

**DRAFT** Financial Statements of

**WILFRID LAURIER  
UNIVERSITY STUDENTS'  
UNION**

Year ended April 30, 2016

## INDEPENDENT AUDITORS' REPORT

To the Students of Wilfrid Laurier University

We have audited the accompanying financial statements of Wilfrid Laurier University Students' Union, which comprise the statement of financial position as at April 30, 2016, the statement of operations, changes in net assets and cash flows for the year then ended, and notes, comprising 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 private enterprises, 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 our 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, we consider 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 in our audit is sufficient and appropriate to provide a basis for our audit opinion.

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*Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of Wilfrid Laurier University Students' Union as at April 30, 2016, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The current year's supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

***DRAFT***

Chartered Professional Accountants, Licensed Public Accountants

November 11, 2016

Waterloo, Canada

# WILFRID LAURIER UNIVERSITY STUDENTS' UNION

Statement of Financial Position

**DRAFT**

April 30, 2016, with comparative information for 2015

|  | 2016               | 2015               |
|--|--------------------|--------------------|
| <b>Assets</b>                          |                    |                    |
| Current assets:                        |                    |                    |
| Cash                                   | \$ 2,161,722       | \$ 1,645,593       |
| Accounts receivable                    | 92,705             | 433,928            |
| Inventories                            | 59,165             | 58,877             |
| Prepaid expenses                       | 2,341              | -                  |
|  | <hr/> 2,315,933    | <hr/> 2,138,398    |
| Property, plant and equipment (note 2) | 5,262,177          | 5,853,203          |
| Restricted cash (note 3)               | 187,875            | 145,806            |
|  | <hr/> \$ 7,765,985 | <hr/> \$ 8,137,407 |

|  | 2016                | 2015                |
|--|---------------------|---------------------|
| <b>Liabilities and Fund Balances</b>               |                     |                     |
| Current liabilities:                               |                     |                     |
| Accounts payable and accrued liabilities (note 4)  | \$ 1,305,864        | \$ 1,152,011        |
| Deferred revenue                                   | 557,241             | 514,133             |
| Due to Wilfrid Laurier University                  | 289,109             | 753,771             |
| Current portion of long-term debt (note 5)         | 229,772             | 201,730             |
| Demand note to Wilfrid Laurier University (note 6) | 1,681,231           | 1,843,008           |
|  | <u>4,063,217</u>    | <u>4,464,653</u>    |
| Deferred capital contributions                     | 921,909             | 600,447             |
| Long-term debt (note 5)                            | 3,306,699           | 3,558,143           |
| Other long-term liabilities                        | 25,273              | 25,273              |
|  | <u>4,253,881</u>    | <u>4,183,863</u>    |
|  | 8,317,098           | 8,648,516           |
| Fund balances:                                     |                     |                     |
| Internally restricted (note 7)                     | 250,000             | 250,000             |
| Unrestricted                                       | (801,113)           | (761,109)           |
|  | <u>(551,113)</u>    | <u>(511,109)</u>    |
| Commitments (note 8)                               |                     |                     |
| Pension plan (note 10)                             |                     |                     |
|  | <u>\$ 7,765,985</u> | <u>\$ 8,137,407</u> |

See accompanying notes to financial statements.

On behalf of the Board:

\_\_\_\_\_ Director

\_\_\_\_\_ Director

# WILFRID LAURIER UNIVERSITY STUDENTS' UNION

Statement of Operations

**DRAFT**

Year ended April 30, 2016, with comparative information for 2015

|  | 2016         | 2015         |
|--|--------------|--------------|
| Revenue (Schedule 1)   | \$ 9,797,991 | \$ 9,516,488 |
| Expenses (Schedule 2)  | 9,036,956    | 8,808,661    |
| Excess of revenue over expenses before other expenses (Schedule 3) | 761,035      | 707,827      |
| Other expenses:  |              |              |
| Amortization of property and equipment                             | 638,200      | 836,508      |
| Amortization of other assets                                       | -            | 5,250        |
| Interest on long-term debt   | 162,839      | 185,503      |
|  | 801,039      | 1,027,261    |
| Deficiency of revenue over expenses                                | \$ (40,004)  | \$ (319,434) |

See accompanying notes to financial statements.

# WILFRID LAURIER UNIVERSITY STUDENTS' UNION

Statement of Changes in Net Assets

**DRAFT**

Year ended April 30, 2016, with comparative information for 2015

|  | Health Plan<br>Contingency<br>Fund | Environmental<br>Service<br>Fund | Operating<br>Fund | Total<br>2016 | Total<br>2015 |
|--|------------------------------------|----------------------------------|-------------------|---------------|---------------|
| Balance, beginning of<br>year              | \$ 250,000                         | \$ -                             | \$ (761,109)      | \$ (511,109)  | \$ (191,675)  |
| Deficiency of<br>revenues over<br>expenses | -                                  | -                                | (40,004)          | (40,004)      | (319,434)     |
| Balance, end of year                       | \$ 250,000                         | \$ -                             | \$ (801,113)      | \$ (551,113)  | \$ (511,109)  |

# WILFRID LAURIER UNIVERSITY STUDENTS' UNION

Statement of Cash Flows

**DRAFT**

Year ended April 30, 2016, with comparative information for 2015

|  | 2016         | 2015         |
|--|--------------|--------------|
| Cash provided by (used in):                    |              |              |
| Operations:                                    |              |              |
| Deficiency of revenue over expenses            | \$ (40,004)  | \$ (319,434) |
| Items not involving cash:                      |              |              |
| Amortization of property and equipment         | 638,200      | 836,508      |
| Amortization of other assets                   | -            | 5,250        |
|  | 598,196      | 522,324      |
| Changes in non-cash operating working capital: |              |              |
| Accounts receivable                            | 341,223      | (59,137)     |
| Inventories                                    | (288)        | (603)        |
| Prepaid expenses                               | (2,341)      | 16,038       |
| Accounts payable and accrued liabilities       | 153,853      | (193,958)    |
| Deferred revenue                               | 43,108       | (56,016)     |
| Due to Wilfrid Laurier University              | (464,662)    | 705,205      |
| Increase in deferred capital contributions     | 321,462      | 202,905      |
|  | 990,551      | 1,136,758    |
| Financing:                                     |              |              |
| Repayment of long-term debt                    | (223,402)    | (193,402)    |
| Repayment of demand note                       | (161,777)    | (185,467)    |
|  | (385,179)    | (378,869)    |
| Investing:                                     |              |              |
| Purchase of property and equipment             | (47,174)     | (69,792)     |
| Increase in restricted cash                    | (42,069)     | (145,806)    |
|  | (89,243)     | (215,598)    |
| Increase in cash                               | 516,129      | 542,291      |
| Cash, beginning of year                        | 1,645,593    | 1,103,302    |
| Cash, end of year                              | \$ 2,161,722 | \$ 1,645,593 |

See accompanying notes to financial statements.



# WILFRID LAURIER UNIVERSITY STUDENTS' UNION

Notes to Financial Statements

**DRAFT**

Year ended April 30, 2015

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## **Nature of operations:**

Wilfrid Laurier University Students' Union (the "Organization") is a non-profit organization providing services to the students of Wilfrid Laurier University (the "University"). The Organization is incorporated, without share capital, under the laws of Ontario.

## **1. Significant accounting policies:**

### **(a) Fund accounting:**

In order to ensure observance of the limitations and restrictions on the use of resources available to the Organization, the accounts of the Organization are maintained in accordance with the principles of fund accounting. These funds are held in accordance with the objectives and directives issued by the Board of Directors. Transfers between the funds are made when it is considered appropriate and authorized by the Board of Directors. To meet the objectives of financial reporting and stewardship over the assets, certain interfund transfers are necessary to ensure the appropriate allocation of assets and liabilities to the respective funds. These interfund transfers are recorded as a component of changes in fund balances.

For financial reporting purposes, the accounts have been classified in the following funds:

- (i) Restricted funds include amounts that are restricted in accordance with the objectives as specified by the Board of Directors. The restricted funds include:

Health Plan Contingency Fund which records internally restricted reserves relating to the health plan premiums.

- (ii) Unrestricted funds include all other revenue from the operations of the Organization. General operating expenses are charged to the unrestricted fund.

### **(b) Revenue recognition:**

Fees are recognized as revenue in the appropriate fund. Fees received for other than specific fund purposes are recognized as revenue of the Operating Fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

# WILFRID LAURIER UNIVERSITY STUDENTS' UNION

Notes to Financial Statements (continued)

**DRAFT**

Year ended April 30, 2015

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## 1. Significant accounting policies (continued):

### (c) Contributed services:

A substantial number of student volunteers contribute a significant amount of their time each year. Because of the difficulty of determining the fair value, contributed services are not recognized in the financial statements.

### (d) Inventories:

Inventories are measured at the lower of cost and net realizable value by using first-in, first-out costing methodology.

### (e) Property and equipment:

Property and equipment are stated at cost, less accumulated amortization. Amortization is recorded on all property and equipment on a straight-line basis over the estimated useful life of the assets at the following annual rates:

| Asset                   | Rate     |
|-------------------------|----------|
| Building                | 20 years |
| Computer hardware       | 3 years  |
| Furniture and fixtures  | 5 years  |
| Entertainment equipment | 5 years  |
| Vehicles                | 5 years  |
| Leasehold improvements  | 20 years |

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### (f) Impairment of long-lived assets:

Long-lived assets, including property and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability is measured by a comparison of the carrying amount to the estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of the asset exceeds its estimated future cash flows, an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the fair value of the asset.

### (g) Other assets:

Amortization of license fees is calculated on a straight-line basis over five years, with the exception of the Williams Coffee Pub franchise fee which is over ten years.

# WILFRID LAURIER UNIVERSITY STUDENTS' UNION

Notes to Financial Statements (continued)

**DRAFT**

Year ended April 30, 2015

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## 1. Significant accounting policies (continued):

### (h) Financial instruments:

All financial instruments are initially recognized and measured on the statement of financial position at fair value. They are subsequently measured at fair value or amortized cost depending on the classification selected for the financial instrument. Financial assets are classified as either held-for-trading, held-to-maturity, available-for-sale, or loans and receivables and financial liabilities are classified as either held-for-trading or other liabilities. Financial assets and liabilities classified as held-for-trading are measured at fair value with change in fair value recorded in the statement of operations. Financial assets classified as held-to-maturity or loans and receivables and financial liabilities classified as other liabilities are subsequently measured at amortized cost using the effective interest method. Available-for-sale financial assets that have a quoted price in an active market are measured at fair value with change in fair value recorded in fund balances. Such gains or losses are reclassified to the statement of operations when the related financial asset is disposed of or when the decline in value is considered to be other-than-temporary.

The Organization has classified its financial instruments as follows:

- Cash and restricted cash is classified as held-for-trading.
- Accounts receivable are classified as loans and receivables.
- Accounts payable and accrued liabilities are classified as other liabilities.

### (i) Use of estimates:

The preparation of the financial statements in conformity with Canadian generally accepted accounting principles 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 reported amounts of revenue and expenses during the year. Significant items subject to such estimates and assumptions include the carrying amounts of property and equipment, accounts receivable, inventories, and accrued liabilities. Actual results could differ from those estimates.

# WILFRID LAURIER UNIVERSITY STUDENTS' UNION

Notes to Financial Statements (continued)

**DRAFT**

Year ended April 30, 2015

## 2. Property, plant and equipment:

|                             |               |                          | 2016           | 2015           |
|-----------------------------|---------------|--------------------------|----------------|----------------|
|                             | Cost          | Accumulated amortization | Net book value | Net book value |
| Building                    | \$ 1,750,000  | \$ 875,000               | \$ 875,000     | \$ 962,500     |
| Entertainment equipment     | 73,568        | 44,867                   | 28,701         | 36,043         |
| Furniture and fixtures      | 1,307,161     | 1,272,764                | 34,397         | 134,464        |
| Vehicles                    | 73,962        | 42,184                   | 31,778         | 19,816         |
| Computer hardware           | 372,745       | 369,252                  | 3,493          | 38,458         |
| Construction in progress    | 9,258         | -                        | 9,258          | 898            |
| Leasehold improvements      | 10,120,718    | 5,841,168                | 4,279,550      | 4,661,024      |
|                             | 13,707,412    | 8,445,235                | 5,262,177      | 5,853,203      |
| Assets under capital leases | 208,177       | 208,177                  | -              | -              |
|                             | \$ 13,915,589 | \$ 8,653,412             | \$ 5,262,177   | \$ 5,853,203   |

Amortization of property under capital leases of \$nil (2015 - \$nil) is included in amortization expense.

## 3. Restricted cash:

The Board of Directors has restricted \$187,875 (2015 - \$145,806) of cash to be put towards the Health Plan Contingency Fund.

## 4. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of \$5,367 (2015 - \$47,848), which includes amounts payable for HST and payroll related taxes.

# WILFRID LAURIER UNIVERSITY STUDENTS' UNION

Notes to Financial Statements (continued)

**DRAFT**

Year ended April 30, 2015

## 5. Long-term debt:

|  | 2016         | 2015         |
|--|--------------|--------------|
| Non-revolving term loan repayable in blended monthly installments of \$10,868, bearing interest at 3.90%, due July 18, 2016.   | \$ 1,100,763 | \$ 1,186,558 |
| Non-revolving term loan repayable in blended monthly installments of \$5,586, bearing interest at 3.08%, due January 4, 2017.  | 835,768      | 876,454      |
| WLU term loan payable in blended monthly installments of \$13,078, bearing interest at 4.89%, until September 1, 2015 and then 4.10% onwards, due September 1, 2020. | 1,599,940    | 1,696,861    |
|  | 3,536,471    | -            |
| Less current portion of long-term debt   | 229,772      | 201,730      |
|  | \$ 3,306,699 | \$ (201,730) |

Principal repayments are due as follows:

|            |              |
|------------|--------------|
| 2017       | \$ 229,250   |
| 2018       | 239,090      |
| 2019       | 247,719      |
| 2020       | 256,608      |
| 2021       | 265,936      |
| Thereafter | 2,297,868    |
|            | \$ 3,536,471 |

# WILFRID LAURIER UNIVERSITY STUDENTS' UNION

Notes to Financial Statements (continued)

**DRAFT**

Year ended April 30, 2015

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## 6. Demand note to Wilfrid Laurier University:

The note to Wilfrid Laurier University is due on demand, plus interest, defined as the interest rate earned on the University's short-term cash balance. Minimum annual payments will include the minimum principal amount plus applicable interest. The minimum principal payments shall be annually increased from the minimum annual payment of \$150,000 based on the percentage increase in undergraduate student enrolment at the University from the base in the 2012 - 2013 academic year.

## 7. Internally restricted funds:

Funds are transferred to the Health Plan Contingency Fund which are internally restricted. The unspent funds are disclosed as internally restricted in these financial statements as follows:

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|                              | 2016       | 2015       |
|------------------------------|------------|------------|
| Health Plan Contingency Fund | \$ 250,000 | \$ 250,000 |

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## 8. Commitments:

The commitments due in each of the next two years under operating leases for rental property and equipment are as follows:

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|      |                        |
|------|------------------------|
| 2018 | \$ 59,501              |
| 2019 | 59,501                 |
|      | <hr/> \$ 119,002 <hr/> |

## 9. Credit facilities:

The Organization has an available \$200,000 revolving bank line of credit which bears interest at prime plus 0.25%. No amount was drawn on this facility as at April 30, 2016.

The bank line of credit and the non-revolving term loans are secured by a guarantee and postponement of claim in the amount of \$3,000,000 signed by the University. The agreement with the bank requires the Organization to comply with certain covenants, which, if violated, could affect the terms of the loan. As at April 30, 2016, the Organization was in compliance with all bank covenants.

# WILFRID LAURIER UNIVERSITY STUDENTS' UNION

Notes to Financial Statements (continued)

***DRAFT***

Year ended April 30, 2015

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## **10. Pension plan:**

Ten employees of the Organization are members of the Wilfrid Laurier University Defined Contribution Pension Plan, a multi-employer plan. Contributions to the plan made by the Organization during the year on behalf of employees amounts to \$33,712 (2015 - \$41,518) and are included as a charge to the statement of operations.

## **11. Fair values:**

The carrying amount of accounts receivable, accounts payable and accrued liabilities, due from/to Wilfrid Laurier University and long-term debt approximates their fair values.

## **12. Capital management:**

The Organization's objective in managing its capital is to ensure sufficient liquidity to meet its monthly operating requirements and undertake program initiatives for the benefit of its purposes, while at the same time taking a conservative approach towards management of financial risk. The Organization's capital is comprised of net assets. The Organization's primary use of capital is to finance capital expenditures, ongoing operations, and future projects. The Organization currently funds these requirements out of its internally generated cash flows. The Organization is not subject to any internally imposed capital requirements.

# WILFRID LAURIER UNIVERSITY STUDENTS' UNION

Schedule 1 - Revenue

**DRAFT**

Year ended April 30, 2015, with comparative information for 2014

|   | 2016                | 2015                |
|---|---------------------|---------------------|
| Fred Nichol's Campus Centre                           | \$ 1,029,166        | \$ 1,049,092        |
| Health and dental                                     | 2,404,698           | 2,246,910           |
| Turret  | 183,333             | 257,744             |
| Wilfs   | 2,714,436           | 2,572,082           |
| William's Coffee Pub                                  | 520,549             | 565,991             |
| Centre Spot/U-Desk                                    | 137,250             | 148,677             |
| Food court/leasing operations                         | 506,792             | 471,941             |
| Services and programming                              | 508,911             | 488,323             |
| Governance and fees                                   | 985,808             | 961,625             |
| Brantford BSC, Administration, Fees, EVP & Governance | 773,935             | 660,485             |
| Brantford activities                                  | 28,113              | 82,488              |
| Brantford services                                    | 5,000               | 11,130              |
|   | <b>\$ 9,797,991</b> | <b>\$ 9,516,488</b> |



# WILFRID LAURIER UNIVERSITY STUDENTS' UNION

Schedule 2 - Expenses

**DRAFT**

Year ended April 30, 2015, with comparative information for 2014

|   | 2016                | 2015                |
|---|---------------------|---------------------|
| Fred Nichol's Campus Centre                           | \$ 1,694,124        | \$ 1,901,445        |
| Health and dental                                     | 2,361,558           | 2,074,556           |
| Turret  | 262,612             | 363,784             |
| Wilfs   | 2,611,438           | 2,391,757           |
| William's Coffee Pub                                  | 627,719             | 645,590             |
| Centre spot/U-desk                                    | 71,073              | 57,551              |
| Food court/leasing operations                         | 185,250             | 210,964             |
| University affairs                                    | 65,309              | 62,200              |
| Campus clubs and faculty associations                 | 46,532              | 48,002              |
| Services and programming                              | 554,418             | 542,947             |
| Administration  | 24,395              | 43,529              |
| Governance and fees                                   | 77,167              | 79,569              |
| President   | 17,688              | 35,779              |
| Brantford BSC, Administration, Fees, EVP & Governance | 344,609             | 238,353             |
| Brantford activities                                  | 72,257              | 91,970              |
| Brantford services                                    | 8,597               | 9,655               |
| Brantford operations                                  | 12,210              | 11,010              |
|   | <b>\$ 9,036,956</b> | <b>\$ 8,808,661</b> |

# WILFRID LAURIER UNIVERSITY STUDENTS' UNION

Schedule 3 - Net Revenues and Expenses

**DRAFT**

Year ended April 30, 2015, with comparative information for 2014

|  | 2016              | 2015              |
|--|-------------------|-------------------|
| Fred Nichol's Campus Centre                  | \$ (664,958)      | \$ (852,353)      |
| Health and dental                            | 43,139            | 172,354           |
| Turret                                       | (79,280)          | (106,040)         |
| Wilfs  | 102,998           | 180,325           |
| William's Coffee Pub                         | (107,170)         | (79,599)          |
| Centre spot/U-desk                           | 66,177            | 91,126            |
| Food court/leasing operations                | 321,542           | 260,977           |
| University affairs                           | (65,309)          | (62,200)          |
| Campus clubs and faculty associations        | (46,532)          | (48,002)          |
| Services and programming                     | (45,506)          | (54,624)          |
| Administration                               | (24,395)          | (43,529)          |
| Governance and fees                          | 908,641           | 882,056           |
| President                                    | (17,688)          | (35,779)          |
| Brantford BSC, Admin, Fees, EVP & Governance | 429,326           | 422,132           |
| Brantford activities                         | (44,144)          | (9,482)           |
| Brantford services                           | (3,597)           | 1,475             |
| Brantford operations                         | (12,210)          | (11,010)          |
|  | <b>\$ 761,034</b> | <b>\$ 707,827</b> |