

Financial Statements of

**NIPISSING UNIVERSITY
STUDENT UNION**

Year ended April 30, 2018



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INDEPENDENT AUDITORS' REPORT

To the Governors 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, 2018, 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 those 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, 2018 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, 2018, 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.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

North Bay, Canada

October 2, 2018

NIPISSING UNIVERSITY STUDENT UNION

Statement of Financial Position

April 30, 2018, with comparative information for 2017

	2018	2017
Assets		
Current assets:		
Cash and cash equivalents	\$ 886,232	446,220
Accounts receivable (note 2)	141,065	122,039
Prepaid expenses	24,970	31,558
	<u>1,052,267</u>	<u>599,817</u>
Capital assets (note 3)	222,594	32,701
	<u>\$ 1,274,861</u>	<u>632,518</u>

Liabilities and Net Assets

Current liabilities:		
Accounts payable and accrued liabilities (note 4)	\$ 335,367	299,349
Deferred revenue	2,053	-
Current portion of long-term debt (note 6)	5,830	5,493
	<u>343,250</u>	<u>304,842</u>
Accounts payable and accrued liabilities (note 4)	78,443	-
Long-term debt (note 6)	501	6,334
Deferred capital contributions	210,820	-
	<u>633,014</u>	<u>311,176</u>
Net Assets:		
Unrestricted	641,847	321,342
Trust fund under administration (note 7)		
	<u>\$ 1,274,861</u>	<u>632,518</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

April 30, 2018, with comparative information for 2017

	2018	2017
Revenue:		
Student fees	\$ 862,576	867,537
Student health plan	655,350	301,981
Programming and social events	62,943	71,936
Interest and other	10,060	9,862
Restaurant and merchandise sales	3,413	2,639
	<u>1,594,342</u>	<u>1,253,955</u>
Expenses:		
Student health plan	685,566	325,120
Salaries and benefits	328,547	355,462
Programming and social events	124,328	154,489
Professional fees	45,711	59,615
Insurance	36,621	38,079
Office and general	25,343	32,612
Amortization of capital assets	20,927	15,390
Travel and conferences	5,479	13,385
Bank charges	1,371	1,340
Awards and bursaries	1,310	2,115
Repairs and maintenance	736	5,921
Interest on long term-debt	558	876
Bad debts	500	-
Occupancy	-	8,852
Student federation fees	(3,160)	91,242
	<u>1,273,837</u>	<u>1,104,498</u>
Excess of revenue over expenses	320,505	149,457
Net assets, beginning of year	321,342	171,885
Net assets, end of year	<u>\$ 641,847</u>	<u>321,342</u>

See accompanying notes to financial statements.

NIPISSING UNIVERSITY STUDENT UNION

Statement of Cash Flows

April 30, 2018, with comparative information for 2017

	2018	2017
Cash flows from operating activities:		
Operations:		
Excess of revenue over expenses	\$ 320,505	149,457
Items not involving cash:		
Amortization of capital assets	20,927	15,390
	<u>341,432</u>	<u>164,847</u>
Changes in non-cash working capital:		
Increase in accounts receivable	(19,026)	(40,513)
Decrease (increase) in prepaid expenses	6,585	(5,891)
Increase in accounts payable and accrued liabilities	36,018	33,261
	<u>365,009</u>	<u>151,704</u>
Cash flows from capital activities:		
Additions to capital assets	(210,820)	-
Increase in deferred capital contributions	210,820	-
	<u>-</u>	<u>-</u>
Financing:		
Increase in accounts payable and accrued liabilities	78,443	-
Repayment of long-term debt	(5,493)	(5,175)
Increase in deferred revenue	2,053	-
	<u>75,003</u>	<u>(5,175)</u>
Net increase in cash	440,012	146,529
Cash and cash equivalents, beginning of year	446,220	299,691
Cash and cash equivalents, end of year	<u>\$ 886,232</u>	<u>446,220</u>

See accompanying notes to financial statements.

NIPISSING UNIVERSITY STUDENT UNION

Notes to Financial Statements

Year ended April 30, 2018

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:

The union accounts for contributions under the deferred method of accounting as follows:

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.

Contributions restricted for the purchase of capital assets are deferred and amortized into revenue at rates corresponding to the amortization rates of the related capital assets.

(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
Leased premises	40 years

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. No depreciation is taken on assets under construction.

(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, 2018

1. Summary of significant accounting policies (continued):

(e) 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:

	2018	2017
Trade receivables	\$ 20,734	5,060
Due from building trust (note 7)	120,331	116,979
	\$ 141,065	122,039

3. Capital assets:

2018	Cost	Accumulated Amortization	Net book Value
Computer equipment	\$ 30,986	30,986	–
Vehicles	34,326	22,552	11,774
Tools and equipment	14,260	14,260	–
Leased premises under construction	210,820	–	210,820
	\$ 290,392	67,798	222,594

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

NIPISSING UNIVERSITY STUDENT UNION

Notes to Financial Statements

Year ended April 30, 2018

4. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances of \$Nil (2017 - \$7,864), which include amounts payable for payroll related taxes.

Those not included in current liabilities are not due until fiscal 2020.

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, 2018.

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

6. Long-term debt:

	2018	2017
Loan payable 5.98%, due May 2019, repayable in in monthly installments of \$504, principal and interest, secured by a vehicle	\$ 6,331	11,827
Less: amounts due within one year included in current liabilities	(5,830)	(5,493)
	<u>\$ 501</u>	<u>6,334</u>

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

2019	\$ 5,830
2020	501
	<u>\$ 6,331</u>

7. Trust fund under administration:

Nipissing University holds the trust funds as well as further funds raised for the student centre pursuant to a court order. The balance held by Nipissing University is \$7,685,000.

NIPISSING UNIVERSITY STUDENT UNION

Notes to Financial Statements

Year ended April 30, 2018

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.