



Financial Statements

UFV Student Union Society

March 31, 2019

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## Managements Responsibility

2018/19 Fiscal Yearend

### To the Members of the 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.

Grant Thornton 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.

Executive Director

Finance Manager



# Independent Auditor's Report

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To the Members of  
UFV Student Union Society

## Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of UFV Student Union Society (the "Society"), which comprise the statement of financial position as at March 31, 2019, and the statements of revenues and expenses, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of UFV Student Union Society as at March 31, 2019, 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.

### Other matter

The financial statements for the year ended March 31, 2018 were audited by another auditor who expressed an unmodified opinion on those financial statements on November 22, 2018.

### Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Society in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Responsibilities of management and those charged with governance 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.

In preparing the financial statements, management is responsible for assessing the Society's ability to continue as a going concern, disclosing, as applicable, matters related to a going concern and using the going concern basis of accounting unless management either intends to liquidate the Society or to cease operations, or has no realistic alternative to do so.

Those charged with governance are responsible for overseeing the Society's financial reporting process.

#### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Society's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Society's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Society to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

**Report on other legal and regulatory requirements**

As required by the Societies Act of British Columbia, we report that, in our opinion, these accounting principles have been applied on a basis consistent with that of the preceding year.

Vancouver, Canada  
September 23, 2019

*Grant Thornton LLP*

Chartered Professional Accountants

# UFV Student Union Society

## Statement of Revenues and Expenses

Year ended March 31, 2019

	Operating Fund	Membership Fund	2019	2018
<b>Revenues</b>				
SUS U-Pass fees	\$ -	\$ 1,070,124	\$ 1,070,124	\$ 984,686
SUS health and dental fees	-	1,000,770	1,000,770	989,736
SUS building fees	-	846,203	846,203	796,055
SUS inter-campus shuttle fees	-	752,176	752,176	714,217
SUS membership fees	725,013	-	725,013	682,282
Food services	261,885	-	261,885	352,365
SUS IT service fees	-	126,385	126,385	116,258
Interest	15,189	62,007	77,196	43,738
Unrealized gain on marketable securities	49,444	-	49,444	30,349
Equipment and facility rentals	46,979	-	46,979	32,443
Other income	32,819	1,184	34,003	43,765
	<b>1,131,329</b>	<b>3,858,849</b>	<b>4,990,178</b>	<b>4,785,894</b>
<b>Expenses</b>				
Advertising and promotion	14,009	-	14,009	5,126
Amortization	16,917	87,650	104,567	124,789
Business fees, dues and licenses	30,806	1,111	31,917	29,908
Conference and travel	23,013	-	23,013	25,431
Credit card and bank charges	7,927	-	7,927	9,744
Events and programming	43,080	24,649	67,729	58,111
Food and beverage services	127,175	-	127,175	192,565
Health and dental premiums	-	760,575	760,575	853,960
Insurance	25,242	-	25,242	25,347
Inter-campus shuttle	-	736,838	736,838	702,688
Interest on long-term debt	-	337,000	337,000	338,557
IT services	12,437	112,293	124,730	120,623
Lease payment (Note 5)	-	339,092	339,092	339,092
Office supplies and expenses	11,199	4,090	15,289	17,132
Professional fees	29,965	-	29,965	31,410
Repairs and maintenance	6,733	100,574	107,307	125,912
Salaries and benefits	624,434	6,696	631,130	629,529
Student sponsorship and funding	24,387	-	24,387	35,489
Telephone and utilities	10,235	-	10,235	13,242
Training and education	4,486	-	4,486	5,416
U-Pass expenses	-	940,847	940,847	858,023
	<b>1,012,045</b>	<b>3,451,415</b>	<b>4,463,460</b>	<b>4,542,094</b>
Excess of revenues over expenses	<b>\$ 119,284</b>	<b>\$ 407,434</b>	<b>\$ 526,718</b>	<b>\$ 243,800</b>

See accompanying notes to the financial statements.

# UFV Student Union Society

## Statement of Financial Position

March 31

<b>Assets</b>	<b>Operating Fund</b>	<b>Membership Fund</b>	<b>2019</b>	<b>2018</b>
Current				
Cash	\$ 256,158	\$ 3,940,758	\$ 4,196,916	\$ 3,279,580
Accounts receivable	8,572	-	8,572	3,673
Marketable securities (Note 3)	2,170,720	-	2,170,720	2,121,276
Prepaid expenses	-	-	-	284,889
Inventory	14,919	7,337	22,256	23,414
	<u>2,450,369</u>	<u>3,948,095</u>	<u>6,398,464</u>	<u>5,712,832</u>
Capital assets (Note 5)	68,130	924,028	992,158	1,004,476
Prepaid lease (Note 6)	-	8,901,152	8,901,152	9,240,243
	<u>\$ 2,518,499</u>	<u>\$ 13,773,275</u>	<u>\$ 16,291,774</u>	<u>\$ 15,957,551</u>
<b>Liabilities</b>				
Current				
Accounts payables and accruals (Note 7)	\$ 42,182	\$ 96,211	\$ 138,393	\$ 201,430
Deferred revenue (Note 8)	-	513,341	513,341	371,015
Current portion of long-term debt (Note 9)	-	2,306,165	2,306,165	2,091,639
	<u>42,182</u>	<u>2,915,717</u>	<u>2,957,899</u>	<u>2,664,084</u>
Long-term debt (Note 9)	-	6,809,446	6,809,446	7,295,756
	<u>42,182</u>	<u>9,725,163</u>	<u>9,767,345</u>	<u>9,959,840</u>
<b>Net assets</b>				
Unrestricted	2,476,317	-	2,476,317	603,395
Restricted - Membership fund (Note 12)	-	4,048,112	4,048,112	5,394,316
	<u>2,476,317</u>	<u>4,048,112</u>	<u>6,524,429</u>	<u>5,997,711</u>
	<u>\$ 2,518,499</u>	<u>\$ 13,773,275</u>	<u>\$ 16,291,774</u>	<u>\$ 15,957,551</u>

Commitments (Note 10)

On behalf of the Board

 Director
  Director

See accompanying notes to the financial statements.



# UFV Student Union Society

## Statement of Changes in Net Assets

Year ended March 31, 2019

	2019			2018
	Operating Fund	Membership Fund	Total	Total
Balance, beginning of year	\$ 5,394,316	\$ 603,395	\$ 5,997,711	\$ 5,753,911
Transfers (Note 12)	(3,037,283)	3,037,283	-	-
Excess of revenues over expenses	119,284	407,434	526,718	243,800
<b>Balance, end of year</b>	<b>\$ 2,476,317</b>	<b>\$ 4,048,112</b>	<b>\$ 6,524,429</b>	<b>\$ 5,997,711</b>

See accompanying notes to the financial statements.

# UFV Student Union Society

## Statement of Cash Flows

Year ended March 31

2019

2018

Cash flows provided by (used in)

### Operating

Excess of revenues over expenses	\$ 526,718	\$ 243,800
Adjustments to determine cash flows		
Unrealized gain on marketable securities	(49,444)	(30,349)
Amortization	104,567	124,789
Prepaid lease expense	339,092	339,092

**920,933**                      677,332

Change in non-cash working capital items

Receivables	(4,899)	6,684
Inventory	1,158	5,280
Prepaid expenses and deposits	284,889	(11,616)
Accounts payable and accruals	(63,038)	52,229
Deferred revenue	142,326	24,904

**1,281,369**                      754,813

### Financing

Repayment of long-term debt	(271,784)	(265,070)
	<b>(271,784)</b>	<b>(265,070)</b>

### Investing

Purchase of equipment and leasehold improvements	(92,955)	(35,665)
Proceeds from sale of equipment and leasehold improvements	706	-

**(92,249)**                      (35,665)

Increase in cash                      **917,336**                      454,078

Cash, beginning of year                      **3,279,580**                      2,825,502

Cash, end of year                      **\$ 4,196,916**                      \$ 3,279,580

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# **UFV Student Union Society**

## **Notes to the Financial Statements**

March 31, 2019

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### **1. Purpose of the Society**

UFV Student Union Society (the "Society") exists to create a strong, unified 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.

The Society is incorporated under the Societies Act of British Columbia as a not-for-profit organization and is exempt from income taxes under the Income Tax Act.

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### **2. Summary of significant accounting policies**

#### **Basis of presentation**

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

#### **Fund accounting**

The Society follows the restricted fund method of accounting for contributions and maintains two funds: Operating Fund and Membership Fund.

The Operating Fund reports the Society's assets, liabilities, revenue and expenses related to program delivery, food and beverage and administrative activities.

The Membership Fund reports the Society's assets, liabilities, revenue and expenses related to the management and delivery of health and dental benefits, IT services, inter-campus shuttle services, U-Passes and administration of the student union building to eligible students.

#### **Revenue recognition**

Restricted contributions related to Membership are recognized as revenue of the Membership Fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Unrestricted contributions are recognized as revenue of the Operating Fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

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

Revenues for food and beverage sales are recognized in the Operating Fund when services are provided and payment is collected.

#### **Cash**

Cash consists of unrestricted cash on hand and balances held with banks, as well as restricted cash held at banks for the Membership Fund.

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# UFV Student Union Society

## Notes to the Financial Statements

March 31, 2019

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### 2. Summary of significant accounting policies (continued)

#### Capital assets

Equipment and leasehold improvements are recorded at cost. Amortization is provided on the following rates over the estimated useful lives of the assets:

	<b>Method</b>	<b>Rate</b>
Computer equipment and software	declining balance	55%
Equipment	declining balance	20%
Furniture and fixtures	declining balance	20%
Leasehold improvements	straight line	40 years
Paved surfaces	declining balance	8%

#### 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.

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.

#### Financial instruments

The Society initially measures its financial assets and financial liabilities at fair value. The Society subsequently measures all of its financial assets and financial liabilities at amortized cost, with the exception of investments which are subsequently measured at fair value.

Financial assets measured at amortized cost include cash and accounts receivable.

Financial assets measured at fair value include investments.

Financial liabilities measured at amortized cost include accounts payable and accruals and long-term debt.

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# UFV Student Union Society

## Notes to the Financial Statements

March 31, 2019

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### 3. Marketable securities

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

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### 4. Comparative figures

Certain prior year figures have been reclassified to conform w the current year presentation.

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5. Capital assets	2019			2018
	Cost	Accumulated amortization	Net book value	Net book value
Furniture and fixtures	\$ 745,138	\$ (513,663)	\$ 231,475	\$ 275,972
Leasehold improvements	713,023	(58,516)	654,507	618,404
Computer equipment	202,706	(173,117)	29,589	16,755
Equipment	144,981	(76,851)	68,130	84,584
Paved surfaces	9,126	(669)	8,457	8,761
	<u>\$ 1,814,974</u>	<u>\$ (822,816)</u>	<u>\$ 992,158</u>	<u>\$ 1,004,476</u>

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### 6. Prepaid lease

The Society and the University of the Fraser Valley entered into a 30 year term lease for the use of the Student Union Building on July 1, 2015.

During the year, \$339,092 (2018 - \$339,092) was recognized as lease expense.

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### 7. Accounts payable and accruals

Accounts payables contains \$15,782 (2018 - \$5,963) in government remittances payable.

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### 8. Deferred revenue

Deferred revenue includes Health and Dental Plan fees received by March 31, 2019 which relate to the subsequent fiscal year.

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# UFV Student Union Society

## Notes to the Financial Statements

March 31, 2019

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### 9. Long-term debt

	<u>2019</u>	<u>2018</u>
Envision Financial Commercial Loan, nominal annual interest rate of 3.65% compounded semi-annually. Blended monthly payments of \$25,361, maturing November 21, 2020.	\$ 4,563,925	\$ 4,700,207
Envision Financial Commercial Loan, nominal annual interest rate of 4.10% compounded semi-annually. Blended monthly payments of \$10,013, maturing November 20, 2019.	\$ 1,819,805	\$ 1,873,600
Envision Financial Commercial Loan, nominal annual interest rate of 3.64% compounded semi-annually. Blended monthly payments of \$15,169, maturing November 21, 2021.	\$ 2,731,881	\$ 2,813,588
	<u>\$ 9,115,611</u>	<u>\$ 9,387,395</u>
Less current portion	2,306,165	2,091,639
	<u>\$ 6,809,446</u>	<u>\$ 7,295,756</u>

The commercial loans are secured by the prepaid building lease.

Principal repayments on long-term debt in each of the next three years are estimated as follows:

2020	\$ 2,306,165
2021	4,077,565
2022	<u>2,731,881</u>
	<u>\$ 9,115,611</u>

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### 10. Commitments

The Society is committed to paying student advocacy fees to the Canadian Alliance of Student Associations (CASA) on an annual basis. In 2019, CASA fees paid totalled \$29,656 (2018 - \$25,606).

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# UFV Student Union Society

## Notes to the Financial Statements

March 31, 2019

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### 11. Financial instruments

The carrying amount of financial assets measured at amortized cost that includes cash and receivables is \$4,205,488 as at March 31, 2019 (2018 - \$3,283,253).

The carrying amount of financial assets measured at fair value that includes marketable securities is \$2,170,720 as at March 31, 2019 (2018 - \$2,121,276).

The carrying amount of financial liabilities measured at amortized cost is \$9,254,005 as at March 31, 2019 (2018 - \$9,588,825).

#### *Market risk*

Market risk is the potential for financial loss to the Society from changes in the values of its financial instruments due to changes in interest rates, equity prices and other price risks. The marketable securities of the Society are subject to normal market fluctuations and to the risk inherent in investment in capital markets.

#### *Interest rate risk*

The Society's marketable securities include fixed income investments and money market funds. Fixed income investments bear fixed interest rates which reduces the future effects on earnings should interest rates change materially, while money market funds are exposed to future changes in interest rates. Interest rates are monitored to manage the risk. The Society is exposed to interest rate price risk on its long-term debt with fixed interest rates between 3.64% and 4.10%.

#### *Liquidity risk*

Liquidity risk is the risk that the Society cannot meet a demand for cash or fund its obligations as they come due. Liquidity risk is managed by investing the majority of the Society's assets in investments that are traded in an active market and can be readily liquidated. In addition, the Society retains sufficient cash positions to maintain liquidity and has entered into transactions to borrow funds from financial institutions for which repayment is required at various maturity dates.

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# UFV Student Union Society

## Notes to the Financial Statements

March 31, 2019

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### 12. Membership fund

	Health and Dental	U-Pass	IT Services	SUS Building	Inter-campus Shuttle	Total
Opening	\$ 603,395	\$ -	\$ -	\$ -	\$ -	\$ 603,395
Transfers	-	329,214	158,103	2,064,191	485,775	3,037,283
Excess of revenues over expenses	<u>259,059</u>	<u>112,118</u>	<u>2,746</u>	<u>17,275</u>	<u>16,236</u>	<u>407,434</u>
Closing	\$ <u>862,454</u>	\$ <u>441,332</u>	\$ <u>160,849</u>	\$ <u>2,081,466</u>	\$ <u>502,011</u>	\$ <u>4,048,112</u>

During the year, the Society created the Membership Fund in order to segregate the assets, liabilities, revenues and expenses related to the management and delivery of health and dental benefits, IT services, inter-campus shuttle services, U-Passes and administration of the student union building, to eligible students.

In prior years, the Society only segregated those assets, liabilities, revenues and expenses related to the management and delivery of health and dental benefits. This was previously presented in the Health and Dental Plan fund. All other assets, liabilities, revenues and expenses were previously presented in the Operating fund.

As a result of the creation of the Membership fund, a transfer from the Operating fund was made during the year in order to transfer net assets related to membership, in the amount of \$3,037,283 (2018 - \$Nil).

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### 13. Remuneration

The British Columbia Societies Act requires disclosure of remuneration paid to all directors, ten highest paid employees and all contractors who are paid at least \$75,000 annually.

During the year, the Society did not have any employees, directors or contractors whose remuneration, during the applicable period, was at least \$75,000.

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