

UFV Student Union Society
Financial Statements
March 31, 2016

Management's Responsibility

To the Members of UFV Student Union Society:

Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian accounting standards for not-for-profit organizations. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Board of Directors is composed primarily of Directors who are neither management nor employees of the Organization. The Board is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information included in the annual report. The Board fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Board is also responsible for recommending the appointment of the Organization's external auditors.

MNP LLP is appointed by the Members to audit the financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Board and management to discuss their audit findings.

October 27, 2016

Acting Executive Director

Acting Finance Manager

Independent Auditors' Report

To the Members of UFV Student Union Society:

Report on Financial Statements

We have audited the accompanying financial statements of UFV Student Union Society, which comprise the statement of financial position as at March 31, 2016, 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.

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.

Auditors' 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 auditors' 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 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 UFV Student Union Society as at March 31, 2016 and the results of its operations, changes in net assets and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Report on Other Legal and Regulatory Requirements

As required by the Society Act (British Columbia), we report that, in our opinion, the accounting principles in Canadian accounting standards for not-for-profit organizations have been applied on a basis consistent with that of the preceding year.

Chilliwack, British Columbia

October 27, 2016

MNP LLP

Chartered Professional Accountants

UFV Student Union Society
Statement of Financial Position

As at March 31, 2016

	<i>Operating Fund</i>	<i>Health and Dental Plan Fund</i>	<i>2016</i>	<i>2015</i>
Assets				
Current				
Cash (Note 3)	2,064,609	436,220	2,500,828	5,137,389
Accounts receivable	10,159	-	10,159	810
Marketable securities (Note 4)	2,010,940	-	2,010,940	-
Prepaid expenses and deposits	9,726	229,840	239,566	316,324
Inventory	43,744	-	43,744	4,232
	4,139,177	666,060	4,805,237	5,458,755
Capital assets (Note 5)	11,062,772	-	11,062,772	9,245,489
	15,201,949	666,060	15,868,009	14,704,244
Liabilities				
Current				
Accounts payable and accruals (Note 6)	56,099	-	56,099	91,742
Deferred revenue (Note 7)	-	300,434	300,434	769,316
Current portion of long-term debt (Note 8)	3,153,563	-	3,153,563	-
	3,209,662	300,434	3,510,096	861,058
Term loans due on demand (Note 8)	-	-	-	8,216,741
	3,209,662	300,434	3,510,096	9,077,799
Long-term debt (Note 8)	6,760,024	-	6,760,024	-
	9,969,686	300,434	10,270,120	9,077,799
Commitments (Note 11)				
Net Assets				
Unrestricted (Note 9)	59,991	-	59,991	149,186
Restricted - Building fund (Note 9)	4,023,087	-	4,023,087	4,329,722
Restricted - Health and Dental Plan fund (Note 9)	-	365,626	365,626	118,789
Invested in capital assets (Note 9)	1,149,185	-	1,149,185	1,028,748
	5,232,263	365,626	5,597,889	5,626,445
	15,201,949	666,060	15,868,009	14,704,244

Approved on behalf of the Board

The accompanying notes are an integral part of these financial statements

UFV Student Union Society
Statement of Operations
For the year ended March 31, 2016

	<i>Operating Fund</i>	<i>Health and Dental Plan Fund</i>	2016	2015
Revenue				
Health and dental plan	-	1,010,171	1,010,171	883,707
U-Pass fees <i>(Note 12)</i>	936,363	-	936,363	922,694
Building fees	728,834	-	728,834	802,990
Shuttle bus <i>(Note 12)</i>	693,694	-	693,694	460,170
Student fees	650,139	-	650,139	652,705
Canoe sales	208,255	-	208,255	123,459
FixIT fees	115,717	-	115,717	-
Fair Grounds sales	112,724	-	112,724	-
Other revenue	41,363	-	41,363	100,683
Interest	26,467	-	26,467	64,661
Vending contract	6,021	-	6,021	13,604
Donations	2,119	-	2,119	2,876
Handbook advertising	306	-	306	2,095
	3,522,002	1,010,171	4,532,173	4,029,644

Continued on next page

UFV Student Union Society
Statement of Operations
For the year ended March 31, 2016

	<i>Operating Fund</i>	<i>Health and Dental Plan Fund</i>	2016	2015
Total revenue (Continued from previous page)	3,522,002	1,010,171	4,532,173	4,029,644
Expenses				
Advertising and promotion	28,719	-	28,719	26,573
Amortization	554,100	-	554,100	20,295
Bad debts	1,976	-	1,976	21,952
Bank charges and interest	7,734	-	7,734	53,132
Business fees, dues and licences	2,781	-	2,781	2,297
Catering	915	-	915	1,462
Conferences and travel	12,675	-	12,675	14,441
Contribution to endowment	-	-	-	84,251
Events	81,800	-	81,800	66,700
Financial aid	60,202	-	60,202	59,141
Grants	-	-	-	4,900
Health and dental premiums	-	763,334	763,334	767,114
Insurance	20,440	-	20,440	9,801
Interest	398,339	-	398,339	183,265
Miscellaneous	4,204	-	4,204	2,244
Office equipment lease	4,566	-	4,566	8,251
Office supplies and expenses	75,015	-	75,015	23,781
Professional development	744	-	744	5,589
Professional fees	20,695	-	20,695	41,734
Repairs and maintenance	97,161	-	97,161	11,059
Salaries and benefits	649,009	-	649,009	472,461
Shuttle bus (Note 12)	654,794	-	654,794	376,190
Student advocacy fees	30,412	-	30,412	26,341
Subcontractors	69,553	-	69,553	2,297
Supplies	155,074	-	155,074	84,778
Telephone	8,569	-	8,569	2,525
Training and education	4,437	-	4,437	4,890
U-Pass expenses (Note 12)	857,966	-	857,966	880,000
Utilities	6,455	-	6,455	-
	3,808,335	763,334	4,571,669	3,257,464
Excess (deficiency) of revenue over expenses before other items	(286,333)	246,837	(39,496)	772,180
Other items				
Unrealized gain arising from increase in fair value of marketable securities	10,940	-	10,940	-
Excess (deficiency) of revenue over expenses	(275,393)	246,837	(28,556)	772,180

The accompanying notes are an integral part of these financial statements

UFV Student Union Society
Statement of Changes in Net Assets
For the year ended March 31, 2016

	<i>Operating Fund</i>	<i>Health and Dental Plan Fund</i>	<i>2016</i>	<i>2015</i>
Net assets beginning of year	5,507,656	118,789	5,626,445	4,854,265
Excess (deficiency) of revenue over expenses	(275,393)	246,837	(28,556)	772,180
Net assets, end of year	5,232,263	365,626	5,597,889	5,626,445

The accompanying notes are an integral part of these financial statements

UFV Student Union Society
Statement of Cash Flows
For the year ended March 31, 2016

	2016	2015
Cash provided by (used for) the following activities		
Operating		
Excess (deficiency) of revenue over expenses	(28,556)	772,180
Amortization	554,100	20,295
Unrealized gain on marketable security	(10,940)	-
	514,604	792,475
Changes in working capital accounts		
Accounts receivable	(9,349)	3,934
Inventory	(39,512)	(1,458)
Prepaid expenses and deposits	76,758	(88,799)
Accounts payable and accruals	(35,643)	71,854
Deferred revenue	(468,882)	240,968
	37,976	1,018,974
Financing		
Advances of term loans due on demand	-	8,216,741
Repayments of term loans due on demand	(8,216,741)	-
Advances of long-term debt	10,000,000	-
Repayment of long-term debt	(86,413)	-
	1,696,846	8,216,741
Investing		
Purchase of marketable securities	(2,000,000)	-
Purchase of capital assets	(2,371,383)	(9,125,671)
	(2,636,561)	110,044
Increase (decrease) in cash resources	(2,636,561)	110,044
Cash resources, beginning of year	5,137,389	5,027,345
Cash resources, end of year	2,500,828	5,137,389
Supplementary cash flow information		
Cash paid for interest	394,915	177,530
Interest earned	26,467	64,660

The accompanying notes are an integral part of these financial statements

1. Incorporation and nature of the Organization

UFV Student Union Society (the "Organization") is incorporated under the authority of the Society Act of British Columbia and is registered as a not-for-profit organization and thus is exempt from income taxes under the Income Tax Act ("the Act"). In order to maintain its status as a registered not-for-profit organization under the Act, the Organization must meet certain requirements within the Act. In the opinion of management these requirements have been met.

The Organization's purpose is to create a strong, unified student voice and to provide innovative and valuable services to its members by advocating on behalf of and collaborating with the Student Body, the University of the Fraser Valley, and the community.

2. Significant accounting policies

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations as issued by the Accounting Standards Board in Canada using the following significant accounting policies:

Fund accounting

The Organization follows the restricted fund method of accounting for contributions, and maintains two funds: Operating Fund and Health and Dental Plan Fund.

The Operating Fund reports the Organization's revenue and expenses related to program delivery and administrative activities.

The Health and Dental Plan Fund reports the Organization's assets, liabilities, revenue and expenses related to the management and delivery of health and dental benefits to eligible students.

Revenue recognition

The Organization uses the deferral method of accounting for contributions and reports on a fund accounting basis. Restricted contributions, including student fees and Health and Dental Plan fees collected, and investment income are recognized as revenue of the appropriate fund in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue in the Operating Fund when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Revenues for food and beverage sales are recognized when services are provided and payment is collected.

Unrestricted investment income is recognized as revenue in the Operating Fund when earned.

Capital assets

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

Amortization is provided using the declining balance method at rates intended to amortize the cost of assets over their estimated useful lives. Assets not in use, or under construction, are not amortized.

	Rate
Buildings	2.5 %
Computer equipment	55 %
Computer software	55 %
Equipment	20 %
Furniture and fixtures	20 %

UFV Student Union Society
Notes to the Financial Statements
For the year ended March 31, 2016

2. Significant accounting policies *(Continued from previous page)*

Measurement uncertainty (use of estimates)

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period.

Accounts receivable are stated after evaluation as to their collectibility and an appropriate allowance for doubtful accounts is provided where considered necessary. Provisions are made for slow moving and obsolete inventory. Amortization is based on the estimated useful lives of capital assets.

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

Inventory

Inventory is valued at the lower of cost and net realizable value. Cost is determined by the first in, first out method. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling costs.

Long-lived assets and discontinued operations

Long-lived assets consist of capital assets. Long-lived assets held for use are measured and amortized as described in the applicable accounting policies.

When the Organization determines that a long-lived asset no longer has any long-term service potential to the organization, the excess of its net carrying amount over any residual value is recognized as an expense in the statement of operations. Write-downs are not reversed.

3. Cash

Included in Health and Dental Plan Fund cash is \$435,901 (2015 - \$181,788) due from BMO General Operating chequing account.

4. Marketable securities

Marketable securities are held with BMO Financial Group and carried at fair value.

5. Capital assets

	Cost	Accumulated amortization	2016 Net book value	2015 Net book value
Buildings	10,827,061	394,318	10,432,743	8,888,843
Computer equipment	37,922	18,824	19,098	21,503
Computer software	138,360	74,721	63,639	82,751
Equipment	153,366	16,567	136,799	3,841
Furniture and fixtures	718,643	308,150	410,493	248,551
	11,875,352	812,580	11,062,772	9,245,489

6. Accounts payable and accruals

Included in accounts payable is \$7,793 (2015 - \$nil) of government remittances payable.

UFV Student Union Society
Notes to the Financial Statements
For the year ended March 31, 2016

7. Deferred revenue

Deferred revenue consists of Health and Dental Plan fees received by March 31, 2016, which relate to the 2017 year.

8. Long-term debt

	2016	2015
Envision Financial commercial mortgage, bearing interest at 3.650% payable in blended monthly instalments of \$25,361, maturing November 2020.	4,958,418	-
Envision Financial commercial mortgage, bearing interest at 3.190% payable in blended monthly instalments of \$9,661, maturing November 2017.	1,982,299	-
Envision Financial commercial mortgage, bearing interest at 3.030% payable in blended monthly instalments of \$14,244, maturing November 2016.	2,972,870	-
Envision Financial commercial mortgage	-	8,216,741
	9,913,587	8,216,741
Less: Current portion	3,153,563	-
Less: Term loans due on demand	-	8,216,741
	6,760,024	-

The commercial mortgages are secured by a Commercial Promissory Note for \$10,000,000.

Principal repayments on long-term debt in each of the next five years, assuming long-term debt subject to refinancing is renewed, are estimated as follows:

	<i>Principal</i>
2017	263,239
2018	272,164
2019	281,393
2020	290,934
2021	300,804
	1,408,534

UFV Student Union Society
Notes to the Financial Statements
For the year ended March 31, 2016

9. Net Assets

	2016	2015
Unrestricted		
Opening	149,186	157,690
Deficiency of revenue over expenses	(89,195)	(8,504)
	59,991	149,186
Restricted - Building Fund		
Opening	4,329,722	4,554,266
Excess of revenue over expenses	367,902	684,386
Transfer to invested in capital assets	(674,537)	(908,930)
	4,023,087	4,329,722
Invested in capital assets		
Opening	1,028,748	140,113
Additions	2,371,383	9,125,671
Amortization	(554,100)	(20,295)
Mortgage increase	(1,783,259)	(8,216,741)
Mortgage repayments	86,413	-
	1,149,185	1,028,748
Restricted - Health and Dental Plan fund		
Opening	118,789	2,195
Excess of revenue over expenses	246,837	116,594
	365,626	118,789
	5,597,889	5,626,445

UFV Student Union Society
Notes to the Financial Statements
For the year ended March 31, 2016

10. Financial instruments

The Organization, as part of its operations, carries a number of financial instruments. It is management's opinion that the Organization is not exposed to significant currency, credit, liquidity or other price risks arising from these financial instruments.

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the Organization manages exposure through its normal operating and financing activities. The Organization is exposed to interest rate price risk on its mortgages with a fixed interest rate.

Liquidity risk

Liquidity risk is the risk that the Organization will encounter difficulty in meeting obligations associated with financial liabilities. The Organization's exposure to liquidity risk is mainly dependent on the collection of student fees to meet commitments and sustain operations. The Organization has entered into transactions to borrow funds from financial institutions for which repayment is required at various maturity dates.

11. Commitments

The Organization is committed to leasing a photocopier. The terms of the lease for the photocopier call for monthly payments of \$204 until January 2018.

The Organization is committed to paying Student Advocacy fees to the Canadian Alliance of Student Associations (CASA) on an annual basis. In 2016, CASA fees paid totaled \$26,359 (2015 - \$26,341).

12. Student Union fees

	2016	2015
U-Pass fees		
Revenue	936,363	922,694
Expenses	(857,966)	(880,000)
	78,397	42,694
Shuttle Bus fees		
Revenue	593,694	460,170
UFV Subsidy	100,000	-
Expenses	(654,794)	(376,190)
	38,900	83,980

13. Comparative figures

Certain comparative figures have been reclassified to conform with current year presentation.