

**Students' Union of the University of Regina Inc.**  
**Financial Statements**  
*April 30, 2019*

## **Management's Responsibility**

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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 primarily 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 is appointed by the members 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.

July 9, 2019



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General Manager

# Independent Auditor's Report

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

## Opinion

We have audited the financial statements of Students' Union of the University of Regina Inc. (the "Organization"), which comprise the statement of financial position as at April 30, 2019, and the statements of operations, 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 the Organization as at April 30, 2019, 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 Organization 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 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 Organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization'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.

## Independent Auditor's Report *continued*

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- 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 Organization'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 Organization'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 Organization 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.

Regina, Saskatchewan

July 9, 2019

*MNP LLP*

Chartered Professional Accountants

# Students' Union of the University of Regina Inc.

## Statement of Financial Position

*As at April 30, 2019*

	<b>2019</b>	<b>2018</b>
<b>Assets</b>		
<b>Current</b>		
Cash	2,183,063	1,368,648
Accounts receivable	46,428	106,090
Short-term investments (Note 3)	403,613	400,000
Prepaid expenses and deposits	21,819	32,571
Inventory (Note 4)	34,419	38,482
	<b>2,689,342</b>	<b>1,945,791</b>
<b>Capital assets (Note 5)</b>	<b>435,995</b>	<b>441,764</b>
<b>Investments (Note 3)</b>	<b>367,814</b>	<b>354,793</b>
	<b>3,493,151</b>	<b>2,742,348</b>
<b>Liabilities</b>		
<b>Current</b>		
Accounts payable and accruals	929,318	576,295
Government remittance payable	10,368	11,088
Deferred contributions	5,642	1,720
	<b>945,328</b>	<b>589,103</b>
<b>Commitments (Note 7)</b>		
<b>Net Assets</b>		
Invested in capital assets	435,995	441,764
Internally restricted (Note 6)	1,137,700	1,268,782
Unrestricted	974,128	442,699
	<b>2,547,823</b>	<b>2,153,245</b>
	<b>3,493,151</b>	<b>2,742,348</b>

Approved on behalf of the Board

  
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 Director

  
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 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, 2019

	2019	2018
<b>Revenue</b>		
Executive and Board of Directors	9,450	11,505
Investment Income	13,021	4,793
Operations	623,355	479,103
Owl	1,295,938	1,193,244
Refugee Sponsorship	-	136,106
Student fees	4,845,251	4,247,190
U-Pass revenue	1,918,355	1,842,705
	<b>8,705,370</b>	<b>7,914,646</b>
<b>Expenses</b>		
Executive & Board of Directors	415,093	426,996
Operations	1,208,292	1,043,170
Owl	1,546,142	1,455,987
Restricted fund disbursements (Note 6)	2,119,846	1,867,057
Student fees	1,317,009	1,214,343
U-Pass expenses	1,704,370	1,686,630
	<b>8,310,752</b>	<b>7,694,183</b>
<b>Excess of revenue over expenses before other items</b>	<b>394,618</b>	<b>220,463</b>
<b>Other items</b>		
Loss on disposal of capital assets	(40)	(6,447)
<b>Excess of revenue over expenses</b>	<b>394,578</b>	<b>214,016</b>

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, 2019*

	<i>Invested in capital assets</i>	<i>Internally restricted (Note 6)</i>	<i>Unrestricted</i>	<b>2019</b>	<b>2018</b>
<b>Net assets beginning of year</b>	<b>441,764</b>	<b>1,268,782</b>	<b>442,699</b>	<b>2,153,245</b>	1,939,229
<b>Excess of revenue over expenses</b>	<b>(78,900)</b>	<b>-</b>	<b>473,478</b>	<b>394,578</b>	214,016
<b>Allocations (Note 6.)</b>	<b>-</b>	<b>2,062,434</b>	<b>(2,062,434)</b>	<b>-</b>	<b>-</b>
<b>Disbursements (Note 6.)</b>	<b>-</b>	<b>(2,193,516)</b>	<b>2,193,516</b>	<b>-</b>	<b>-</b>
<b>Investment in capital assets</b>	<b>73,671</b>	<b>-</b>	<b>(73,671)</b>	<b>-</b>	<b>-</b>
<b>Disposal of capital assets</b>	<b>(540)</b>	<b>-</b>	<b>540</b>	<b>-</b>	<b>-</b>
<b>Net assets, end of year</b>	<b>435,995</b>	<b>1,137,700</b>	<b>974,128</b>	<b>2,547,823</b>	2,153,245

*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, 2019*

	<b>2019</b>	<b>2018</b>
<b>Cash provided by (used for) the following activities</b>		
<b>Operating</b>		
Excess of revenue over expenses	<b>394,578</b>	214,016
Amortization	<b>78,900</b>	72,820
Loss on disposal of capital assets	<b>40</b>	6,447
Change in market value - long-term investments	<b>(13,021)</b>	(4,793)
Change in market value - short-term investments	<b>(3,613)</b>	-
	<b>456,884</b>	288,490
Changes in working capital accounts		
Accounts receivable	<b>59,662</b>	(11,378)
Inventory	<b>4,063</b>	(3,700)
Prepaid expenses and deposits	<b>10,752</b>	(4,536)
Accounts payable and accruals	<b>353,023</b>	(85,782)
Government remittance payable	<b>(720)</b>	2,985
Deferred contributions	<b>3,922</b>	(152)
	<b>887,586</b>	185,927
<b>Investing</b>		
Purchase of short-term investments	-	(400,000)
Purchase of capital assets	<b>(73,671)</b>	(133,089)
Proceeds on disposal of capital assets	<b>500</b>	520
Purchase of investments	-	(350,000)
	<b>(73,171)</b>	(882,569)
<b>Increase (decrease) in cash resources</b>	<b>814,415</b>	(696,642)
<b>Cash resources, beginning of year</b>	<b>1,368,648</b>	2,065,290
<b>Cash resources, end of year</b>	<b>2,183,063</b>	1,368,648

*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, 2019

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### 1. Incorporation and nature of the organization

Students' Union of the University of Regina 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. 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. Refugee sponsorship and 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.

Investment income includes interest income recorded on the accrual basis. Investment income is included in the statement of operations, deferred or reported directly in net assets depending on the nature of any external restrictions imposed on the investment income.

#### ***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.

#### ***Investments***

Long-term 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. They have been classified as long-term assets in concurrence with the nature of the investment.

# Students' Union of the University of Regina Inc.

## Notes to the Financial Statements

For the year ended April 30, 2019

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### **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.

	<b>Method</b>	<b>Rate</b>
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 yet performed.

### **Financial instruments**

The Organization recognizes its financial instruments when the Organization 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 Organization may irrevocably elect to subsequently measure any financial instrument at fair value. The Organization has made such an election during the year. Investments have been designated to be subsequently measured at their fair value. Fair value is determined by prices quoted in an active market.

The Organization subsequently measures investments in equity instruments quoted in an active market 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 cost or amortized cost.

### **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 use 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 Reserve**  
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.

### **3. Investments**

Short-term investments are comprised of a savings deposit with an interest rate of 2.45%.

Long-term investments are comprised of fixed income securities, equities and mutual fund securities, with a minimum return on investment target of 3%. Long-term investments are managed as a long-term pool.

# Students' Union of the University of Regina Inc.

## Notes to the Financial Statements

*For the year ended April 30, 2019*

### 4. Inventory

	2019	2018
Food and beverages	<b>34,419</b>	38,482

The cost of inventories recognized as an expense and included in Owl expenses amounted \$448,663 (2018 – \$445,369).

### 5. Capital assets

	Accumulated Cost	amortization	2019 Net book value	2018 Net book value
Equipment	<b>585,830</b>	<b>317,835</b>	<b>267,995</b>	248,388
Leasehold improvements	<b>308,175</b>	<b>140,175</b>	<b>168,000</b>	193,376
	<b>894,005</b>	<b>458,010</b>	<b>435,995</b>	441,764

Included in expenses in the current year is amortization of \$78,900 (2018 - \$72,820).

### 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	448,345	1,792,400	(1,811,634)	429,111
Emergency Bursary Reserve	19,266	6,706	(58,176)	(32,204)
Capital Improvement Reserve	418,455	121,570	(73,670)	466,355
Refugee Sponsorship Reserve	372,156	141,758	(250,036)	263,878
	<b>1,268,782</b>	<b>2,062,434</b>	<b>(2,193,516)</b>	<b>1,137,700</b>

### 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.

During the 2015/2016 academic year, the Student's Union entered into an agreement with the City of Regina to provide all qualifying students with a semester U-Pass. This agreement commenced on September 1, 2016 and extends for a period of seven academic years, expiring on April 30, 2023. The Students' Union shall pay the City of Regina the sum of \$1,745,406 for the 2019/2020 (\$1,706,164 for 2018/2019) academic year. In each academic year thereafter the Students' Union shall pay the City the previous academic year's sum plus an increase equal to the percentage increase in "Consumer Price Index for All Items Regina" published by Statistics Canada for the previous year multiplied by \$1,000,000.

### 8. Financial instruments

The Organization, as part of its operations, carries a number of financial instruments. It is management's opinion that the Organization 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 Organization to concentrations of credit risk consist of accounts receivable. The maximum credit risk exposure is \$46,428 (2018 – \$106,090). However, the Students' Union believes that there is minimal risk associated with the collection of these amounts, as the majority are due from the University of Regina.

# Students' Union of the University of Regina Inc.

## Notes to the Financial Statements

*For the year ended April 30, 2019*

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### ***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.

In seeking to minimize the risks from interest rate fluctuations, the Students' Union manages its exposure by selecting investments with a fixed rate of return.

### **9. Comparative figures**

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