

FINANCIAL STATEMENTS

**CAPILANO STUDENTS' UNION
ASSOCIATION**

May 31, 2019



INDEPENDENT AUDITOR'S REPORT

To the Members of
Capilano Students' Union Association

Opinion

We have audited the financial statements of Capilano Students' Union Association (the Society), which comprise the statement of financial position as at May 31, 2019, and the statements of operations, changes in fund balances and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Society as at May 31, 2019, 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.

Basis for Opinion

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 Society 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 audit 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 Society'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 Society or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Society'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 Society's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

INDEPENDENT AUDITOR'S REPORT

- 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 Society'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 Society 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.

Report on Other Legal and Regulatory Requirements

As required by the British Columbia Societies Act, we report that the accounting principles used in these financial statements have been applied on a basis consistent with that of the preceding year.

Tompkins Wozny LLP

Vancouver, Canada
October 11, 2019

Chartered Professional Accountants



STATEMENT OF FINANCIAL POSITION

As at May 31

	2019									2018	
	Operating Fund	Capital Asset Fund	Building Fund	Health & Dental Fund	External Advocacy Fund	Clubs & Events Fund	Intramurals & Recreation Fund	Business and Professional Associations Fund	Personal Electronics Repair Service Fund	Total	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
ASSETS											
Current											
Cash and term deposits [note 3]	862,051	—	1,156,446	268,328	31,730	5,977	76,805	30,781	33,378	2,465,496	1,817,571
Accounts receivable [note 4]	111,131	—	62,302	—	4,617	4,074	7,062	7,334	7,741	204,261	125,903
Prepaid expenses	—	—	—	275,323	—	—	—	—	—	275,323	265,298
Total current assets	973,182	—	1,218,748	543,651	36,347	10,051	83,867	38,115	41,119	2,945,080	2,208,772
Prepaid lease payments [note 5]	—	—	815,111	—	—	—	—	—	—	815,111	852,444
Capital assets [note 6]	—	131,098	—	—	—	—	—	—	—	131,098	216,271
	973,182	131,098	2,033,859	543,651	36,347	10,051	83,867	38,115	41,119	3,891,289	3,277,487
LIABILITIES AND FUND BALANCES											
Current liabilities											
Accounts payable and accruals [note 7]	116,649	—	—	—	—	—	—	—	—	116,649	343,697
Deferred revenue	4,732	—	—	274,197	—	2,050	—	—	—	280,979	240,321
Total liabilities	121,381	—	—	274,197	—	2,050	—	—	—	397,628	584,018
Fund balances											
Invested in capital assets	—	131,098	—	—	—	—	—	—	—	131,098	216,271
Internally restricted	—	—	2,033,859	269,454	36,347	8,001	83,867	38,115	41,119	2,510,762	1,759,193
Unrestricted	851,801	—	—	—	—	—	—	—	—	851,801	718,005
Total fund balances	851,801	131,098	2,033,859	269,454	36,347	8,001	83,867	38,115	41,119	3,493,661	2,693,469
	973,182	131,098	2,033,859	543,651	36,347	10,051	83,867	38,115	41,119	3,891,289	3,277,487

See accompanying notes to the financial statements

On behalf of the Board:

Board Member

Board Member

STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCES

Year ended May 31

	2019									2018	
	Operating Fund	Capital Asset Fund	Building Fund	Health & Dental Fund	External Advocacy Fund	Clubs & Events Fund	Intramurals & Recreation Fund	Business and Professional Associations Fund	Personal Electronics Repair Service Fund	Total	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
REVENUE											
Membership fees and levies	992,053	—	744,791	1,061,717	55,005	48,518	84,059	86,912	84,397	3,157,452	2,507,614
Event sponsorship	—	—	—	—	—	35,000	—	—	—	35,000	—
Interest and miscellaneous revenue	7,530	—	13,248	11,996	—	—	—	—	—	32,774	15,903
Member services (net)	9,439	—	—	—	—	—	—	—	—	9,439	594
Service Canada	7,894	—	—	—	—	—	—	—	—	7,894	3,738
Handbook advertising	750	—	—	—	—	—	—	—	—	750	4,000
	1,017,666	—	758,039	1,073,713	55,005	83,518	84,059	86,912	84,397	3,243,309	2,531,849
EXPENSES											
Health and dental premiums	—	—	—	1,084,688	—	—	—	—	—	1,084,688	1,003,567
Personnel and professional [schedule 5]	511,014	—	55,818	—	—	—	30,253	30,482	40,490	668,057	489,045
Association operations [schedule 6]	255,230	—	—	—	—	—	—	—	—	255,230	258,758
Administrative [schedule 4]	88,487	—	23,928	5,019	—	—	—	—	—	117,434	109,976
Amortization	—	102,121	—	—	—	—	—	—	—	102,121	98,708
Events and outreach [schedule 2]	—	—	—	—	—	82,617	—	—	—	82,617	33,001
Building fund expenditures	—	—	46,932	—	—	—	—	—	—	46,932	52,319
External advocacy [schedule 1]	—	—	—	—	36,806	—	—	—	—	36,806	27,484
Business and professional associations [schedule 7]	—	—	—	—	—	—	—	18,315	—	18,315	—
Intramurals and recreation [schedule 3]	—	—	—	—	—	—	15,938	—	—	15,938	6,647
Personal electronics repair service [schedule 8]	—	—	—	—	—	—	—	—	2,788	2,788	—
	854,731	102,121	126,678	1,089,707	36,806	82,617	46,191	48,797	43,278	2,430,926	2,079,505
Excess of revenue (expenses) for the year	162,935	(102,121)	631,361	(15,994)	18,199	901	37,868	38,115	41,119	812,383	452,344
Fund balances, beginning of year	718,005	216,271	1,402,498	285,448	18,148	7,100	45,999	—	—	2,693,469	2,241,125
Purchase of capital assets	(16,948)	16,948	—	—	—	—	—	—	—	—	—
Endowment fund contribution to Capilano University Foundation	(12,191)	—	—	—	—	—	—	—	—	(12,191)	—
Fund balances, end of year	851,801	131,098	2,033,859	269,454	36,347	8,001	83,867	38,115	41,119	3,493,661	2,693,469

See accompanying notes to the financial statements

STATEMENT OF CASH FLOWS

Year ended May 31

	2019									2018	
	Operating Fund	Capital Asset Fund	Building Fund	Health & Dental Fund	External Advocacy Fund	Clubs & Events Fund	Intramurals & Recreation Fund	Business and Professional Associations Fund	Personal Electronics Repair Service Fund	Total	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
OPERATING ACTIVITIES											
Excess of revenue (expense) for the year	162,935	(102,121)	631,361	(15,994)	18,199	901	37,868	38,115	41,119	812,383	452,344
Add item not affecting cash											
Amortization of capital assets	—	102,121	—	—	—	—	—	—	—	102,121	98,708
Changes in non-cash working capital items											
Accounts receivable	(34,876)	—	(23,875)	—	(1,548)	(932)	(2,052)	(7,334)	(7,741)	(78,358)	(110,667)
Prepaid expenses	7,045	—	—	(17,070)	—	—	—	—	—	(10,025)	27,979
Prepaid lease payments	—	—	37,333	—	—	—	—	—	—	37,333	37,333
Accounts payable and accruals	31,537	—	—	(258,585)	—	—	—	—	—	(227,048)	36,067
Deferred revenue	3,538	—	—	35,070	—	2,050	—	—	—	40,658	(70,775)
Cash provided by (used in) operating activities	170,179	—	644,819	(256,579)	16,651	2,019	35,816	30,781	33,378	677,064	470,989
INVESTING ACTIVITIES											
Purchase of capital assets	—	(16,948)	—	—	—	—	—	—	—	(16,948)	(193,893)
Endowment fund contribution to Capilano University Foundation	(12,191)	—	—	—	—	—	—	—	—	(12,191)	—
Interfund transfers	(16,948)	16,948	—	—	—	—	—	—	—	—	—
Cash used in investing activities	(29,139)	—	—	—	—	—	—	—	—	(29,139)	(193,893)
Increase (decrease) in cash during the year	141,040	—	644,819	(256,579)	16,651	2,019	35,816	30,781	33,378	647,925	277,096
Cash and term deposits, beginning of year	721,011	—	511,627	524,907	15,079	3,958	40,989	—	—	1,817,571	1,540,475
Cash and term deposits, end of year	862,051	—	1,156,446	268,328	31,730	5,977	76,805	30,781	33,378	2,465,496	1,817,571

See accompanying notes to the financial statements

NOTES TO FINANCIAL STATEMENTS

May 31, 2019

1. PURPOSE OF THE ORGANIZATION

Capilano Students' Union Association (the "Society") is incorporated under the laws of the Societies Act of British Columbia as a not-for-profit organization. The purpose of the Society 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. The Society is exempt from income taxes.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO") and include the following significant accounting policies:

Use of Estimates

The preparation of financial statements in conformity with Canadian ASNPO 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 amounts of revenue and expenses reported during the year. Significant areas requiring the use of management estimates relate to the determination of net recoverable value of assets, in particular as it relates to useful lives of capital assets and the determination of the deferred portion of membership fees received. Actual results could differ from these estimates.

Fund Accounting

The Society follows fund accounting using the deferral method of accounting for revenues and has the following funds:

Operating Fund

The Operating Fund accounts for the Society's program delivery and administrative activities. This fund represents unrestricted net assets.

Capital Asset Fund

The Capital Asset Fund consists of 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

The Student Union Building Fund consists of an assessed "levy" approved by the general membership to be put towards a new Student Union Building. This levy became effective January 1, 2001.

Health & Dental Fund

The Health & Dental fund accounts for the Society's Health & Dental Plan for the whole policy year (September 1 - August 31) after a student referendum voted during the week of April 4-8, 2011. The plan became effective September 1, 2011.

NOTES TO FINANCIAL STATEMENTS

May 31, 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

External Advocacy Fund

The External Advocacy Fund was established to support students in lobbying all levels of government for affordable and accessible education.

Clubs & Events Fund

The Clubs and Events Fund was established to support students in developing programs on campus to ensure vibrant and engaging student life activities.

Recreation & Intramurals Fund

The Recreation and Intramurals Fund was established to support students in developing programs to enhance opportunities for sport and recreation.

Business and Professional Associations Fund

The Business and Professional Associations Fund was established to support the development and implementation student associations in the Faculty of Business & Professional Studies.

Personal Electronics Repair Service Fund

The Personal Electronics Repair Service Fund was established to provide an electronics repair services to students (such as hardware and software troubleshooting, mobile device repair, and data recovery).

Revenue Recognition

The Society follows the deferral method of accounting for contributions. Unrestricted contributions are recognized as revenue of the appropriate fund when received or receivable if the amount to be received can be reasonably estimated and the collection is reasonably assured. Contributions for externally restricted purposes are recognized as revenue in the year in which the related expenses are incurred.

Student activity fees are recognized as revenue according to the academic terms and funds they relate to.

The Health & Dental Plan levies are recognized as revenue over the term of the plan coverage.

Revenue from all other sources is recognized when the service is provided or when the respective goods are sold to the member.

Interest income is recognized in accordance with the terms of the underlying investment which is generally with the passage of time.

Measurement of Financial Instruments

The Society initially measures its financial assets and financial liabilities at fair value. The Society subsequently measures all its financial assets and financial liabilities at amortized cost.

NOTES TO FINANCIAL STATEMENTS

May 31, 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial assets measured at amortized cost include cash, term deposits and accounts receivable. Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in net income. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in net income.

Financial liabilities measured at amortized cost include accounts payable and accruals.

Cash and Cash Equivalents

Cash is defined as cash on hand and cash on deposit, net of cheques issued and outstanding at the year-end and highly liquid term deposits.

The statement of cash flows is prepared on a net cash basis and cash flows from operating and investing activities are presented using the direct method.

Capital Assets

Capital assets are recorded at cost. Amortization is provided on a straight line basis over the asset's estimated life as follows:

- Office furniture 5 years
- Stereo equipment 5 years
- Student lounge furniture 5 years
- Computer equipment 4 years
- Leasehold improvements 5 years

3. CASH AND TERM DEPOSITS

	2019	2018
	\$	\$
Chequing/operating accounts	743,984	333,491
Term deposits	1,721,005	1,483,592
Membership shares	507	488
	2,465,496	1,817,571

The term deposits have interest rates ranging from 1.90% to 2.15% [2018 - 0.90% to 1.65%]. The Society's investment policy to manage interest rate risk is to invest in conservative fixed income securities with highly rated banking institutions to ensure no erosion of capital while earning a reasonable rate of return.

NOTES TO FINANCIAL STATEMENTS

May 31, 2019

4. ACCOUNTS RECEIVABLE

	2019	2018
	\$	\$
Operations	20,685	9,577
Capilano University	183,576	116,326
Allowance for doubtful accounts	—	—
	204,261	125,903

5. PREPAID LEASE PAYMENTS

On February 4, 2011, the Society entered into a lease agreement to pay \$1,000,000 plus GST in exchange for a right to occupy space from April 1, 2011 to March 31, 2041.

The payment will be amortized over its useful life (30 years).

6. CAPITAL ASSETS

	Cost	Accumulated Amortization	Net Book Value
	\$	\$	\$
2019			
Office furniture	101,898	59,177	42,721
Student lounge furniture	71,379	67,126	4,253
Computer equipment	102,260	93,007	9,253
Leasehold improvements	691,291	616,420	74,871
	966,828	835,730	131,098
2018			
Office furniture	86,623	42,072	44,551
Student lounge furniture	71,379	61,147	10,232
Computer equipment	100,587	85,788	14,799
Leasehold improvements	691,291	544,602	146,689
	949,880	733,609	216,271

7. ACCOUNTS PAYABLE AND ACCRUALS

	2019	2018
	\$	\$
Operations	30,284	284,666
Government remittances - GST	707	423
Wages and other	85,658	58,608
	116,649	343,697

NOTES TO FINANCIAL STATEMENTS

May 31, 2019

8. RELATED PARTY TRANSACTIONS

Pursuant to the British Columbia Societies Act, the Society is required to disclose remuneration paid to directors for being a director or paid in acting in another capacity.

For the year ending May 31, 2019, the Society paid stipends to executive board members and other elected personnel in the amount of \$139,755 [2018 - \$151,176].

The amount above includes payments made to the following elected personnel during the year:

	2019	2018
	\$	\$
Accessibility Justice Coordinator	4,844	3,808
Arts & Sciences Faculty Representative	4,594	7,617
Board of Governors Representative	4,481	1,587
Business and Professional Studies Faculty Representative	160	6,055
Business and Professional Studies Faculty Representative/VP - Finance and Serv	7,682	—
Education, Health and Human Development Faculty Representative	3,201	571
External Chair	2,100	2,192
Fine & Applied Arts Faculty Representative	512	7,299
Global and Community Studies Faculty Representative	512	5,719
Indigenous Students Liaison	2,753	2,793
International Students Liaison	4,801	3,808
Queer Student Liaison	3,948	3,967
Senate Representative	7,789	9,210
Senate Representative & Board of Governors Representative	640	3,792
Students of Colour Liaison	2,477	5,043
Sunshine Coast Campus Representative	4,535	571
VP - Academic/Senate Representative	16,763	14,787
VP - Equity and Sustainability	1,387	16,503
VP - Equity and Sustainability & President	19,718	—
VP - External	17,338	16,503
VP - Finance and Services	800	—
VP - Finance and Services & President	—	19,041
VP - Finance and Services & Senate Representative	11,097	—
VP - Student Life	15,258	16,502
Women Students Liaison	2,364	3,808
	139,755	151,176

NOTES TO FINANCIAL STATEMENTS

May 31, 2019

9. FINANCIAL INSTRUMENTS

The Society is exposed to various risks through its financial instruments. The following analysis presents the Society's exposures to significant risk as at May 31, 2019.

Credit Risk

Credit risk is the risk that the Society will incur a loss due to the failure by its debtors to meet their contractual obligations. The Society is exposed to credit risk with respect to its cash, term deposits and accounts receivable. The Society limits its exposure to credit risk by placing its cash and term deposits in bank accounts with a credit union.

Given the nature of the Society's revenue, there is no concentration of accounts receivable. There has been no bad debt recognized in the year. The maximum amount of credit risk exposure is limited to the carrying amount of the balance in the financial statements.

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 Society is exposed to interest rate risk on its cash and term deposits.

Liquidity Risk

Liquidity risk is the risk that the Society will not be able to meet its cash requirements or fund obligations as they become due. The Society maintains adequate levels of working capital by preparing budgets to ensure all its obligations can be met when they fall due.

10. DISCLOSURE OF REMUNERATION

Pursuant to the British Columbia Societies Act, the Society is required to disclose remuneration and benefits paid to employees and contractors who are paid \$75,000 or more during the fiscal year.

Wages and benefits expense includes \$242,890 [2018 - \$157,876] paid to three [2018 - two] employees during the year

SCHEDULE OF EXTERNAL ADVOCACY EXPENSES

Year ended May 31

	2019	2018
	\$	\$
Canadian Alliance of Student Associations (CASA)	25,815	14,509
Alliance of British Columbia Students (ABCS)	7,365	10,249
Campaigns	2,300	412
External meetings	1,326	2,314
	36,806	27,484

SCHEDULE OF EVENTS AND OUTREACH EXPENSES

Year ended May 31

	2019	2018
	\$	\$
Events	73,728	27,596
Clubs	6,503	3,074
Storage	2,331	2,331
Training & certification	55	—
	82,617	33,001

SCHEDULE OF INTRAMURALS AND RECREATION EXPENSES

Year ended May 31

	2019	2018
	\$	\$
Events	12,610	5,338
Marketing and promotion	1,288	374
Tournaments	1,055	935
Equipment	985	—
	15,938	6,647

SCHEDULE OF ADMINISTRATIVE EXPENSES

Year ended May 31

	2019	2018
	\$	\$
Rent	37,333	37,333
Building maintenance	17,752	20,389
Office supplies	9,538	12,033
Audit	8,085	8,006
Insurance	7,983	7,845
Photocopier	6,959	4,333
Consulting	6,176	—
Computer supplies	6,160	2,595
Accounting	5,670	5,985
Bank charges and interest	5,664	5,344
Health & dental administrative	5,019	4,661
Storage locker	693	662
Shredding	236	—
Postage and courier	178	579
Web hosting	177	285
Cash (overages) shortages	(189)	(74)
	117,434	109,976

SCHEDULE OF PERSONNEL AND PROFESSIONAL EXPENSES

Year ended May 31

	2019	2018
	\$	\$
Wages and benefits <i>[note 10]</i>	634,491	465,022
Professional associations	8,293	6,068
Staff travel reimbursements	7,952	5,291
Management expenses	6,816	7,622
Professional developments	6,210	3,199
Health and safety expenses	3,249	511
Payroll administration	1,046	1,332
	668,057	489,045

SCHEDULE OF ASSOCIATION OPERATIONS EXPENSES

Year ended May 31

	2019	2018
	\$	\$
Executive stipends <i>[note 8]</i>	139,755	151,176
Membership	30,988	39,486
Social Justice	26,718	13,555
Legal	20,432	16,591
Services	16,662	18,485
Internal Development	12,985	12,791
Conferences	6,660	5,269
University relations	1,030	1,405
	255,230	258,758

**SCHEDULE OF BUSINESS AND PROFESSIONAL ASSOCIATIONS
EXPENSES**

Year ended May 31

	2019	2018
	\$	\$
Capilano University Marketing Association	6,291	—
Human Resources Management Association	5,577	—
Capilano Finance Association	2,493	—
Capilano Accounting Association	1,861	—
International Business Association	1,152	—
Miscellaneous	941	—
	18,315	—

**SCHEDULE OF PERSONAL ELECTRONICS REPAIR SERVICES
EXPENSES**

Year ended May 31

	2019	2018
	\$	\$
Office equipment	1,461	—
Hardware & repairs	1,327	—
	2,788	—