



Nipissing University Student Union



**Independent Auditor's Report and
Financial Statements**

April 30, 2011



Independent Auditor's Report

To the Members of Nipissing University Student Union

We have audited the accompanying financial statements of Nipissing University Student Union, which comprise the statement of financial position as at April 30, 2011, and the statements of operations and changes in net assets 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.

Auditor's 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 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 organization'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 organization'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 that we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Independent Auditor's Report (Continued)

Basis for Qualified Opinion

In common with other similar organizations, the organization derives revenue from social events and fundraising, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the organization, if any, and we were not able to determine whether any adjustments might be necessary to social events and fundraising revenues, excess of revenues over expenditures, assets and net assets.

Qualified Opinion

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Nipissing University Student Union as at April 30, 2011, and its financial performance for the year then ended, in accordance with Canadian generally accepted accounting principles.

Collins Brown, Sudbury - Nipissing LLP


North Bay, Ontario
October 24, 2011

CHARTERED ACCOUNTANTS,
LICENSED PUBLIC ACCOUNTANTS




Nipissing University Student Union

Financial Statements April 30, 2011



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Nipissing University Student Union

Statement of Financial Position

April 30, 2011

	2011			2010
	Operating Fund	Building Fund	Total	Total
Assets				
Current Assets				
Cash	\$ 6,490	\$ -	\$ 6,490	\$ 115,497
Accounts receivable	330	-	330	330
Receivable from JSEC - The Student Centre	351,060	-	351,060	150,000
Receivable from Canadore Students Representative Council	-	-	-	100,000
Receivable from Nipissing University	-	2,893,464	2,893,464	2,089,637
Prepaid expenses	12,122	-	12,122	10,861
	<u>370,002</u>	<u>2,893,464</u>	<u>3,263,466</u>	<u>2,466,325</u>
Capital Assets (note 3)	245,178	-	245,178	273,390
Investment in Joint Venture (note 4)	(62,880)	-	(62,880)	55,154
	<u>\$ 552,300</u>	<u>\$ 2,893,464</u>	<u>\$ 3,445,764</u>	<u>\$ 2,794,869</u>
Liabilities				
Current Liabilities				
Accounts payable and accrued charges	\$ 147,630	\$ -	\$ 147,630	\$ 66,251
Current portion of long-term debt	7,138	-	7,138	6,540
	<u>154,768</u>	<u>-</u>	<u>154,768</u>	<u>72,791</u>
Long-Term Debt (note 5)	<u>273,487</u>	<u>-</u>	<u>273,487</u>	<u>284,249</u>
	<u>428,255</u>	<u>-</u>	<u>428,255</u>	<u>357,040</u>
Net Assets				
Unrestricted	124,045	-	124,045	348,192
Externally Restricted	-	2,893,464	2,893,464	2,089,637
	<u>124,045</u>	<u>2,893,464</u>	<u>3,017,509</u>	<u>2,437,829</u>
	<u>\$ 552,300</u>	<u>\$ 2,893,464</u>	<u>\$ 3,445,764</u>	<u>\$ 2,794,869</u>

Commitments (note 5)

Contingencies (note 6)

Approved by the Board:

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

Nipissing University Student Union
Statement of Changes in Net Assets
For The Year Ended April 30, 2011

	2011		2010
	Operating Fund	Building Fund	Total
Balance, beginning of year	\$ 348,192	\$ 2,089,637	\$ 2,437,829
Excess of Revenues Over Expenditures (Expenditures Over Revenues)	(245,535)	825,215	107,331
Interfund transfer	<u>\$ 21,388</u>	<u>\$ (21,388)</u>	<u>\$ -</u>
Balance, end of year	<u>\$ 124,045</u>	<u>\$ 2,893,464</u>	<u>\$ 3,017,509</u>

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

Nipissing University Student Union
Statement of Operations
For The Year Ended April 30, 2011

	<u>2011</u>			<u>2010</u>
	<u>Operating Fund</u>	<u>Building Fund</u>	<u>Total</u>	<u>Total</u>
Revenues				
Student fees	\$ 791,420	\$ 1,046,121	\$ 1,837,541	\$ 1,877,638
Clubs and social events	26,600	-	26,600	25,307
Interest and other	999	26,916	27,915	17,317
Student health plan administration fee (note 7)	52,197	-	52,197	47,848
Equity in earnings of joint venture (note 4)	(118,035)	-	(118,035)	68,796
	<u>753,181</u>	<u>1,073,037</u>	<u>1,826,218</u>	<u>2,036,906</u>
Expenditures				
Administration (note 8)	50,184	-	50,184	48,081
Amortization	28,212	-	28,212	26,383
Clubs and social events	230,377	-	230,377	209,036
Contributions to the capital building expansion and renovation project - The Student Centre	-	26,197	26,197	515,094
Donations	2,370	-	2,370	8,905
Interest and commitment retirement - Bracebridge Student Centre	-	141,815	141,815	109,189
Interest on long-term debt	15,384	-	15,384	15,099
Operating and capital contributions to JSEC - The Student Centre	373,967	79,810	453,777	707,998
Professional fees	103,737	-	103,737	103,842
Salaries and benefits	108,403	-	108,403	116,241
Student federation fees	60,384	-	60,384	49,001
Travel and conferences	25,698	-	25,698	20,706
	<u>998,716</u>	<u>247,822</u>	<u>1,246,538</u>	<u>1,929,575</u>
Excess of Revenues Over Expenditures (Expenditures Over Revenues)	<u>\$ (245,535)</u>	<u>\$ 825,215</u>	<u>\$ 579,680</u>	<u>\$ 107,331</u>

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

Nipissing University Student Union

Notes to the Financial Statements

April 30, 2011

1. Type of Corporation and Nature of Activities

Nipissing University Student Union (NUSU) is incorporated under the laws of the Province of Ontario as a not-for-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.

2. Significant Accounting Policies

Capital Assets

Capital assets are recorded at cost. Amortization is calculated by the diminishing balance method at the rates of 10% and 20%.

Revenue Recognition

Student fees and other revenues are recognized as revenue 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.

Investment in Joint Venture

The investment in joint venture represents a 50% 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 agreement guiding this contractual arrangement expires on April 30, 2012. 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.

Nipissing University Student Union
Notes to the Financial Statements
April 30, 2011

2. Significant Accounting Policies (Continued)

The Bracebridge Student Centre

NUSU and Nipissing University sanctioned an operating agreement to allow NUSU to have an exclusive license to use a designated space at the Bracebridge campus to manage and operate The Bracebridge Student Centre. The operation of The Bracebridge Student Centre is administered by the Joint Student Executive Council (JSEC) - The Student Centre, with all revenues and expenditures accounted for in their records. All rights and obligations of The Bracebridge Student Centre remain with NUSU. Operational surpluses or losses are the responsibility of NUSU. JSEC - The Student Centre remits surpluses or receives reimbursements for losses by adjusting NUSU's contributions to JSEC - The Student Centre.

Financial Instruments

Financial assets and financial liabilities are initially recognized at fair value and their subsequent measurements are dependent on their classification. Financial assets are classified as held-for-trading, held-to-maturity, loans and receivables or available-for-sale. Financial liabilities are classified as held-for-trading or other liabilities. Classification depends on the purpose for which they were acquired or issued, their characteristics or NUSU's designation. The accounting standards require that all financial assets be measured at fair value with the exception of loans and receivables, assets classified as held-to-maturity and available-for-sale financial assets that do not have quoted market prices in an active market. All financial liabilities classified as held-for-trading must also be measured at fair value.

Classification and Measurement of Financial Instruments

The following summarizes NUSU's classification and measurement of its significant categories of financial instruments outstanding as of April 30, 2011:

Cash	Held-for-trading, measured at fair value
Accounts receivable	Loans and receivable, measured at amortized cost
Receivable from JSEC - The Student Centre	Loans and receivable, measured at amortized cost
Receivable from Canadore Students Representative Council	Loans and receivable, measured at amortized cost
Receivable from Nipissing University	Loans and receivable, measured at amortized cost
Accounts payable and accrued charges	Other liabilities, measured at amortized cost
Long-Term Debt	Other liabilities, measured at amortized cost

Nipissing University Student Union
Notes to the Financial Statements
April 30, 2011

2. Significant Accounting Policies (Continued)

Use of Estimates

The preparation of the financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. These estimates are based on management's best knowledge of current events and actions that NUSU may undertake in the future. Actual results could differ from management's best estimates as additional information becomes available in the future.

3. Capital Assets

	2011		2010	
	Cost	Accumulated Amortization	Net	Net
Furniture and equipment:				
-North Bay Campus	\$ 15,137	\$ 8,154	\$ 6,983	\$ 8,729
-Bracebridge Campus	<u>300,658</u>	<u>62,463</u>	<u>238,195</u>	<u>264,661</u>
	<u>\$ 315,795</u>	<u>\$ 70,617</u>	<u>\$ 245,178</u>	<u>\$ 273,390</u>

During the year, furniture and equipment were acquired at an aggregate cost of \$- (2010 - \$86,083).

4. Investment in Joint Venture

The following table provides the condensed proportionate reporting share of the financial information for JSEC - The Student Centre for the year ended April 30, 2011:

	2011	2010
Financial Position		
Current Assets	\$ 329,584	\$ 338,513
Capital Assets	338,179	367,831
Intangible Assets	<u>28,761</u>	<u>5,266</u>
Total Assets	<u>696,524</u>	<u>711,610</u>
Liabilities	<u>759,404</u>	<u>656,456</u>
Net Assets (Deficiency)	<u>\$ (62,880)</u>	<u>\$ 55,154</u>

Nipissing University Student Union

Notes to the Financial Statements

April 30, 2011

4. Investment in Joint Venture (Continued)

	<u>2011</u>	<u>2010</u>
Results of Operation:		
Revenues	\$ 1,480,974	\$ 1,535,602
Expenses	<u>1,599,009</u>	<u>1,466,806</u>
Excess of Revenues Over Expenditures (Expenditures Over Revenues)	<u>\$ (118,035)</u>	<u>\$ 68,796</u>

5. Long-Term Debt and Commitments

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, 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. An approved student levy is used to fund the commitment and the loan payable.

The commitment and the loan payable are repayable in semi-annual instalments totaling \$81,987, including interest at the fixed rate of 5.11% and due January 15, 2033. As at April 30, 2011, the remaining commitment is \$1,897,177 (2010 - \$1,937,749) and the unpaid loan balance is \$280,625 (2010 - \$290,789).

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

	<u>Commitment</u>	<u>Loan</u>	<u>Total</u>
2012	\$ 47,587	\$ 7,138	\$ 54,725
2013	50,050	7,508	57,558
2014	52,640	7,896	60,536
2015	55,365	8,305	63,670
2016	58,230	8,734	66,964
Thereafter	<u>1,633,305</u>	<u>241,044</u>	<u>1,874,349</u>
	<u>\$ 1,897,177</u>	<u>\$ 280,625</u>	<u>\$ 2,177,802</u>

Nipissing University Student Union
Notes to the Financial Statements
April 30, 2011

5. Long-Term Debt and Commitments (Continued)

The Student Centre Renovations

NUSU has committed to contribute \$1,500,000 for the renovation of The Student Centre. This commitment is funded by the Building Fund. The remaining commitment as at April 30, 2011 is \$1,100,000 (2010 - \$1,100,000).

6. Contingencies

JSEC - The Student Centre

NUSU is responsible for 50% of any operating losses incurred by the Joint Student Executive Council (JSEC) - The Student Centre. For the year ended April 30, 2011, JSEC - The Student Centre incurred an operating loss of \$236,070 (2010 - operating income of \$137,594).

Building Fund Dispute

In November 2009, NUSU commenced a legal action against Nipissing University related to the management, the access, and the use of the Building Fund which is held in trust by the University on behalf of NUSU. Subsequently Nipissing University along with Canadore College of Applied Arts and Technology commenced a legal action against NUSU, Canadore Student Representative Council, and JSEC - The Student Centre for the release of funds related to a portion of the cost of the parking lot and infrastructure projects commenced by the University and the College. The outcome of these disputes is unknown, and as a result, the contingent gain or liability has not been reflected in the records of NUSU. Should any amount become receivable or payable, the receipt or payment would be recognized or charged to the building fund in the period in which the amount is determined to be receivable or payable.

7. Student Health Plan Administration Fee

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

	<u>2011</u>	<u>2010</u>
Fees collected from students	\$ 259,983	\$ 236,609
Less: Health insurance provider fee	<u>(207,786)</u>	<u>(188,761)</u>
Health plan administration fee	<u>\$ 52,197</u>	<u>\$ 47,848</u>

Nipissing University Student Union
Notes to the Financial Statements
April 30, 2011

8. Administration

	<u>2011</u>	<u>2010</u>
Insurance	\$ 19,429	\$ 19,366
Office and general	<u>30,755</u>	<u>28,715</u>
	<u>\$ 50,184</u>	<u>\$ 48,081</u>

9. Related Party Transactions

JSEC - The Student Centre:

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

	<u>2011</u>	<u>2010</u>
Contributions:		
Operations - North Bay Campus	\$ 200,000	\$ 150,000
- Bracebridge Campus	73,967	78,203
The Student Centre maintenance fund expenditures	100,000	100,000
The Student Centre employee benefits reserve	-	100,000
Capital Contributions - building fund	<u>79,810</u>	<u>279,795</u>
	453,777	707,998
Other Expenditures		
Administrative and operational expenses	60,685	64,867
Clubs and social events expenses	<u>191,264</u>	<u>175,279</u>
	<u>\$ 705,726</u>	<u>\$ 948,144</u>

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.

Remuneration of Directors:

During the year NUSU paid a total of \$90,955 (2010 - \$98,800) to directors for services performed. It is management's opinion that these charges are in the normal course of operations and that the amounts paid are on similar terms as those with unrelated parties.



Nipissing University Student Union
Notes to the Financial Statements
April 30, 2011

10. Statement of Cash Flows

The statement of cash flows has not been prepared because NUSU has no significant investing or financing activities and the cash flows information is readily apparent from other information contained in the financial statements.

11. Financial Instruments

NUSU's financial instruments consist of cash, accounts receivable, receivable from JSEC - The Student Centre, receivable from Canadore Students Representative Council, receivable from Nipissing University, accounts payable and accrued charges, and long-term debt. It is management's opinion that NUSU is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair values of these financial instruments approximate their carrying values due to their short-term nature and interest rates comparable to the market rates.

12. Capital Disclosure

NUSU's capital is comprised of its unrestricted and its externally restricted net assets.

NUSU's objectives when managing its capital are to maintain flexibility between enabling it to operate efficiently, generating predictable cash flows for continuing operations and having funds for unexpected increases in expenditures or decreases in revenues.

13. Comparative Figures

The presentation of certain accounts of the previous year has been changed to conform with the presentation adopted for the current year.

