Ended April 30

2017

2016

	Program Fund	Post 65 Life Fund	Total	Total
Contribution to the operating expenses of the general fund	\$ 75,548	\$ -	\$ 75,548	73,737
Health membership cards	-	-	-	35,183
Interest, underwriting accounts	103,737	-	103,737	51,257
Meetings and in-service	78,685	-	78,685	53,156
Miscellaneous	2,703	-	2,703	717
Pre-retirement seminars	8,516	-	8,516	8,367
Post 65 Life subsidy	-	229,590	229,590	233,023
Professional fees	120,997	31,885	152,882	123,086
Salaries and benefits	332,733	-	332,733	221,807
Special programs – CarePath	209,600	-	209,600	-
	<u>\$ 932,519</u>	<u>\$ 261,475</u>	<u>\$ 1,193,994</u>	<u>\$ 800,333</u>



Financial Statements

Newfoundland and Labrador Teachers'

Association - Insurance Fund

April 30, 2018

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Independent auditors' report

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To the Managers of the
Newfoundland and Labrador Teachers' Association – Insurance Fund

We have audited the accompanying financial statements of the Newfoundland and Labrador Teachers' Association – Insurance Fund, which comprise the statement of financial position as at April 30, 2018, and the statements of operations, changes in net assets, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Fund management's responsibility for the financial statements

Fund 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 Fund 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 interim 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 the Newfoundland and Labrador Teachers' Association – Insurance Fund 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.



St. John's, Canada

February 9, 2019

Chartered Professional Accountants

Newfoundland and Labrador Teachers' Association - Insurance Fund

Statement of Operations

Year Ended April 30			2018	(Note 10) 2017
	Program Fund	Post 65 Life Fund	<u>Total</u>	<u>Total</u>
Income (loss) from insurance programs				
Health	\$ 412,392	\$ -	\$ 412,392	\$ 688,023
Dental	240,582	-	240,582	486,951
Life	21,777	-	21,777	(521,852)
Long term disability	<u>(165,487)</u>	<u>-</u>	<u>(165,487)</u>	<u>(635,089)</u>
	509,264		509,264	18,033
Investment income	1,922,246	373,360	2,295,606	1,086,195
Basic/life dependent surplus	127,827	-	127,827	42,715
Other income	218,260	-	218,260	233,634
Premiums Post 65 life	<u>-</u>	<u>192,000</u>	<u>192,000</u>	<u>192,000</u>
	<u>2,777,597</u>	<u>565,360</u>	<u>3,342,957</u>	<u>1,572,577</u>
Long term disability worker compensation top-up	23,973	-	23,973	35,324
Increase in claims fluctuation reserve	-	-	-	274,828
Expenses (Schedule 1)	<u>713,281</u>	<u>287,860</u>	<u>1,001,141</u>	<u>1,193,994</u>
	<u>737,254</u>	<u>287,860</u>	<u>1,025,114</u>	<u>1,504,146</u>
Income before other item	2,040,343	277,500	2,317,843	68,431
Other item (Decrease) increase in fair value of investments	<u>(1,185,491)</u>	<u>(195,330)</u>	<u>(1,380,821)</u>	<u>3,061,737</u>
Net income	<u>\$ 854,852</u>	<u>\$ 82,170</u>	<u>\$ 937,022</u>	<u>\$ 3,130,168</u>

See accompanying notes to the financial statements.

Newfoundland and Labrador Teachers' Association - Insurance Fund
Statement of Changes in Net Assets

Year Ended April 30

	2018			2017	
	Program Fund	Post 65 Life Fund	Emergency Fund	Restricted Net Assets	Total
Net assets, beginning of year	\$ 16,941,430	\$ 4,841,095	3,850,000	\$ 2,805,107	\$ 22,502,357
Net income	854,852	82,170	-	-	3,130,168
Interfund transfer	3,850,000	-	(3,850,000)	-	-
Restricted net assets transfer (Schedule 2)	<u>(15,172,591)</u>	<u>-</u>	<u>-</u>	<u>15,172,591</u>	<u>-</u>
Net assets, end of year	<u>\$ 6,473,691</u>	<u>\$ 4,923,265</u>	<u>\$ -</u>	<u>\$ 17,977,698</u>	<u>\$ 29,374,654</u>

See accompanying notes to the financial statements.

Newfoundland and Labrador Teachers' Association - Insurance Fund

Statement of Financial Position

April 30 (Note 10)

2018

2017

	Program Fund	Post 65 Life Fund	<u>Total</u>	<u>Total</u>
Assets				
Cash and cash equivalents	\$ 114,478	\$ 168	\$ 114,646	\$ 196,652
Restricted deposits - underwriter	-	-	-	827,804
Receivables (Note 4)	699,409	-	699,409	480,805
Investments (Note 5)	<u>25,171,215</u>	<u>4,970,548</u>	<u>30,141,763</u>	<u>28,314,337</u>
	<u>\$25,985,102</u>	<u>\$ 4,970,716</u>	<u>\$30,955,818</u>	<u>\$29,819,598</u>
Liabilities				
Payables and accruals (Note 6)	\$ 1,381,566	\$ 47,451	\$ 1,429,017	\$ 1,330,199
Payable to NLTA – General Fund	<u>152,147</u>	-	<u>152,147</u>	<u>51,767</u>
	<u>1,533,713</u>	<u>47,451</u>	<u>1,581,164</u>	<u>1,381,966</u>
Net assets				
Restricted net assets (Schedule 2)	17,977,698	-	17,977,698	2,805,107
Surplus	<u>6,473,691</u>	<u>4,923,265</u>	<u>11,396,956</u>	<u>25,632,525</u>
	<u>24,451,389</u>	<u>4,923,265</u>	<u>29,374,654</u>	<u>28,437,632</u>
	<u>\$25,985,102</u>	<u>\$ 4,970,716</u>	<u>\$30,955,818</u>	<u>\$29,819,598</u>

On Behalf of the Insurance Fund

_____ Manager _____ Manager

See accompanying notes to the financial statements.

Newfoundland and Labrador Teachers' Association - Insurance Fund

Statement of Cash Flows

Year Ended April 30			2018	(Note 10) 2017
	Program Fund	Post 65 Life Fund	Total	Total
Operating				
Net income	\$ 854,852	\$ 82,170	\$ 937,022	\$ 3,130,168
Change in claims fluctuation reserve	<u>-</u>	<u>-</u>	<u>-</u>	<u>274,828</u>
	854,852	82,170	937,022	3,404,996
Change in non-cash operating working capital (Note 8)	<u>764,522</u>	<u>43,876</u>	<u>808,398</u>	<u>133,688</u>
	<u>1,619,374</u>	<u>126,046</u>	<u>1,745,420</u>	<u>3,538,684</u>
Investing				
Increase in investments	<u>(1,686,981)</u>	<u>(140,445)</u>	<u>(1,827,426)</u>	<u>(3,597,618)</u>
Net decrease in cash and cash equivalents	(67,607)	(14,399)	(82,006)	(58,934)
Cash and cash equivalents				
Beginning of year	<u>182,085</u>	<u>14,567</u>	<u>196,652</u>	<u>255,586</u>
End of year	<u>\$ 114,478</u>	<u>\$ 168</u>	<u>\$ 114,646</u>	<u>\$ 196,652</u>

See accompanying notes to the financial statements.

Newfoundland and Labrador Teachers' Association - Insurance Fund

Notes to the Financial Statements

April 30, 2018

1. Purpose of the organization

The Newfoundland and Labrador Teachers' Association - Insurance Fund is a fund of the Association that administers the group insurance activities of the members. The Insurance Fund is responsible for reporting the results of the insurance programs and the selection of an underwriter to provide insurance coverage and pay claims.

2. Summary of significant accounting policies

Basis of presentation

The Insurance Fund has prepared these financial statements in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

Fund accounting

The Insurance Fund follows the restricted fund method of accounting for contributions.

The Program Fund accounts for the organization's program delivery and administrative activities, as well as the operating activity in the underwriting accounts of the insurance programs.

The Post 65 Life Fund was established for the purpose of recording activity related to the Post 65 Life insurance option and is governed in accordance with a Post 65 Life Agreement with the Government of Newfoundland and Labrador.

The Emergency Fund was closed out to the Program Fund and its assets were transferred to the new Emergency Reserve in restricted net assets as of May 1, 2017.

Use of estimates

Management reviews the carrying amounts of items in the financial statements at each balance sheet date to assess the need for revision or any possibility of impairment. Many items in the preparation of these financial statements require management's best estimate. Management determines these estimates based on assumptions that reflect the most probable set of economic conditions and planned course of action.

These estimates are reviewed periodically and adjustments are made to net income as appropriate in the year as they become known. The item subject to significant management estimate includes allowance for doubtful accounts.

Cash and cash equivalents

Cash and cash equivalents include cash on hand and balances with banks and investment brokers, net of bank overdrafts.

Newfoundland and Labrador Teachers' Association - Insurance Fund

Notes to the Financial Statements

April 30, 2018

2. Summary of significant accounting policies (cont'd.)

Investments

Investments are classified as held for trading and accounted for at fair value with changes in fair value recorded in net income.

Claims fluctuations reserve

The Insurance Fund established a claims fluctuations reserve (CFR) to a maximum of the CFR objective for health, dental, and life determined annually at April 30 each year and long term disability as determined annually at December 31 each year. This reserve was reported as restricted net assets of the Program Fund. The purpose of this reserve was to assist in maintaining the financial stability of the Insurance Fund and to offset deficits in the various insurance programs. Effective May 1, 2017, the claims fluctuation reserve was eliminated and replaced with the Rate Stabilization Fund reserves.

Restricted net assets

Effective May 1, 2017 the Insurance Fund adopted a new internal funding policy to help manage the risk of future cost increases. As part of this new policy the following internally-restricted reserves have been created:

Rate Stabilization Fund (RSF) reserves have been established for Life, Health, Dental, and Long-term Disability plans to help stabilize premium rates in years when large increases are required. These reserves may be used in any year to pay off a plan deficiency or subsidize rate increases. The target levels have been set at 25% of annual premium for Basic Life, Dependent Life and Retiree Life, 15% of Health premiums, 10% of Dental premiums, and 30% of Long-term Disability premiums.

Provision for Adverse Deviation (PFAD) reserve has been established to add an additional margin on all stabilization reserves. This reserve is equal to 25% of all RSF reserves.

Large Amount Pooling Reserve (LAP) has been established to pay for individual health claims which exceed an annual threshold. Any claims that exceed the threshold will be paid from LAP and not be charged as plan experience. This reserve has been initially funded by 1.5% of Health Premiums.

Asset Value Reserve (AVR) has been established to manage the risk of fluctuations in investment returns and is built up from excess investment returns above an assumed target rate of 6%, only when the Program Fund is in a surplus position. This reserve is fully funded when it is greater than, or equal to, 20% of the year-end market value of the investments in the Program Fund.

Emergency Reserve has been established to pay for one month's premium for all active employees in case of strike or lockout. This reserve is equal to 10% of total premiums for Basic Life, Health, Dental, and Long-term Disability plans.

Newfoundland and Labrador Teachers' Association - Insurance Fund

Notes to the Financial Statements

April 30, 2018

2. Summary of significant accounting policies (cont'd.)

Revenue recognition

The Insurance Fund recognizes annual earnings (losses) in the underwriting accounts of the insurance programs on an accrual basis. Investment income is recorded as it is earned. Refunds of premiums related to insurance programs are recorded as they are received.

Government subsidies are recognized in accordance with the period to which they relate.

Salaries and benefits

Salary and benefit expenses are initially payable by NLTA - General Fund as all employees are legally contracted to it. The portion of salary and benefit payments for employees dedicated to Insurance Fund activities is reimbursed each period by the Insurance Fund, which then records the salary and benefit expenses as its own. Annual leave and severance benefits are accrued in the NLTA - General Fund until paid or employee termination, at which time they become expenses in the Insurance Fund. Pension and other post-retirement benefits remain the obligation of NLTA - General Fund and are not accrued in the Insurance Fund.

Financial instruments

Initial measurement

The Insurance Fund's financial instruments are measured at fair value when issued or acquired. For financial instruments subsequently measured at cost or amortized cost, fair value is adjusted by the amount of the related financing fees and transaction costs. Transaction costs and financing fees relating to financial instruments that are measured subsequently at fair value are recognized in operations in the year in which they are incurred.

Subsequent measurement

At each reporting date, the Insurance Fund measures its financial assets and liabilities at cost or amortized cost (less impairment in the case of financial assets), except for equities quoted in an active market, which must be measured at fair value. The Insurance Fund uses the effective interest rate method to amortize any premiums, discounts, transaction fees, and financing fees to the statement of operations. The financial instruments measured at amortized cost are cash and cash equivalents, receivables, and payables and accruals. The financial instruments measured at fair value are investments.

For financial assets measured at cost or amortized cost, the Insurance Fund regularly assesses whether there are any indications of impairment. If there is an indication of impairment, and the Insurance Fund determines that there is a significant adverse change in the expected timing or amount of future cash flows from the financial asset, it recognizes an impairment loss in the statement of operations. Any reversals of previously recognized impairment losses are recognized in operations in the year the reversal occurs.

Newfoundland and Labrador Teachers' Association - Insurance Fund

Notes to the Financial Statements

April 30, 2018

3. Risk management

The Insurance Fund's policy for managing significant risks includes policies, procedures and oversight designed to reduce the risks identified to an appropriate threshold. Management, with the oversight of Fund Managers, manage its investment portfolio in accordance with its long term investment policy. The investment risk inherent in its investment portfolio is managed through diversification in both asset classes and investments held. The Fund Managers are provided with timely and relevant reports on the management of significant risks. Significant risks managed by the Fund include credit, liquidity, and market risks.

Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Insurance Fund's credit risk is attributable to receivables and fixed income securities. Management believes that the credit risk concentration with respect to financial instruments included in receivables is remote, and does not anticipate any issuers of fixed income securities will fail to meet their obligations. There has been no significant change in exposure from the prior year.

Liquidity risk

Liquidity risk is the risk that the fund will be unable to meet its contractual obligations and financial liabilities. The Insurance Fund is exposed to this risk mainly in respect of payables and accruals, and payable to the General Fund. The Insurance Fund manages liquidity risk by monitoring its cash flows and ensuring that it has sufficient cash and marketable securities available to meet its obligations and liabilities. In the opinion of management, the liquidity risk to the Insurance Fund is low. There has been no significant change in exposure from the prior year.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates and equity prices.

i) Interest rate risk

Interest rate risk is the risk that the value of a financial security will fluctuate due to changes in market interest rates. The Insurance Fund is exposed to interest rate risk through investment in fixed income securities. Interest rate risk is managed through diversification of fixed income securities through sector allocation and security duration. The Insurance Fund holds fixed income securities totaling approximately 33.00% (2017 - 31.00%) of its investment in the Fiera Balanced Integrated Fund with a market value of \$9,946,782 (2017 - \$8,777,444) at year end.

ii) Foreign exchange risk

The Insurance Fund is exposed to foreign exchange risk on fluctuations related to equity investments that are denominated in a foreign currency. The Insurance Fund manages this risk through diversification of its investment portfolio. The Insurance Fund holds foreign equities totaling approximately 24.10% (2017 - 26.90%) of its investment in the Fiera Balanced Integrated Fund with a market value of \$7,264,165 (2017 - \$7,616,557) at year end.

Newfoundland and Labrador Teachers' Association - Insurance Fund Notes to the Financial Statements

April 30, 2018

3. Risk management (cont'd.)

iii) Price risk

The Insurance Fund has exposure to price risk with respect to equity prices. Equity price risk is defined as the potential adverse impact on the Insurance Fund's earnings due to movements in individual equity prices or general movements in the level of the stock market. The Insurance Fund manages price risk through diversification of its investment portfolio. The Insurance Fund's investment in the Fiera Balanced Integrated Fund had a total market value of \$30,141,763 (2017 - \$28,314,337) at year end.

4. Receivables	<u>2018</u>	<u>2017</u>
Insurance administrator	\$ 269,821	\$ 264,687
Insurance carrier	<u>429,588</u>	<u>216,118</u>
	<u>\$ 699,409</u>	<u>\$ 480,805</u>

5. Investments	<u>2018</u>		<u>2017</u>	
	<u>Cost</u>	<u>Carry Value/ Market Value</u>	<u>Cost</u>	<u>Carry Value/ Market Value</u>
Program/Emergency Fund	\$ 24,333,169	\$ 25,171,215	\$ 21,660,697	\$ 23,484,234
Post 65 Life Fund	<u>4,862,113</u>	<u>4,970,548</u>	<u>4,526,337</u>	<u>4,830,103</u>
	<u>\$ 29,195,282</u>	<u>\$ 30,141,763</u>	<u>\$ 26,187,034</u>	<u>\$ 28,314,337</u>

All investments are held in the Fiera Balanced Integrated Fund.

6. Payables and accruals	<u>2018</u>	<u>2017</u>
Insurance administrator	\$ 47,951	\$ 19,270
Insurance carrier	1,342,853	1,180,381
Other	<u>38,213</u>	<u>130,548</u>
	<u>\$ 1,429,017</u>	<u>\$ 1,330,199</u>

7. Interest from insurance administrator

The Insurance Fund has entered into an agreement with Johnson Inc. to administer the teachers' insurance plans. Insurance premiums are received in advance by the administrator and invested until required to be remitted to the insurance carrier.

Newfoundland and Labrador Teachers' Association - Insurance Fund Notes to the Financial Statements

April 30, 2018

8. Change in non-cash operating working capital

	Program Fund	Post 65 Life Fund	2018 Total	2017 Total
Restricted deposits - underwriter	\$ 827,804	\$ -	\$ 827,804	\$ (280,013)
Receivables	(218,604)	-	(218,604)	431,172
Payables and accruals	54,942	43,876	98,818	47,750
Payable to NLTA- General Fund	<u>100,380</u>	<u>-</u>	<u>100,380</u>	<u>(65,221)</u>
	<u>\$ 764,522</u>	<u>\$ 43,876</u>	<u>\$ 808,398</u>	<u>\$ 133,688</u>

9. Related party transactions

During the year, the Insurance Fund paid \$319,928 (2017 - \$416,796) to the Newfoundland and Labrador Teachers' Association for incurred costs relating to the group insurance plan. These transactions were in the normal course of operations and were measured at their exchange amount, which is the amount of consideration established and agreed to by the related parties.

10. Comparative figures

Comparative figures have been reclassified to conform to the financial statement presentation adopted for the current year.

Schedule 1

Newfoundland and Labrador Teachers' Association - Insurance Fund

Schedule of Expenses

Year Ended April 30

2018

2017

	Program Fund	Post 65 Life Fund	Total	Total
Contribution to the operating expenses of the general fund	\$ 86,397	\$ -	\$ 86,397	75,548
Insurance	8,338	-	8,338	-
Interest, underwriting accounts	35,753	-	35,753	103,737
Meetings and in-service	66,675	-	66,675	78,685
Miscellaneous	8,421	-	8,421	2,703
Pre-retirement seminars	13,983	-	13,983	8,516
Post 65 Life subsidy	-	272,747	272,747	229,590
Professional fees	79,564	15,113	94,677	152,882
Salaries and benefits	219,545	-	219,545	332,733
Special programs – CarePath	194,605	-	194,605	209,600
	\$ 713,281	\$ 287,860	\$ 1,001,141	\$ 1,193,994

Newfoundland and Labrador Teachers' Association - Insurance Fund
Schedule of Restricted Net Assets
 Year Ended April 30, 2018

	Claims Fluctuation Reserve	Life Rate Stabilization Reserve	Health Rate Stabilization Reserve	Dental Rate Stabilization Reserve	LTD Rate Stabilization Reserve	Asset Value Reserve	Large Amount Pooling Reserve	Adverse Deviation Reserve	Emergency Reserve	2018	2017
Restricted net assets, beginning of year \$	2,805,107	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,805,107	\$ 2,530,279
Net transfer to reserves during the year	(2,805,107)	368,507	4,337,791	603,381	1,338,062	5,034,243	433,779	1,661,935	4,200,000	15,172,591	274,828
Restricted net assets, end of year \$	-	\$ 368,507	\$ 4,337,791	\$ 603,381	\$ 1,338,062	\$ 5,034,243	\$ 433,779	\$ 1,661,935	\$ 4,200,000	\$ 17,977,698	\$ 2,805,107

Section VII

Group Insurance

Budgets

2019-20 and 2020-21

Group Insurance Budgets

2019 - 2020 and 2020 - 2021



	Budget		Budget	
	May 1, 2019		May 1, 2020	
	April 30, 2020		April 30, 2021	
Revenue				
Interest	\$	885,000	\$	885,000
Total Revenue	\$	885,000	\$	885,000
Expenses				
Meetings	\$	30,000	\$	30,000
Bank Charges		100		100
Salaries and Benefits		228,500		229,500
Program Travel		15,000		15,000
Services Rendered by NLTA		75,000		75,000
Professional Fees		9,000		9,000
Audit Fee		30,000		30,000
Directors & Officers Liability Insurance		8,500		8,600
Communications - NLTA		20,000		20,000
Office Supplies & Equipment		6,000		7,000
Conferences & In-Service		50,000		62,500
Premium Rate Setting		5,000		5,000
Memberships		1,800		1,800
Article 26 Committee		800		800
Fidelity Bond		1,400		1,400
Pre-retirement Contribution		13,500		15,000
LTD Top-Up		35,000		40,000
Special Programs/Projects		120,000		120,000
Fund Manager's Fee		72,000		74,000
Sub-Total: Operational Expenses	\$	721,600	\$	744,700
SURPLUS	\$	163,400	\$	140,300

Section VIII

**Administrative Staff Salaries
&
Support Staff Salaries**

2018-19

Administrative Staff Salaries 2018-19		
President	top of Grade VII plus 80.5%	\$166,482
Executive Director	top of Grade VII plus 73.6%	\$160,118
Assistant Executive Director responsible for Programs and Services	top of Grade VII plus 50.5%	\$138,812
Administrative Officer Programs and Services x 2	top of Grade VII plus 37.0%	\$126,361
Administrative Officer Programs and Services	top of Grade VII plus 35.0%	\$124,516
Administrative Officer Programs and Services	top of Grade VII plus 29%	\$118,982
Administrative Officer Programs and Services	top of Grade VII plus 27.0%	\$117,137
Administrative Officer Programs and Services	top of Grade VII plus 25.0%	\$115,293
Communications Officer	top of Grade VII plus 18.0%	\$108,836
Manager of Corporate Services	top of Grade VII plus 18.0%	\$108,836
Coordinator Employee Assistance Program x 2 (Note)	Step 25 of Government Scale HL22	\$90,094

Note – Funded by GNL through the EAP agreement

Support Staff Salaries 2018-19	
Position	
Executive Assistant, Governance	\$63,606
Supervisor, Printing Operations	\$55,181
Graphic Designer	\$55,181
Administrative Assistant Communications	\$55,181
Online Information Coordinator / Receptionist	\$51,267
Assistant to the Executive Director	\$51,336
Senior Administrative Assistant, Programs & Services	\$59,096
Administrative Assistant, Programs & Services	\$45,573
Administrative Assistant, Programs & Services	\$41,776
Clerical Assistant, Programs & Services	\$47,351
Accountant / Assistant (Corporate Services)	\$70,844
Systems Analyst	\$70,844
Information Technology Administrator	\$52,937
Records Management Clerk	\$39,583
Coordinator Building Operations	\$47,351

Section IX

Conferences Attended

2016-17 and 2017-18

Newfoundland & Labrador Teachers' Association Conferences 2016-17		
October 24 - 25, 2016	Lesley Ann Browne Public Sector Social Media 2016 Ottawa, Ontario	\$3,400.12
March 6 - 8, 2017	Jeanne Williams CTF Women's Symposium Ottawa, Ontario	2,218.84
March 6 - 8, 2017	Beverley Park CTF Women's Symposium Ottawa, Ontario	2,818.12
March 23 - 28, 2017	Maureen Doyle - Gillingham ASCD Conference Anaheim, California	3,954.50
May 10 -12, 2017	Bill Chaisson SAC Provincial Conference Gander, NL	1,146.18
June 11 - 13, 2017	Dean Ingram CTF Collective Bargaining Conference Ottawa, Ontario	452.00
June 11 - 13, 2017	Trent Langdon CTF Collective Bargaining Conference Ottawa, Ontario	1,935.37
June 11 - 13, 2017	Craig Hicks CTF Collective Bargaining Conference Ottawa, Ontario	2,388.96
July 16 - 20, 2017	Daniel Morgan EI Conference Brussels, Belgium	3,253.79
Total Actual		\$21,567.88

Newfoundland & Labrador Teachers' Association Conferences 2017-18		
Sept. 24 - 28, 2017	Trent Langdon Foundations in Trust Management Course Winnipeg, Manitoba	\$2,268.74
Oct. 3 - 6, 2017	Craig Hicks Canadian Pension & Benefits Institute Atlantic Conference St. John's, NL	\$2,137.48
Oct. 23 - 24, 2017	Derek Drover Building Professional Negotiating Skills Gardiner Centre, MUN St. John's, NL	\$2,094.65
Oct. 23 - 24, 2017	Trent Langdon Building Professional Negotiating Skills Gardiner Centre, MUN St. John's, NL	\$1,056.24
Nov. 6, 2017	Donna Reddick Essential Teaching Strategies for ASD St. John's, NL	\$233.38
May 6 - 9, 2018	Kelly Loch CTF Women's Symposium Charlottetown, PEI	\$2,004.42
May 15 - 18, 2018	Bill Chaisson CAPNL National Conference St. John's, NL	\$2,501.45
July 8 - 14, 2018	Derek Drover Canadian Education Forum Edmonton, Alberta	\$420.00
July 8 - 14, 2018	Gabe Ryan Canadian Education Forum Edmonton, Alberta	\$420.00
Total Actual		\$13,136.36