

Financial Statements of

**NIPISSING UNIVERSITY
STUDENT UNION**

Year ended April 30, 2017

DRAFT



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INDEPENDENT AUDITORS' REPORT

To the Governors of Nipissing University

We have audited the accompanying financial statements of Nipissing University Student Union, which comprise the statement of financial position as at April 30, 2017, the statements of operations and changes in net assets and cash flows for the year then ended, and notes, comprising 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 our 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, we consider 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.



Basis for Qualified Opinion

The Nipissing University Student Union derives certain revenues from social events and fundraising, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to three amounts recorded in the records of the Nipissing University Student Union. Therefore, we were not able to determine, respectively, whether, as at and for the year ended April 30, 2017 any adjustments might be necessary to these revenues, excess of revenue over expenses reported in the statement of operations, excess of revenue over expenses in the statement of cash flows and current assets and net assets reported in the statement of financial position.

Qualified Opinion

In our opinion, except for the possible 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 the Nipissing University Student Union as at April 30, 2017, and its results of operations and its cash flows for the year then ended in accordance with Canadian auditing standards for not-for-profit organizations.

Comparative Information

The financial statements of Nipissing University Student Union for the year ended April 30, 2016, were audited by another chartered professional accountant who expressed a qualified opinion on those financial statements on September 30, 2016.

Chartered Professional Accountants, Licensed Public Accountants

October 4, 2017
North Bay, Canada

NIPISSING UNIVERSITY STUDENT UNION

Statement of Financial Position

April 30, 2017, with comparative information for 2016

	2017	2016
Assets		
Current assets:		
Cash and cash equivalents	\$ 446,220	299,691
Accounts receivable (note 2)	122,039	81,526
Prepaid expenses	31,558	25,667
	<u>599,817</u>	<u>406,884</u>
Capital assets (note 4)	32,701	48,091
	<u>\$ 632,518</u>	<u>454,975</u>
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities (note 5)	\$ 296,107	266,088
Current portion of long-term debt (note 6)	5,493	5,175
	<u>301,600</u>	<u>271,263</u>
Long-term debt (note 6)	6,334	11,827
	<u>307,934</u>	<u>283,090</u>
Net Assets:		
Unrestricted	324,584	171,885
Trust fund under administration (note 7)		
	<u>\$ 632,518</u>	<u>454,975</u>

See accompanying notes to financial statements.

On behalf of the Board of Regents:

_____ Director

_____ Director

NIPISSING UNIVERSITY STUDENT UNION

Statement of Operations and Changes in Net Assets

Year ended April 30, 2017, with comparative information 2016

	2017	2016
Revenue:		
Student fees	\$ 867,537	860,432
Student health plan	301,981	284,820
Programming and social events	71,936	74,728
Interest and other	9,862	12,344
Restaurant and merchandise sales	2,639	80,553
	1,253,955	1,312,877
Expenses:		
Salaries and benefits	355,462	524,317
Student health plan	325,120	284,820
Programming and social events	154,489	227,718
Student federation fees	88,000	88,048
Professional fees	59,615	62,122
Insurance	38,079	39,131
Office and general	32,612	31,222
Amortization of capital assets	15,390	93,488
Travel and conferences	13,385	27,381
Occupancy	8,852	95,199
Repairs and maintenance	5,921	44,683
Awards and bursaries	2,115	1,259
Bank charges	1,340	6,707
Interest on long term-debt	876	1,176
Bad debts	-	3,535
	1,101,256	1,530,806
Excess (deficiency) of revenue before the undernoted items	152,699	(217,929)
Loss on disposal of capital assets/net of loan forgiveness	-	(24,550)
Excess (deficiency) of revenue over expenses	152,699	(242,479)
Net assets, beginning of year	171,885	414,364
Net assets, end of year	\$ 324,584	171,885

See accompanying notes to financial statements.

NIPISSING UNIVERSITY STUDENT UNION

Statement of Cash Flows

Year ended April 30, 2017, with comparative information for 2016

	2017	2016
Cash flows from operating activities:		
Operations:		
Excess (deficiency) of revenue over expenses	\$ 152,699	(242,479)
Items not involving cash:		
Amortization of capital assets	15,390	93,488
Loss on disposal of capital assets	-	265,594
	<u>168,089</u>	<u>116,603</u>
Changes in non-cash working capital:		
Increase in accounts receivable	(40,513)	(32,607)
Decrease (increase) in prepaid expenses	(5,891)	9,051
Increase in accounts payable and accrued liabilities	30,019	119,013
	<u>151,704</u>	<u>212,060</u>
Investing:		
Purchase of capital assets	-	(15,998)
Proceeds on sale of capital assets	-	18,835
	<u>-</u>	<u>2,837</u>
Financing:		
Repayment of long-term debt	(5,175)	(13,610)
Loan forgiveness	-	(241,044)
	<u>(5,175)</u>	<u>(254,654)</u>
Net increase (decrease) in cash	146,529	(39,757)
Cash, beginning of year	299,691	339,448
Cash, end of year	<u>\$ 446,220</u>	<u>299,691</u>

See accompanying notes to financial statements.

NIPISSING UNIVERSITY STUDENT UNION

Notes to Financial Statements

Year ended April 30, 2017

The Nipissing University Student Union (the "Union") 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. The Union's primary activity is to provide special social activities and a voice for students enrolled at Nipissing University.

1. Summary of significant accounting policies:

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the CPA Canada Handbook (the "Handbook").

The significant accounting policies for Union are described below:

(a) 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. Revenue from sales is recognized when the service is performed.

(b) Cash and cash equivalents:

Cash and cash equivalents consist of cash on hand, bank balances and guaranteed investment certificates with maturities of less than three months or less.

(c) Capital assets:

Capital assets are recorded at cost less accumulated amortization. Amortization is based on straight-line basis over their estimated useful lives as follows:

Tools and equipment	20% diminishing balance
Computer equipment	50% diminishing balance
Vehicles	30% diminishing balance

Assets no longer in use are carried at the lesser of net book value and net realizable value. No further depreciation is taken on these assets.

(d) Financial instruments:

Financial instruments are recorded at fair value when acquired or issued. NUSU'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 when changes in circumstances indicate the asset could be impaired.

NIPISSING UNIVERSITY STUDENT UNION

Notes to Financial Statements

Year ended April 30, 2017

1. Summary of significant accounting policies (continued):

(f) Use of estimates:

The preparation of the financial statements in accordance 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 year. Significant items subject to such estimates and assumptions include the carrying amount of capital assets; financial instruments; valuation allowances for accounts receivable; and accrued liabilities. Actual results could differ from those estimates. These estimates are reviewed periodically, and, as adjustments become necessary, they are recognized in the financial statements in the year in which they become known.

2. Accounts receivable:

	2017	2016
Trade receivables	\$ 5,060	11,141
Due from building trust (note 7)	116,979	70,385
	\$ 122,039	81,526

3. Capital assets:

2017	Cost	Accumulated Amortization	Net book Value
Computer equipment	\$ 30,986	25,372	5,614
Vehicles	34,326	17,506	16,820
Tools and equipment	14,260	3,993	10,267
	\$ 79,572	46,871	32,701

2016	Cost	Accumulated Amortization	Net book Value
Computer equipment	\$ 30,986	19,757	11,229
Vehicles	34,326	10,298	24,028
Tools and equipment	14,260	1,426	12,834
	\$ 79,572	31,481	48,091

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Notes to Financial Statements

Year ended April 30, 2017

4. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances of \$7,864 (2015 - \$7,516), which include amounts payable for payroll related taxes.

5. Credit facilities:

The Union has available to it a line of credit of \$75,000 between August 1 and October 31, at a rate of prime plus 1.5%. This line of credit was unutilized at April 30, 2017.

The Union also has access to business bank credit cards to a maximum of \$50,000.

6. Long-term debt:

	2017	2016
Loan payable 5.98%, due May 2019, repayable in in monthly installments of \$504, principal and interest, secured by a vehicle	\$ 11,827	17,002
Less: amounts due within one year included in current liabilities	(5,493)	(5,175)
	\$ 6,334	11,827

The principal repayments required on the long-term debt over the next three years is as follows:

2018	\$ 5,493
2019	5,831
2020	503
	\$ 11,827

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Notes to Financial Statements

Year ended April 30, 2017

7. Trust fund under administration:

On August 9, 2011, the Ontario Superior Court of Justice issued a court order between Nipissing University Student Union, Nipissing University, Canadore Students Representative Council and Canadore College. Under the terms of the order, Kenneth Peake was appointed Trustee of the Trust Fund known as the Building trust fund, and that monies collected by Nipissing University and/or Canadore College through the Student Centre Levy/Fee pursuant to the Student Centre Management Agreement, whether currently held or subsequently collected (the "Trust Fund"), will be transferred to Kenneth Peake of Paddon & Yorke Inc. (the "Trustee") to be managed in accordance with the terms of the order to spring 2016. Subsequent funds are held by Nipissing University.

The Union is able to submit to the Trustee requests for a transfer of Trust Funds, with an accompanying description of the proposed use for the funds that is consistent with the intended uses set out in the agreement.

The Trust Funds are to be applied exclusively to the purpose of the renovation and expansion of the Student Centre.

The year end of the Trust Fund is December 31, 2016. Supplemental financial information representing the Union's proportionate share of the Trust Fund is as follows:

Financial assets	\$ 6,828,337
Revenue	\$ 150,612
Expense	(80,254)
Excess of revenues over expenses	\$ 70,358

- (i) The supplemental financial information included above is based on applying estimates of the Union's proportionate share of the Trust Fund.
- (ii) Nipissing University holds the funds to be utilized for the student centre after spring, 2016. The balance held by Nipissing University is \$249,007. Expenses for legal and architectural services paid through the fund were \$661,873.

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Notes to Financial Statements

Year ended April 30, 2017

8. Financial instrument risk:

(a) 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 Union is exposed to interest rate risk arising from the possibility that changes in interest rates will affect the value of its long-term debt which carries a fixed rate of interest.

(b) 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 Union 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.

(c) Liquidity risk:

Liquidity risk is the risk that the Union encounters difficulty in meeting its obligations associated with financial liabilities. Liquidity risk includes the risk that, as a result of operational liquidity requirements, the Union 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 accrued liabilities and long-term debt.

9. Comparative information:

Certain comparative information has been reclassified from those previously presented to conform to the presentation of the 2017 financial statements.