

**UOIT STUDENT UNION**

**Financial Statements**

**For the period from the date of incorporation  
on June 6, 2017 to April 30, 2018**

**UOIT STUDENT UNION**  
**Index to Financial Statements**  
**Period Ended April 30, 2018**

---

	Page
INDEPENDENT AUDITOR'S REPORT	1 - 2
FINANCIAL STATEMENTS	
Statement of Financial Position	3
Statement of Operations	4
Statement of Changes in Fund Balances	5
Statement of Cash Flow	6
Notes to Financial Statements	7 - 13

---

## INDEPENDENT AUDITOR'S REPORT

---

To the Members of UOIT Student Union

We have audited the accompanying financial statements of UOIT Student Union, which comprise the statement of financial position as at April 30, 2018 and the statements of operations, changes in fund balances and cash flow for the period from the date of incorporation on June 6, 2017 to April 30, 2018, 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 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 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.

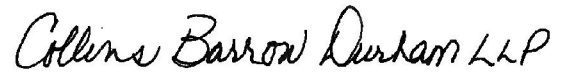
*(continues)*

Independent Auditor's Report to the Members of UOIT Student Union *(continued)*

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of UOIT Student Union as at April 30, 2018 and the results of its operations and its cash flow for the period then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Courtice, Ontario  
June 22, 2018



Collins Barrow Durham LLP  
Chartered Professional Accountants  
Licensed Public Accountants

**UOIT STUDENT UNION**  
**Statement of Financial Position**  
**April 30, 2018**

**Assets**

Current

Cash	\$ 1,115,216
Short-term investment <i>(Note 4)</i>	50,000
Accounts receivable	24,395
Government remittances recoverable	8,469
Inventories	5,487
Prepaid expenses	192,836
Due from UOIT <i>(Note 5)</i>	<u>313,355</u>

1,709,758

Capital assets *(Note 6)*

24,138

**\$ 1,733,896**

**Liabilities**

Current

Accounts payable	\$ 79,077
Due to student clubs and societies	83,779
Deferred revenue <i>(Note 7)</i>	<u>319,219</u>

482,075

**Net assets**

Unrestricted	236,051
Invested in capital assets	24,138
Building fund - internally restricted	1,000,000
Health fund - internally restricted	<u>(8,368)</u>

1,251,821

**\$ 1,733,896**

**Approved on behalf of the Board**

\_\_\_\_\_ *Director*

\_\_\_\_\_ *Director*

The accompanying notes are an integral part of these financial statements

**UOIT STUDENT UNION****Statement of Operations****Period from the date of incorporation on June 6, 2017 to April 30, 2018**

<b>Membership and other revenue</b>	
Student fees <i>(Note 8)</i>	\$ 1,482,938
Health fees <i>(Note 9)</i>	1,289,287
Operating grants <i>(Note 5)</i>	200,000
Program revenue <i>(Note 10)</i>	14,365
	<u>2,986,590</u>
<b>Operating revenue</b>	
Retail sales	31,244
Cost of sales	<u>(22,117)</u>
	<u>9,127</u>
<b>Expenses</b>	
Health expenses <i>(Note 9)</i>	1,278,162
Salaries and wages <i>(Note 11)</i>	509,560
Programs <i>(Note 10)</i>	298,832
Professional fees	154,416
Occupancy expense	96,450
Governance	40,596
Administrative	25,256
Amortization	21,143
Marketing and communication	18,935
Downtown retail expenses	9,226
	<u>2,452,576</u>
<b>Excess of revenue over expenses from operations</b>	<u>543,141</u>
<b>Other income</b>	
Net effect of a restructuring transaction <i>(Note 3)</i>	618,680
Settlement from Durham College <i>(Note 3)</i>	90,000
	<u>708,680</u>
<b>Excess of revenue over expenses</b>	<u>\$ 1,251,821</u>

The accompanying notes are an integral part of these financial statements

**UOIT STUDENT UNION**  
**Statement of Changes in Fund Balances**

**Period from the date of incorporation on June 6, 2017 to April 30, 2018**

---

**Unrestricted fund**

Excess of revenue over expenses	\$ 1,251,821
Transfer to capital asset fund	(24,138)
Deficiency of revenue over expenses of the health fund ( <i>Note 9</i> )	8,368
Transfer to building fund ( <i>Note 2</i> )	<u>(1,000,000)</u>
Balance, end of year	<u>\$ 236,051</u>

**Invested in capital assets**

Purchase of capital assets	\$ 22,000
Capital assets received from the Student Association at Durham College and UOIT	23,281
Amortization for the year	<u>(21,143)</u>
Balance, end of year	<u>\$ 24,138</u>

**Building fund**

Transfer from Unrestricted Fund ( <i>Note 2</i> )	<u>\$ 1,000,000</u>
---	---------------------

**Health fund**

Deficiency of revenue over expenses of the health fund ( <i>Note 9</i> )	<u>\$ (8,368)</u>
--	-------------------

The accompanying notes are an integral part of these financial statements

**UOIT STUDENT UNION**

**Statement of Cash Flow**

**Period from the date of incorporation on June 6, 2017 to April 30, 2018**

**Operating activities**

Excess of revenue over expenses	\$ 1,251,821
Items not affecting cash:	
Amortization	21,143
Capital assets received on restructuring	<u>(23,280)</u>
	<u>1,249,684</u>

Changes in non-cash working capital:

Accounts receivable	(24,395)
Government remittances recoverable	(8,469)
Inventories	(5,487)
Prepaid expenses	(192,836)
Due from UOIT	(313,355)
Accounts payable	79,076
Due to student clubs and societies	83,779
Deferred revenue	<u>319,219</u>
	<u>(62,468)</u>
	<u>1,187,216</u>

**Investing activity**

Purchase of capital assets	<u>(22,000)</u>
----------------------------	-----------------

**Increase in cash flow**

1,165,216

**Cash - beginning of period**

-

**Cash - end of period**

\$ 1,165,216

**Cash consists of:**

Cash	\$ 1,115,216
Short-term investment	<u>50,000</u>
	<u>\$ 1,165,216</u>



1. Nature of Organization

The UOIT Student Union (the "Student Union") was incorporated on June 6, 2017 without share capital and operates as a not-for-profit organization that is tax exempt under the Income Tax Act. The Student Union exists to enhance student experience, as well as encourage equality and equity while providing essential services for the students of UOIT (the "University of Ontario Institute of Technology").

2. Summary of significant accounting policies

Basis of presentation

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations.

Inventories

Retail inventories are valued at the lower of cost and net realizable value with the cost being determined on a first-in, first-out basis.

Capital assets

Capital assets are stated at cost or deemed cost less accumulated amortization. Capital assets are amortized over their estimated useful lives at the following rates and methods:

Computer equipment	3 years	straight-line method
Furniture and fixtures	3 years	straight-line method
Leasehold improvements	5 years	straight-line method
Mobile telephone application	3 years	straight-line method

The Student Union regularly reviews its capital assets to eliminate obsolete items.

Capital assets acquired during the year but not placed into use are not amortized until they are placed into use.

Revenue recognition

The Student Union follows the deferral method of accounting for contributions.

Unrestricted contributions for student fees and operating grants are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Unrestricted contributions for health fees are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Student health insurance premiums provide coverage for students on an annual basis ending August 31.

All other revenue is recognized as revenue when received or receivable, if the amount can reasonably estimated and collection is reasonably assured.

Building Fund

The Building Fund accounts for funds to be used towards the future purchase of space for the Student Union as agreed upon with UOIT.

*(continues)*

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

Health Fund

The Health Fund is funded by the excess of health fund revenues over expenditures from student health insurance plan and supports the Student Union's initiatives that relate to the health and well-being of students.

Contributed services

The operations of the Student Union depend on both the contribution of time by volunteers and donated materials from various sources. The fair value of donated materials and services cannot be reasonably determined and are therefore not reflected in these financial statements.

Measurement uncertainty

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 amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Estimates are used when accounting for items and matters such as allowance for uncollectible accounts receivable, amortization, asset valuations, deferred revenue and provisions for liabilities of uncertain timing. Actual results could differ from these estimates.

Financial instruments policy

The Student Union initially measures its financial assets and financial liabilities at fair value, except for certain non-arm's length transactions. The Student Union subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in excess of revenue over expenditures.

Financial assets measured at amortized cost include cash, short-term investments, accounts receivable and amounts due from UOIT.

Financial liabilities measured at amortized cost include accounts payable and amounts due to student clubs and societies.

Financial assets measured at cost are tested for impairment when there are indicators of impairment.

The amount of the write-down is recognized in excess of revenue over expenditures. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in excess of revenue over expenditures.

The Student Union recognizes its transaction costs in excess of revenue over expenditure in the period incurred. However, financial instruments that will not be subsequently measured at fair value are adjusted by the transaction costs that are directly attributable to their origination, issuance or assumption

---

3. Net effect of a restructuring transaction

On August 30, 2017, the Student Union along with UOIT, Durham College Students Inc. ("DCSI"), and the appointed Receiver ("Receiver") of the Student Association at Durham College and UOIT ("Student Association") reached a Settlement and Transition Memorandum of Understanding ("MOU") authorizing the transfer of assets, agreements and services and the assumption of liabilities of the Student Association as at the effective restructuring date of August 31, 2017.

In accordance with the terms of the MOU, the Receiver allocated the amounts for distribution to the Student Union and DCSI based on a weighted average funds contribution ratio. The Student Union also received compensation for accounting services provided in the amount of \$70,982 and this has been included in the net effect of the restructuring transaction. The following is the net effect of the restructuring transaction as it applies to the Student Union:

<u>Assets and liabilities transferred</u>	
Cash	\$ 638,731
Inventories	9,447
Capital assets	23,280
Due to student clubs and societies	<u>(50,463)</u>
	<u>620,995</u>
 <u>Revenue and expenses allocated</u>	
Retail sales	(8,144)
Salaries and wages	<u>5,829</u>
	<u>(2,315)</u>
	<u>\$ 618,680</u>

According to the terms of the MOU, the Student Union has assumed all remaining claims or litigation to which the Student Association is subject that have not been resolved or settled prior to the effective date its dissolution. The final dissolution of the Student Association is ongoing. In the normal course of operations, various claims and legal proceedings have been asserted or instituted against the Student Association. The likelihood of material loss is remote as the Student Union has a joint entitlement to benefits under the Student Association's insurance policy and the claims are expected to be covered by insurance. Accordingly, no amounts have been accrued to April 30, 2018 relating to these matters.

From May 1, 2017 to October 13, 2017, interim essential services and professional fees of the Student Union amounting to \$586,102 were paid from funds that were held in trust, pursuant to the court order dated April 12, 2017 and, as such, have not been included as an expense of the Student Union for the period ended April 30, 2018.

Durham College paid the Student Union \$90,000 with respect to an investment made by Student Association in the Gordon Willey building and the Whitby Campus.

4. Short-term investment

Short-term investment consists of a non redeemable guaranteed investment certificate ("GIC") that has an annual interest rate of 0.9%. The GIC matures on October 12, 2018.

5. Related party transactions

The Student Union is governed by a board of directors consisting of student representatives from UOIT.

In 2017, the Student Union entered into an operating agreement with UOIT. Under this agreement, UOIT is responsible to collect certain ancillary fees from students, which include a Student Organization fee, Student Centre levy, and student health and dental fees which are then remitted to the Student Union. No further ancillary student fees collected by UOIT are remitted to the Student Union. The agreement is effective until April 30, 2022.

During the year, UOIT provided the Student Union with an operating grant of \$200,000 to help start up the organization.

On June 1, 2012 the Student Association entered into a rental agreement with UOIT for space in the downtown location at an annual rate of \$7,791. The agreement was transferred to the Student Union on September 1, 2017 and is effective until April 2019.

On September 24, 2017 the Student Union entered into an agreement with UOIT and Durham College in the construction of a new Student Centre for the Student Union. UOIT will provide the funding for the principal amount of \$4 million to construct the Student Centre. A loan will be provided to the Student Union which is to be repaid in accordance to an agreed upon payment schedule. Opening of the building is anticipated for September 1, 2019 and no later than 2022. No loan has been issued by UOIT as of the date of these statements.

The operations of the Student Union depend on the contribution of services from UOIT. The fair value of the services cannot be reasonably determined and are therefore not reflected in these financial statements.

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties. The amount due from UOIT is non-interest bearing and has no specific terms of repayment.

6. Capital assets

	Cost	Accumulated amortization	Net book value
Computer equipment	\$ 6,543	\$ 2,617	\$ 3,926
Furniture and fixtures	4,385	2,506	1,879
Leasehold improvements	12,353	12,353	-
Mobile telephone application	22,000	3,667	18,333
	<u>\$ 45,281</u>	<u>\$ 21,143</u>	<u>\$ 24,138</u>

7. Deferred revenue

Funds received	\$ 1,608,506
Funds earned in year	<u>(1,289,287)</u>
	<u>\$ 319,219</u>

**UOIT STUDENT UNION**

**Notes to Financial Statements**

**For the Period Ended April 30, 2018**

8. Student fees

Student Association	\$ 968,184
Student Centre	<u>514,754</u>
	<u>\$ 1,482,938</u>

9. Health fund and related disbursements

<i>Revenue</i>	
Student health levy	\$ 1,278,131
Surcharge	<u>11,156</u>
	<u>1,289,287</u>
 <i>Expenses</i>	
Health	1,278,162
Wages, salaries and benefits	<u>19,493</u>
	<u>1,297,655</u>
 Deficiency of revenue over expenses of the health fund	 <u>\$ (8,368)</u>

10. Programs

<i>Revenues</i>	
Campus life	<u>\$ 14,365</u>
 <i>Expenses</i>	
Campus life	\$ 216,910
Clubs and societies	77,676
Outreach services	2,547
Advocacy	<u>1,699</u>
	<u>\$ 298,832</u>

11. Wages and benefits

Executive	\$ 90,547
Administrative	79,195
Clubs and societies	63,358
Management	124,537
Campus life	47,768
Retail	47,475
Advocacy	37,188
Health	19,492
	<u>\$ 509,560</u>

12. Contractual obligations

The Student Union entered into an agreement with a technology company to maintain their telephone application. The contract requires two separate payments of \$12,500 US by July 31, 2018 and July 31, 2019.

13. Financial instruments

The Student Union is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the Student Union's risk exposure and concentration as of April 30, 2018.

**(a) Credit risk**

Credit risk arises from the potential that a counter party will fail to perform its obligations. As the cash balance and short-term investments are held with a major Canadian financial institution there is a concentration of credit risk with one bank in Canada. The risk is managed by using a major bank that is an upper medium grade credit quality financial institution as determined by rating agencies. The carrying amount of cash and short-term investments included on the statement of financial position represent the maximum credit exposure. The Student Union is not exposed to significant credit risk related to accounts receivable as these are primarily due from UOIT and Durham College Students Inc. and expect to be collected in full.

**(b) Liquidity risk**

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Student Union is exposed to this risk mainly in respect to its accounts payable and amounts due to clubs and societies. Cash flow from operations is adequate to meet these cash requirements.

**(c) Currency risk**

Currency risk is the risk to the company's earnings that arise from fluctuations of foreign exchange rates and the degree of volatility of these rates. The Student Union is exposed to foreign currency exchange risk on commitments in US dollars included in Note 12. The company does not use derivative instruments to reduce its exposure to foreign currency risk.

*(continues)*

13. Financial instruments (*continued*)

*(d) Interest rate risk*

The guaranteed investment certificate included in short-term investment bears interest at a fixed rate of interest and as such is subject to interest rate price risk resulting from changes in fair value from market fluctuations in interest rates.

Unless otherwise noted, it is management's opinion that the Student Union is not exposed to significant other price risks arising from these financial instruments.

---