

**University of Regina Students'
Union
Financial Statements**
April 30, 2009

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. The Board is also responsible for recommending the appointment of the Organization's external auditors.

Meyers Norris Penny 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 16, 2009


General Manager

Auditors' Report

To the Directors of University of Regina Students' Union:

We have audited the statement of financial position of University of Regina Students' Union as at April 30, 2009 and the statements of financial activities, changes in net assets, and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Organization as at April 30, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Regina, Saskatchewan

October 16, 2009

Meys Norris Penny LLP

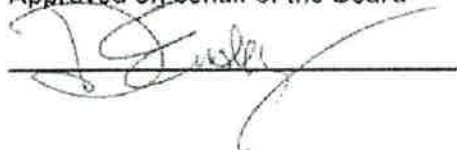
MEYERS NORRIS PENNY LLP

University of Regina Students' Union
Statement of Financial Position


As at April 30, 2009

| | 2009 | 2008 |
|--|-----------|-----------|
| Assets | | |
| Current | | |
| Accounts receivable | 54,828 | 126,261 |
| Inventory (Note 4) | 30,962 | 32,216 |
| Prepaid expenses and deposits | 1,976 | 2,262 |
| Investments (Note 6) | 539,941 | 584,355 |
| | 627,707 | 745,094 |
| Capital assets (Note 5) | 268,440 | 236,625 |
| Investments (Note 6) | 493,456 | 661,158 |
| | 1,389,603 | 1,642,877 |
| Liabilities | | |
| Current | | |
| Bank indebtedness (Note 7) | 19,069 | 202,216 |
| Accounts payable and accruals | 243,097 | 169,340 |
| Deferred revenue | 10,139 | 9,231 |
| Current portion of long-term debt | - | 12,000 |
| | 272,305 | 392,787 |
| Net Assets | | |
| Internally restricted (Note 10) | 548,858 | 249,953 |
| Invested in capital assets | 268,440 | 236,625 |
| Unrestricted | 300,000 | 763,512 |
| | 1,117,298 | 1,250,090 |
| | 1,389,603 | 1,642,877 |

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, 2009

| | Revenue | | Expenses | | Excess (Deficiency) | |
|--|------------------|------------------|------------------|------------------|---------------------|-----------------|
| | 2009 | 2008 | 2009 | 2008 | 2009 | 2008 |
| Administration | 461,201 | 374,957 | 623,736 | 509,892 | (162,535) | (134,934) |
| Advocate | - | - | 46,394 | 54,191 | (46,394) | (54,191) |
| Board of Directors, Executive, Welcome Week | 71,162 | 36,987 | 262,779 | 349,834 | (191,617) | (312,847) |
| Electoral | - | - | 16,879 | 26,045 | (16,879) | (26,045) |
| Information Services, TV | - | 50,680 | 49,483 | 103,678 | (49,483) | (52,998) |
| Intramurals | - | 56,586 | - | 53,186 | - | 3,400 |
| Lazy Owl Pub, MP Room, Cleaning | 1,028,101 | 782,349 | 1,222,290 | 914,984 | (194,189) | (132,635) |
| President's Advisory Council, Student Associations | - | - | 38,273 | 42,586 | (38,273) | (42,586) |
| Student Fees | 1,788,642 | 1,788,240 | 1,275,305 | 1,177,081 | 513,337 | 611,159 |
| Used Bookstore | 116,945 | 152,354 | 100,074 | 134,312 | 16,871 | 18,042 |
| | 3,466,051 | 3,242,153 | 3,632,568 | 3,365,789 | | |
| Deficiency of revenue over expenses before the following | | | | | (169,162) | (123,636) |
| Net investment income (loss) | | | | | (147,275) | 1,926 |
| Capital Improvement fund revenue (Note 9) | | | | | 179,149 | - |
| Realized gain on investments | | | | | 4,496 | 28,160 |
| Deficiency of revenue over expenses | | | | | (132,792) | (93,550) |

University of Regina Students' Union
Statement of Changes in Net Assets

For the year ended April 30, 2009

| | Invested in capital assets | Internally restricted | Unrestricted | 2009 Total | 2008 Total |
|-------------------------------------|----------------------------------|--------------------------|----------------|------------------|------------------|
| Balance, beginning of year | 236,625 | 249,953 | 763,512 | 1,250,090 | 1,343,640 |
| Deficiency of revenue over expenses | (35,215) | (60,811) | (36,766) | (132,792) | (93,550) |
| Allocations (Note 10) | - | 462,066 | (462,066) | | |
| Disbursements (Note 10) | - | (92,350) | 92,350 | | |
| Transfers (Note 10) | - | (10,000) | 10,000 | - | - |
| Investment in capital assets | 67,030 | - | (67,030) | - | - |
| Balance, end of year | 268,440 | 548,858 | 300,000 | 1,117,298 | 1,250,090 |

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, 2009

| | 2009 | 2008 |
|---|------------------|-----------------|
| Cash provided by (used for) the following activities | | |
| Operating activities | | |
| Deficiency of revenue over expenses | (132,792) | (93,549) |
| Amortization | 35,215 | 57,532 |
| Gain on disposal of investments | (4,496) | (28,160) |
| Unrealized gain/loss on investments | 174,631 | 52,135 |
| | 72,558 | (12,042) |
| Changes in working capital accounts | | |
| Accounts receivable | 71,433 | 48,466 |
| Inventory | 1,254 | (13,610) |
| Prepaid expenses and deposits | 286 | 195 |
| Accounts payable and accruals | 73,757 | (40,586) |
| Deferred revenue | 908 | 250 |
| | 220,196 | (17,327) |
| Financing activities | | |
| Operating loan repayments | (183,147) | (44,587) |
| Change in long-term debt | (12,000) | - |
| | (195,147) | (44,587) |
| Investing activities | | |
| Purchase of capital assets | (67,030) | (90,446) |
| Purchase of investments | (1,066,455) | (2,590,248) |
| Proceeds on disposal of investments | 1,108,436 | 2,742,608 |
| | (25,049) | 61,914 |
| Increase (decrease) in cash resources | - | - |
| Cash resources, beginning of year | - | - |
| Cash resources, end of year | - | - |

University of Regina Students' Union
Notes to the Financial Statements
For the year ended April 30, 2009

1. Incorporation and 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 and include using 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 initially 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 to 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 (use of estimates)

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 earnings in the periods in which they become known.

University of Regina Students' Union
Notes to the Financial Statements
For the year ended April 30, 2009

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.

Recent accounting pronouncements

Financial instrument deferral of Section 3862 and 3863

In December 2006, the Canadian Institute of Chartered Accountants (CICA) issued Section 3862 Financial Instruments – Disclosures and Section 3863 Financial Instruments – Presentation to replace Section 3861 Financial Instruments – Disclosure and Presentation. The effective date for these new Sections was for interim and annual financial statements with fiscal years beginning on or after October 1, 2007, with earlier adoption permitted. However, in light of the uncertainty regarding the future direction in setting standards for not-for-profit organizations, the CICA released a decision to allow deferral of Sections 3862 and 3863 for this sector. Not-for-profit organizations should continue to apply Section 3861 until interim and annual financial statements with fiscal years beginning on or after October 1, 2008.

University of Regina Students' Union
Notes to the Financial Statements
For the year ended April 30, 2009

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) **Lazy Owl Food Review Reserve**
This reserve is used by the Students' Union to fund a professional review of the food services provided by the Lazy Owl Bar and Grill.
- iv) **Lazy Owl Furniture Reserve**
This reserve is used by the Students' Union to fund additions to the furnishings of the Lazy Owl Bar and Grill.
- v) **Health and Dental 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.
- vi) **Emergency Bursary Reserve**
This reserve is used by the Students' Union to help its members who find themselves in extreme financial distress.
- vii) **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.

3. Change in accounting policies

Capital disclosures

On May 1, 2008, the Students' Union adopted the handbook section, 1535 – Capital Disclosures. Section 1535 establishes guidelines for the disclosure of information on the Students' Union's capital and how it is managed. This enhanced disclosure describes the Organization's objectives, policies and processes for managing capital. Capital disclosures are provided in Note 12 of these financial statements.

4. Inventory

| | 2009 | 2008 |
|--------------------|---------------|-------------|
| Food and beverages | 30,962 | 32,216 |
| | 30,962 | 32,216 |

The cost of inventories recognized as an expense and included in cost of sales amounted to \$477,614 (2008 – \$340,600).

University of Regina Students' Union
Notes to the Financial Statements
For the year ended April 30, 2009

5. Capital assets

| | <i>Cost</i> | <i>Accumulated amortization</i> | <i>2009 Net book value</i> | <i>2008 Net book value</i> |
|------------------------|----------------|-------------------------------------|------------------------------------|------------------------------------|
| Equipment | 353,387 | 208,562 | 144,825 | 124,242 |
| Leasehold improvements | 346,710 | 223,095 | 123,615 | 112,383 |
| | <u>700,097</u> | <u>431,657</u> | <u>268,440</u> | <u>236,625</u> |

6. Investments

Investments 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.

| | <i>2009</i> | <i>2008</i> |
|-----------------------------|------------------|------------------|
| Short term notes | 109,988 | 339,353 |
| Money market funds | 429,953 | 266,071 |
| Canadian equity investments | 39,288 | 88,485 |
| Canadian mutual funds | <u>454,168</u> | <u>551,604</u> |
| | <u>1,033,397</u> | <u>1,245,513</u> |

Bank indebtedness

Bank indebtedness in the current year consists mainly of outstanding cheques. The amount includes bank overdraft amounting to \$0 (2008 - \$62,852) bearing interest at prime plus 1%. The overdraft limit is \$100,000 and is secured by a general security agreement.

8. Commitments

The Students' Union is committed to paying the monthly operating costs of their premises to the University of Regina.

9. Capital Improvement Fund

Under an agreement with the University of Regina, a portion of the annual fees paid by students are retained and deposited to a Students' Union Capital Improvement Fund which is administered by the University of Regina. The University may authorize capital expenditures after receiving appropriate authorizing resolutions from the Students' Union. Additionally, the Students' Union may approve expenditures from this fund up to thirty percent of the interest earned by the fund in the previous fiscal year. These expenditures do not require the consent of the University of Regina.

During the current year, the University transferred the remaining \$179,149 balance in the Capital Improvement Fund to the Students' Union. The Students' Union has included this fund in their internally restricted Capital Improvement Reserve (note 10).

University of Regina Students' Union
Notes to the Financial Statements
For the year ended April 30, 2009

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During the current year, the University transferred the remaining \$179,149 balance in the Capital Improvement Fund to the Students' Union. The Students' Union has included this fund in their internally restricted Capital Improvement Reserve (note 10).

10. 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 | Transfers | Investment Gain/(Loss) | Ending Balance |
|---|--------------------|----------------|-----------------|-----------------|---------------------------|----------------|
| Sustainable Campus Reserve | 18,643 | - | (6,583) | - | - | 12,060 |
| Health & Dental Stabilization Reserve | 10,746 | - | (11,285) | 49,000 | - | 48,461 |
| Lazy Owl Food Review Reserve | 10,000 | - | - | (10,000) | - | - |
| Lazy Owl Furniture Reserve | 10,293 | - | - | (10,293) | - | - |
| Health & Dental Reserve | 49,000 | - | - | (49,000) | - | - |
| Emergency Bursary Reserve | 151,271 | 5,233 | (7,452) | - | (18,542) | 130,510 |
| Capital Improvement Reserve | - | 456,833 | (67,030) | 10,293 | (42,269) | 357,827 |
| | <u>249,953</u> | <u>462,066</u> | <u>(92,350)</u> | <u>(10,000)</u> | <u>(60,811)</u> | <u>548,858</u> |

Internally restricted net asset transactions are approved by the Board of Directors.