

Students' Union of the University of Regina Inc.
Financial Statements
April 30, 2015

Management's Responsibility

To the Members of Students' Union of the University of Regina Inc.:

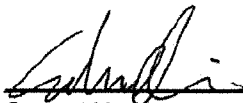
Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian accounting standards for not-for-profit organizations. This responsibility includes selecting 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.

MNP LLP, an independent firm of Chartered Professional 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 13, 2015



General Manager

Independent Auditors' Report

To the Members of Students' Union of the University of Regina Inc.:

We have audited the accompanying financial statements of Students' Union of the University of Regina Inc., which comprise the statement of financial position as at April 30, 2015, and the statements of operations, 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 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.

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 Students' Union of the University of Regina Inc. as at April 30, 2015 and the results of its operations, changes in net assets and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Emphasis of Matter

We draw your attention to the Note 2 - Going Concern. The Students' Union has had operating deficiencies in the previous two fiscal years of \$204,025 and \$292,726. The Students' Union's ability to continue as a going concern is dependent on its ability to maintain profitable operations.

Regina, Saskatchewan

October 13, 2015



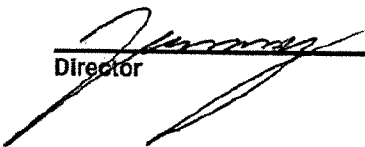
Chartered Professional Accountants

Students' Union of the University of Regina Inc.
Statement of Financial Position

As at April 30, 2015

| | 2015 | 2014 |
|--------------------------------|----------------|----------------|
| Assets | | |
| Current | | |
| Cash | 615,317 | 163,392 |
| Accounts receivable | 143,552 | 61,884 |
| Prepaid expenses and deposits | 7,416 | 15,638 |
| Inventory (Note 4) | 41,366 | 26,780 |
| Advances to related party | 11,082 | 12,000 |
| Investments | - | 322,203 |
| | 818,733 | 601,897 |
| Capital assets (Note 5) | 150,316 | 245,936 |
| | 969,049 | 847,833 |
| Liabilities | | |
| Current | | |
| Accounts payable and accruals | 234,687 | 145,503 |
| Goods and services tax payable | 1,386 | 7,846 |
| Deferred contributions | 7,283 | 1,075 |
| | 243,356 | 154,424 |
| Net Assets | | |
| Invested in capital assets | 150,316 | 245,936 |
| Internally restricted | 856,096 | 752,526 |
| Unrestricted | (280,719) | (305,053) |
| | 725,693 | 693,409 |
| | 969,049 | 847,833 |

Approved on behalf of the Board


 Director


 Director

The accompanying notes are an integral part of these financial statements

Students' Union of the University of Regina Inc.
Statement of Operations
For the year ended April 30, 2015

| | 2015 | 2014 |
|--|------------------|------------------|
| Revenue | | |
| Administration | 639,795 | 559,858 |
| Board of Directors, Executive, Welcome Week | 83,365 | 70,082 |
| Information Services, TV | 6,500 | 5,909 |
| Investment income | 3,169 | 461 |
| Owl, MP Room, Cleaning | 809,930 | 919,870 |
| Student Fees | 3,483,705 | 2,473,262 |
| Used Bookstore | 23,033 | 24,363 |
| Total revenue | 5,049,497 | 4,053,805 |
| Expenses | | |
| Administration | 1,109,847 | 821,634 |
| Advocate | 62,089 | 57,653 |
| Board of Directors, Executive, Welcome Week | 360,464 | 320,015 |
| Electoral | 13,013 | 4,403 |
| Information Services, TV | 6,909 | 10,952 |
| Owl, MP Room, Cleaning | 1,023,200 | 1,157,485 |
| Student Associations | 28,919 | 21,183 |
| Student Fees | 2,296,012 | 1,843,362 |
| Used Bookstore | 20,248 | 21,143 |
| Total expenses | 4,920,701 | 4,257,830 |
| Excess (deficiency) of revenue over expenses before other items | 128,796 | (204,025) |
| Other items | | |
| Loss on disposal of capital assets | (96,512) | - |
| Excess (deficiency) of revenue over expenses | 32,284 | (204,025) |

The accompanying notes are an integral part of these financial statements

Students' Union of the University of Regina Inc.
Statement of Changes in Net Assets

For the year ended April 30, 2015

| | <i>Invested in capital assets</i> | <i>Internally restricted</i> | <i>Unrestricted</i> | <i>2015</i> | <i>2014</i> |
|--|---------------------------------------|----------------------------------|---------------------|----------------|----------------|
| Net assets beginning of year | 245,936 | 752,526 | (305,053) | 693,409 | 897,434 |
| Excess (deficiency) of revenue over expenses | (163,394) | - | 195,678 | 32,284 | (204,025) |
| Allocations | - | 1,517,539 | (1,517,539) | - | - |
| Disbursements | - | (1,413,969) | 1,413,969 | - | - |
| Investment in capital assets | 67,774 | - | (67,774) | - | - |
| Net assets, end of year | 150,316 | 856,096 | (280,719) | 725,693 | 693,409 |

The accompanying notes are an integral part of these financial statements

Students' Union of the University of Regina Inc.
Statement of Cash Flows
For the year ended April 30, 2015

| | 2015 | 2014 |
|---|----------------|------------------|
| Cash provided by (used for) the following activities | | |
| Operating | | |
| Excess (deficiency) of revenue over expenses | 32,284 | (204,025) |
| Amortization | 66,879 | 67,520 |
| Loss on disposal of capital assets | 96,512 | - |
| Loss on disposal of investments | - | 5,082 |
| | 195,675 | (131,423) |
| Changes in working capital accounts | | |
| Accounts receivable | (80,750) | (31,186) |
| Inventory | (14,586) | 21,286 |
| Prepaid expenses and deposits | 8,222 | (127) |
| Accounts payable and accruals | 82,727 | 70,181 |
| Deferred contributions | 6,208 | - |
| | 197,496 | (71,269) |
| Investing | | |
| Purchase of capital assets | (67,774) | (45,342) |
| Purchase of investments | - | (151,781) |
| Proceeds on disposal of investments | 322,203 | 396,355 |
| | 254,429 | 199,232 |
| Increase in cash resources | 451,925 | 127,963 |
| Cash resources, beginning of year | 163,392 | 35,429 |
| Cash resources, end of year | 615,317 | 163,392 |

The accompanying notes are an integral part of these financial statements

Students' Union of the University of Regina Inc.

Notes to the Financial Statements

For the year ended April 30, 2015

1. Incorporation and nature of the organization

University of Regina Students' Union Inc. (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. Going concern

These financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the payment of liabilities in the ordinary course of business. Should the Students' Union be unable to continue as a going concern, it may be unable to realize the carrying value of its assets and to meet its liabilities as they become due.

The Students' Union's ability to continue as a going concern is dependent upon its ability to attain profitable operations and generate funds thereon, and to continue to obtain borrowings from third parties sufficient to meet current and future obligations and/or restructure the existing debt and payables. These financial statements do not reflect the adjustments or reclassification of assets and liabilities which would be necessary if the Students' Union were unable to continue its operations.

3. Significant accounting policies

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations as issued by the Accounting Standards Board in Canada and include the following significant accounting policies:

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 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 collectability 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.

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 or products are provided.

Income taxes

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

Cash

Cash includes balances with banks and is recognized at fair value.

Inventory

Inventory is valued at the lower of cost and net realizable value. Cost is determined by the first in, first out method. Net realizable value is the estimated selling price in the ordinary course of business.

Students' Union of the University of Regina Inc.
Notes to the Financial Statements
For the year ended April 30, 2015

Investments

Investments are portfolio investments recorded at fair value for those with prices quoted in an active market, and cost less impairment for those that are not quoted in an active market.

Portfolio investments in entities that are not owned, controlled, or influenced by the Students' Union are measured at cost, less any provision for other than temporary impairment.

Capital assets

Purchased 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 |

Deferred revenue

Deferred revenue consists of revenues that have been received for services not performed.

Financial instruments

The Students' Union recognizes its financial instruments when the Students' Union becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at their fair value, including financial assets and liabilities originated and issued in a related party transaction with management.

At initial recognition, the Students' Union may irrevocably elect to subsequently measure any financial instrument at fair value. The Students' Union subsequently measures investments at fair value. Fair value is determined by published price quotations. All other financial assets and liabilities are subsequently measured at amortized cost.

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in the excess of revenues over expenses for the current period. Conversely, transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at amortized cost or cost.

Financial asset impairment:

The Students' Union assesses impairment of all of its financial assets measured at cost or amortized cost. When there is an indication of impairment, the Students' Union determines whether it has resulted in a significant adverse change in the expected timing or amount of future cash flows during the year. If so, the Students' Union reduces the carrying amount of any impaired financial assets to the highest of: the present value of cash flows expected to be generated by holding the assets; the amount that could be realized by selling the assets; and the amount expected to be realized by exercising any rights to collateral held against those assets. Any impairment, which is not considered temporary, is included in current year excess of revenues over expenses.

The Students' Union reverses impairment losses on financial assets when there is a decrease in impairment and the decrease can be objectively related to an event occurring after the impairment loss was recognized. The amount of the reversal is recognized in the excess of excess in the year the reversal occurs.

Students' Union of the University of Regina Inc.

Notes to the Financial Statements

For the year ended April 30, 2015

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.

4. Inventory

| | 2015 | 2014 |
|--------------------|---------------|---------------|
| Food and beverages | 41,366 | 26,780 |

The cost of inventories recognized as an expense and included in cost of sales amounted to \$345,345 (2014 – \$428,598).

5. Capital assets

| | Cost | Accumulated amortization | 2015 Net book value | 2014 Net book value |
|------------------------|----------------|-------------------------------------|------------------------------------|------------------------------------|
| Equipment | 283,314 | 180,100 | 103,214 | 115,565 |
| Leasehold improvements | 97,136 | 50,034 | 47,102 | 130,371 |
| | 380,450 | 230,134 | 150,316 | 245,936 |

Included in expenses in the current year is amortization of \$66,879 (2014: \$67,520).

Students' Union of the University of Regina Inc. Notes to the Financial Statements

For the year ended April 30, 2015

6. 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 | Ending Balance |
|---------------------------------------|-----------------|------------------|--------------------|----------------|
| Sustainable Campus Reserve | 10,560 | - | - | 10,560 |
| Health & Dental Stabilization Reserve | 63,957 | 1,303,670 | (1,274,964) | 92,663 |
| Emergency Bursary Reserve | 136,268 | 5,964 | (13,469) | 128,763 |
| Capital Improvement Reserve | 541,743 | 106,530 | (67,774) | 580,499 |
| Refugee Sponsorship Reserve | (2) | 101,375 | (57,762) | 43,611 |
| | <u>752,526</u> | <u>1,517,539</u> | <u>(1,413,969)</u> | <u>856,096</u> |

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. Financial instruments

The Students' Union, as part of its operations, carries a number of financial instruments. It is management's opinion that the Students' Union is not exposed to significant interest, currency, credit, liquidity or other price risks arising from these financial instruments except as otherwise disclosed.

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 \$154,634 (2014 – \$73,884). However, the Students' Union believes that there is minimal risk associated with the collection of these amounts, as the majority are from government agencies.

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.

9. Comparative figures

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