

MOUNT SAINT VINCENT STUDENT UNION ASSOCIATION
Financial Statements
Year Ended April 30, 2015

Draft for discussion purposes only

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INDEPENDENT AUDITOR'S REPORT

To the Members of Mount Saint Vincent Student Union Association

We have audited the accompanying financial statements of Mount Saint Vincent Student Union Association, (the "Association"), which comprise the statement of financial position as at April 30, 2015, and the statements of revenues and expenditures, changes in net assets and cash flows for the year then ended, and the related notes which contain 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 is sufficient and appropriate to provide a basis for our qualified audit opinion.

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Basis for Qualified Opinion

The Association derives revenue from fundraising activities, as well as student store and food and beverage services, 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 Association and we were not able to determine whether any adjustments might be necessary to revenue, excess of revenues over expenses, and cash flows from operations for the year ended April 30, 2015; current assets as at April 30, 2015; and net assets at both the beginning and end of the year ended April 30, 2015.

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 Mount Saint Vincent Student Union Association as at April 30, 2015 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Bedford, Nova Scotia

DAVID STRONG CHARTERED ACCOUNTANT INC.

MOUNT SAINT VINCENT STUDENT UNION ASSOCIATION

Statement of Financial Position

April 30, 2015

| | 2015 | 2014 |
|---|-------------------|-------------------|
| ASSETS | | |
| CURRENT | | |
| Cash and cash equivalents - unrestricted | \$ 137,034 | \$ 125,550 |
| Cash and cash equivalents - restricted (Note 7) | 39,000 | 38,514 |
| Accounts receivable | - | 779 |
| Inventory | 10,961 | 7,030 |
| HST recoverable | - | 117,101 |
| Prepays and deposits | 16,699 | 16,522 |
| Funds in trust, Mount Saint Vincent University (Note 5) | 194,952 | 133,049 |
| | <u>398,646</u> | <u>438,545</u> |
| CAPITAL ASSETS (Note 3) | <u>31,464</u> | <u>37,998</u> |
| | <u>\$ 430,110</u> | <u>\$ 476,543</u> |
| LIABILITIES AND NET ASSETS | | |
| CURRENT | | |
| Accounts payable and accrued liabilities | \$ 63,298 | \$ 94,436 |
| Harmonized sales tax payable | 153 | - |
| | <u>63,451</u> | <u>94,436</u> |
| NET ASSETS | | |
| Invested in capital assets | 31,464 | 37,998 |
| Unrestricted | 335,194 | 344,109 |
| | <u>366,658</u> | <u>382,107</u> |
| | <u>\$ 430,109</u> | <u>\$ 476,543</u> |
| COMMITMENT (Note 4) | | |

ON BEHALF OF THE ASSOCIATION

_____ Executive Member

_____ Executive Member



MOUNT SAINT VINCENT STUDENT UNION ASSOCIATION

Statement of Changes in Net Assets

Year Ended April 30, 2015

| | Invested in Capital Assets | Unrestricted Net Assets | 2015 | 2014 |
|---------------------------------------|-------------------------------|----------------------------|-------------------|------------|
| NET ASSETS - BEGINNING OF YEAR | \$ 37,998 | \$ 344,109 | \$ 382,107 | \$ 392,764 |
| Purchases of capital assets | 1,183 | (1,183) | - | - |
| Excess of revenue over expenses | (7,717) | (7,732) | (15,449) | (10,657) |
| NET ASSETS - END OF YEAR | \$ 31,464 | \$ 335,194 | \$ 366,658 | \$ 382,107 |

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MOUNT SAINT VINCENT STUDENT UNION ASSOCIATION

Statement of Revenues and Expenditures

Year Ended April 30, 2015

| | 2015 | 2014 |
|---|--------------------|--------------------|
| REVENUE | | |
| Student Union fees (Schedule 4) | \$ 483,725 | \$ 495,614 |
| Health and dental plan | 350,641 | 356,268 |
| Orientation | 30,380 | 25,197 |
| Fundraising and grants (Schedule 1) | 37,861 | 43,360 |
| | <u>902,607</u> | <u>920,439</u> |
| EXPENSES | | |
| Subsidy to pub/cornerstore | 27,149 | 39,000 |
| Health and dental plan | 358,172 | 374,637 |
| Orientation | 36,565 | 28,978 |
| Society subsidies | 3,954 | 1,310 |
| Administrative expenditures (Schedule 2) | 449,747 | 468,761 |
| | <u>875,587</u> | <u>912,686</u> |
| EXCESS OF REVENUE OVER EXPENSES FROM OPERATIONS | 27,020 | 7,753 |
| UNAUDITED SCHEDULE OF STUDENT STORE AND FOOD AND BEVERAGE SERVICES (Schedule 3) | <u>(42,469)</u> | <u>(18,410)</u> |
| DEFICIENCY OF REVENUE OVER EXPENSES | \$ (15,449) | \$ (10,657) |

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MOUNT SAINT VINCENT STUDENT UNION ASSOCIATION

Statement of Cash Flows

Year Ended April 30, 2015

| | 2015 | 2014 |
|--|-------------------|-------------------|
| Cash flows from operating activities | | |
| Deficiency of revenue over expenses | \$ (15,449) | \$ (10,657) |
| Item not affecting cash: | | |
| Amortization of capital assets | 7,717 | 8,246 |
| | <u>(7,732)</u> | <u>(2,411)</u> |
| Changes in non-cash working capital: | | |
| Accounts receivable | 779 | (779) |
| Inventory | (3,931) | (4,142) |
| Accounts payable and accrued liabilities | (31,138) | 32,328 |
| Prepays and deposits | (177) | 234 |
| HST payable (recoverable) | 117,254 | (16,351) |
| | <u>82,787</u> | <u>11,290</u> |
| Cash flows from operating activities | <u>75,055</u> | <u>8,879</u> |
| Cash flows from investing activity | | |
| Purchase of capital assets | <u>(1,183)</u> | <u>(10,018)</u> |
| Cash flows from financing activity | | |
| Funds in trust, Mount Saint Vincent University | <u>(61,903)</u> | <u>73,136</u> |
| INCREASE IN CASH FLOW | 11,969 | 71,997 |
| Cash - beginning of year | <u>164,064</u> | <u>92,067</u> |
| CASH - END OF YEAR (Note 7) | \$ 176,033 | \$ 164,064 |



1. NATURE OF OPERATIONS

Mount Saint Vincent Student Union Association (the "Association") is a Not-For-Profit organization working both for, and with, the students of Mount Saint Vincent University ("MSVU"). Elected members represent all students at the university, bringing forth concerns and issues affecting students on a daily basis. Employing upwards of 50 part-time workers, the association operates a numbers of student services including a cornerstore, pub, information desk, children's play centre, food bank, diversity centre, in addition to the health and dental plans. The association also organizes and facilitates many events on campus including the annual Frosh Week activities. As a Not-For-Profit organization, the association is exempt from income tax.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO").

Revenue recognition

Contributions

Contributions are recognized using the deferral method. Externally restricted contributions relating to expenses of the current period are recognized as received. Externally restricted contributions for expenses relating to future periods are deferred and recognized in the same period as the expenses. Contributions for the purchase of capital assets are deferred and recognized on the same basis as the amortization expense of the asset over its useful life. Internally restricted contributions are recognized as received.

Student Union fee revenue

Student Union fee revenues are recognized as received from MSVU, in accordance with the CPA Canada Handbook, Section 3400- Revenue. Student fee revenue is allocated to specific programs of the Student Union based on full-time and part-time staff working in each department. Revenues allocated to the Student Union have been recorded on a net basis as the Student Union acts as an agent in the transaction on behalf of MSVU. Gross revenues as a result of these transactions have been disclosed in schedule 4 to the financial statements.

Investment income

Investment income is recognized as earned.

Health and Dental Plan

Fees received from MSVU for insurance premiums are shown gross of the related insurance premium expense.

(continues)

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *(continued)*

Management estimates

The preparation of the financial statements in conformity with ASNPO requires the organization's management to make estimates, assumptions and allocations that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those reported.

Inventory

Inventory is valued at the lower of cost and net realizable value with the cost being determined on a first-in, first-out basis.

The cost of inventories recognized as an expense during the year was \$10,961 (2014 - \$7,030).

Capital assets

Capital assets are stated at cost or deemed cost less accumulated amortization. Capital assets are amortized over their estimated useful lives on a declining balance basis at the following rates and methods:

| | | |
|------------------------|-----|--------------------------|
| Furniture and fixtures | 20% | declining balance method |
| Leasehold improvements | 20% | declining balance method |

The Association regularly reviews its capital assets to eliminate obsolete items.

Capital assets acquired during the year but not placed into use are not amortized until they are placed into use.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, balances with banks and short-term investments. Bank borrowings are considered to be financing activities. Restricted cash relates to cash that is internally restricted to cover specific expenses of future periods.

Comparative figures

Certain comparative figures reported in these financial statements have been reclassified to conform to the current year financial statement presentation.

(continues)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments*Initial measurement*

Financial instruments are measured at fair value when issued or acquired. For financial instruments subsequently measured at cost or amortized cost, fair value is adjusted by the amount of the related financing fees and transactions costs. Transaction costs and financing fees relating to financial instruments that are measured subsequently at fair value are recognized in operations in the year in which they are incurred.

Subsequent measurement

At each reporting date, the Student Union measures its financial assets and liabilities at cost or amortized cost (less impairment in the case of financial assets), except for investments, which must be measured at fair value. The financial instruments measured at amortized cost are amounts receivable, accounts payable, and accrued liabilities and other liabilities.

For financial assets measured at cost or amortized cost, the Student Union regularly assesses whether there are any indications of impairment. If there is an indication of impairment and the Student Union determines that there is a significant adverse change in the expected timing or amount of future cash flows from the financial asset, it recognizes an impairment loss in the statement of revenues and expenses. Any reversals of previously recognized impairment losses are recognized in the statement of revenue and expenses in the year the reversal occurs.

The Student Union's financial instruments consist of cash, restricted cash, amounts receivable, accounts payable and accrued liabilities and other liabilities. Unless otherwise noted, it is management's opinion that the Student Union 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 value, unless otherwise noted.

3. CAPITAL ASSETS

| | Cost | Accumulated amortization | 2015 Net book value | 2014 Net book value |
|---|-------------------|-----------------------------|---------------------------|---------------------------|
| Furniture and fixtures - Student Union | \$ 147,339 | \$ 131,265 | \$ 16,074 | \$ 20,092 |
| Furniture and fixtures - Cornerstore | 12,617 | 12,097 | 520 | 650 |
| Leasehold improvements - Student Union | 64,255 | 60,143 | 4,112 | 5,140 |
| Leasehold improvements - Pub | 99,585 | 89,892 | 9,693 | 12,116 |
| Furniture and fixtures - Pub | 1,183 | 118 | 1,065 | - |
| | <u>\$ 324,979</u> | <u>\$ 293,515</u> | <u>\$ 31,464</u> | <u>\$ 37,998</u> |

4. COMMITMENT

Under a capital campaign agreement with MSVU, the Student Union has made a commitment to expend in future years a minimum of \$10,000 on furniture, alterations and renovations to the Student Union area of the Rosaria Building.

5. FUNDS HELD IN TRUST

Student fees received by the Student Union are dependent on the enrolment levels at Mount Saint Vincent University. Student Union fees, Health and Dental plan premiums, as well as Orientation fees are collected by the University and provided to the Association. These funds are held in Trust by the University and are dispersed periodically throughout the year.

| | 2015 | 2014 |
|--------------------------------|------------|------------|
| Student Union revenue | \$ 483,725 | \$ 495,614 |
| Health and dental plan revenue | 350,641 | 356,268 |
| Health and dental plan expense | (358,172) | (374,637) |
| Orientation revenue | 30,380 | 25,197 |

6. HEALTH AND DENTAL PLAN

In September 1999, students voted to implement a health and dental plan. The premium was approved by a student referendum in conjunction with the student elections. The referendum permits increases in premiums to cover future increases in the inflation rate or claims experience. Students may increase coverage to include their families by paying an additional premium.

7. RESTRICTED CASH BALANCE

The Association has a restricted bank balance of \$39,000 (2014- \$38,514) related to funding received for the preparation of yearbooks.

MOUNT SAINT VINCENT STUDENT UNION ASSOCIATION

Unaudited Schedule of Fundraising and Grant Revenue

(Schedule 1)

Year Ended April 30, 2015

| | 2015 | 2014 |
|---------------------------------------|------------------|------------------|
| Advertising | \$ 5,847 | \$ 8,190 |
| Awards banquet | 3,555 | 500 |
| Fountain Play Centre, net of expenses | (807) | 3,311 |
| Fundraising, net of donations made | 16,765 | 25,710 |
| Information desks | 294 | 776 |
| Other | 12,207 | 4,873 |
| | <u>\$ 37,861</u> | <u>\$ 43,360</u> |

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MOUNT SAINT VINCENT STUDENT UNION ASSOCIATION

Unaudited Schedule of Administrative Expenditures

(Schedule 2)

Year Ended April 30, 2015

| | 2015 | 2014 |
|---------------------------|-------------------|-------------------|
| Amortization | \$ 5,046 | \$ 5,055 |
| Interest and bank charges | 2,146 | 2,499 |
| Membership dues - CFS | 46,139 | 46,315 |
| Office | 87,375 | 79,565 |
| Professional fees | 11,545 | 19,476 |
| Salaries and wages | 247,842 | 238,831 |
| Student services | 49,654 | 77,020 |
| | <u>\$ 449,747</u> | <u>\$ 468,761</u> |

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MOUNT SAINT VINCENT STUDENT UNION ASSOCIATION

Unaudited Schedule of Student Store and Food and Beverage Services

(Schedule 3)

Year Ended April 30, 2015

| | 2015 | 2014 |
|---------------------------------------|--------------------|--------------------|
| REVENUE | \$ 96,649 | \$ 109,771 |
| COST OF SALES | 54,306 | 57,091 |
| GROSS PROFIT (44%; 2014 - 48%) | 42,343 | 52,680 |
| Subsidy from Union | 27,149 | 39,000 |
| EXPENSES | | |
| Advertising and promotion | 390 | 103 |
| Amortization | 2,671 | 3,191 |
| Cash (over) / short | 255 | (228) |
| Events and entertainment | 7,222 | 8,852 |
| Interest and bank charges | 718 | 345 |
| Salaries | 83,651 | 80,752 |
| Supplies and miscellaneous | 17,054 | 17,075 |
| | 111,961 | 110,090 |
| LOSS FROM OPERATIONS | \$ (42,469) | \$ (18,410) |

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MOUNT SAINT VINCENT STUDENT UNION ASSOCIATION
Unaudited Schedule of Student Union Fees Income and Expenses
Year Ended April 30, 2015

(Schedule 4)

| | 2015 | 2014 |
|----------------------------------|-------------------|-------------------|
| Income | | |
| Balance carryforward | \$ 2,591 | \$ 1,246 |
| Fees collected | 445,474 | 442,542 |
| Student Union campaign fees held | 20,990 | 19,701 |
| CFS fees held in trust | 40,775 | 38,677 |
| Other student fees | 3,997 | 1,439 |
| | <u>513,827</u> | <u>503,605</u> |
| EXPENSES | | |
| Funds held back | 22,664 | 2,591 |
| Bookstore supplies | 15 | 2 |
| Catering | 11,154 | 11,166 |
| Phone | 150 | 236 |
| Print shop | 2,521 | 4,935 |
| Parking permits | 372 | 374 |
| CFS | 40,044 | 38,970 |
| Lease payments | 3,844 | 1,922 |
| Rent | 15,000 | 15,000 |
| | <u>95,764</u> | <u>75,196</u> |
| INCOME FROM OPERATIONS | \$ 418,063 | \$ 428,409 |

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