

UOIT STUDENT UNION
Financial Statements
Year Ended April 30, 2019

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Year Ended April 30, 2019

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INDEPENDENT AUDITOR'S REPORT

To the Members of UOIT Student Union

Opinion

We have audited the financial statements of UOIT Student Union (the Student Union), which comprise the statement of financial position as at April 30, 2019, and statement of changes in fund balances and the statements of operations and cash flow 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 the Student Union as at April 30, 2019, and the results of its operations and its cash flow for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

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 Student Union 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 those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

The financial statements of the Student Union as at and the year ended April 30, 2018 were audited by Collins Barrow Durham LLP which became Baker Tilly KDN LLP effective January 9, 2019.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 Student Union's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Student Union or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Student Union's financial reporting
(continues)

process.

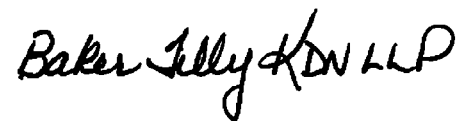
Auditor's Responsibilities for the Audit of the Financial Statements

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 Student Union'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 Student Union'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 Student Union 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.

Courtice, Ontario
July 31, 2019



Baker Tilly KDN LLP
Chartered Professional Accountants
Licensed Public Accountants

UOIT STUDENT UNION
Statement of Financial Position
April 30, 2019

	2019	2018
Assets		
Current		
Cash	\$ 1,780,158	\$ 1,115,216
Short-term investment (Note 3)	50,450	50,000
Accounts receivable	35,171	24,395
Government remittances recoverable	6,826	8,469
Inventories	3,715	5,487
Prepaid expenses	166,752	192,836
Due from UOIT (Note 4)	184,811	313,355
	2,227,883	1,709,758
Capital assets (Note 5)	33,500	24,138
	\$ 2,261,383	\$ 1,733,896
Liabilities		
Current		
Accounts payable	\$ 55,706	\$ 79,077
Deferred revenue (Note 6)	341,703	319,219
Due to student clubs & societies	101,695	83,779
	499,104	482,075
Net assets		
Unrestricted	409,353	236,051
Invested in capital assets	33,500	24,138
Building fund - internally restricted	1,300,000	1,000,000
Health fund - internally restricted	19,426	(8,368)
	1,762,279	1,251,821
	\$ 2,261,383	\$ 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
Year Ended April 30, 2019

	2019	2018 <i>(Note 1)</i>
Membership and other revenue		
Health fees <i>(Note 7)</i>	\$ 2,041,837	\$ 1,289,287
Student fees <i>(Note 8)</i>	1,517,040	1,482,938
Other revenue	21,543	-
Program revenue <i>(Note 9)</i>	17,513	14,365
Operating grants	-	200,000
	<u>3,597,933</u>	<u>2,986,590</u>
Operating revenues		
Retail sales	44,545	31,244
Cost of sales	<u>(27,278)</u>	<u>(22,117)</u>
	<u>17,267</u>	<u>9,127</u>
Expenses		
Health expense <i>(Note 7)</i>	1,995,940	1,278,162
Salaries and wages <i>(Note 10)</i>	661,330	509,560
Programs <i>(Note 9)</i>	228,316	298,832
Professional fees	80,396	154,416
Administrative	47,613	25,256
Governance	44,397	40,596
Marketing and communication	41,699	18,935
Amortization	15,638	21,143
Downtown retail expenses	12,528	9,226
Occupancy expense	<u>12,056</u>	<u>96,450</u>
	<u>3,139,913</u>	<u>2,452,576</u>
Excess of revenue over expenses from operations	<u>475,287</u>	<u>543,141</u>
Other income		
Settlement from Durham College	-	90,000
Net effect of a restructuring transaction <i>(Note 11)</i>	<u>35,171</u>	<u>618,680</u>
	<u>35,171</u>	<u>708,680</u>
Excess of revenue over expenses	<u>\$ 510,458</u>	<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
Year Ended April 30, 2019

	2019	2018
Unrestricted fund		
Opening balance	\$ 236,051	\$ -
Excess of revenue over expenses	510,458	1,251,821
Transfer to capital asset fund	(9,362)	(24,138)
(Excess) deficiency of revenue over expenses of the health fund	(27,794)	8,368
Transfer to building fund (Note 2)	(300,000)	(1,000,000)
Balance, end of year	\$ 409,353	\$ 236,051
Investment in capital assets		
Opening balance	\$ 24,138	\$ -
Purchase of capital assets	25,000	22,000
Capital assets received from the Student Association at Durham College and UOIT	-	23,281
Amortization for the year	(15,638)	(21,143)
Balance, end of year	\$ 33,500	\$ 24,138
Building fund		
Opening balance	\$ 1,000,000	\$ -
Transfer from Unrestricted fund (Note 2)	300,000	1,000,000
Balance, end of year	\$ 1,300,000	\$ 1,000,000
Health fund		
Opening balance	\$ (8,368)	\$ -
Excess (deficiency) of revenue over expenses of the health fund (Note 7)	27,794	(8,368)
Balance, end of year	\$ 19,426	\$ (8,368)

The accompanying notes are an integral part of these financial statements

UOIT STUDENT UNION
Statement of Cash Flow
Year Ended April 30, 2019

	2019	2018
Operating activities		
Excess of revenue over expenses	\$ 510,458	\$ 1,251,821
Items not affecting cash:		
Amortization	15,638	21,143
Capital assets received on restructuring	-	(23,280)
	<u>526,096</u>	<u>1,249,684</u>
Changes in non-cash working capital:		
Accounts receivable	(10,776)	(24,395)
Government remittances recoverable	1,643	(8,469)
Inventories	1,772	(5,487)
Prepaid expenses	26,084	(192,836)
Due from UOIT	128,544	(313,355)
Accounts payable	(23,371)	79,076
Deferred revenue	22,484	319,219
Due to student clubs and societies	17,916	83,779
	<u>164,296</u>	<u>(62,468)</u>
	<u>690,392</u>	<u>1,187,216</u>
Investing activity		
Purchase of capital assets	(25,000)	(22,000)
Increase in cash	665,392	1,165,216
Cash - beginning of year	1,165,216	-
Cash - end of year	\$ 1,830,608	\$ 1,165,216
Cash consists of:		
Cash	\$ 1,780,158	\$ 1,115,216
Short-term investment	50,450	50,000
	<u>\$ 1,830,608</u>	<u>\$ 1,165,216</u>

The accompanying notes are an integral part of these financial statements

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").

The comparative figures are for the period from incorporation on June 6, 2017 to April 30, 2018 with operations commencing September 1, 2017.

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 (ASNFPO).

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 and 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 be reasonably estimated and collection is reasonably assured.

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

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.

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 organization 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.

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

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. Short-term investment

Short-term investment consists of a non redeemable guaranteed investment certificate ("GIC") that has an annual interest rate of 1.4% and is held as collateral for the Student Union's credit cards. The GIC matures on October 12, 2019.

UOIT STUDENT UNION
Notes to Financial Statements
Year Ended April 30, 2019

4. 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.

On June 1, 2012 the Student Association entered into an 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 was effective until April 2019. This agreement was extended to April 2020 at an annual rate of \$11,172.

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 Student Union will provide \$5 million to construct the Student Centre using \$1 million from the Building fund and will seek financing for the balance of \$4 million. The opening of the building is anticipated no later than September, 2021. No loan has been issued as of the date of these statements.

The operations of the Student Union depend on the contribution of student fee collection 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.

5. Capital assets

	Cost	Accumulated amortization	2019 Net book value	2018 Net book value
Computer equipment	\$ 6,543	\$ 6,543	\$ -	\$ 3,926
Furniture and fixtures	4,385	4,385	-	1,879
Leasehold improvements	25,000	2,500	22,500	-
Mobile telephone application	22,000	11,000	11,000	18,333
	\$ 57,928	\$ 24,428	\$ 33,500	\$ 24,138

UOIT STUDENT UNION
Notes to Financial Statements
Year Ended April 30, 2019

6. Deferred revenue

	2019	2018
Balance, beginning of year	\$ 319,219	\$ -
Funds received	2,028,289	1,608,506
Funds earned in year	<u>(2,005,805)</u>	<u>(1,289,287)</u>
	<u>\$ 341,703</u>	<u>\$ 319,219</u>

7. Health fund and related disbursements

	2019	2018
<i>Revenue</i>		
Student health levy	\$ 1,983,151	\$ 1,278,131
Surcharge	42,856	11,156
Opt-In health Revenue	<u>15,830</u>	<u>-</u>
	<u>2,041,837</u>	<u>1,289,287</u>
<i>Expenses</i>		
Health	1,995,940	1,278,162
Wages, salaries and benefits	<u>18,103</u>	<u>19,493</u>
	<u>2,014,043</u>	<u>1,297,655</u>
Excess (deficiency) of revenue over expenses of the health fund	<u>\$ 27,794</u>	<u>\$ (8,368)</u>

8. Student fees

	2019	2018
Student Association	\$ 990,360	\$ 968,184
Student Centre	<u>526,680</u>	<u>514,754</u>
	<u>\$ 1,517,040</u>	<u>\$ 1,482,938</u>

UOIT STUDENT UNION
Notes to Financial Statements
Year Ended April 30, 2019

9. Programs

	2019	2018
<i>Revenue</i>		
Campus life	\$ 17,513	\$ 14,365
<i>Expenses</i>		
Campus life	\$ 147,301	\$ 216,911
Clubs and societies	75,206	77,676
Downtown services	4,322	2,547
Advocacy	1,487	1,698
	\$ 228,316	\$ 298,832

10. Wage and benefits

	2019	2018
Management	\$ 171,934	\$ 124,537
Executive	117,666	90,547
Administrative	116,212	79,195
Clubs and societies	98,353	63,358
Retail	62,761	47,475
Campus life	53,328	47,768
Advocacy	22,973	37,188
Health	18,103	19,492
	\$ 661,330	\$ 509,560

11. Net effect of a restructuring transaction

UOIT Student Union received a final settlement of \$35,171 in relation to the dissolution of The Student Association at Durham College and UOIT in January 2019.

12. Subsequent events

Subsequent to year end, in June 2019, UOIT Student Union discontinued the retail (Tuck shop) operations.

On July 16, 2019, articles of amendment were filed to change the legal name of the corporation to Ontario Tech Student Union.

The Government of Ontario introduced legislation that will permit students to opt-out of certain ancillary student fees starting in the fall of 2019. The impact on UOIT Student Union revenues is not yet known with certainty.

13. Contractual obligations

The Student Union entered into an agreement with a technology company to maintain their telephone application. The contract requires a final installment of \$12,500 US payable by July 31, 2019.

14. 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, 2019.

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 a high 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 are expected to be collected in full.

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, amounts due to clubs and societies and commitments. Cash flow from operations is adequate to meet these cash requirements.

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 13. The company does not use derivative instruments to reduce its exposure to foreign currency risk. There is no change in the risk assessment from previous year.

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. There is no change in the risk assessment from previous year.

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.
