

CAPILANO STUDENTS' UNION ASSOCIATION

Financial Statements

Year Ended May 31, 2011

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INDEPENDENT AUDITORS' REPORT

To the Members of:
Capilano Students' Union Association

We have audited the statement of fund balances of Capilano Students' Union Association as at May 31, 2011 and the statement of operations and changes in fund balances 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 generally accepted accounting principles, 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 the auditor's judgement, including the assessment of 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 audit 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.

Basis of Qualified Opinion

In common with many not-for-profit organizations, the Society derives revenue from donations of cash, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of this revenue was limited to the amounts recorded in the records of the Society and we were not able to determine whether any adjustments might be necessary to donations revenue, excess (deficiency of) revenue over expenditures, and fund balances.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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 Capilano Students' Union Association as at May 31, 2011, and its financial performance and its cash flows for the period then ended in accordance with Canadian generally accepted accounting principles. As required by paragraph 47(2)(b) of the Society Act of British Columbia, we reported that, in our opinion, these principles have been applied on a basis consistent with that of the preceding year.

Vancouver, British Columbia
September 28, 2011

“BUCKLEY DODDS”
Chartered Accountants

CAPILANO STUDENTS' UNION ASSOCIATION
(Incorporated under the Society Act of British Columbia)
Statement of Fund Balances
Year Ended May 31, 2011

	Operating Fund	Capital Asset Fund	Building Fund	Total 2011	Total 2010
ASSETS					
CURRENT					
Cash and term deposits	\$ 468,658	\$ -	\$ 1,242,702	\$ 1,711,360	\$ 1,463,340
Interfund transfers	(106,116)	-	106,116	-	-
Accounts receivable	51,435	-	10,990	62,425	30,840
Inventory	2,323	-	-	2,323	2,588
	<u>416,300</u>	<u>-</u>	<u>1,359,808</u>	<u>1,776,108</u>	<u>1,496,768</u>
LONG-TERM					
Equipment and Furniture (Note 3)	-	6,503		6,503	6,403
	<u>\$ 416,300</u>	<u>\$ 6,503</u>	<u>\$ 1,359,808</u>	<u>\$ 1,782,611</u>	<u>\$ 1,503,171</u>
LIABILITIES					
CURRENT					
Accounts payable	\$ 45,680	\$ -	\$ -	\$ 45,680	\$ 79,305
FUND BALANCES					
Building fund					
- internally restricted	-	-	1,359,808	1,359,808	1,222,859
Invested in capital assets		6,503		6,503	6,403
Unrestricted	370,620			370,620	194,604
	<u>370,620</u>	<u>6,503</u>	<u>1,359,808</u>	<u>1,736,931</u>	<u>1,423,866</u>
	<u>\$ 416,300</u>	<u>\$ 6,503</u>	<u>\$ 1,359,808</u>	<u>\$ 1,782,611</u>	<u>\$ 1,503,171</u>

Approved on behalf of the board:

Director

Director

CAPILANO STUDENTS' UNION ASSOCIATION
Statement of Operations and Changes in Fund Balances
Year Ended May 31, 2011

	Operating Fund	Capital Asset Fund	Building Fund	Total 2011	Total 2010
REVENUE					
Membership fees and levies	\$ 509,426	\$ -	\$ 121,947	\$ 631,373	\$ 570,053
Member services (Schedule 1)	31,596	-	-	31,596	32,658
Interest and miscellaneous revenue	3,531	-	22,728	26,259	30,445
Handbook advertising	10,645	-	-	10,645	17,400
	<u>555,198</u>	<u>-</u>	<u>144,675</u>	<u>699,873</u>	<u>650,556</u>
EXPENDITURES					
Amortization		3,736		3,736	3,841
Association operations (Schedule 3)	317,148			317,148	327,011
Bursary fund	5,000			5,000	5,000
Equipment and furniture acquisition	3,836			3,836	3,831
Building fund expenditures			7,726	7,726	-
Handbook	19,600			19,600	19,691
Insurance	5,406			5,406	5,182
Office expenses (Schedule 2)	12,390			12,390	22,315
Professional services	15,802			15,802	14,644
	<u>379,182</u>	<u>3,736</u>	<u>7,726</u>	<u>390,644</u>	<u>401,515</u>
EXCESS (DEFICIENCY OF) REVENUE OVER EXPENDITURES	176,016	(3,736)	136,949	309,229	249,041
INTERFUND TRANSFERS - Capital assets acquired	-	3,836	-	3,836	3,831
CHANGES IN FUND BALANCES FOR THE YEAR	176,016	100	136,949	313,065	252,872
FUND BALANCES - beginning of the year	194,604	6,403	1,222,859	1,423,866	1,170,786
FUND BALANCES - end of year	<u>\$ 370,620</u>	<u>\$ 6,503</u>	<u>\$ 1,359,808</u>	<u>\$ 1,736,931</u>	<u>\$ 1,423,658</u>

CAPILANO STUDENTS' UNION ASSOCIATION
Statement of Cash Flows
Year Ended May 31, 2011

	2011	2010
OPERATING ACTIVITIES		
Excess revenue over expenditures	\$ 309,229	\$ 249,249
Add item not requiring cash outlay - amortization	<u>3,736</u>	<u>3,841</u>
	312,965	253,090
Net change in non-cash working capital balances related to operations		
(Increase) decrease in current assets	(31,320)	1,543
Increase (decrease) in current liabilities		
Accounts payable	<u>(33,625)</u>	<u>30,620</u>
NET CHANGE IN CASH DURING THE YEAR	248,020	285,253
CASH - beginning of year	<u>1,463,340</u>	<u>1,178,087</u>
CASH - end of year	<u><u>\$ 1,711,360</u></u>	<u><u>\$ 1,463,340</u></u>

CAPILANO STUDENTS' UNION ASSOCIATION
Notes to the Financial Statements
Year Ended May 31, 2011

1. PURPOSES OF THE SOCIETY

The Capilano Students' Union Association (the "Union") was incorporated under the Society Act of British Columbia on September 27, 1971.

The purposes of the Union are to organize students on a democratic, co-operative basis for advancing students' interests, advancing the interests of the students' community, and to provide a common framework within which students can communicate, exchange information, and share experience, skills and ideas.

It is a non-profit organization and is, therefore, tax exempt.

2. SIGNIFICANT ACCOUNTING POLICIES

Fund accounting

The Union uses the deferral method with fund accounting. The major funds are described below:

Operating Fund – The operating fund accounts for the Union's program delivery and administrative activities. This fund represents unrestricted resources.

Capital Asset Fund – Expenditures of an enduring nature have been recorded as expenditures in the operating fund and as additions to the capital asset fund where they are amortized over their expected useful lives.

Student Union Building Fund – During a previous fiscal period an assessed "levy" was approved by the general membership to be put towards a new Student Union Building. This levy became effective January 1, 2001.

Revenue recognition

Restricted contributions are recognized as revenue of the appropriate fund in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue of the appropriate fund when received or receivable.

Amortization

Amortization is recorded in the capital asset fund as follows:

New computer equipment	- straight line over 4 years
All other assets	- straight line over 5 years

CAPILANO STUDENTS' UNION ASSOCIATION
Notes to the Financial Statements
Year Ended May 31, 2011

2. SIGNIFICANT ACCOUNTING POLICIES cont'd

Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying disclosures. Although these estimates are based on management's knowledge of current events and actions the Society may undertake in the future, actual results may differ from the estimates.

Financial instruments

The Society classifies its financial instruments into one of the following categories based on the purpose for which the asset was acquired or liability incurred. The Society's accounting policy for each category is as follows:

Assets held for trading

Financial instruments classified as assets held for trading are reported at fair value at each balance sheet date, and any change in fair value is recognized in net income (loss) in the period during which the change occurs. Transaction costs are expensed when incurred. In these financial statements, cash and cash equivalents has been classified as held for trading.

Available for sale investments

Financial instruments classified as available-for-sale are reported at fair value at each balance sheet date, and any change in fair value is recognized in net assets in the period in which the change occurs. In these financial statements, there are no assets classified as available-for-sale investments.

Held to maturity investments

Financial instruments classified as held to maturity are financial assets with fixed or determinable payments and fixed maturities that the organization's management has the positive intention and ability to hold to maturity. These assets are initially recorded at fair value and subsequently carried at amortized cost, using the effective interest rate method. Transaction costs are included in the amount initially recognized. In these financial statements, there are no assets classified as held to maturity.

Loans and receivables and other financial liabilities

Financial instruments classified as loans and receivables and other financial liabilities are carried at amortized cost using the effective interest rate method. Transaction costs are expensed when occurred.

In these financial statements, accounts receivable have been classified as loans and receivables and accounts payable and physician fees payable have been classified as other financial liabilities.

CAPILANO STUDENTS' UNION ASSOCIATION
Notes to the Financial Statements
Year Ended May 31, 2011

3. EQUIPMENT AND FURNITURE

			2011	2010
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Office furniture	\$12,645	\$12,466	\$179	\$ 910
Stereo equipment	5,223	4,549	674	672
Student lounge furniture	11,486	9,711	1,775	2,056
Computer equipment	<u>53,529</u>	<u>49,654</u>	<u>3,875</u>	<u>2,765</u>
	<u>\$ 82,883</u>	<u>\$76,380</u>	<u>\$6,503</u>	<u>\$6,403</u>

4. STUDENT UNION BUILDING FUND

This fund represents the funds that have been collected via Capilano University after a student referendum voted to charge a capital levy to students for the purpose of eventually buying and constructing their own building. These funds are segregated in a separate financial institution and invested in term deposits of varying maturity, the latest of which is May 25, 2012.

5. THE CANADIAN FEDERATION OF STUDENTS

The members of the Capilano Students' Union Association are also members of the Canadian Federation of Students. Membership fees of \$85,172(2010 - \$81,450) were collected via Capilano University and remitted to the Canadian Federation of Students. These fees do not appear as either revenue or expenditure in these financial statements.

6. CHANGES IN ACCOUNTING STANDARDS

The Accounting Standards Board (AcSB) and the Public Sector Accounting Board (PSAB) are assessing the strategic direction of financial reporting standards for not-for-profit organizations (NFPOs) in Canada.

The AcSB proposes private sector NFPOs be given a choice to follow new accounting standards for NFPOs or to follow International Financial Reporting Standards (IFRS). The AcSB proposes that NFPOs select one of the two available sets of accounting standards and apply that set for annual financial statements relating to fiscal years beginning on or after January 1, 2012. At this time, the Society is still evaluating the accounting standards which will best suit its needs.

CAPILANO STUDENTS' UNION ASSOCIATION
Notes to the Financial Statements
Year Ended May 31, 2011

7. FINANCIAL INSTRUMENTS

Fair Values

The Society's financial instruments are comprised of cash and cash equivalents, accounts receivable, accounts payable and physician fees payable.

Cash and cash equivalents are reported at fair value on the statement of fund balances. Accounts receivable, accounts payable and physician fees payable approximate fair value because of the short maturity of these financial instruments.

Risks arising from Financial Instruments

Interest Rate Risk – The Society is not exposed to significant interest rate risk due to the short-term maturity of its monetary current assets and current liabilities.

Credit Risk – The Society is not exposed to significant credit risk with respect to its receivables as they were substantially received by the audit report date.

8. COMMITMENT

On February 4, 2011, the Association entered into a lease agreement to pay \$1,000,000 plus HST in exchange for a right to occupy space. The payment is required to be made before March 31, 2012.

CAPILANO STUDENTS' UNION ASSOCIATION
SCHEDULE 1 – MEMBER SERVICES
Year Ended May 31, 2011

	Revenue	Expenditures	Net Revenue 2011	Net Revenue 2010
Binding	\$ 360	\$ 239	\$ 121	\$ 216
Branded items	36	1,468	(1,432)	-
Bookswap	135,997	109,601	26,396	26,299
Color printing	291	42	249	-
Diva cups	810	614	196	118
Eat well	21	71	(50)	-
Fax and telephone	121	-	121	166
ISIC	223	222	1	-
Locker rentals	1,775	-	1,775	1,240
Miscellaneous	238	127	111	2,333
Clubs	6,470	6,295	175	(104)
Phone cards	1,319	1,202	117	104
Photocopy sales	436	97	339	201
Ski day passes	7,087	6,946	141	128
Ski season passes	3,178	-	3,178	1,913
Theatre tickets	595	415	180	-
Video games		22	(22)	44
	<u>\$ 158,957</u>	<u>\$ 127,361</u>	<u>\$ 31,596</u>	<u>\$ 32,658</u>

CAPILANO STUDENTS' UNION ASSOCIATION
SCHEDULE 2 – OFFICE EXPENSES
Year Ended May 31, 2011

	2011		2010
Bank charges and interest	\$ 3,837	\$	3,608
Cash overages/shortages	19		(83)
Computer supplies	892		1,010
Equipment repair and maintenance	239		2,048
Miscellaneous office supplies	5,058		3,708
Photocopier - lease payments	-		8,467
Postage and courier	312		205
Service contracts and photocopy supplies	1,448		1,563
Web hosting	585		1,789
	<u>\$ 12,390</u>	\$	<u>22,315</u>

CAPILANO STUDENTS' UNION ASSOCIATION
SCHEDULE 3 – ASSOCIATION EXPENSES
Year Ended May 31, 2011

	2011	2010
Campaigns	\$ 8,894	\$ 6,073
Coalition partners	20	640
Election and Annual General Meeting expense	2,262	1,674
Executive orientation	2,189	3,161
Executive stipends	50,645	73,719
General meetings and conferences	4,367	4,004
Parking and transportation	3,784	2,926
Salaries and benefits	242,257	232,260
Welcome Back Event	2,562	2,195
Workers' Compensation Board	168	359
	<u>\$ 317,148</u>	<u>\$ 327,011</u>