

Nipissing University Student Union

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

April 30, 2012

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, 2012, 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 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

Nipissing University Student Union's investment in JSEC - The Student Centre, a 50% interest in a joint venture between Nipissing University Student Union and Canadore Students Representative Council Inc. and accounted for by the equity method, is carried at \$19,667 on the statement of financial position as at April 30, 2012, and Nipissing University Student Union's share of JSEC - The Student Centre's net income of \$82,546 is included in Nipissing University Student Union's income for the year then ended. We were unable to obtain sufficient appropriate audit evidence about the carrying amount of Nipissing University Student Union's investment in JSEC - The Student Centre as at April 30, 2012 and Nipissing University Student Union's share of JSEC - The Student Centre's net income for the year because the audited financial statements of JSEC - The Student Centre have not yet been published. 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 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 revenues, excess of revenues over expenditures, assets and net assets.

Qualified Opinion

In our opinion, except for the effects of the matters 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, 2012, and its financial performance and its cash flows for the year then ended, in accordance with Canadian generally accepted accounting principles.

Collins Barrow, Sudbury - Nipissing LLP

North Bay, Ontario
October 26, 2012

CHARTERED ACCOUNTANTS,
LICENSED PUBLIC ACCOUNTANTS

Nipissing University Student Union

Financial Statements April 30, 2012

Statement of Financial Position	1
Statement of Changes in Net Assets	2
Statement of Operations	3
Statement of Cash Flows	4
Notes to the Financial Statements	5-12

Nipissing University Student Union

Statement of Financial Position

April 30, 2012

	2012			2011
	Operating Fund	Building Fund	Total	Total
Assets				
Current Assets				
Cash	\$ 9,391	\$ -	\$ 9,391	\$ 6,490
Accounts receivable	330	-	330	330
Receivable from JSEC - The Student Centre	116,510	-	116,510	351,060
Receivable from Canadore Students Representative Council	250,000	-	250,000	-
Funds in trust	-	3,886,681	3,886,681	2,893,464
Prepaid expenses	10,225	-	10,225	12,122
	<u>386,456</u>	<u>3,886,681</u>	<u>4,273,137</u>	<u>3,263,466</u>
Capital assets (note 3)	219,961	-	219,961	245,178
Investment in Joint Venture (note 4)	19,667	-	19,667	(62,880)
	<u>\$ 626,084</u>	<u>\$ 3,886,681</u>	<u>\$ 4,512,765</u>	<u>\$ 3,445,764</u>
Liabilities				
Current Liabilities				
Accounts payable and accrued charges	\$ 148,640	\$ -	\$ 148,640	\$ 147,630
Current portion of long-term debt	7,508	-	7,508	7,138
	<u>156,148</u>	<u>-</u>	<u>156,148</u>	<u>154,768</u>
Long-term debt (note 5)	265,979	-	265,979	273,487
	<u>422,127</u>	<u>-</u>	<u>422,127</u>	<u>428,255</u>
Net Assets				
Unrestricted	203,957	-	203,957	124,045
Externally Restricted	-	3,886,681	3,886,681	2,893,464
	<u>203,957</u>	<u>3,886,681</u>	<u>4,090,638</u>	<u>3,017,509</u>
	<u>\$ 626,084</u>	<u>\$ 3,886,681</u>	<u>\$ 4,512,765</u>	<u>\$ 3,445,764</u>

Commitments (note 5)
Contingencies (note 6)
Subsequent event (note 7)

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, 2012

	2012		2011	
	Operating Fund	Building Fund	Total	Total
Balance, beginning of year	\$ 124,045	\$ 2,893,464	\$ 3,017,509	\$ 2,437,828
Excess of Revenues Over Expenditures	58,524	1,014,605	1,073,129	579,681
Interfund transfer (note 8)	21,388	(21,388)	-	-
Balance, end of year	\$ 203,957	\$ 3,886,681	\$ 4,090,638	\$ 3,017,509

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

Nipissing University Student Union

Statement of Operations

For The Year Ended April 30, 2012

	2012		2011	
	Operating Fund	Building Fund	Total	Total
Revenues				
Student fees	\$ 969,954	\$ 1,170,847	\$ 2,140,801	\$ 1,837,541
Clubs and social events	28,843	-	28,843	26,600
Interest and other	2,724	37,531	40,255	27,915
Student health plan administration fee (note 9)	46,081	-	46,081	52,197
Equity in earnings of joint venture (note 4)	82,546	-	82,546	(118,034)
	<u>1,130,148</u>	<u>1,208,378</u>	<u>2,338,526</u>	<u>1,826,219</u>
Expenditures				
Administration (note 10)	43,508	-	43,508	50,184
Amortization	25,216	-	25,216	28,212
Clubs and social events	101,616	-	101,616	230,377
Contributions to (recovery from) the capital building expansion and renovation project - The Student Centre	-	(31,716)	(31,716)	26,197
Donations	2,563	-	2,563	2,370
Interest and commitment retirement - Bracebridge Student Centre	-	256,546	256,546	141,815
Interest on long-term debt	14,250	-	14,250	15,384
Operating and capital contributions to (recovery from) JSEC - The Student Centre	590,395	(31,057)	559,338	453,777
Professional fees	96,823	-	96,823	103,737
Salaries and benefits	117,018	-	117,018	108,403
Student federation fees	60,918	-	60,918	60,384
Travel and conferences	19,317	-	19,317	25,698
	<u>1,071,624</u>	<u>193,773</u>	<u>1,265,397</u>	<u>1,246,538</u>
Excess of Revenues Over Expenditures	<u>\$ 58,524</u>	<u>\$ 1,014,605</u>	<u>\$ 1,073,129</u>	<u>\$ 579,681</u>

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, 2012

	<u>2012</u>	<u>2011</u>
Cash Provided By (Used For)		
Operating Activities		
Excess of revenues over expenditures	\$ 1,073,129	\$ 579,681
Items not affecting cash		
Equity in earnings of joint venture	(82,546)	118,034
Amortization	25,216	28,212
Changes in non-cash working capital		
Increase in accounts receivable	(15,450)	(101,060)
Increase in funds in trust	(993,217)	(803,827)
(Increase) decrease in prepaid expenses	1,897	(1,261)
Increase in accounts payable and accrued charges	<u>1,010</u>	<u>81,378</u>
Cash provided by (used for) operating transactions	<u>10,039</u>	<u>(98,843)</u>
Financing Activities		
Repayment of long-term debt	<u>(7,138)</u>	<u>(10,164)</u>
Increase (Decrease) in Cash Position	2,901	(109,007)
Cash, Beginning of Year	<u>6,490</u>	<u>115,497</u>
Cash, End of Year	<u><u>\$ 9,391</u></u>	<u><u>\$ 6,490</u></u>

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

Nipissing University Student Union

Notes to the Financial Statements

April 30, 2012

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%. In the year of acquisition and disposition, amortization is calculated using one-half of the above stated rate.

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 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, 2012

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, 2012:

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
Funds in trust	Held-for-trading, measured at fair value
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, 2012

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. Significant estimates subject to such assumptions and estimates include amortization of capital assets and accrued charges. Actual results could differ from management's best estimates as additional information becomes available in the future.

3. Capital assets

	2012		2011	
	Cost	Accumulated Amortization	Net	Net
Furniture and equipment:				
-North Bay Campus	\$ 15,137	\$ 9,551	\$ 5,586	\$ 6,983
-Bracebridge Campus	<u>300,658</u>	<u>86,283</u>	<u>214,375</u>	<u>238,195</u>
	<u>\$ 315,795</u>	<u>\$ 95,834</u>	<u>\$ 219,961</u>	<u>\$ 245,178</u>

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, 2012:

	2012	2011
Financial Position		
Current Assets	\$ 362,531	\$ 329,584
Capital Assets	279,261	338,179
Intangible Assets	<u>17,257</u>	<u>28,761</u>
Total Assets	659,049	696,524
Liabilities	<u>639,382</u>	<u>759,404</u>
Net Assets (Deficiency)	<u>\$ 19,667</u>	<u>\$ (62,880)</u>

Nipissing University Student Union

Notes to the Financial Statements

April 30, 2012

4. Investment in Joint Venture (Continued)

	<u>2012</u>	<u>2011</u>
Results of Operation:		
Revenues	\$ 1,350,027	\$ 1,320,881
Expenses	<u>1,267,481</u>	<u>1,438,915</u>
Excess of Revenues Over Expenditures (Expenditures Over Revenues)	<u>\$ 82,546</u>	<u>\$ (118,034)</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, 2012, the remaining commitment is \$1,823,245 (2011 - \$1,897,177) and the unpaid loan balance is \$273,487 (2011 - \$280,625).

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>
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
2017	61,243	9,187	70,430
Thereafter	<u>1,545,717</u>	<u>231,857</u>	<u>1,777,574</u>
	<u>\$ 1,823,245</u>	<u>\$ 273,487</u>	<u>\$ 2,096,732</u>

Nipissing University Student Union

Notes to the Financial Statements

April 30, 2012

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, 2012 is \$1,100,000 (2011 - \$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, 2012, JSEC - The Student Centre incurred an operating income of \$165,092 (2011 - operating loss of \$236,068).

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. On May 15, 2012, the Court ordered Nipissing University to transfer the entirety of the funds in trust to a professional trustee. 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. Subsequent Event

On July 12, 2012, Canadore College of Applied Arts and Technology (Canadore) announced that it was terminating the Student Centre Management Agreement (SCMA), which governs the joint management of The Student Centre by NUSU and Canadore Students Representative Council (CSRC).

On August 3, 2012, pending the resolution of a legal dispute between CSRC and Canadore, CSRC and JSEC-The Student Centre (JSEC) agreed to a Standstill Agreement with Canadore and Nipissing University to enable the operations of JSEC, CSRC and NUSU to return to the status quo that existed prior to the steps taken by Canadore on July 12, 2012.

Nipissing University Student Union

Notes to the Financial Statements

April 30, 2012

8. Interfund Transfer

During the year, principal and interest payments in the amount of \$21,388 (2011 - \$21,388) relating to the Bracebridge Student Centre Financing Agreement loan component was paid out of the building fund.

9. Student Health Plan Administration Fee

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

	<u>2012</u>	<u>2011</u>
Fees collected from students	\$ 258,393	\$ 259,983
Less: Health insurance provider fee	<u>(212,312)</u>	<u>(207,786)</u>
Health plan administration fee	<u>\$ 46,081</u>	<u>\$ 52,197</u>

10. Administration

	<u>2012</u>	<u>2011</u>
Insurance	\$ 19,157	\$ 19,429
Office and general	<u>24,351</u>	<u>30,755</u>
	<u>\$ 43,508</u>	<u>\$ 50,184</u>

Nipissing University Student Union

Notes to the Financial Statements

April 30, 2012

11. Related Party Transactions

JSEC - The Student Centre:

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

	<u>2012</u>	<u>2011</u>
Contributions:		
Operations - North Bay Campus	\$ 250,000	\$ 200,000
- Bracebridge Campus	70,395	73,967
The Student Centre maintenance fund expenditures	100,000	100,000
The Student Centre employee benefits reserve	170,000	-
Capital Contributions - building fund	<u>9,313</u>	<u>79,810</u>
	599,708	453,777
Other Expenditures		
Administrative and operational expenses	62,255	60,685
Clubs and social events expenses	<u>70,586</u>	<u>191,264</u>
	<u>\$ 732,549</u>	<u>\$ 705,726</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 \$74,690 (2011 - \$90,955) 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, 2012

12. Financial Instruments

NUSU's financial instruments consist of cash, accounts receivable, receivable from JSEC - The Student Centre, receivable from Canadore Students Representative Council, funds in trust, 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.

13. 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.

14. Comparative Figures

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