



Financial Statements

UFV Student Union Society

March 31, 2020

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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, 2020, 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, 2020, 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.

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
November 25, 2020

Grant Thornton LLP

Chartered Professional Accountants

UFV Student Union Society

Statement of Revenues and Expenses

Year ended March 31, 2020

	Operating Fund	Membership Fund	2020	2019
Revenues				
SUS health and dental fees	\$ -	\$ 1,283,510	\$ 1,283,510	\$ 1,000,770
SUS U-Pass fees	-	1,000,034	1,000,034	1,070,124
SUS membership fees	900,094	-	900,094	725,013
SUS building fees	-	895,454	895,454	846,203
SUS inter-campus shuttle fees	-	788,464	788,464	752,176
Food services	231,629	-	231,629	261,885
SUS IT service fees	-	131,668	131,668	126,385
Interest	17,649	79,591	97,240	77,196
Equipment and facility rentals	69,480	-	69,480	46,979
Realized gain on marketable securities	52,208	-	52,208	-
Other income	25,335	-	25,335	34,003
Unrealized (loss) gain on marketable securities	(150,521)	-	(150,521)	49,444
	<u>1,145,874</u>	<u>4,178,721</u>	<u>5,324,595</u>	<u>4,990,178</u>
Expenses				
Health and dental premiums	-	1,076,875	1,076,875	760,575
U-Pass expenses	-	1,005,086	1,005,086	940,847
Inter-campus shuttle	-	923,012	923,012	736,838
Salaries and benefits	650,225	13,673	663,898	631,130
Lease payment (Note 5)	-	339,092	339,092	339,092
Interest on long-term debt	-	332,516	332,516	337,000
IT services	33,485	132,212	165,697	124,730
Repairs and maintenance	9,317	131,250	140,567	107,307
Food and beverage services	107,628	-	107,628	127,175
Amortization	13,625	81,323	94,948	104,567
Events and programming	22,957	24,319	47,276	67,729
Advertising and promotion	35,170	-	35,170	14,009
Business fees, dues and licenses	30,409	-	30,409	31,917
Insurance	26,322	-	26,322	25,242
Conference and travel	25,013	-	25,013	23,013
Professional fees	24,805	-	24,805	29,965
Student sponsorship and funding	20,779	-	20,779	24,387
Office supplies and expenses	9,231	912	10,143	15,289
Telephone and utilities	7,774	-	7,774	10,235
Training and education	7,718	-	7,718	4,486
Credit card and bank charges	6,844	-	6,844	7,927
	<u>1,031,302</u>	<u>4,060,270</u>	<u>5,091,572</u>	<u>4,463,460</u>
Excess of revenues over expenses	<u>\$ 114,572</u>	<u>\$ 118,451</u>	<u>\$ 233,023</u>	<u>\$ 526,718</u>

See accompanying notes to the financial statements.

UFV Student Union Society

Statement of Financial Position

March 31

Assets	Operating Fund	Membership Fund	2020	2019
Current				
Cash	\$ 467,295	\$ 4,331,129	\$ 4,798,424	\$ 4,196,916
Accounts receivable	361	-	361	8,572
Short-term investments (Note 3)	2,072,407	-	2,072,407	2,170,720
Prepaid expenses	30,291	-	30,291	-
Inventory	14,592	7,337	21,929	22,256
	<u>2,584,946</u>	<u>4,338,466</u>	<u>6,923,412</u>	<u>6,398,464</u>
Capital assets (Note 4)	54,501	843,600	898,101	992,158
Prepaid lease (Note 5)	-	8,562,059	8,562,059	8,901,152
	<u>\$ 2,639,447</u>	<u>\$ 13,744,125</u>	<u>\$ 16,383,572</u>	<u>\$ 16,291,774</u>
Liabilities				
Current				
Accounts payables and accruals (Note 6)	\$ 48,558	\$ 214,630	\$ 263,188	\$ 138,393
Deferred revenue (Note 7)	-	527,949	527,949	513,341
Current portion of long-term debt (Note 8)	-	6,369,576	6,369,576	2,306,165
	<u>48,558</u>	<u>7,112,155</u>	<u>7,160,713</u>	<u>2,957,899</u>
Long-term debt (Note 8)	-	2,465,407	2,465,407	6,809,446
	<u>48,558</u>	<u>9,577,562</u>	<u>9,626,120</u>	<u>9,767,345</u>
Net assets				
Unrestricted	2,590,889	-	2,590,889	2,476,317
Restricted - Membership fund (Note 11)	-	4,166,563	4,166,563	4,048,112
	<u>2,590,889</u>	<u>4,166,563</u>	<u>6,757,452</u>	<u>6,524,429</u>
	<u>\$ 2,639,447</u>	<u>\$ 13,744,125</u>	<u>\$ 16,383,572</u>	<u>\$ 16,291,774</u>

Commitments (Note 9)
Subsequent events (Note 13)

On behalf of the Board

Jessica Levesque

Director



Director

See accompanying notes to the financial statements.

UFV Student Union Society
Statement of Changes in Net Assets

Year ended March 31, 2020

	<u>2020</u>			<u>2019</u>
	<u>Operating Fund</u>	<u>Membership Fund</u>	<u>Total</u>	Total
Balance, beginning of year	\$ 2,476,317	\$ 4,048,112	\$ 6,524,429	\$ 5,997,711
Transfers (Note 11)	-	-	-	-
Excess of revenues over expenses	114,572	118,451	233,023	526,718
Balance, end of year	\$ 2,590,889	\$ 4,166,563	\$ 6,757,452	\$ 6,524,429

See accompanying notes to the financial statements.

UFV Student Union Society

Statement of Cash Flows

Year ended March 31

2020

2019

Cash flows provided by (used in)

Operating

Excess of revenues over expenses	\$ 233,023	\$ 526,718
Adjustments to determine cash flows		
Unrealized gain on marketable securities	98,313	(49,444)
Amortization	94,948	104,567
Prepaid lease expense	339,092	339,092

765,376 920,933

Change in non-cash working capital items

Accounts receivable	8,211	(4,899)
Inventory	327	1,158
Prepaid expenses	(30,291)	284,889
Accounts payable and accruals	124,796	(63,038)
Deferred revenue	14,608	142,326

883,027 1,281,369

Financing

Repayment of long-term debt	(280,628)	(271,784)
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(280,628) (271,784)

Investing

Purchase of equipment and leasehold improvements	(891)	(92,955)
Proceeds from sale of equipment and leasehold improvements	-	706

(891) (92,249)

Increase in cash **601,508** 917,336

Cash, beginning of year **4,196,916** 3,279,580

Cash, end of year **\$ 4,798,424** \$ 4,196,916

UFV Student Union Society

Notes to the Financial Statements

March 31, 2020

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.

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.

UFV Student Union Society

Notes to the Financial Statements

March 31, 2020

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:

	Method	Rate
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.

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.

UFV Student Union Society

Notes to the Financial Statements

March 31, 2020

3. Short-term investments

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

4. Capital assets	2020			2019
	Cost	Accumulated amortization	Net book value	Net book value
Furniture and fixtures	\$ 746,032	\$ (560,093)	\$ 185,939	\$ 231,475
Leasehold improvements	713,023	(76,830)	636,193	654,507
Computer equipment	202,706	(189,391)	13,315	29,589
Equipment	144,981	(90,480)	54,501	68,130
Paved surfaces	9,126	(973)	8,153	8,457
	<u>\$ 1,815,868</u>	<u>\$ (917,767)</u>	<u>\$ 898,101</u>	<u>\$ 992,158</u>

5. 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 (2019 - \$339,092) was recognized as lease expense.

6. Accounts payable and accruals

Accounts payables contains \$4,352 (2019 - \$15,782) in government remittances payable.

7. Deferred revenue

Deferred revenue includes Health and Dental Plan fees received by March 31, 2020 which relate to the subsequent fiscal year.

UFV Student Union Society

Notes to the Financial Statements

March 31, 2020

8. Long-term debt

	<u>2020</u>	<u>2019</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.	\$ 4,423,063	\$ 4,563,925
Envision Financial Commercial Loan, nominal annual interest rate of 4.10% compounded semi-annually. Blended monthly payments of \$10,013, maturing November 21, 2020.	\$ 1,764,484	\$ 1,819,805
Envision Financial Commercial Loan, nominal annual interest rate of 3.64% compounded semi-annually. Blended monthly payments of \$15,169, maturing November 21, 2021.	\$ 2,647,436	\$ 2,731,881
	<u>\$ 8,834,983</u>	<u>\$ 9,115,611</u>
Less current portion	6,369,576	2,306,165
	<u>\$ 2,465,407</u>	<u>\$ 6,809,446</u>

The commercial loans are secured by the prepaid building lease.

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

2021	\$ 6,369,576
2022	<u>2,465,408</u>
	<u>\$ 8,834,984</u>

9. Commitments

The Society is committed to paying student advocacy fees to the Canadian Alliance of Student Associations (CASA) on an annual basis. In 2020, CASA fees paid totalled \$29,098 (2019 - \$29,656).

UFV Student Union Society

Notes to the Financial Statements

March 31, 2020

10. Financial instruments

The carrying amount of financial assets measured at amortized cost that includes cash and receivables is \$4,798,785 as at March 31, 2020 (2019 - \$4,205,488).

The carrying amount of financial assets measured at fair value that includes marketable securities is \$2,072,407 as at March 31, 2020 (2019 - \$2,170,720).

The carrying amount of financial liabilities measured at amortized cost is \$9,098,171 as at March 31, 2020 (2019 - \$9,254,005).

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.

11. Membership fund

	Health and Dental	U-Pass	IT Services	SUS Building	Inter-campus Shuttle	Total
Opening	\$ 862,454	\$ 441,332	\$ 160,849	\$ 2,081,466	\$ 502,011	\$ 4,048,112
Transfers	-	-	-	-	-	-
Excess of revenues over expenses	235,283	(18,476)	(13,634)	54,856	(139,578)	118,451
Closing	\$ 1,097,737	\$ 422,856	\$ 147,215	\$ 2,136,322	\$ 362,433	\$ 4,166,563

UFV Student Union Society

Notes to the Financial Statements

March 31, 2020

12. 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 directors, or contractors whose remuneration, during the applicable period, was at least \$75,000. Remuneration paid to all directors of the Society totalled \$90,948 (2019 – \$97,552).

13. Subsequent events

Since March 31, 2020, the spread of COVID-19 has severely impacted many local economies around the globe. In many countries, including Canada, businesses are being forced to cease or limit operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. Global stock markets have also experienced great volatility and a significant weakening. Governments and central banks have responded with monetary and fiscal interventions to stabilize economic conditions. To date the Society's operations have not been materially affected by these events, therefore the Society has determined that these are non-adjusting subsequent events. Accordingly, the statement of financial position and statement of revenues and expenses as of and for the year ended March 31, 2020 have not been adjusted to reflect their impact. The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact, if any, on the financial position and results of the Society for future periods.
