

Financial Statements of

**WILFRID LAURIER
UNIVERSITY STUDENTS'
UNION**

And Independent Auditors' Report thereon

Year ended April 30, 2021



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INDEPENDENT AUDITORS' REPORT

To the Students of Wilfrid Laurier University Students' Union

Opinion

We have audited the financial statements of Wilfrid Laurier University Students' Union (the Entity), which comprise:

- the financial position as at April 30, 2021
- the statement of operations for the year then ended
- the statement of changes in net assets for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at April 30, 2021, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards 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 "***Auditors' Responsibilities for the Audit of the Financial Statements***" section of our auditors' report.

We are independent of the Entity 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 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 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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditors' 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 auditors' 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 the 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 Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- 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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Entity 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.



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- 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.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Waterloo, Canada

January 6, 2022

WILFRID LAURIER UNIVERSITY STUDENTS' UNION

Statement of Financial Position

April 30, 2021, with comparative information for 2020

	2021	2020
Assets		
Current assets:		
Cash	\$ 4,124,099	\$ 1,425,175
Accounts receivable	602,302	378,173
Inventories	32,800	45,645
Prepaid expenses	554	102
	<hr/> 4,759,755	<hr/> 1,849,095
Property and equipment (note 2)	3,014,137	3,449,117
Restricted cash (note 3)	381,215	336,402
	<hr/> \$ 8,155,107	<hr/> \$ 5,634,614

	2021	2020
Liabilities and Fund Balances		
Current liabilities:		
Accounts payable and accrued liabilities (note 4)	\$ 141,776	\$ 165,160
Deferred revenue	819,470	806,291
Due to Campus Clubs	1,541,847	1,340,677
Due to Wilfrid Laurier University	750,862	320,080
Current portion of long-term debt (note 5)	847,465	1,352,862
<u>Demand note to Wilfrid Laurier University (note 6)</u>	<u>838,046</u>	<u>1,010,712</u>
	4,939,466	4,995,782
Deferred capital contributions	743,431	743,431
Long-term debt (note 5)	1,443,409	1,203,664
<u>Other long-term liabilities</u>	<u>25,273</u>	<u>25,273</u>
	2,212,113	1,972,368
	7,151,579	6,968,150
Fund balances:		
Internally restricted (note 7)	525,111	483,111
<u>Unrestricted</u>	<u>478,417</u>	<u>(1,816,647)</u>
	1,003,528	(1,333,536)
Pension plan (note 9)		
Impact of COVID-19 pandemic (note 13)		
	<u>\$ 8,155,107</u>	<u>\$ 5,634,614</u>

See accompanying notes to financial statements.

On behalf of the Board:

_____ Director

_____ Director

WILFRID LAURIER UNIVERSITY STUDENTS' UNION

Statement of Operations

Year ended April 30, 2021, with comparative information for 2020

	2021	2020
Revenue (Schedule 1)	\$ 7,529,057	\$ 9,539,728
Expenses (Schedule 2)	4,626,342	8,565,368
Excess of revenue over expenses before other expenses (Schedule 3)	2,902,715	974,360
Other expenses:		
Amortization of property and equipment	474,484	502,129
Interest on long-term debt	91,167	121,645
	565,651	623,774
Excess of revenue over expenses	\$ 2,337,064	\$ 350,586

See accompanying notes to financial statements.

WILFRID LAURIER UNIVERSITY STUDENTS' UNION

Statement of Changes in Net Assets

Year ended April 30, 2021, with comparative information for 2020

	Health plan contingency fund	Essential services revenue fund	Capital reserve fund	Unrestricted fund	Total 2021	Total 2020
Balance, beginning of year	\$ 342,000	\$ 61,111	\$ 80,000	\$ (1,816,647)	\$ (1,333,536)	\$ (1,684,122)
Excess (deficiency) of revenues over expenses	-	-	-	2,337,064	2,337,064	350,586
Transfers between funds	42,000	-	-	(42,000)	-	-
Balance, end of year	\$ 384,000	\$ 61,111	\$ 80,000	\$ 478,417	\$ 1,003,528	\$ (1,333,536)

WILFRID LAURIER UNIVERSITY STUDENTS' UNION

Statement of Cash Flows

Year ended April 30, 2021, with comparative information for 2020

	2021	2020
Cash provided by (used in):		
Operations:		
Excess of revenue over expenses	\$ 2,337,064	\$ 350,586
Item not involving cash:		
Amortization of property and equipment	474,484	502,129
	<u>2,811,548</u>	<u>852,715</u>
Changes in non-cash operating working capital:		
Accounts receivable	(224,129)	198,660
Inventories	12,845	1,994
Prepaid expenses	(452)	1,181
Accounts payable and accrued liabilities	(23,384)	(466,280)
Deferred revenue	13,179	16,984
Due to Campus Clubs	201,170	259,595
Due to Wilfrid Laurier University	430,782	18,158
	<u>3,221,559</u>	<u>883,007</u>
Financing:		
Repayment of long-term debt	(265,652)	(257,273)
Repayment of demand note	(172,666)	(155,483)
Deferred capital contributions	-	(67)
	<u>(438,318)</u>	<u>(412,823)</u>
Investing:		
Purchase of property and equipment	(39,504)	(196,271)
Increase in restricted cash	(44,813)	(32,940)
	<u>(84,317)</u>	<u>(229,211)</u>
Increase in cash	2,698,924	240,973
Cash, beginning of year	1,425,175	1,184,202
Cash, end of year	<u>\$ 4,124,099</u>	<u>\$ 1,425,175</u>

See accompanying notes to financial statements.

WILFRID LAURIER UNIVERSITY STUDENTS' UNION

Notes to Financial Statements

Year ended April 30, 2021

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:

The financial statements have been prepared by management in accordance with the Chartered Professional Accountants of Canada Handbook Part III - Canadian accounting standards for not-for-profit organizations. The significant policies are summarized below:

(a) Revenue recognition:

The Organization follows the deferral method of accounting. Unrestricted donations are recorded as received.

Contributions restricted to the acquisition of capital assets having a limited life are initially recorded as deferred capital contributions in the period in which they are received. They are recognized as revenue over the useful life of the related assets.

Student fees are recognized as revenue when the associated service has been provided. Sales and services revenue is recognized at the point of sale or when the service has been provided.

(b) Internally restricted funds:

In order to ensure observance of the limitations and restrictions on the use of resources available to the Organization, internally restricted 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.

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

- (i) Health and dental plan contingency fund which records internally restricted reserves relating to the health plan premiums.
- (ii) Essential services reserve fund which records internally restricted reserves relating to future capital purchases for Essential Service Programs on both the Waterloo and Brantford campuses.
- (iii) Capital reserve fund which records internally restricted amounts relating to general future capital purchases.

WILFRID LAURIER UNIVERSITY STUDENTS' UNION

Notes to Financial Statements (continued)

Year ended April 30, 2021

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 with cost being determined substantially on a first-in, first-out basis.

(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

(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.

WILFRID LAURIER UNIVERSITY STUDENTS' UNION

Notes to Financial Statements (continued)

Year ended April 30, 2021

1. Significant accounting policies (continued):

(g) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Freestanding derivative instruments that are not in a qualifying hedging relationship and equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Organization has not elected to carry any such financial instruments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method (or effective interest rate method).

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Organization determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Organization expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

(h) Use of estimates:

The preparation of the financial statements 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)

Year ended April 30, 2021

2. Property and equipment:

			2021	2020
	Cost	Accumulated amortization	Net book value	Net book value
Building	\$ 1,750,000	\$ 1,312,500	\$ 437,500	\$ 525,000
Entertainment equipment	73,568	70,626	2,942	2,942
Furniture and fixtures	1,310,884	1,310,884	-	-
Vehicles	73,962	73,962	-	-
Computer hardware	462,232	419,297	42,935	33,447
Leasehold improvements	10,267,010	7,736,250	2,530,760	2,887,728
	\$ 13,937,656	\$ 10,923,519	\$ 3,014,137	\$ 3,449,117

3. Restricted cash:

The Board of Directors has restricted \$381,215 (2020 - \$336,402) of cash to be put towards the health and dental plan contingency fund.

4. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of \$nil (2020 - \$nil), which includes amounts payable for HST and payroll related taxes.

5. Long-term debt:

	2021	2020
Non-revolving term loan repayable in blended monthly installments of \$10,868, bearing fixed interest at 3.04%, due July 18, 2026	\$ 612,812	\$ 697,586
Non-revolving term loan repayable in blended monthly installments of \$5,586, bearing fixed interest at 3.08%, due January 4, 2022	588,026	663,018
WLU term loan payable in blended monthly installments of \$13,078, bearing interest at 4.10%, until September 1, 2020 and then 3.5% onwards, due September 1, 2025	1,090,036	1,195,922
	2,290,874	2,556,526
Less current portion of long-term debt	847,465	1,352,862
	\$ 1,443,409	\$ 1,203,664

WILFRID LAURIER UNIVERSITY STUDENTS' UNION

Notes to Financial Statements (continued)

Year ended April 30, 2021

5. Long-term debt (continued):

Principal repayments are due as follows:

2022	\$	847,465
2023		242,638
2024		250,710
2025		259,052
2026		248,999
Thereafter		442,010
	\$	2,290,874

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 and the Essential Services Revenue Fund which are internally restricted. The unspent funds are disclosed as internally restricted in these financial statements as follows:

	2021	2020
Health and dental plan contingency fund	\$ 384,000	\$ 342,000
Essential services reserve fund	61,111	61,111
Capital reserve fund	80,000	80,000
	\$ 525,111	\$ 483,111

WILFRID LAURIER UNIVERSITY STUDENTS' UNION

Notes to Financial Statements (continued)

Year ended April 30, 2021

8. 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, 2021.

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, 2021, the Organization was in compliance with all bank covenants.

9. Pension plan:

A few 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 \$27,922 (2020 - \$29,136) and are included as a charge to the statement of operations.

10. 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.

11. 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.

12. Comparative information:

Certain comparative information has been reclassified to conform with the financial statement presentation adopted for the current year.

WILFRID LAURIER UNIVERSITY STUDENTS' UNION

Notes to Financial Statements (continued)

Year ended April 30, 2021

13. Impact of COVID-19 pandemic:

On March 11, 2020, the World Health Organization declared the Coronavirus (COVID-19) outbreak a pandemic. The pandemic has resulted in significant financial, market and societal impacts in Canada and around the world.

During the year, the Organization applied and received for the Canada Emergency Wage Subsidy of \$805,843 (2020 - \$223,380) of which \$153,899 (2020 - \$223,380) is receivable at year-end. The amounts have been recorded as reduction to Fred Nichol's Campus Centre, Wilf's, Brantford BSC, Administration, Fees, EVP & Governance, Brantford hospitality services, and U-Desk expenditures.

The ultimate duration and magnitude of the COVID-19 pandemic's impact on the Organization's operations and financial position is not known at this time. There remains uncertainty over the impact on future customer service requirements from new or existing Provincial COVID-19 safety orders. These impacts could include a decline in future cash flows, changes to the value of assets and liabilities, and the use of net assets to sustain operations. An estimate of the financial effect of the pandemic on the Organization is not practicable at this time.

WILFRID LAURIER UNIVERSITY STUDENTS' UNION

Schedule 1 - Revenue

Year ended April 30, 2021, with comparative information for 2020

	2021	2020
Fred Nichol's Campus Centre	\$ 1,370,488	\$ 1,305,656
Health and dental	3,213,581	3,000,636
Wilfs	516,319	2,284,397
Brantford hospitality services	-	99,048
U-Desk	1,269	75,595
Food court/leasing operations	352,445	387,367
Services and programming	344,753	568,368
Governance and fees	1,459,610	1,463,729
Brantford BSC, Administration, Fees, EVP & Governance	270,592	354,932
	<u>\$ 7,529,057</u>	<u>\$ 9,539,728</u>

WILFRID LAURIER UNIVERSITY STUDENTS' UNION

Schedule 2 - Expenses

Year ended April 30, 2021, with comparative information for 2020

	2021	2020
Fred Nichol's Campus Centre	\$ 1,175,450	\$ 1,839,676
Health and dental	2,284,555	2,858,590
Turret	378	23,356
Wilfs	545,640	2,305,659
Brantford hospitality services	1,655	144,522
U-Desk	12,383	77,834
Food court/leasing operations	206,720	234,439
University affairs	60,375	53,873
Campus clubs and faculty associations	11,480	63,418
Services and programming	140,403	469,128
Administration	29,229	45,025
Governance and fees	8,309	8,299
President	11,467	21,949
Brantford BSC, Administration, Fees, EVP & Governance	131,444	312,655
Brantford activities, services, and operations	6,854	106,945
	<u>\$ 4,626,342</u>	<u>\$ 8,565,368</u>

WILFRID LAURIER UNIVERSITY STUDENTS' UNION

Schedule 3 - Net Revenues and Expenses

Year ended April 30, 2021, with comparative information for 2020

	2021	2020
Fred Nichol's Campus Centre	\$ 195,038	\$ (534,020)
Health and dental	929,026	142,046
Turret	(378)	(23,356)
Wilfs	(29,321)	(21,262)
Brantford hospitality services	(1,655)	(45,474)
U-Desk	(11,114)	(2,239)
Food court/leasing operations	145,725	152,928
University affairs	(60,375)	(53,873)
Campus clubs and faculty associations	(11,480)	(63,418)
Services and programming	204,350	99,240
Administration	(29,229)	(45,025)
Governance and fees	1,451,301	1,455,430
President	(11,467)	(21,949)
Brantford BSC, Admin, Fees, EVP and Governance	139,148	42,277
Brantford activities, services, and operations	(6,854)	(106,945)
	<u>\$ 2,902,715</u>	<u>\$ 974,360</u>