

**Nipissing University  
Student Union  
Financial Statements  
For the year ended April 30, 2013**

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Financial Statements  
For the year ended April 30, 2013**

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## Independent Auditor's Report

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### To the Members of Nipissing University Student Union

We have audited the accompanying financial statements of Nipissing University Student Union, which comprise the statements of financial position as at April 30, 2013, and the statements of changes in net assets, operations 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.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 auditor's 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 in our audits is sufficient and appropriate to provide a basis for our audit qualified opinion.

### **Basis for Qualified Opinion**

Nipissing University Student Union's (NUSU) investment in JSEC - The Student Centre (JSEC), a 60% interest in a joint venture between Nipissing University Student Union and Canadore Students Representative Council Inc. (CSRC) and accounted for by the equity method, is carried at negative \$12,865 on the statement of financial position as at April 30, 2013, and NUSU's share of JSEC's net loss of \$36,463 is included in NUSU's loss for the year ended. We were unable to obtain sufficient appropriate audit evidence about the carrying amount of NUSU's investment in JSEC as at April 30, 2013 and NUSU's share of JSEC's net loss for the year because the audited financial statements of JSEC have a qualified opinion. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

Furthermore, in common with other similar organizations, the organization derives revenue from social events and fundraising, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the organization. We were unable to determine whether any adjustments might be necessary to revenue, excess of expenditures over revenue, cash flow from operations and net assets. Our audit opinion on the financial statements for the year ended April 30, 2013 was modified accordingly because of the possible effects of this limitation in scope.

### **Qualified Opinion**

In our opinion, except for the effects of the matter described in the Basis for a Qualified Opinion paragraph the financial statements present fairly, in all material respects, the financial position of Nipissing University Student Union as at April 30, 2013 and the results of its operations and the changes in its cash flows for the year then ended in accordance with the Canadian accounting standards for not-for-profit organizations.

### **Comparative Information**

Without modifying our opinion, we draw attention to Note 2 to the financial statements which describes that the Nipissing University Student Union adopted Canadian accounting standards for not-for profit organization May 1, 2012 with a transition date of May 1, 2011. These standards were applied retrospectively by management to the comparative information in these financial statements, including the statements of financial position as at April 30, 2012 and May 1, 2011, and the statement of operations and changes in net assets and cash flow statement for the year ended April 30, 2012 and related disclosures. We were not engaged to report on the restated comparative information as such, it is unaudited.

*BDO Canada LLP*

Chartered Accountants, Licensed Public Accountants

North Bay, Ontario  
April 16, 2014

**Nipissing University Student Union  
Statement of Financial Position**

April 30			2013	2012	May 1, 2011
	Operating Fund	Building Fund	Total	Total (Unaudited)	Total (Unaudited)
<b>Assets</b>					
<b>Current Assets</b>					
Cash and cash equivalents	\$ 434,757	\$ -	\$ 434,757	\$ 9,391	\$ 6,490
Accounts receivable (Note 3)	62,770	-	62,770	366,840	351,390
Prepaid expenses	36,500	-	36,500	10,225	12,122
Funds in trust	-	5,040,126	5,040,126	3,886,681	2,893,464
	534,027	5,040,126	5,574,153	4,273,137	3,263,466
Investment in joint venture (Note 5)	(60,660)	-	(60,660)	19,667	(62,880)
Capital assets (Notes 4 and 7)	197,406	-	197,406	219,961	245,178
	\$ 670,773	\$ 5,040,126	\$ 5,710,899	\$ 4,512,765	\$ 3,445,764

**Liabilities and Unrestricted Net Assets**

**Current**

Accounts payable and accrued liabilities (Note 6)	\$ 99,586	\$ -	\$ 99,586	\$ 148,640	\$ 147,630
Current portion of long-term debt	7,896	-	7,896	7,508	7,138
	107,483	-	107,483	156,148	154,768
Long-term debt (Note 7)	258,083	-	258,083	265,979	273,487
	365,566	-	365,566	422,127	428,255

**Net Assets**

Unrestricted net assets	305,207	-	305,207	203,957	124,045
Externally restricted net assets	-	5,040,126	5,040,126	3,886,681	2,893,464
	305,207	5,040,126	5,345,333	4,090,638	3,017,509
	\$ 670,773	\$ 5,040,126	\$ 5,710,899	\$ 4,512,765	\$ 3,445,764

Commitment (Note 8)  
Subsequent event (Note 9)

On behalf of the Board:

\_\_\_\_\_ Director \_\_\_\_\_ Director

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

## Nipissing University Student Union Statement of Changes in Net Assets

<u>For the year ended April 30</u>	<u>2013</u>			<u>2012</u>
	Operating Fund	Building Fund	Total	Total (Unaudited)
Balance, beginning of year	\$ 203,957	\$ 3,886,681	\$ 4,090,638	\$ 3,017,509
Excess of revenues over expenses for the year	79,862	1,174,833	1,254,695	1,073,129
Interfund transfer	21,388	(21,388)	-	-
<b>Balance, end of year</b>	<b>\$ 305,207</b>	<b>\$ 5,040,126</b>	<b>\$ 5,345,333</b>	<b>\$ 4,090,638</b>

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

## Nipissing University Student Union Statement of Operations

For the year ended April 30	2013			2012
	Operating Fund	Building Fund	Total	Total (Unaudited)
<b>Revenues</b>				
Student fees	\$ 1,191,630	\$ 1,243,687	\$ 2,435,317	\$ 2,140,801
Interest and other	2,649	52,505	55,154	69,098
Student health plan administration fee (Note 10)	85,218	-	85,218	46,081
Equity in earnings of joint venture (Note 5)	(84,258)	-	(84,258)	82,546
	<u>1,195,239</u>	<u>1,296,192</u>	<u>2,491,431</u>	<u>2,338,526</u>
<b>Expenses</b>				
Student centre (Note 12)	450,000	-	450,000	559,338
Provision for doubtful loans (Note 3)	220,000	-	220,000	-
Interest and contributions RE: Bracebridge Student Centre	-	121,199	121,199	256,546
Professional fees	136,922	-	136,922	96,823
Salaries and benefits	104,938	-	104,938	117,018
Student federation fees	63,656	-	63,656	60,918
Administration (Note 11)	51,229	-	51,229	43,508
Clubs and social events	37,764	-	37,764	101,616
Interest on long term debt	13,880	-	13,880	14,250
Travel and conferences	11,644	-	11,644	19,317
Donations	2,789	-	2,789	2,563
Bank charges	-	160	160	-
Recovery from the capital building expansion project - JSEC	-	-	-	(31,716)
Amortization	22,555	-	22,555	25,216
	<u>1,115,377</u>	<u>121,359</u>	<u>1,236,736</u>	<u>1,265,397</u>
<b>Excess of revenues over expenses for the year</b>	<b>\$ 79,862</b>	<b>\$ 1,174,833</b>	<b>\$ 1,254,695</b>	<b>\$ 1,073,129</b>

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

## Nipissing University Student Union Statement of Cash Flows

For the year ended April 30	2013	2012 (Unaudited)
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
Excess of revenues over expenses for the year	\$ 1,254,695	\$ 1,073,129
Items not involving cash		
Amortization	22,555	25,216
Equity in earnings of joint venture	84,258	(82,546)
	1,361,508	1,015,799
<b>Changes in non-cash working capital balances</b>		
Accounts receivable	304,071	(15,450)
Funds in trust	(1,153,445)	(993,217)
Prepaid expenses	(26,274)	1,897
Joint venture	(3,933)	-
Accounts payable and accrued liabilities	(49,053)	1,010
	432,874	10,039
<b>Financing activities</b>		
Repayment of long-term debt	(7,508)	(7,138)
	425,366	2,901
<b>Increase in cash and cash equivalents during the year</b>	<b>425,366</b>	<b>2,901</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>9,391</b>	<b>6,490</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 434,757</b>	<b>\$ 9,391</b>

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



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# Nipissing University Student Union Notes to Financial Statements

**April 30, 2013**

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## 1. Summary of Significant Accounting Policies

**Nature and Purpose  
of organization**

The Nipissing University Student Union (NUSU) is incorporated under the laws of the Province of Ontario as a non-profit organization without share capital and under the provisions of the Income Tax Act is exempt from income tax. NUSU's primary activity is to provide special social activities and a voice for students enrolled at Nipissing University.

**Basis of Accounting**

The financial statements have been prepared using Canadian accounting standards for not-for-profit organizations.

**Cash and  
Cash Equivalents**

Cash and cash equivalents consist of cash on hand, bank balances and guaranteed investment certificates with a duration of less than ninety days from the date of acquisition.

**Capital Assets**

Capital assets are recorded at cost less accumulated amortization.. Amortization is calculated as follows:

Furniture and equipment - 20% diminishing balance

**Revenue Recognition**

Student fees and other revenues are recognized as revenues when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

**Building Fund**

The building fund is a restricted fund which includes contributions from the students of Nipissing University. The building fund is being used for the repayment of the loan for the Bracebridge Student Centre, towards the interest and the retirement of the commitment for the Bracebridge Student Centre, for The Student Centre capital building expansion and renovation project, and for The Student Centre other capital projects and purchases.

The capital building expansion and renovation project costs are not capitalized in NUSU and are not transferred to JSEC - The Student Centre since the ownership of The Student Centre building remains with Nipissing University and Canadore College of Applied Arts and Technology. Other Student Centre capital project costs and purchases are transferred to JSEC - The Student Centre and are recorded as capital assets since JSEC - The Student Centre retains ownership over these assets.

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## Nipissing University Student Union Notes to Financial Statements

**April 30, 2013**

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### 1. Summary of Significant Accounting Policies (continued)

**Investment in  
Joint Venture**

The investment in joint venture represents a 60% interest in the Joint Student Executive Council (JSEC) - The Student Centre, which has been established by Nipissing University Student Union (NUSU) and Canadore Students Representative Council Inc. (CSRC), to operate the Student Centre and to provide administrative services to NUSU and CSRC. The interest in this joint venture is accounted for using the equity method. There are no significant differences in the accounting policies of NUSU and JSEC - The Student Centre.

**Financial Instruments**

Financial instruments are recorded at fair value when acquired or issued. The organization's financial assets consist of cash and cash equivalents and accounts receivable. In subsequent periods they are reported at cost or amortized cost less impairment, if applicable. Financial assets are tested for impairment when changes in circumstances indicate the asset could be impaired.

**Use of Estimates**

The preparation of the 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 at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Estimates are used when determining year-end accruals. Actual results could differ from those estimates.

## Nipissing University Student Union Notes to Financial Statements

April 30, 2013

### 2. First-Time Adoption

Effective May 1, 2012, NUSU adopted the requirements of the new accounting framework, Canadian accounting standards for not-for-profit organizations (ASNPO) or Part III of the requirements of the Canadian Institute of Chartered Accountants (CICA) Handbook - Accounting. These are NUSU's first financial statements prepared in accordance with this framework and the transitional provisions of Section 1501, First-time Adoption have been applied. Section 1501 requires retrospective application of the accounting standards with certain elective exemptions and mandatory exceptions. The accounting policies set out in Note 1 have been applied in preparing the financial statements for the year ended April 30, 2013, the comparative information presented in these financial statements for the year ended April 30, 2012 and in the preparation of an opening ASNPO statement of financial position at the date of transition, May 1, 2011.

### 3. Accounts Receivable

	2013	2012
Canadore Students Representative Council Inc. (Note 12)	\$ 220,000	\$ 250,000
Allowance for doubtful accounts (Note 12)	(220,000)	-
JSEC - The Student Centre	62,770	116,510
Other	-	330
	\$ 62,770	\$ 366,840

### 4. Capital Assets

	2013		2012 (Unaudited)	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Furniture and equipment	\$ 315,795	\$ 118,389	\$ 197,406	\$ 219,961

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## Nipissing University Student Union Notes to Financial Statements

**April 30, 2013**

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### 5. Investment in Joint Ventures

The following table provides the condensed proportionate reporting share of the financial information for JSEC - The Student Centre for the year ended April, 30, 2013:

	2013	2012 (Unaudited)
<b>Financial Position:</b>		
Current assets	\$ 109,301	\$ 362,531
Capital assets	174,851	279,261
Intangible assets	-	17,257
<b>Total assets</b>	<b>284,152</b>	<b>659,049</b>
<b>Liabilities</b>	<b>344,812</b>	<b>639,382</b>
<b>Net assets (deficiency)</b>	<b>\$ (60,660)</b>	<b>\$ 19,667</b>
<b>Results of Operation:</b>		
Revenues	\$ 1,487,887	\$ 1,350,027
Expenses	1,572,145	1,267,481
<b>Excess of revenues over expenses for the year</b>	<b>\$ (84,258)</b>	<b>\$ 82,546</b>

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### 6. Accounts Payable and Accrued Liabilities

Included in accounts payable and accrued liabilities is \$823 (2012 - \$nil) in government remittances payable.

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## Nipissing University Student Union Notes to Financial Statements

April 30, 2013

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### 7. Long-term Debt

#### The Bracebridge Student Centre - Financing Agreement

On January 7, 2008, NUSU and the University approved an operating agreement to allow NUSU to have an exclusive license to use a designated space to manage and operate The Bracebridge Student Centre for a term of 25 years, with an option to renew for a term of 10 years. In return, NUSU approved a financing agreement with Nipissing University totaling \$2,300,000. This financing agreement is comprised of a commitment to reimburse \$2,000,000 to Nipissing University for a portion of the cost of the expansion of the Bracebridge campus (see Note 8), and a loan, in the amount of \$300,000 repayable to Nipissing University, for furniture, equipment, and start up costs for The Bracebridge Student Centre.

The principal repayments required on the loan payable over the next five years and thereafter are as follows:

	<u>Loan</u>
2014	\$ 7,896
2015	8,305
2016	8,734
2017	9,187
2018	9,662
Thereafter	<u>222,195</u>
	<u>\$ 265,979</u>

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### 8. Commitments

#### The Student Centre Renovations

NUSU has committed to reimburse \$2,000,000 to Nipissing University for a portion of the cost of the expansion of the Bracebridge campus. The remaining commitment as at April 30, 2013 is \$1,765,688 (2012 - \$1,823,245). This commitment is funded by way of approved student levies.

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## Nipissing University Student Union Notes to Financial Statements

April 30, 2013

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### 9. Subsequent Event

Subsequent to year-end, the organization gave a third party vendor a notice of cancellation relating to a website development contract. The vendor filed a statement of claim against the organization for the remaining funds under the terms of the contract. This matter was settled prior to the completion of the financial statements and settled for \$70,000.

Due to restructuring, the Joint Venture operations will not continue in its current form. The co-venturers of the organization plan to wind up operations in the 2014 fiscal year. The assets will be split amongst the co-venturers after discharging of all liabilities and any related party balances settled on wind up.

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### 10. Student Plan Administration Fee

NUSU administers the student health plan and has recognized its portion of the administration fee as follows:

	2013	2012 (Unaudited)
Fees collected from students	\$ 327,124	\$ 258,393
Less: Health insurance provider fee	<u>(241,906)</u>	<u>(212,312)</u>
Health plan administration fee	<u>\$ 85,218</u>	<u>\$ 46,081</u>

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### 11. Administration

	2013	2012 (Unaudited)
Insurance	\$ 20,389	\$ 19,157
Office and general	<u>30,840</u>	<u>24,351</u>
	<u>\$ 51,229</u>	<u>\$ 43,508</u>

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## Nipissing University Student Union Notes to Financial Statements

April 30, 2013

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### 12. Related Party Transactions

#### JSEC - The Student Centre

During the year, NUSU incurred the following related party transactions with JSEC - The Student Centre.

	2013	2012 (Unaudited)
<b>Expenses:</b>		
Student Centre	\$ 450,000	\$ 559,338
<b>Accounts receivable:</b>		
Student Centre	\$ 62,770	\$ 116,510
Canadore Students Representative Council Inc.	-	250,000

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

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## Nipissing University Student Union Notes to Financial Statements

April 30, 2013

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### 13. Financial Instruments

#### Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The organization is exposed to interest rate risk arising from the possibility that changes in interest rates will affect the value of its mortgage payable.

#### Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The organization is also exposed to credit risk arising from its accounts receivable. Credit risk is the risk that the counterparty to the transaction will not pay.

#### Liquidity Risk

Liquidity risk is the risk that the company encounters difficulty in meeting its obligations associated with financial liabilities. Liquidity risk includes the risk that, as a result of operational liquidity requirements, the company will not have sufficient funds to settle a transaction on the due date; will be forced to sell financial assets at a value, which is less than what they are worth; or may be unable to settle or recover a financial asset. Liquidity risk arises from accounts payable and mortgage payable.