

UFV Student Union Society
Financial Statements
March 31, 2017

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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 Society. 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 Society'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.

November 23, 2017


Executive Director


Finance Manager

Independent Auditors' Report

To the Members of UFV Student Union Society:

Report on the 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, 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.

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, 2017 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 Societies 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

November 23, 2017

MNP LLP

Chartered Professional Accountants

UFV Student Union Society
Statement of Financial Position

As at March 31, 2017

	Operating Fund	Health and Dental Plan Fund	2017	2016 <i>(Restated)</i>
Assets				
Current				
Cash	2,277,117	548,385	2,825,502	2,500,828
Accounts receivable	10,357	-	10,357	10,159
Marketable securities (Note 3)	2,090,927	-	2,090,927	2,010,940
Prepaid expenses and deposits	9,867	263,405	273,272	239,566
Inventory	28,694	-	28,694	43,744
	4,416,962	811,790	5,228,752	4,805,237
Capital assets (Note 4) (Note 13)	1,093,600	-	1,093,600	1,276,166
Prepaid lease (Note 5) (Note 13)	9,579,335	-	9,579,335	9,918,427
	15,089,897	811,790	15,901,687	15,999,830
Liabilities				
Current				
Accounts payable and accruals (Note 6)	149,199	-	149,199	56,098
Deferred revenue (Note 7)	1,941	344,171	346,112	300,434
Current portion of long-term debt (Note 8)	210,303	-	210,303	3,153,563
	361,443	344,171	705,614	3,510,095
Term loans subject to refinancing (Note 8)	1,928,418	-	1,928,418	-
	2,289,861	344,171	2,634,032	3,510,095
Long-term debt (Note 8)	7,513,744	-	7,513,744	6,760,024
	9,803,605	344,171	10,147,776	10,270,119
Commitments (Note 9)				
Net Assets				
Unrestricted (Note 10) (Note 13)	(32,067)	-	(32,067)	59,991
Restricted - Building fund (Note 10) (Note 13)	4,224,759	-	4,224,759	4,027,927
Restricted - Health and Dental Plan fund	-	467,619	467,619	365,626
Invested in capital assets (Note 10) (Note 13)	1,093,600	-	1,093,600	1,276,167
	5,286,292	467,619	5,753,911	5,729,711
	15,089,897	811,790	15,901,687	15,999,830

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, 2017

	<i>Operating Fund</i>	<i>Health and Dental Plan Fund</i>	<i>2017</i>	<i>2016</i>
				<i>(Restated)</i>
Revenue				
Health and dental plan	-	879,972	879,972	1,010,171
U-Pass fees <i>(Note 12)</i>	912,320	-	912,320	936,363
Building fees	748,356	-	748,356	728,834
Shuttle bus <i>(Note 12)</i>	681,775	-	681,775	693,694
Student fees	641,367	-	641,367	650,139
Canoe sales	169,908	-	169,908	208,255
FixIT fees <i>(Note 12)</i>	114,829	-	114,829	115,717
Fair Grounds sales	140,881	-	140,881	112,724
Other revenue	47,648	-	47,648	41,363
Interest	27,538	-	27,538	26,467
Vending contract	7,395	-	7,395	6,021
Donations	2,316	-	2,316	2,119
Handbook advertising	-	-	-	306
	3,494,333	879,972	4,374,305	4,532,173

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UFV Student Union Society
Statement of Operations
For the year ended March 31, 2017

	Operating Fund	Health and Dental Plan Fund	2017	2016 <i>(Restated)</i>
Total revenue (Continued from previous page)	3,494,333	879,972	4,374,305	4,532,173
Expenses				
Advertising and promotion	7,763	-	7,763	28,719
Amortization <i>(Note 13)</i>	168,510	-	168,510	167,960
Bad debts	-	-	-	1,976
Bank charges and interest	6,664	-	6,664	7,734
Business fees, dues and licences	1,250	-	1,250	2,781
Catering	2,838	-	2,838	915
Conferences and travel	12,223	-	12,223	12,675
Events	59,603	-	59,603	81,800
Financial aid	68,661	-	68,661	60,202
Health and dental premiums	-	777,979	777,979	763,334
Insurance	17,530	-	17,530	20,440
Interest	334,014	-	334,014	398,339
Lease payments expense <i>(Note 5), (Note 13)</i>	339,092	-	339,092	254,319
Miscellaneous	1,778	-	1,778	4,204
Office equipment lease	2,428	-	2,428	4,566
Office supplies and expenses	33,933	-	33,933	75,015
Professional development	1,622	-	1,622	744
Professional fees	43,012	-	43,012	20,695
Repairs and maintenance	133,150	-	133,150	97,161
Salaries and benefits	586,126	-	586,126	649,009
Shuttle bus <i>(Note 12)</i>	644,025	-	644,025	654,794
Student advocacy fees	51,012	-	51,012	30,412
Subcontractors	102,209	-	102,209	69,553
Supplies	168,969	-	168,969	155,074
Telephone	3,064	-	3,064	8,569
Training and education	4,548	-	4,548	4,437
U-Pass expenses <i>(Note 12)</i>	852,380	-	852,380	857,966
Utilities	6,885	-	6,885	6,455
	3,653,289	777,979	4,431,268	4,439,848
Excess (deficiency) of revenue over expenses before other items	(158,956)	101,993	(56,963)	92,325
Other items				
Unrealized gain arising from increase in fair value of marketable securities	79,986	-	79,986	10,940
Gain on disposal of capital assets	1,178	-	1,178	-
Excess (deficiency) of revenue over expenses	(77,792)	101,993	24,201	103,265

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, 2017

	<i>Operating Fund</i>	<i>Health and Dental Plan Fund</i>	2017	2016
				<i>(Restated)</i>
Net assets beginning of year	5,232,263	365,626	5,597,889	5,626,445
Correction of an error <i>(Note 13)</i>	131,821	-	131,821	-
Net assets, beginning of year, as restated	5,364,084	365,626	5,729,710	5,626,445
Excess (deficiency) of revenue over expenses	(77,792)	101,993	24,201	103,265
Net assets, end of year	5,286,292	467,619	5,753,911	5,729,710

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, 2017

	2017	2016 <i>(Restated)</i>
Cash provided by (used for) the following activities		
Operating		
Excess (deficiency) of revenue over expenses	24,201	103,265
Amortization	168,510	167,960
Gain arising from increase in fair value of marketable securities	(79,986)	(10,940)
Gain on disposal of capital assets	(1,178)	-
Repayments of prepaid lease	339,092	254,318
	450,639	514,603
Changes in working capital accounts		
Accounts receivable	(198)	(9,349)
Inventory	15,050	(39,514)
Prepaid expenses and deposits	(33,706)	76,758
Accounts payable and accruals	93,100	(35,639)
Deferred revenue	45,677	(468,882)
	570,562	37,977
Financing		
Repayments of term loans due on demand	-	(8,216,741)
Advances of long-term debt	-	10,000,000
Repayment of long-term debt	(261,122)	(86,413)
	(261,122)	1,696,846
Investing		
Purchase of marketable securities	-	(2,000,000)
Purchase of capital assets	-	(433,165)
Proceeds on disposal of capital assets	15,234	-
Advances of prepaid lease	-	(1,938,219)
	324,674	(2,636,561)
Increase (decrease) in cash resources	324,674	(2,636,561)
Cash resources, beginning of year	2,500,828	5,137,389
Cash resources, end of year	2,825,502	2,500,828
Supplementary cash flow information		
Cash paid for interest	334,014	394,915
Interest earned	27,538	26,467

The accompanying notes are an integral part of these financial statements

UFV Student Union Society Notes to the Financial Statements

For the year ended March 31, 2017

1. Incorporation and nature of the Society

UFV Student Union Society (the "Society") is incorporated under the authority of the Societies 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 Society must meet certain requirements within the Act. In the opinion of management these requirements have been met.

The Society'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 Society 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 Society's revenue and expenses related to program delivery and administrative activities.

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

Revenue recognition

The Society 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 following methods, at rates intended to amortize the cost of assets over their estimated useful lives. Assets not in use, or under construction, are not amortized.

	Method	Rate
Computer equipment	declining balance	55 %
Computer software	declining balance	55 %
Equipment	declining balance	20 %
Furniture and fixtures	declining balance	20 %
Leasehold improvements	straight-line	40 years

UFV Student Union Society
Notes to the Financial Statements
For the year ended March 31, 2017

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 Society determines that a long-lived asset no longer has any long-term service potential to the society, 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. **Marketable securities**

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

4. **Capital assets**

			2017	2016 (Restated)
	Cost	Accumulated amortization	Net book value	Net book value
Computer equipment	37,922	29,327	8,595	19,098
Computer software	138,360	109,722	28,638	63,639
Equipment	137,822	39,629	98,193	136,799
Furniture and fixtures	718,643	390,248	328,395	410,493
Leasehold improvements	654,316	24,537	629,779	646,137
	1,687,063	593,463	1,093,600	1,276,166

UFV Student Union Society
Notes to the Financial Statements
For the year ended March 31, 2017

5. Prepaid lease

The prepaid lease dated July 1, 2015 is between the Society and the University of the Fraser Valley for the use of the Student Union Building. The term of the lease is 30 years. During the year, \$339,092 (2016 - \$254,319) was recognized as a lease expense.

6. Accounts payable and accruals

Included in accounts payable is \$4,348 (2016 - \$7,793) of government remittances payable.

7. Deferred revenue

Deferred revenue includes Health and Dental Plan fees received by March 31, 2017, which relate to the 2018 fiscal year.

8. Long-term debt

	2017	2016
Envision Financial commercial loan, bearing interest at 3.65% payable in blended monthly instalments of \$25,361, maturing November 2020.	4,831,647	4,958,418
Envision Financial commercial loan, bearing interest at 3.19% payable in blended monthly instalments of \$9,661, maturing November 2017.	1,928,418	1,982,299
Envision Financial commercial loan, bearing interest at 3.64% payable in blended monthly instalments of \$15,169, maturing November 2021.	2,892,400	2,972,870
	9,652,465	9,913,587
Less: Current portion	210,303	3,153,563
Less: Term loans subject to refinancing	1,928,418	-
	7,513,744	6,760,024

The commercial loans are secured by the prepaid building lease.

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	265,927
2018	275,453
2019	285,321
2020	295,546
2021	306,136
	1,428,383

9. Commitments

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

The Society is committed to paying student advocacy fees to the Canadian Alliance of Student Associations (CASA) on an annual basis. In 2017, CASA fees paid totaled \$26,923 (2016 - \$26,359).

UFV Student Union Society
Notes to the Financial Statements
For the year ended March 31, 2017

10. Net Assets - Operating Fund

	2017	2016
Unrestricted		
Opening	59,990	149,185
Deficiency of revenue over expenses	(92,057)	(89,195)
	(32,067)	59,990
Restricted - Building Fund		
Opening	4,027,927	5,001,824
Excess of revenue over expenses	182,775	113,583
Transfer to invested in capital assets	14,057	(1,087,480)
	4,224,759	4,027,927
Invested in capital assets		
Opening	1,276,167	356,646
Additions	-	1,087,481
Disposals	(14,057)	-
Amortization	(168,510)	(167,960)
	1,093,600	1,276,167
	5,286,292	5,364,084

11. Financial Instruments

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

Interest rate risk

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 Society manages exposure through its normal operating and financing activities. The Society is exposed to interest rate price risk on its mortgages with a fixed interest rate

Liquidity risk

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

UFV Student Union Society
Notes to the Financial Statements
For the year ended March 31, 2017

12. Specified Student Fees

	2017	2016
U-Pass fees		
Revenue	912,320	936,363
Expenses	(852,380)	(857,966)
	59,940	78,397
Shuttle Bus fees		
Revenue	581,775	593,694
UFV Subsidy	100,000	100,000
Expenses	(644,025)	(654,794)
	37,750	38,900
FixIt fees		
Revenue	114,829	115,717
Expenses	(66,662)	(64,826)
	48,167	50,891

13. Correction of an error

During the year, the Society determined that the Student Union Building was incorrectly recorded as a capital asset instead of a prepaid lease. The Society entered into the lease with a payment of basic rent in the form of a prepaid lease with an initial 30 year term starting July 1, 2015. The result of this correction was a decrease in capital assets of \$10,172,745, an increase in prepaid lease of \$10,172,745, a decrease in amortization expense of \$386,139, and an increase in lease payment expense of \$254,319. For 2016 the impact of this correction has resulted in an increase in net assets of \$131,821.

14. Comparative figures

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