

**Nipissing University**  
**Student Union**  
**Financial Statements**  
For the year ended April 30, 2020

**Nipissing University Student Union**  
**Financial Statements**  
For the year ended April 30, 2020

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## Independent Auditor's Report

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To the Members of Nipissing University Student Union

### Qualified Opinion

We have audited the financial statements of Nipissing University Student Union (the Organization), which comprise the statement of financial position as at April 30, 2020, the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at April 30, 2020, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

### Basis for Qualified Opinion

In common with many not-for-profit organizations, the Organization derives revenue from social events and fundraising activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Organization. Therefore, we were not able to determine whether any adjustments might be necessary to social events and fundraising revenue, excess of revenues over expenses, and cash flows from operations for the years ended April 30, 2020 and 2019, current assets as at April 30, 2020 and 2019, and net assets as at May 1 and April 30 for both the 2020 and 2019 years.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the Organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization's financial reporting process.

## Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Chartered Professional Accountants, Licensed Public Accountants

North Bay, Ontario  
October 1, 2020

## Nipissing University Student Union Statement of Financial Position

| April 30                                   | 2020                 | 2019                |
|--|----------------------|---------------------|
| <b>Assets</b>                              |                      |                     |
| <b>Current Assets</b>                      |                      |                     |
| Cash and cash equivalents                  | \$ 1,306,731         | \$ 1,118,305        |
| Accounts receivable (Note 2)               | 1,350                | 4,363               |
| Prepaid expenses and other assets (Note 6) | <u>232,384</u>       | <u>231,732</u>      |
|  | 1,540,465            | 1,354,400           |
| <b>Capital assets (Note 3)</b>             | <u>10,015,484</u>    | <u>2,088,016</u>    |
|  | <b>\$ 11,555,949</b> | <b>\$ 3,442,416</b> |

### Liabilities and Net Assets

|   |                      |                     |
|---|----------------------|---------------------|
| <b>Current</b>                                    |                      |                     |
| Construction line of credit (Note 6)              | \$ 1,417,423         | \$ -                |
| Accounts payable and accrued liabilities (Note 4) | 260,455              | 294,621             |
| Deferred contributions                            | <u>213,570</u>       | <u>213,570</u>      |
|   | 1,891,448            | 508,191             |
| <b>Deferred capital contributions (Note 5)</b>    | <u>8,592,291</u>     | <u>2,079,774</u>    |
|   | 10,483,739           | 2,587,965           |
| <b>Net Assets</b>                                 |                      |                     |
| Unrestricted                                      | <u>1,072,210</u>     | <u>854,451</u>      |
|   | <b>\$ 11,555,949</b> | <b>\$ 3,442,416</b> |

Trust Fund under Administration (Note 7)

Subsequent Event (Note 10)

On behalf of the Board:

\_\_\_\_\_ Director

\_\_\_\_\_ Director

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

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## Nipissing University Student Union Statement of Changes in Net Assets

| <b>For the year ended April 30</b>            | <b>2020</b>         | <b>2019</b>       |
|---|---------------------|-------------------|
| Balance, beginning of year                    | \$ 854,451          | \$ 641,847        |
| Excess of revenues over expenses for the year | <u>217,759</u>      | <u>212,604</u>    |
| <b>Balance, end of year</b>                   | <b>\$ 1,072,210</b> | <b>\$ 854,451</b> |

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

## Nipissing University Student Union Statement of Operations

| <b>For the year ended April 30</b>                   | <b>Budget</b>      | <b>2020</b>       | <b>2019</b>       |
|--|--------------------|-------------------|-------------------|
| <b>Revenues</b>                                      |                    |                   |                   |
| Student fees   | \$ 729,511         | \$ 772,294        | \$ 791,628        |
| Student health plan                                  | 1,119,600          | 689,100           | 644,775           |
| Programming and social events                        | 50,000             | 59,989            | 51,111            |
| Other fees (Note 7)                                  | -                  | 2,391             | 30,694            |
| Interest and other                                   | 1,200              | 31,715            | 19,627            |
|  | <b>1,900,311</b>   | <b>1,555,489</b>  | <b>1,537,835</b>  |
| <b>Expenses</b>                                      |                    |                   |                   |
| Student health plan                                  | 1,119,600          | 690,000           | 617,699           |
| Salaries and benefits                                | 400,000            | 357,970           | 396,840           |
| Programming and social events                        | 152,500            | 102,709           | 98,303            |
| Student federation fees                              | 59,126             | 55,286            | 75,646            |
| Insurance  | 39,000             | 36,668            | 37,910            |
| Office and general                                   | 56,800             | 20,282            | 34,586            |
| Advocacy and awareness                               | 27,500             | 19,088            | 3,269             |
| Professional fees                                    | 22,000             | 14,958            | 41,590            |
| World university support                             | 12,876             | 13,536            | -                 |
| Society fee  | 15,230             | 10,229            | -                 |
| Travel and conferences                               | 14,000             | 4,848             | 10,059            |
| Repairs and maintenance                              | 5,000              | 4,769             | 1,914             |
| Bank charges and interest                            | 4,000              | 3,988             | 3,094             |
| Awards & bursaries                                   | 2,000              | 926               | 789               |
| Amortization   | 4,000              | 2,473             | 3,532             |
|  | <b>1,933,632</b>   | <b>1,337,730</b>  | <b>1,325,231</b>  |
| <b>Excess of revenues over expenses for the year</b> | <b>\$ (33,321)</b> | <b>\$ 217,759</b> | <b>\$ 212,604</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                                  | 2020                | 2019                |
|--|---------------------|---------------------|
| <b>Cash provided by (used in)</b>                            |                     |                     |
| <b>Operating activities</b>                                  |                     |                     |
| Excess of revenues over expenses for the year                | \$ 217,759          | \$ 212,604          |
| Items not involving cash                                     |                     |                     |
| Amortization   | 2,473               | 3,532               |
|  | 220,232             | 216,136             |
| Changes in non-cash working capital balances                 |                     |                     |
| Accounts receivable  | 3,013               | 136,702             |
| Prepaid expenses and other assets                            | (652)               | (206,762)           |
| Accounts payable and accrued liabilities                     | (34,167)            | (119,189)           |
| Deferred contributions                                       | -                   | 211,517             |
|  | 188,426             | 238,404             |
| <b>Investing activities</b>                                  |                     |                     |
| Purchase of capital assets                                   | (7,929,940)         | (1,868,954)         |
| Increase in deferred capital contributions                   | 6,512,517           | 1,868,954           |
|  | (1,417,423)         | -                   |
| <b>Financing activities</b>                                  |                     |                     |
| Increase in construction line of credit                      | 1,417,423           | -                   |
| Repayment of long-term debt                                  | -                   | (6,331)             |
|  | 1,417,423           | (6,331)             |
| <b>Increase in cash and cash equivalents during the year</b> | <b>188,426</b>      | <b>232,073</b>      |
| Cash and cash equivalents, beginning of year                 | 1,118,305           | 886,232             |
| <b>Cash and cash equivalents, end of year</b>                | <b>\$ 1,306,731</b> | <b>\$ 1,118,305</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, 2020

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## 1. Summary of Significant Accounting Policies

### Nature and Purpose of organization

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.

### Basis of Accounting

The financial statements have been prepared using Canadian accounting standards for not-for-profit organizations.

### 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.

### Capital Assets

Capital assets are recorded at cost less accumulated amortization. Amortization based on the estimated useful life of the asset is calculated as follows:

|                        |                           |
|------------------------|---------------------------|
| Computer equipment     | - 50% diminishing balance |
| Vehicles               | - 30% diminishing balance |
| Tools and equipment    | - 20% diminishing balance |
| Leaseholds in progress | - No amortization         |

### 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.

The organization follows the deferral method of accounting for contributions. Under this method, restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

### Deferred Capital Contributions

Deferred capital contributions consist of amounts received for the acquisition of capital assets. These amounts are then amortized at the same rate that the corresponding asset is amortized.

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# Nipissing University Student Union

## Notes to Financial Statements

April 30, 2020

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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.

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## Nipissing University Student Union Notes to Financial Statements

April 30, 2020

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### 2. Accounts Receivable

|                   | 2020     | 2019     |
|-------------------|----------|----------|
| Trade receivables | \$ 1,350 | \$ 4,363 |

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### 3. Capital Assets

|                            | 2020                 |                             | 2019                 |                     |
|----------------------------|----------------------|-----------------------------|----------------------|---------------------|
|                            | Cost                 | Accumulated<br>Amortization | Net Book<br>Value    | Net Book<br>Value   |
| Computer equipment         | \$ 30,986            | \$ 30,986                   | \$ -                 | \$ -                |
| Vehicles                   | 34,326               | 28,557                      | 5,769                | 8,242               |
| Tools & equipment          | 14,260               | 14,260                      | -                    | -                   |
| Leaseholds in progress (i) | 10,009,715           | -                           | 10,009,715           | 2,079,774           |
|                            | <b>\$ 10,089,287</b> | <b>\$ 73,803</b>            | <b>\$ 10,015,484</b> | <b>\$ 2,088,016</b> |

(i) The organization entered into a lease agreement with Nipissing University with regards to the new student centre property. The term of the lease is twenty-five years with an optional renewal term of an additional twenty years and the annual lease payment is \$1. The organization is currently making leasehold improvements to this property and going forward will be responsible for all operating costs of the property.

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### 4. Accounts Payable and Accrued Liabilities

Included in accounts payable and accrued liabilities is \$Nil (2019 - \$Nil) in government remittances payable.

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## Nipissing University Student Union Notes to Financial Statements

April 30, 2020

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### 5. Deferred Capital Contributions

Deferred capital contributions consist of trust funds received for construction of the Student Centre.

|  | <u>2020</u>         | <u>2019</u>         |
|--|---------------------|---------------------|
| Balance, beginning of year                 | \$ 2,079,774        | \$ 210,820          |
| Contributions received throughout the year | <u>6,512,517</u>    | <u>1,868,954</u>    |
| Balance, end of year                       | <u>\$ 8,592,291</u> | <u>\$ 2,079,774</u> |

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### 6. Credit Facilities

The Organization has a line of credit available of \$6,500,000 to finance the leasehold improvements of the Nipissing University Student Centre. The line of credit is available at a rate of minus 0.5%. As at April 30, 2020, the Organization has used \$1,417,423 of the available limit. Security on the line of credit includes a general security agreement representing a first charge on all the borrower's present and after acquired personal property and a limited guarantee for an amount of \$6,500,000 by Nipissing University.

During the 2019 fiscal year, Nipissing University paid \$213,570 in financing fees on behalf of the Organization, in connection with the construction of the Nipissing University Student Centre. The financing fees are being reported separately under other assets until the construction of the student centre is complete.

The organization also has access to business bank credit cards to a maximum of \$50,000. The amount utilized as of April 30, 2020 was \$8,744 (2019 - \$9,287).

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## Nipissing University Student Union Notes to Financial Statements

April 30, 2020

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### 7. Trust Fund Under Administration

Nipissing University, as trustee, holds the funds raised for the student centre pursuant to a court order. The balance held by Nipissing University as of year-end is \$2,074,537 (2019 - \$7,384,852), net of trust expenses in the amount of \$2,391. During the year the organization received \$2,391 from this trust fund for operating expenses and \$6,512,517 relating to deferred capital contributions.

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### 8. Comparative Figures

Certain comparative figures for the prior year have been restated to conform with the presentation adopted in the current year.

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### 9. 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 long-term debt which carries a fixed rate of interest.

#### 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 accrued liabilities and long-term debt.

There have been no changes to the organization's financial instrument risk exposure from the prior year.

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## Nipissing University Student Union Notes to Financial Statements

**April 30, 2020**

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### 10. Subsequent Event

On January 30, 2020 the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the "COVID-19 outbreak") and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

Subsequent to year end, the national response measures to the COVID-19 outbreak are expected to decrease student enrollment for the Fall 2020 and Winter 2021 semesters. As a result, the Organization is anticipating a decline in revenues for the 2021 fiscal year. The extent of the decrease is uncertain at this time; management is actively monitoring the Organization's financial situation accordingly. In consideration of any temporary shortfalls, management has revised its 2020-21 budget to reduce expenses commensurate with the anticipated reduction in revenues. As more information becomes available, the 2020-21 budget will be adjusted appropriately.