

**Nipissing University  
Student Union  
Financial Statements  
For the year ended April 30, 2014**

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Financial Statements  
For the year ended April 30, 2014**

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	<b>Contents</b>
<b>Independent Auditor's Report</b>	<b>2 - 3</b>
<b>Financial Statements</b>	
Statement of Financial Position	4
Statement of Changes in Net Assets	5
Statement of Operations	6
Statement of Cash Flows	7
Notes to Financial Statements	8 - 14



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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 statement of financial position as at April 30, 2014, 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 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 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 audit is sufficient and appropriate to provide a basis for our qualified audit opinion.

### **Basis for Qualified Opinion**

In common with other similar organizations, the organization derives revenue from social events, 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 revenue over expenses, cash flow from operations and net assets. Our audit opinion on the financial statements for the year ended April 30, 2014 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 Qualified Opinion paragraph the financial statements present fairly, in all material respects, the financial position of Nipissing University Student Union as at April 30, 2014 and the results of its operations and its cash flows for the year then ended in accordance with the Canadian accounting standards for not-for-profit organizations.

*BDO Canada LLP*

Chartered Accountants, Licensed Public Accountants

North Bay, Ontario  
November 11, 2014

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

April 30	2014			2013
	Operating Fund	Building Fund	Total	Total
<b>Assets</b>				
<b>Current Assets</b>				
Cash and cash equivalents	\$ 500,352	\$ -	\$ 500,352	\$ 434,757
Accounts receivable (Note 2)	13,953	-	13,953	62,770
Prepaid expenses	24,153	-	24,153	36,500
Funds in trust	-	5,638,390	5,638,390	5,040,126
	<u>538,458</u>	<u>5,638,390</u>	<u>6,176,848</u>	<u>5,574,153</u>
Investment in joint venture (Note 4)	-	-	-	(60,660)
Capital assets (Note 3)	<u>398,167</u>	<u>-</u>	<u>398,167</u>	<u>197,406</u>
	<u>\$ 936,625</u>	<u>\$ 5,638,390</u>	<u>\$ 6,575,015</u>	<u>\$ 5,710,899</u>

**Liabilities and Unrestricted Net Assets**

<b>Current</b>				
Accounts payable and accrued liabilities (Note 5)	\$ 140,982	\$ -	\$ 140,982	\$ 99,587
Current portion of long-term debt (Note 6)	8,305	-	8,305	7,896
	<u>149,287</u>	<u>-</u>	<u>149,287</u>	<u>107,483</u>
Long-term debt (Note 6)	<u>249,778</u>	<u>-</u>	<u>249,778</u>	<u>258,083</u>
	<u>399,065</u>	<u>-</u>	<u>399,065</u>	<u>365,566</u>
<b>Net Assets</b>				
Unrestricted net assets	537,560	-	537,560	305,207
Externally restricted net assets	-	5,638,390	5,638,390	5,040,126
	<u>537,560</u>	<u>5,638,390</u>	<u>6,175,950</u>	<u>5,345,333</u>
	<u>\$ 936,625</u>	<u>\$ 5,638,390</u>	<u>\$ 6,575,015</u>	<u>\$ 5,710,899</u>

Commitment (Note 7)

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**

<b>For the year ended April 30</b>	<b>2014</b>			<b>2013</b>
	<b>Operating Fund</b>	<b>Building Fund</b>	<b>Total</b>	<b>Total</b>
<b>Balance, beginning of year</b>	\$ 305,207	\$ 5,040,126	\$ 5,345,333	\$ 4,090,638
<b>Excess of revenues over expenses for the year</b>	210,965	619,652	830,617	1,254,695
<b>Interfund transfer</b>	21,388	(21,388)	-	-
<b>Balance, end of year</b>	\$ 537,560	\$ 5,638,390	\$ 6,175,950	\$ 5,345,333

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

## Nipissing University Student Union Statement of Operations

For the year ended April 30		2014		2013	
	Operating Fund	Building Fund	Total	Total	
<b>Revenues</b>					
Student fees	\$ 870,304	\$ 1,013,603	\$ 1,883,907	\$ 2,435,317	
Programming and social events	111,403	-	111,403	-	
Interest and other	160,388	52,248	212,636	55,154	
Student health plan administration fee (Note 8)	31,434	-	31,434	85,218	
Equity in earnings of joint venture (Note 4)	-	-	-	(84,258)	
	<u>1,173,529</u>	<u>1,065,851</u>	<u>2,239,380</u>	<u>2,491,431</u>	
<b>Expenses</b>					
Programming and social events	221,806	-	221,806	37,764	
Salaries and benefits	162,327	-	162,327	104,938	
Professional fees	132,258	-	132,258	136,922	
Interest and contributions re: Bracebridge Student Centre	-	121,199	121,199	121,199	
Maintenance fees	82,098	-	82,098	-	
Student federation fees	63,907	-	63,907	63,656	
Office and general	43,210	-	43,210	30,840	
Insurance	33,960	-	33,960	20,389	
Awards & bursaries	28,195	-	28,195	-	
Travel and conferences	22,462	-	22,462	11,644	
Interest on long term debt	13,492	-	13,492	13,880	
Donations	5,561	-	5,561	2,789	
Clubs activity	1,045	-	1,045	-	
Bank charges	643	-	643	160	
Student centre contributions Settlement (Note 9)	-	-	-	450,000	
Provision for doubtful loans (Note 2)	88,688	-	88,688	220,000	
Amortization	62,912	-	62,912	22,555	
	<u>962,564</u>	<u>446,199</u>	<u>1,408,763</u>	<u>1,236,736</u>	
<b>Excess of revenues over expenses for the year</b>	<b>\$ 210,965</b>	<b>\$ 619,652</b>	<b>\$ 830,617</b>	<b>\$ 1,254,695</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	2014	2013
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
Excess of revenues over expenses for the year	\$ 830,617	\$ 1,254,695
Items not involving cash		
Amortization	62,912	22,555
Equity in earnings of joint venture	-	84,258
	893,529	1,361,508
<b>Changes in non-cash working capital balances</b>		
Accounts receivable	48,817	304,071
Prepaid expenses	12,347	(26,274)
Funds in trust	(598,264)	(1,153,445)
Investment in joint venture	(60,660)	(3,933)
Accounts payable and accrued liabilities	41,395	(49,053)
	337,164	432,874
<b>Investing activities</b>		
Purchase of capital assets	(263,672)	-
<b>Financing activities</b>		
Repayment of long-term debt	(7,897)	(7,508)
<b>Increase in cash and cash equivalents during the year</b>	<b>65,595</b>	<b>425,366</b>
Cash and cash equivalents, beginning of year	434,757	9,391
<b>Cash and cash equivalents, end of year</b>	<b>\$ 500,352</b>	<b>\$ 434,757</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, 2014

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## 1. Summary of Significant Accounting Policies

<b>Nature and Purpose of organization</b>	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.
<b>Basis of Accounting</b>	The financial statements have been prepared using Canadian accounting standards for not-for-profit organizations.
<b>Cash and Cash Equivalents</b>	Cash and cash equivalents consist of cash on hand, bank balances and guaranteed investment certificates with maturities of less than three months from the date of acquisition.
<b>Capital Assets</b>	Capital assets are recorded at cost less accumulated amortization. Amortization is calculated as follows:  Furniture and equipment - 20% diminishing balance Computer equipment - 50% diminishing balance Construction in progress - No amortization
<b>Revenue Recognition</b>	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>Building Fund</b>	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 other capital projects and purchases.

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## Nipissing University Student Union Notes to Financial Statements

**April 30, 2014**

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

**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 accruals and the useful life of capital assets. Actual results could differ from those estimates.

**Nipissing University Student Union  
Notes to Financial Statements**

**April 30, 2014**

**2. Accounts Receivable**

	2014	2013
Canadore Students Representative Council Inc.	\$ 238,296	\$ 220,000
JSEC - The Student Centre	70,392	62,770
Allowance for doubtful accounts	(308,688)	(220,000)
Other	13,953	-
	\$ 13,953	\$ 62,770

**3. Capital Assets**

	2014		2013	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Furniture and equipment	\$ 540,181	\$ 180,308	\$ 359,873	\$ 197,406
Computer equipment	3,970	993	2,977	-
Construction in progress	35,317	-	35,317	-
	\$ 579,468	\$ 181,301	\$ 398,167	\$ 197,406

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**Nipissing University Student Union  
Notes to Financial Statements**

**April 30, 2014**

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**4. 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, 2014:

	<u>2014</u>	<u>2013</u>
<b>Financial Position:</b>		
Current assets	\$ -	\$ 109,301
Capital assets	-	174,851
<b>Total assets</b>	-	284,152
<b>Liabilities</b>	-	344,812
<b>Net assets (deficiency)</b>	<u>\$ -</u>	<u>\$ (60,660)</u>
<b>Results of Operation:</b>		
Revenues	\$ -	\$ 1,487,887
Expenses	-	1,572,145
<b>Excess of revenues over expenses for the year</b>	<u>\$ -</u>	<u>\$ (84,258)</u>

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**5. Accounts Payable and Accrued Liabilities**

Included in accounts payable and accrued liabilities is \$4,930 (2013 - \$823) in government remittances payable.

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## Nipissing University Student Union Notes to Financial Statements

April 30, 2014

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### 6. 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 7), 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>
2015	\$ 8,305
2016	8,734
2017	9,187
2018	9,662
2019	10,162
Thereafter	<u>212,033</u>
	<u>\$ 258,083</u>

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### 7. Commitment

#### 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, 2014 is \$1,720,555 (2013 - \$1,765,688). This commitment is funded by way of approved student levies.

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**Nipissing University Student Union  
Notes to Financial Statements**

**April 30, 2014**

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**8. Student Plan Administration Fee**

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

	<u>2014</u>	<u>2013</u>
Fees collected from students	\$ 249,648	\$ 327,124
Less: Health insurance provider fee	<u>(218,214)</u>	<u>(241,906)</u>
Health plan administration fee	<u>\$ 31,434</u>	<u>\$ 85,218</u>

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**9. Settlement**

During the year employee settlements and related costs in the amount of \$325,000 was incurred relating to actions brought against the organization and the Student Centre. Funding of these costs was ordered to be released from the Student Centre Building Trust Fund based on a court decision made on May 24, 2013.

Subsequent to year end a further employee settlement of \$22,500 was made which will be recognized in the financial statements for the year ending April 30, 2015.

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## Nipissing University Student Union Notes to Financial Statements

April 30, 2014

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### 10. 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.

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