

**CAPILANO STUDENTS' UNION ASSOCIATION**

**Financial Statements**

**Year Ended May 31, 2012**

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# BUCKLEY DODDS PARKER LLP

*Chartered Accountants*

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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, 2012 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.

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, the financial statements present fairly, in all material respects, the financial position of Capilano Students' Union Association as at May 31, 2012, and its financial performance and its cash flows for the period then ended in accordance with Canadian generally accepted accounting principles.

Vancouver, British Columbia  
October 4, 2012

"BUCKLEY DODDS PARKER LLP"  
Chartered Accountants

**CAPILANO STUDENTS' UNION ASSOCIATION**  
**(Incorporated under the Society Act of British Columbia)**  
**Statement of Fund Balances**  
**Year Ended May 31, 2012**

	Operating Fund	Capital Asset Fund	Building Fund	Health and Dental Fund	Total 2012	Total 2011
<b>ASSETS</b>						
<b>CURRENT</b>						
Cash and term deposits	\$ 475,885	\$ -	\$ 70,532	\$ 80,292	\$ 626,709	\$ 1,711,360
Interfund transfers	(38,346)	-	38,346	-	-	-
Accounts receivable	6,101	-	704	-	6,805	62,425
Inventory	3,189	-	-	-	3,189	2,323
Prepays (Note 8)	-	-	1,076,443	-	1,076,443	-
	<u>446,829</u>	<u>-</u>	<u>1,186,025</u>	<u>80,292</u>	<u>1,713,146</u>	<u>1,776,108</u>
<b>LONG-TERM</b>						
Equipment and Furniture (Note 3)	-	248,314	-	-	248,314	6,503
	<u>\$ 446,829</u>	<u>\$ 248,314</u>	<u>\$ 1,186,025</u>	<u>\$ 80,292</u>	<u>\$ 1,961,460</u>	<u>\$ 1,782,611</u>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>CURRENT</b>						
Accounts payable	\$ 65,335	\$ -	\$ 26,852	\$ 5,334	\$ 97,521	\$ 45,680
Deferred revenue	35,067	-	-	-	35,067	-
	<u>100,402</u>	<u>-</u>	<u>26,852</u>	<u>5,334</u>	<u>132,588</u>	<u>45,680</u>
<b>FUND BALANCES</b>						
Building fund						
- internally restricted	-	-	1,159,173	74,958	1,234,131	1,359,808
Invested in capital assets	-	248,314	-	-	248,314	6,503
Unrestricted	346,427	-	-	-	346,427	370,620
	<u>346,427</u>	<u>248,314</u>	<u>1,159,173</u>	<u>74,958</u>	<u>1,828,872</u>	<u>1,736,931</u>
	<u>\$ 446,829</u>	<u>\$ 248,314</u>	<u>\$ 1,186,025</u>	<u>\$ 80,292</u>	<u>\$ 1,961,460</u>	<u>\$ 1,782,611</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, 2012**

	Operating Fund	Capital Asset Fund	Building Fund	Health and Dental Fund	Total 2012	Total 2011
<b>REVENUE</b>						
Membership fees and levies	\$ 440,539	\$ -	\$ 121,907	\$ 74,826	\$ 637,272	\$ 631,373
Member services (Schedule 1)	36,324	-	-	-	36,324	31,596
Interest and miscellaneous revenue	6,451	-	18,277	132	24,860	26,259
Handbook advertising	13,125	-	-	-	13,125	10,645
	<u>496,439</u>	<u>-</u>	<u>140,184</u>	<u>74,958</u>	<u>711,581</u>	<u>699,873</u>
<b>EXPENDITURES</b>						
Amortization	-	64,302	-	-	64,302	3,736
Association operations (Schedule 3)	406,619	-	-	-	406,619	317,148
Bursary fund	5,000	-	-	-	5,000	5,000
Equipment and furniture acquisition	11,832	-	294,281	-	306,113	3,836
Building fund expenditures	-	-	929	-	929	7,726
Handbook	23,959	-	-	-	23,959	19,600
Insurance	5,726	-	-	-	5,726	5,406
Office expenses (Schedule 2)	23,776	-	-	-	23,776	12,390
Professional services	43,720	-	-	-	43,720	15,802
Rent	-	-	45,609	-	45,609	-
	<u>520,632</u>	<u>64,302</u>	<u>340,819</u>	<u>-</u>	<u>925,753</u>	<u>390,644</u>
<b>EXCESS (DEFICIENCY OF) REVENUE OVER EXPENDITURES</b>	(24,193)	(64,302)	(200,635)	74,958	(214,172)	309,229
<b>INTERFUND TRANSFERS - Capital assets acquired</b>	-	306,113	-	-	306,113	3,836
<b>CHANGES IN FUND BALANCES FOR THE YEAR</b>	(24,193)	241,811	(200,635)	74,958	91,941	313,065
<b>FUND BALANCES - beginning of the year</b>	370,620	6,503	1,359,808	-	1,736,931	1,423,866
<b>FUND BALANCES - end of year</b>	<u>\$ 346,427</u>	<u>\$ 248,314</u>	<u>\$ 1,159,173</u>	<u>\$ 74,958</u>	<u>\$ 1,828,872</u>	<u>\$ 1,736,931</u>

**CAPILANO STUDENTS' UNION ASSOCIATION**  
**Statement of Cash Flows**  
**Year Ended May 31, 2012**

	2012	2011
Excess revenue over expenditures	\$ (214,172)	\$ 309,229
Add item not requiring cash outlay - amortization	<u>64,302</u>	<u>3,736</u>
	(149,870)	312,965
<b>OPERATING ACTIVITIES</b>		
Net change in non-cash working capital balances related to operations		
(Increase) decrease in current assets	54,754	(31,320)
Increase (decrease) in current liabilities		
Accounts payable	51,841	(33,625)
Deferred revenue	<u>35,067</u>	<u>-</u>
Cash flow from (used) by operating activities	(8,208)	248,020
<b>INVESTING ACTIVITIES</b>		
Prepaid lease	<u>(1,076,443)</u>	<u>-</u>
Cash flow from (used) by investing activities	(1,076,443)	-
<b>NET CHANGE IN CASH DURING THE YEAR</b>	(1,084,651)	248,020
<b>CASH - beginning of year</b>	<u>1,711,360</u>	<u>1,463,340</u>
<b>CASH - end of year</b>	<u>\$ 626,709</u>	<u>\$ 1,711,360</u>
Cash paid for:		
Interest paid	<u>-</u>	<u>-</u>
Income taxes	<u>-</u>	<u>-</u>

See accompanying notes to the audited financial statements

**CAPILANO STUDENTS' UNION ASSOCIATION**  
**Notes to the Financial Statements**  
**Year Ended May 31, 2012**

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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.

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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.

*Health and Dental Fund* – The fund accounts for the CSU's Health and 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.

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, 2012**

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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 have been classified as other financial liabilities.

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**CAPILANO STUDENTS' UNION ASSOCIATION**  
**Notes to the Financial Statements**  
**Year Ended May 31, 2012**

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3. EQUIPMENT AND FURNITURE

			2012	2011
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Office furniture	\$12,645	\$12,466	<b>\$179</b>	\$ 179
Stereo equipment	5,223	4,549	<b>674</b>	674
Student lounge furniture	11,486	9,711	<b>1,775</b>	1,775
Computer equipment	53,529	49,654	<b>3,875</b>	3,875
Leasehold improvements	<u>329,404</u>	<u>104,365</u>	<b><u>225,039</u></b>	<u>-</u>
	<u>\$ 437,101</u>	<u>\$188,787</u>	<b><u>\$248,314</u></b>	<u>\$6,503</u>

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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.

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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 \$87,944 (2011 - \$85,172) 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.

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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.

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**CAPILANO STUDENTS' UNION ASSOCIATION**  
**Notes to the Financial Statements**  
**Year Ended May 31, 2012**

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7. FINANCIAL INSTRUMENTS

Fair Values

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

Cash and cash equivalents are reported at fair value on the statement of fund balances. Accounts receivable and accounts 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.

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8. PREPAIDS

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 from April 1, 2011 to March 31, 2041. The payment has been made before March 31, 2012.

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

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9. HEALTH AND DENTAL FUND

This fund represents the funds that have been collected via Capilano University after a student referendum voted during the week of April 4 – 8, 2011 to charge the total cost of \$225.35 per student each September for the purpose of the CSU Health and Dental Plan of the whole policy year (September 1 – August 31).

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**CAPILANO STUDENTS' UNION ASSOCIATION**  
**SCHEDULE 1 – MEMBER SERVICES**  
**Year Ended May 31, 2012**

	Revenue	Expenditures	Net Revenue 2012	Net Revenue 2011
Binding	\$ 319	\$ 134	\$ 185	\$ 121
Bookswap	150,398	120,879	29,519	26,396
Branded items	156	-	156	\$ (1,432)
Clubs	-	1,081	(1,081)	175
Diva cups	840	718	122	196
Eat well	40	-	40	(50)
Fax and telephone	104	-	104	121
ISIC	160	220	(60)	1
Locker rentals	1,685	127	1,558	1,775
Miscellaneous	193	33	160	111
Mugs	-	446	(446)	-
Phone cards	650	327	323	117
Photocopy sales	-	221	(221)	339
Printing	1,764	273	1,491	249
Ski passes	13,112	9,396	3,716	3,319
Stationery	1,197	-	1,197	-
Theatre tickets	630	851	(221)	180
Video games	-	218	(218)	(22)
	<u>\$ 171,248</u>	<u>\$ 134,924</u>	<u>\$ 36,324</u>	<u>\$ 31,596</u>

**CAPILANO STUDENTS' UNION ASSOCIATION**  
**SCHEDULE 2 – OFFICE EXPENSES**  
**Year Ended May 31, 2012**

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	2012		2011
Bank charges and interest	\$ 3,943	\$	3,837
Cash overages/shortages	69		19
Computer supplies	139		892
Equipment repair and maintenance	11,237		239
Miscellaneous office supplies	4,986		5,058
Postage and courier	320		312
Service contracts and photocopy supplies	2,792		1,448
Web hosting	290		585
	<u>\$ 23,776</u>	\$	<u>12,390</u>

**CAPILANO STUDENTS' UNION ASSOCIATION**  
**SCHEDULE 3 – ASSOCIATION EXPENSES**  
**Year Ended May 31, 2012**

	2012	2011
Campaigns	\$ 15,394	\$ 8,894
Coalition partners	620	20
Election and Annual General Meeting expense	4,829	2,262
Executive orientation	5,574	2,189
Executive stipends	83,054	50,645
General meetings and conferences	4,947	4,368
Parking and transportation	5,055	3,784
Salaries and benefits	282,441	242,256
Welcome Back Event	4,228	2,562
Workers' Compensation Board	477	168
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	<b>\$ 406,619</b>	<b>\$ 317,148</b>
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