

University of Regina Students' Union
Financial Statements
April 30, 2012

Management's Responsibility

To the Directors of University of Regina Students' Union:

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 generally accepted accounting principles. 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 entirely of Directors who are neither management nor employees of the Organization. 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 to discuss the internal controls over the financial reporting process, auditing matters and financial reporting issues. The Board is also responsible for recommending the appointment of the Organization's external auditors.

MNP LLP, an independent firm of Chartered Accountants, is appointed by the directors 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.

October 9, 2012

General Manager

Independent Auditors' Report

To the Members of University of Regina Students' Union:

We have audited the accompanying financial statements of University of Regina Students' Union, which comprise the statement of financial position as at April 30, 2012, and the statements of financial activities, 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 generally accepted accounting principles, 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 University of Regina Students' Union as at April 30, 2012 and the results of its operations, changes in net assets and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Regina, Saskatchewan

October 9, 2012

MNP LLP
Chartered Accountants

University of Regina Students' Union
Statement of Financial Position

As at April 30, 2012

	2012	2011
Assets		
Current		
Accounts receivable	73,471	66,667
Inventory (Note 3)	41,370	41,783
Prepaid expenses and deposits	10,932	5,358
Investments (Note 5)	334,090	464,310
	459,863	578,118
Capital assets (Note 4)	272,944	314,365
Long-term investments (Note 5)	678,720	722,531
	1,411,527	1,615,014
Liabilities		
Current		
Bank indebtedness (Note 6)	78,082	20,529
Accounts payable and accruals	134,447	185,165
Deferred contributions	8,838	16,676
	221,367	222,370
Net Assets		
Invested in capital assets	272,944	314,365
Internally restricted (Note 8)	728,898	689,578
Unrestricted	188,318	388,701
	1,190,160	1,392,644
	1,411,527	1,615,014

Approved on behalf of the Board

Director

Director

The accompanying notes are an integral part of these financial statements

University of Regina Students' Union
Statement of Financial Activities

For the year ended April 30, 2012

	Revenue		Expenses		Excess (Deficiency)	
	2012	2011	2012	2011	2012	2011
Administration	542,338	578,164	746,607	752,091	(204,269)	(173,927)
Advocate	-	-	54,295	49,792	(54,295)	(49,792)
Board of Directors, Executive, Welcome Week	87,599	72,812	323,369	358,492	(235,770)	(285,680)
Electoral	-	-	5,418	12,289	(5,418)	(12,289)
Information Services, TV	5,909	5,909	18,375	9,726	(12,466)	(3,817)
Lazy Owl Pub, MP Room, Cleaning	1,393,987	1,455,401	1,551,877	1,414,629	(157,890)	40,772
President's Advisory Council, Student Associations	-	-	65,818	56,538	(65,818)	(56,538)
Student Fees	2,092,206	1,914,000	1,540,710	1,406,579	551,496	507,421
Used Bookstore	77,824	95,786	71,640	82,281	6,184	13,505
	4,199,863	4,122,072	4,378,109	4,142,418		
Deficiency of revenue over expenses before the following					(178,246)	(20,345)
Unrealized gain (loss) on investments					(69,377)	39,532
Interest and realized gain on investments					45,139	26,998
Excess (deficiency) of revenue over expenses					(202,484)	46,185

The accompanying notes are an integral part of these financial statements.

University of Regina Students' Union

Statement of Changes in Net Assets

For the year ended April 30, 2012

	<i>Invested in capital assets</i>	<i>Internally restricted (Note 8)</i>	<i>Unrestricted</i>	<i>2012</i>	<i>2011</i>
Net assets beginning of year	314,365	689,578	388,701	1,392,644	1,346,460
(Deficiency) excess of revenues over expenses	(67,862)	(27,277)	(107,345)	(202,484)	46,184
Allocations (Note 8)	-	1,069,409	(1,069,409)	-	-
Disbursements (Note 8)	-	(1,002,812)	1,002,812	-	-
Investment in capital assets	26,441	-	(26,441)	-	-
Net assets, end of year	272,944	728,898	188,318	1,190,160	1,392,644

The accompanying notes are an integral part of these financial statements

University of Regina Students' Union
Statement of Cash Flows
For the year ended April 30, 2012

	2012	2011
Cash provided by (used for) the following activities		
Operating activities		
Excess of revenues over expenses	(202,484)	46,184
Amortization	67,862	62,562
Bad debts	18,551	22,255
Gain on investments	(45,139)	(26,998)
Unrealized gain/loss on investments	69,377	(39,532)
	(91,833)	64,471
Changes in working capital accounts		
Accounts receivable	(6,804)	22,977
Inventory	413	(548)
Prepaid expenses and deposits	(5,574)	(755)
Accounts payable and accruals	(50,718)	80,423
Deferred contributions	(7,838)	538
	(162,354)	167,106
Investing activities		
Purchase of capital assets	(26,441)	(91,153)
Purchase of long-term investments	(509,681)	(665,014)
Proceeds on disposal of long-term investments	640,923	610,506
	104,801	(145,661)
(Decrease) increase in cash deficiency	(57,553)	21,445
Cash deficiency, beginning of year	(20,529)	(41,974)
Cash deficiency, end of year	(78,082)	(20,529)

The accompanying notes are an integral part of these financial statements

University of Regina Students' Union

Notes to the Financial Statements

For the year ended April 30, 2012

1. Incorporation and commencement of operations

University of Regina Students' Union (the "Students' Union") is incorporated under the The Non-Profit Corporations Act of Saskatchewan, The Students' Union activities include providing facilities and services to all University Students at the University of Regina.

2. Significant accounting policies

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles including the following significant accounting policies:

Inventory

Inventory is valued at the lower of cost and net realizable value. Cost is determined by the first-in, first-out method.

Revenue recognition

The Students' Union follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Student fees are recognized as revenue when received or receivable from the University of Regina. Revenues from operations are recognized when services are provided.

Deferred revenue

Deferred revenue consists of revenues that have been received for services not performed and the unexpended portion of grants received for specific projects.

Capital assets

Capital assets are recorded at cost. Amortization is provided using the straight-line method at rates intended to amortize the cost of assets over their estimated useful lives.

	Method	Rate
Equipment	straight-line	1 - 15 years
Leasehold improvements	straight-line	5 - 40 years

Income taxes

The Students' Union is incorporated under The Non-Profit Corporations Act of Saskatchewan and as such is exempt from income taxes.

Measurement uncertainty

The preparation of financial statements in conformity with Canadian generally accepted accounting principles 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.

2. Significant accounting policies (Continued from previous page)

Financial instruments

The Students' Union has classified accounts receivable, investments, and bank indebtedness as held for trading financial instruments.

Held for trading financial assets and liabilities are financial instruments that are acquired or incurred principally for the purpose of selling or repurchasing the instrument in the near term or are initially designated as held for trading. These instruments are initially recognized at their fair value. Fair value is approximated by the instruments' initial cost in a transaction between unrelated parties. Held for trading financial instruments are carried at fair value with both realized and unrealized gains and losses included in the statement of financial activities. Transactions to purchase or sell these items are recorded on the settlement date.

The Students' Union has classified accounts payable and accruals as other financial liabilities. These liabilities are recorded at amortized cost. Transactions to purchase or sell these items are recorded on the trade date, and transaction costs are immediately recognized in the current year statement of revenues and expenses. Fees incurred on an exchange of financial liabilities or a modification of the terms of financial liabilities that is accounted for as an extinguishment are included as part of the gain or loss on extinguishment, while any related other costs incurred are recognized in the current year statement of revenues and expenses. All fees and costs incurred on the exchange or modification of a financial liability not accounted for as an extinguishment are included in the carrying amount of the modified financial liability and amortized over its remaining expected life. Any related other costs incurred are recognized in the current year statement of financial activities.

Transaction costs related to held for trading financial instruments are expensed as incurred.

Internally restricted reserves

The Board of Directors have internally restricted the following net assets to be held for:

- i) **Sustainable Campus Reserve**
This reserve is used to fund projects and initiatives that help the Students' Union reduce its environmental impact.
- ii) **Health and Dental Stabilization Reserve**
This reserve is used to provide the Students' Union the ability to fund increases in benefits to its members, or to prevent increases in premiums to its members without affecting the premiums its members pay.
- iii) **Emergency Bursary Reserve**
This reserve is used by the Students' Union to help its members who find themselves in extreme financial distress.
- iv) **Capital Improvement Reserve**
This reserve is used by the Students' Union for three items: 1) the construction and furnishing of a building for the sole uses of the University of Regina Students' Union; 2) the upkeep of daycare on campus; 3) new capital purchases by the Students' Union.
- v) **Refugee Sponsorship Fund**
This reserve is used by the Students' Union to provide funding for refugees to escape countries in turmoil for the chance at a better life in Canada.

University of Regina Students' Union
Notes to the Financial Statements
For the year ended April 30, 2012

2. Significant accounting policies *(Continued from previous page)*

Recent Accounting Pronouncements

Canadian accounting standards for not-for-profit organizations

In October 2010, the Accounting Standards Board (AcSB) approved the accounting standards for private sector not-for-profit organizations (NFPOs) to be included in Part III of the CICA Handbook-Accounting ("Handbook"). Part III will comprise:

- The existing "4400 series" of standards dealing with the unique circumstances of NFPOs, currently in Part V of the Handbook; and
- The new accounting standards for private enterprises in Part II of the Handbook, to the extent that they would apply to NFPOs.

Effective for fiscal years beginning on or after January 1, 2012, private sector NFPOs will have the option to adopt either Part III of the Handbook or International Financial Reporting Standards (IFRS). Earlier adoption is permitted. The Students' Union expects to adopt Part III of the Handbook as its new financial reporting standards. The Students' Union has not yet determined the impact of the adoption of Part III of the Handbook on its financial statements.

3. Inventory

	2012	2011
Food and beverages	41,370	41,783

The cost of purchases recognized as an expense and included in cost of sales amounted to \$634,993 (2011 – \$602,100).

4. Capital assets

	Cost	Accumulated amortization	2012 Net book value	2011 Net book value
Equipment	505,212	348,013	157,199	182,704
Leasehold improvements	379,783	264,038	115,745	131,661
	884,995	612,051	272,944	314,365

University of Regina Students' Union
Notes to the Financial Statements
For the year ended April 30, 2012

5. Long-term investments

Investments are recorded at fair market value and consist of bonds, notes, Canadian and foreign mutual funds. The mutual funds carry no fixed rates of interest or no maturity dates. Income earned on mutual funds are dependant on the performance of the mutual funds manager.

	2012	2011
Short term notes	10,482	6,480
Money market funds	<u>323,608</u>	<u>457,830</u>
Short term investments	<u>334,090</u>	<u>464,310</u>
Canadian equity investments	67,981	137,175
Canadian mutual funds	<u>610,739</u>	<u>585,356</u>
Long term investments	<u>678,720</u>	<u>722,531</u>

6. Bank indebtedness

Bank indebtedness in the current year consists mainly of outstanding cheques. The amount includes bank overdraft amounting to \$nil (2011 - \$nil) bearing interest at prime plus 1%. The overdraft limit is \$100,000 and is secured by a general security agreement.

7. Commitments

The Students' Union is committed to paying the monthly operating costs of their premises to the University of Regina. The amount payable varies monthly and is determined by the University of Regina based on consumption.

8. Internally restricted net assets

The Students' Union internally restricts funds for special purposes. Transactions including internally restricted reserves were as follows:

	Opening Balance	Allocations	Disbursements	Investment Gain/(Loss)	Ending Balance
Sustainable Campus Reserve	10,560	-	-	-	10,560
Health & Dental Stabilization Reserve	44,107	935,000	(929,060)	-	50,047
Emergency Bursary Reserve	134,860	4,928	(6,792)	(2,075)	130,921
Capital Improvement Reserve	420,140	90,055	(26,440)	(19,268)	464,487
Refugee Sponsorship Reserve	79,911	39,426	(40,520)	(5,934)	72,883
	<u>689,578</u>	<u>1,069,409</u>	<u>(1,002,812)</u>	<u>(27,277)</u>	<u>728,898</u>

University of Regina Students' Union

Notes to the Financial Statements

For the year ended April 30, 2012

9. Financial instruments

Fair value

The Students' Union as part of its operations carries a number of financial instruments, which include accounts receivable, investments, bank indebtedness, accounts payables and accruals. Accounts receivable, bank indebtedness, accounts payables and accruals are recorded at their fair value which approximates carrying value due to short term maturities. Investments are recorded at fair value which is based on quoted active market prices.

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. Changes in market interest rates may have an effect on the cash flows associated with some financial assets and liabilities, known as cash flow risk, and on the fair value of other financial assets or liabilities, known as price risk. The Students' Union is exposed to interest rate risk primarily relating to their investments held.

Credit concentration

Financial instruments that potentially subject the Students' Union to concentrations of credit risk consist of accounts receivable. The maximum credit risk exposure is \$73,472 (2011 – \$66,667). However, the Students' Union believes that there is minimal risk associated with the collection of these amounts, as the majority are from government agencies.

10. Capital management

The Students' Union's objective when managing capital is to maintain a sufficient reserve fund base to ensure they can continue to cover the significant expenditures relating to the Students' Union. The Students' Union receives a portion of student tuition from the University of Regina, and revenues from the Lazy Owl to cover the operating expenditures.

11. Comparative figures

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