

Nipissing University
Student Union
Financial Statements
For the year ended April 30, 2021

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For the year ended April 30, 2021

Contents

Independent Auditor's Report	2 - 3
Financial Statements	
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 - 13

Independent Auditor's Report

To the Student body and Executive members of the 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, 2021, 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, 2021, 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, 2021 and 2020, current assets as at April 30, 2021 and 2020, and net assets as at May 1 and April 30 for both the 2021 and 2020 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.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

North Bay, Ontario
October 27, 2021

Nipissing University Student Union Statement of Financial Position

April 30	2021	2020
Assets		
Current Assets		
Cash and cash equivalents	\$ 1,494,494	\$ 1,306,731
Accounts receivable (Note 2)	20,470	1,350
Prepaid expenses and other assets	36,853	232,384
	1,551,817	1,540,465
Capital assets (Note 3)	16,019,884	10,015,484
	\$17,571,701	\$ 11,555,949

Liabilities and Net Assets

Current		
Accounts payable and accrued liabilities (Note 4)	\$ 175,512	\$ 260,455
Construction line of credit (Note 7)	-	1,417,423
Current portion of long-term debt (Note 5)	144,109	-
	319,621	1,677,878
Long-term debt (Note 5)	6,062,412	-
Deferred contributions (Note 7)	267,558	213,570
Deferred capital contributions (Note 6)	9,486,588	8,592,291
	16,136,179	10,483,739
Net Assets		
Unrestricted	1,435,522	1,072,210
	\$17,571,701	\$ 11,555,949

Trust Fund under Administration (Note 8)

Uncertainty due to COVID-19 (Note 10)

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

For the year ended April 30	2021	2020
Balance, beginning of year	\$ 1,072,210	\$ 854,451
Excess of revenues over expenses for the year	<u>363,312</u>	<u>217,759</u>
Balance, end of year	<u>\$ 1,435,522</u>	<u>\$ 1,072,210</u>

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

Nipissing University Student Union Statement of Operations

For the year ended April 30	Budget	2021	2020
Revenues			
Student fees	\$ 739,925	\$ 887,386	\$ 772,294
Student health plan	1,039,635	757,350	689,100
Programming and social events	-	-	59,989
Other fees (Note 8)	40,000	168,779	2,391
Interest and other	3,000	13,867	31,715
	1,822,560	1,827,382	1,555,489
Expenses			
Student health plan	1,039,635	761,425	690,000
Salaries and benefits	433,795	364,980	357,970
Student federation fees	60,735	72,222	55,286
Insurance	50,000	46,363	36,668
Interest on long term debt	-	40,000	44,654
Programming and social events	62,300	39,333	102,709
Utilities	7,000	27,560	5,915
Repairs and maintenance	20,000	26,473	4,769
Professional fees	52,000	21,915	14,958
Society fees	17,386	20,675	10,229
Office and general	37,800	19,486	14,367
Advocacy and awareness	8,500	5,080	19,088
Bank charges and interest	4,000	3,909	3,988
Travel and conferences	3,700	3,837	4,848
Awards & bursaries	2,000	106	926
World university support	-	-	13,536
Amortization	4,000	6,052	2,473
	1,842,851	1,464,070	1,337,730
Excess of revenues over expenses for the year	\$ (20,291)	\$ 363,312	\$ 217,759

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	2021	2020
Cash provided by (used in)		
Operating activities		
Excess of revenues over expenses for the year	\$ 363,312	\$ 217,759
Items not involving cash		
Amortization	6,052	2,473
	369,364	220,232
Changes in non-cash working capital balances		
Accounts receivable	(19,120)	3,013
Prepaid expenses and other assets	195,532	(652)
Accounts payable and accrued liabilities	(84,942)	(34,167)
	460,834	188,426
Investing activities		
Purchase of capital assets	(6,010,454)	(7,929,940)
Increase in deferred capital contributions	894,297	6,512,517
	(5,116,157)	(1,417,423)
Financing activities		
Increase in long-term debt/construction line of credit	4,869,007	1,417,423
Repayment of long-term debt	(25,921)	-
	4,843,086	1,417,423
Increase in cash and cash equivalents during the year	187,763	188,426
Cash and cash equivalents, beginning of year	1,306,731	1,118,305
Cash and cash equivalents, end of year	\$ 1,494,494	\$ 1,306,731

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

Nipissing University Student Union

Notes to Financial Statements

April 30, 2021

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
Furniture and equipment	- 20% diminishing balance
Tools and equipment	- 20% diminishing balance
Leaseholds in progress	- 45 years straight-line basis

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.

Nipissing University Student Union Notes to Financial Statements

April 30, 2021

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, 2021

2. Accounts Receivable

	2021	2020
Trade receivables	\$ 20,470	\$ 1,350

3. Capital Assets

	2021		2020	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Furniture and equipment	\$ 25,360	\$ 2,536	\$ 22,824	\$ -
Computer equipment	37,410	32,592	4,818	-
Vehicles	34,326	30,288	4,038	5,769
Tools & equipment	16,056	14,440	1,616	-
Leaseholds in progress (i)	15,986,588	-	15,986,588	10,009,715
	\$16,099,740	\$ 79,856	\$16,019,884	\$ 10,015,484

(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 has made significant leasehold/centre improvements to this property and going forward will be responsible for all operating costs of the property. It is expected that the student centre will be open for use in fiscal 2022 and as such these costs will be amortized starting in that fiscal year.

4. Accounts Payable and Accrued Liabilities

Included in accounts payable and accrued liabilities is \$Nil (2020 - \$Nil) in government remittances payable.

Nipissing University Student Union Notes to Financial Statements

April 30, 2021

5. Long-term Debt

	2021	2020
3.80% Leasehold improvement loan payable with an effective interest rate of 4.28% taking into account financing costs of \$267,558. The loan requires monthly blended payments of of \$33,734 for 300 months, secured by a General Security Agreement and limited guarantee for an amount of \$6,500,000 by Nipissing University.	\$ 6,206,521	\$ -
Less: amounts due within one year included in current liabilities	144,109	-
	\$ 6,062,412	\$ -

The principal repayments required on the long-term debt over the next five years and thereafter are as follows:

2022	\$ 144,109
2023	150,346
2024	156,855
2025	163,645
2026	170,728
Thereafter	5,420,838
	\$ 6,206,521

The above noted loan is net of financing costs of \$267,558 incurred over the past three years to secure this financing and the effective interest rate method is being used to recognize these costs over the term of the loan.

Nipissing University Student Union Notes to Financial Statements

April 30, 2021

6. Deferred Capital Contributions

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

	<u>2021</u>	<u>2020</u>
Balance, beginning of year	\$ 8,592,291	\$ 2,079,774
Contributions received throughout the year	<u>894,297</u>	<u>6,512,517</u>
Balance, end of year	<u>\$ 9,486,588</u>	<u>\$ 8,592,291</u>

7. Credit Facilities

In the prior year the organization had a construction line of credit available of \$6,500,000 to finance the leasehold improvements of the Nipissing University Student Centre. The line of credit was available at prime rate minus 0.5%. On February 1, 2021, the line of credit was converted into a committed term loan facility (see Note 5) upon substantial completion of the student centre. Security to the financial institution 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.

The organization also has access to business bank credit cards to a maximum of \$50,000. The amount utilized as of April 30, 2021 was \$7,885 (2020 - \$8,744).

8. 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 \$2,514,178 (2020 - \$2,074,537), net of trust expenses in the amount of \$128,779. During the year the organization received \$128,779 from this trust fund for operating expenses and \$948,285 relating to deferred contributions.

Nipissing University Student Union Notes to Financial Statements

April 30, 2021

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.

10. Uncertainty due to COVID-19

The global pandemic, as a result of COVID-19, has disrupted economic activities and supply chains. Although the disruption from the pandemic is expected to be temporary, given the dynamic nature of these circumstances, the duration of disruptions and the related financial impact cannot be reasonably estimated at this time. The organization's ability to continue to meet obligations as they come due is dependent on the continued funding from student fees and other revenue. During the year, many student activities and events were transitioned to the online format. The organization also saw delay in the completion of the student centre due to safety protocol and restrictions. As the impacts of COVID-19 continue there could be further impacts on the organization. At this time, the full potential impact of COVID-19 on the entity is not known.