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**FINANCIAL STATEMENTS**

**CAPILANO STUDENTS' UNION  
ASSOCIATION**

**May 31, 2017**

***T*OMPKINS, *W*OZNY, *M*ILLER & *C*O.  
Chartered Professional Accountants**

A partnership of incorporated professionals.

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## INDEPENDENT AUDITOR'S REPORT

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To the Members of  
**Capilano Students' Union Association**

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Capilano Students' Union Association, which comprise the statement of financial position as at May 31, 2017, and the statements of operations, 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 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 Association'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 Association'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, 2017, 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.

### **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, Miller & Co.*

Vancouver, Canada  
October 10, 2017

Chartered Professional Accountants

STATEMENT OF FINANCIAL POSITION

As at May 31

	2017				2016	
	Operating Fund	Capital Asset Fund	Building Fund	Health & Dental Fund	Total	Total
	\$	\$	\$	\$	\$	\$
<b>ASSETS</b>						
<b>Current</b>						
Cash and term deposits <i>[note 3]</i>	831,218	—	143,093	566,164	1,540,475	1,141,211
Accounts receivable <i>[note 4]</i>	15,236	—	—	—	15,236	30,134
Prepaid expenses	80,837	—	—	212,440	293,277	291,981
<b>Total current assets</b>	<b>927,291</b>	<b>—</b>	<b>143,093</b>	<b>778,604</b>	<b>1,848,988</b>	<b>1,463,326</b>
Prepaid lease payments <i>[note 5]</i>	—	—	889,777	—	889,777	927,110
Capital assets <i>[note 6]</i>	—	121,086	—	—	121,086	178,093
	<b>927,291</b>	<b>121,086</b>	<b>1,032,870</b>	<b>778,604</b>	<b>2,859,851</b>	<b>2,568,529</b>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>Current liabilities</b>						
Accounts payable and accruals <i>[note 7]</i>	95,190	—	—	212,440	307,630	79,419
Deferred revenue	1,474	—	91,027	218,595	311,096	252,772
	<b>96,664</b>	<b>—</b>	<b>91,027</b>	<b>431,035</b>	<b>618,726</b>	<b>332,191</b>
<b>Fund balances</b>						
Invested in capital assets	—	121,086	—	—	121,086	178,093
Internally restricted	—	—	941,843	347,569	1,289,412	1,373,837
Unrestricted	830,627	—	—	—	830,627	684,408
	<b>830,627</b>	<b>121,086</b>	<b>941,843</b>	<b>347,569</b>	<b>2,241,125</b>	<b>2,236,338</b>
<b>Total fund balances</b>	<b>927,291</b>	<b>121,086</b>	<b>1,032,870</b>	<b>778,604</b>	<b>2,859,851</b>	<b>2,568,529</b>

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

	2017					2016
	Operating Fund	Capital Asset Fund	Building Fund	Health & Dental Fund	Total	Total
	\$	\$	\$	\$	\$	\$
<b>REVENUE</b>						
Membership fees and levies	823,804	—	133,675	876,142	1,833,621	1,866,013
AMICCUS Conference	82,300	—	—	—	82,300	—
Interest and miscellaneous revenue	2,714	—	387	9,209	12,310	13,174
Service Canada	9,671	—	—	—	9,671	—
Handbook advertising	964	—	—	—	964	2,600
Member services <i>[schedule 1]</i>	(4,014)	—	—	—	(4,014)	6,562
	<b>915,439</b>	<b>—</b>	<b>134,062</b>	<b>885,351</b>	<b>1,934,852</b>	<b>1,888,349</b>
<b>EXPENSES</b>						
Insurance	7,918	—	—	878,896	886,814	853,520
Association operation <i>[schedule 3]</i>	668,731	—	—	—	668,731	628,834
AMICCUS Conference	101,919	—	—	—	101,919	—
Amortization	—	66,628	—	—	66,628	128,124
Professional services	30,969	—	19,808	—	50,777	40,705
Building fund expenditures	—	—	47,621	—	47,621	49,536
Office <i>[schedule 2]</i>	39,789	—	—	5,256	45,045	54,831
Rent	—	—	37,646	—	37,646	37,333
Handbook	11,847	—	—	—	11,847	14,764
Engagement Award fund	—	—	—	—	—	20,000
Bursary fund	—	—	—	—	—	5,000
	<b>861,173</b>	<b>66,628</b>	<b>105,075</b>	<b>884,152</b>	<b>1,917,028</b>	<b>1,832,647</b>
<b>Excess of revenue (expenses) for the year</b>	<b>54,266</b>	<b>(66,628)</b>	<b>28,987</b>	<b>1,199</b>	<b>17,824</b>	<b>55,702</b>
Fund balances, beginning of year	684,408	178,093	1,016,674	357,163	2,236,338	2,180,636
Purchase of capital assets	(9,621)	9,621	—	—	—	—
Endowment fund contribution to Capilano University Foundation	(13,037)	—	—	—	(13,037)	—
Interfund transfers	114,611	—	(103,818)	(10,793)	—	—
<b>Fund balances, end of year</b>	<b>830,627</b>	<b>121,086</b>	<b>941,843</b>	<b>347,569</b>	<b>2,241,125</b>	<b>2,236,338</b>

See accompanying notes to the financial statements

STATEMENT OF CASH FLOWS

Year ended May 31

	2017				2016	
	Operating Fund	Capital Asset Fund	Building Fund	Health & Dental Fund	Total	Total
	\$	\$	\$	\$	\$	\$
<b>OPERATING ACTIVITIES</b>						
Excess of revenue (expense) for the year	54,266	(66,628)	28,987	1,199	17,824	55,702
Add item not affecting cash						
Amortization of capital assets	—	66,628	—	—	66,628	128,124
Changes in non-cash working capital items						
Accounts receivable	14,213	—	685	—	14,898	(19,430)
Inventory	—	—	—	—	—	1,372
Prepaid expenses	(1,841)	—	—	545	(1,296)	(93,117)
Prepaid lease payments	—	—	37,333	—	37,333	37,333
Accounts payable and accruals	28,112	—	(12,341)	212,440	228,211	(37,523)
Deferred revenue	(30,940)	—	91,027	(1,763)	58,324	(51,066)
<b>Cash provided by (used in) operating activities</b>	<b>63,810</b>	<b>—</b>	<b>145,691</b>	<b>212,421</b>	<b>421,922</b>	<b>21,395</b>
<b>INVESTING ACTIVITIES</b>						
Purchase of capital assets	—	(9,621)	—	—	(9,621)	(6,392)
Endowment fund contribution to Capilano University Foundation	(13,037)	—	—	—	(13,037)	—
Interfund transfers	104,990	9,621	(103,818)	(10,793)	—	—
<b>Cash provided by (used in) investing activities</b>	<b>91,953</b>	<b>—</b>	<b>(103,818)</b>	<b>(10,793)</b>	<b>(22,658)</b>	<b>(6,392)</b>
<b>Increase in cash during the year</b>	<b>155,763</b>	<b>—</b>	<b>41,873</b>	<b>201,628</b>	<b>399,264</b>	<b>15,003</b>
Cash and term deposits, beginning of year	675,455	—	101,220	364,536	1,141,211	1,126,208
Cash and term deposits, end of year	831,218	—	143,093	566,164	1,540,475	1,141,211

See accompanying notes to the financial statements

## NOTES TO FINANCIAL STATEMENTS

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May 31, 2017

### 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.

**NOTES TO FINANCIAL STATEMENTS**

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May 31, 2017

**2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

*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.

**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.

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.

**NOTES TO FINANCIAL STATEMENTS**

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May 31, 2017

**2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**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**

	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
Chequing/operating accounts	<b>753,098</b>	275,305
Term deposits	<b>786,905</b>	865,449
Membership shares	<b>472</b>	457
	<b>1,540,475</b>	1,141,211

The term deposits have interest rates ranging from 0.90% to 1.70% [2016 - 1.05% to 1.10%]. 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, 2017

4. ACCOUNTS RECEIVABLE

	2017	2016
	\$	\$
Operations	15,236	2,313
Capilano University	—	27,821
Allowance for doubtful accounts	—	—
	<b>15,236</b>	<b>30,134</b>

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 has been made before March 31, 2012.

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

6. CAPITAL ASSETS

	Cost	Accumulated Amortization	Net Book Value
	\$	\$	\$
<b>2017</b>			
Office furniture	35,789	27,962	7,827
Stereo equipment	21,470	21,470	—
Student lounge furniture	64,291	55,168	9,123
Computer equipment	89,400	78,988	10,412
Leasehold improvements	566,507	472,783	93,724
	<b>777,457</b>	<b>656,371</b>	<b>121,086</b>
<b>2016</b>			
Office furniture	35,789	24,019	11,770
Stereo equipment	21,470	18,221	3,249
Student lounge furniture	64,291	47,741	16,550
Computer equipment	79,781	73,843	5,938
Leasehold improvements	566,507	425,921	140,586
	<b>767,838</b>	<b>589,745</b>	<b>178,093</b>

**NOTES TO FINANCIAL STATEMENTS**

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May 31, 2017

**7. ACCOUNTS PAYABLE AND ACCRUALS**

	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
Operations	<b>263,490</b>	46,448
Government remittances - GST	—	5,512
Wages and other	<b>44,140</b>	15,118
Equipment lease	—	12,341
	<b>307,630</b>	79,419

**8. RELATED PARTY TRANSACTIONS**

For the year ending May 31, 2017, the Society paid stipends to executive board members and other elected personnel in the amount of \$106,007 [2016 - \$111,350].

**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, 2017.

**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.

## SCHEDULE OF MEMBER SERVICES OPERATIONS

Year ended May 31

	2017		2016	
	Revenue	Expenses	Net Revenue	Net Revenue
	\$	\$	\$	\$
Binding	556	254	302	505
Bookswap	64,169	51,689	12,480	17,880
Branded items	103	896	(793)	(704)
Clubs	1,200	2,477	(1,277)	(212)
Diva cups	30	—	30	138
Fax and telephone	20	—	20	37
Games	—	770	(770)	(162)
General services	510	12,821	(12,311)	(3,280)
Locker rentals	4,101	26	4,075	2,013
Miscellaneous	31	1,371	(1,340)	(526)
Photocopy sales	—	1,425	(1,425)	(2,850)
Popcorn	103	39	64	(273)
Printing	53	3,568	(3,515)	(3,940)
Ski passes	2,375	—	2,375	1,008
Theatre tickets	900	888	12	(176)
U-pass	—	1,000	(1,000)	(1,955)
Water	—	941	(941)	(941)
	<b>74,151</b>	<b>78,165</b>	<b>(4,014)</b>	<b>6,562</b>

**SCHEDULE OF OFFICE EXPENSES**

Year ended May 31

	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
Bank charges and interest	<b>4,122</b>	2,976
Books and subscriptions	<b>180</b>	646
Cash overages/shortages	<b>11</b>	23
Computer supplies	<b>2,755</b>	1,415
Equipment repair and maintenance	<b>—</b>	126
IT support (recovery)	<b>368</b>	(14)
Maintenance	<b>18,864</b>	17,655
Miscellaneous office supplies	<b>5,887</b>	15,075
Postage and courier	<b>630</b>	444
Security	<b>—</b>	504
Service contracts and photocopy supplies	<b>6,075</b>	4,765
Storage locker	<b>707</b>	559
Web hosting	<b>190</b>	286
	<b>39,789</b>	44,460

**SCHEDULE OF ASSOCIATION OPERATIONS**

Year ended May 31

	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
Campaigns	<b>13,462</b>	12,024
Coalition partners	—	150
Election and Annual General Meeting expense	<b>7,076</b>	11,439
Events	<b>24,525</b>	32,465
Executive stipends	<b>106,007</b>	111,350
General meetings and conferences	<b>31,596</b>	36,841
Membership	<b>23,389</b>	17,083
Parking and transportation	<b>13,641</b>	9,711
Salaries and benefits	<b>448,333</b>	394,230
Management	—	2,872
Workers' Compensation Board	<b>702</b>	669
	<b>668,731</b>	628,834