

Financial Statements of

**THOMPSON RIVERS
UNIVERSITY STUDENTS' UNION**

Year ended July 31, 2017



KPMG LLP
200-206 Seymour Street
Kamloops BC V2C 6P5
Canada
Tel (250) 372-5581
Fax (250) 828-2928

INDEPENDENT AUDITORS' REPORT

To the Members of Thompson Rivers University Students' Union

We have audited the accompanying financial statements of Thompson Rivers University Students' Union, which comprise the statement of financial position as at July 31, 2017, the statements 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 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.

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 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 Thompson Rivers University Students' Union as at July 31, 2017, 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.

Report on Other Legal and Regulatory Requirements

As stated by section 117 (1) (b) of the Societies Act (British Columbia), we are required to state whether these financial statements are prepared on a basis consistent with the basis on which the financial statements related to the preceding period were prepared. We report that, in our opinion, the significant accounting policies applied in preparing these financial statements have been applied on a basis consistent with that of the preceding year.

A handwritten signature in black ink that reads 'KPMG LLP' in a cursive, slanted font. A horizontal line is drawn underneath the signature.

Chartered Professional Accountants

January 9, 2018

Kamloops, Canada

THOMPSON RIVERS UNIVERSITY STUDENTS' UNION

Statement of Financial Position

July 31, 2017, with comparative information for 2016

	2017	2016
Assets		
Current assets:		
Cash	\$ 1,842,558	\$ 1,507,553
Accounts receivable	287,499	246,358
Prepaid expenses and deposits (note 2)	156,762	181,438
	<u>2,286,819</u>	<u>1,935,349</u>
Capital assets (note 3)	2,726,587	2,967,040
	<u>\$ 5,013,406</u>	<u>\$ 4,902,389</u>

Liabilities and Fund Balances

Current liabilities:		
Accounts payable and accrued liabilities (note 4)	\$ 418,081	\$ 491,666
Current portion of long-term debt (note 5)	80,000	80,000
Current portion of obligation under capital lease (note 6)	85,821	81,238
	<u>583,902</u>	<u>652,904</u>
Obligation under capital lease (note 6)	394,511	480,333
Long-term debt (note 5)	480,000	560,000
	<u>1,458,413</u>	<u>1,693,237</u>
Fund balances:		
Internally restricted funds - Building	1,741,603	1,682,830
Internally restricted funds - Health and Dental	618,268	634,868
Internally restricted funds - TRUSU Grants	373,798	193,130
Unrestricted funds - Operating	821,324	698,324
	<u>3,554,993</u>	<u>3,209,152</u>
	<u>\$ 5,013,406</u>	<u>\$ 4,902,389</u>

See accompanying notes to financial statements.

On behalf of Council:

_____ Director

_____ Director

THOMPSON RIVERS UNIVERSITY STUDENTS' UNION

Statement of Operations

Year ended July 31, 2017, with comparative information for 2016

	Budget	2017	2016
Revenues:			
Membership dues	\$ 985,000	\$ 1,042,505	\$ 997,891
Student services	270,000	257,426	259,544
UPASS	779,000	920,261	833,221
Grants and other income	40,000	54,943	30,923
	<u>2,074,000</u>	<u>2,275,135</u>	<u>2,121,579</u>
Other:			
Building fund	258,000	275,317	258,475
Health and Dental fund	760,000	1,070,140	685,420
TRUSU Grants fund	300,000	364,589	381,980
	<u>3,392,000</u>	<u>3,985,181</u>	<u>3,447,454</u>
Expenses:			
Operating fund:			
Advocacy:			
Campaigns and government relations	35,300	32,013	30,363
Equity collectives	7,950	2,499	14,595
Student caucus and institutional governance	2,350	1,297	1,134
Students services:			
Clubs and faculty administration & grants	2,400	2,277	859
Common Grounds	156,250	136,128	134,552
Employment centre	108,000	108,000	108,000
Endowments and bursaries	25,000	20,000	35,000
General administrative and promotional	10,250	-	-
Student Union building	101,000	91,747	108,649
Tickets and passes	4,000	1,365	3,469
UPASS	781,500	919,928	833,221
Entertainment:			
Kickstart	47,500	47,719	79,359
Last class bash	4,000	625	1,621
Common voices	30,000	26,592	61,694
Volunteer registry	400	-	-
Communications and membership development	43,000	30,308	30,590
Office administration and professional fees:			
Office and administration	63,700	68,403	49,939
Professional fees	52,000	53,917	65,486
Governance and Council:			
Council	86,500	75,865	67,531
Governance	250	-	178
Wages and benefits	402,000	433,453	407,096
Loss on disposal of capital assets	-	-	3,521
	<u>1,963,350</u>	<u>2,052,136</u>	<u>2,036,857</u>
Building fund:			
Amortization	302,500	257,973	269,253
Interest on capital lease	37,000	31,682	36,020
Interest on long-term debt	42,000	34,832	39,432
Rent	-	17,057	17,056
	<u>381,500</u>	<u>341,544</u>	<u>361,761</u>
Health and Dental fund	735,000	1,061,739	624,536
TRUSU Grants fund	290,000	183,921	188,850
	<u>3,369,850</u>	<u>3,639,340</u>	<u>3,212,004</u>
Excess of revenues over expenses	\$ 22,150	\$ 345,841	\$ 235,450

See accompanying notes to financial statements.

THOMPSON RIVERS UNIVERSITY STUDENTS' UNION

Statement of Changes in Fund Balances

Year ended July 31, 2017, with comparative information for 2016

	Operating Fund	Building Fund	Health and Dental Fund	TRUSU Grants Fund	Total 2017	Total 2016
Fund balances, beginning of year	\$ 698,324	\$ 1,682,830	\$ 634,868	\$ 193,130	\$ 3,209,152	\$ 2,973,702
Excess (deficiency) of revenue over expenses	223,000	(66,227)	8,400	180,668	345,841	235,450
Transfer from Operating and Health and Dental Funds to Building Fund per Council resolution	(100,000)	125,000	(25,000)	-	-	-
Fund balances, end of year	\$ 821,324	\$ 1,741,603	\$ 618,268	\$ 373,798	\$ 3,554,993	\$ 3,209,152

See accompanying notes to financial statements.

THOMPSON RIVERS UNIVERSITY STUDENTS' UNION

Statement of Cash Flows

Year ended July 31, 2017, with comparative information for 2016

	2017	2016
Cash provided by (used in):		
Operating activities:		
Excess of revenues over expenses	\$ 345,841	\$ 235,450
Items not involving cash:		
Amortization	257,973	269,252
Loss on disposal of capital assets	-	3,521
	<u>603,814</u>	<u>508,223</u>
Changes in non-cash operating working capital:		
Accounts receivable	(41,141)	(22,965)
Prepaid expenses and deposits	24,676	45,707
Accounts payable and accrued liabilities	(73,584)	132,640
	<u>513,765</u>	<u>663,605</u>
Financing activities:		
Repayment on obligations under capital lease	(81,239)	(76,900)
Repayment on long-term debt	(80,000)	(80,000)
	<u>(161,239)</u>	<u>(156,900)</u>
Investing activities:		
Purchase of capital assets	(17,521)	(48,495)
Proceeds from disposal of capital assets	-	4,615
	<u>(17,521)</u>	<u>(43,880)</u>
Increase in cash	335,005	462,825
Cash, beginning of year	1,507,553	1,044,728
Cash, end of year	<u>\$ 1,842,558</u>	<u>\$ 1,507,553</u>

See accompanying notes to financial statements.

THOMPSON RIVERS UNIVERSITY STUDENTS' UNION

Notes to Financial Statements

Year ended July 31, 2017

Nature of operations:

Thompson Rivers University Students' Union (the "Union") is incorporated under the Societies Act of British Columbia and its principal activity is to provide services to the students of Thompson Rivers University ("TRU"). The Union is exempt from income taxes, provided certain requirements of the Income Tax Act are met. On November 28, 2016, the new Societies Act (British Columbia) became effective. On February 2, 2017, the Union transitioned to the new act.

1. Significant accounting policies:

These financial statements are prepared in accordance with Canadian Accounting Standards for Not-For-Profit Standards in Part III of the CPA Canada Handbook. The Union's significant accounting policies are as follows:

(a) Fund accounting:

The Union follows the fund accounting method generally in use for not-for-profit organizations. A fund is determined for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. The financial position of the Union is shown on the statement of financial position and includes the assets, liabilities and fund balances of all funds.

The Union maintains the following funds:

(i) Operating Fund:

The Operating Fund reflects the activities associated with the Union's day-to-day operations, including its short and long-term capital requirements.

(ii) Building Fund:

The Building Fund reflects the activities associated with operating and maintaining the building addition in use by the Union. This fund includes the portion of student fees which are restricted for these purposes, as well as related capital lease payments and interest.

(iii) Health and Dental Fund:

The Health and Dental Fund reflects the net fees collected from students which are restricted for the provision of health and dental insurance.

(iv) TRUSU Grants Fund:

The TRUSU Grants Fund reflects 1/3 of the net fees collected from students for the Comprehensive University Enhancement Fund, which are internally restricted for the provision of student grants.

THOMPSON RIVERS UNIVERSITY STUDENTS' UNION

Notes to Financial Statements (continued)

Year ended July 31, 2017

1. Significant accounting policies (continued):

(b) Revenue recognition:

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

Grants, other income and revenue from Common Grounds Coffee shop are recognized as the goods and services are provided.

(c) Capital assets:

Capital assets are stated at cost, less accumulated amortization. Amortization is provided using the following methods and annual rates:

Asset	Basis	Rate
Furniture and equipment	Declining balance	20%
Common Grounds furniture and equipment	Declining balance	20%
Revitalization project	Straight-line	15 years
Leasehold improvements under capital lease	Declining balance	4% or 15 years

(d) Use of estimates:

The preparation of the financial statements in conformity with Canadian accounting standards for not-for-profit standards 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 estimated useful lives and recoverable amount of capital assets. Actual results could differ from those estimates.

THOMPSON RIVERS UNIVERSITY STUDENTS' UNION

Notes to Financial Statements (continued)

Year ended July 31, 2017

1. Significant accounting policies (continued):

(e) 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 Union 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.

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 Union 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 Union expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future year, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

2. Prepaid expenses and deposits:

	2017	2016
Prepaid expenses	\$ 13,202	\$ 20,821
Prepaid rent	143,560	160,617
	<u>\$ 156,762</u>	<u>\$ 181,438</u>

During the 2013 year, the Union paid for the renovations of certain storage space owned by TRU. In exchange, TRU allowed the Union to use the space rent free over the remaining term of the existing lease which expires April 26, 2026. This effectively represents a prepaid lease as the payment for the renovations effectively represents the market rent for the additional space and represents a benefit to the Union. This storage space was excluded from the original building lease agreement with TRU, hence does not represent leasehold improvements.

THOMPSON RIVERS UNIVERSITY STUDENTS' UNION

Notes to Financial Statements (continued)

Year ended July 31, 2017

3. Capital assets:

			2017	2016
	Cost	Accumulated amortization	Net book value	Net book value
Operating fund:				
Furniture and equipment	\$ 833,826	\$ 618,477	\$ 215,349	\$ 253,238
Common Grounds furniture and equipment	83,803	68,821	14,982	18,728
	917,629	687,298	230,331	271,966
Building fund:				
Independent Centre equipment	29,507	28,339	1,168	1,460
Leasehold improvement financed under capital lease	3,220,397	1,315,260	1,905,137	2,011,526
Revitalization project	1,382,058	792,107	589,951	682,088
	4,631,962	2,135,706	2,496,256	2,695,074
	\$ 5,549,591	\$ 2,823,004	\$ 2,726,587	\$ 2,967,040

4. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of \$1,468 (July 31, 2016 - \$11,930), which includes amounts payable for GST and payroll related taxes.

THOMPSON RIVERS UNIVERSITY STUDENTS' UNION

Notes to Financial Statements (continued)

Year ended July 31, 2017

5. Long-term debt:

	2017	2016
TRU, loan, bearing interest at 5.75% per annum, (repricing date November 15, 2018), repayable in annual instalments of \$80,000 plus interest, secured by all student union fees payable by the students of TRU that currently are or may at any time be due or owing to the Union, maturing April 26, 2026	\$ 560,000	\$ 640,000
Current portion of long-term debt	80,000	80,000
	<u>\$ 480,000</u>	<u>\$ 560,000</u>

Scheduled principal repayments for each of the next five years and thereafter are approximately as follows:

2018	\$ 80,000
2019	80,000
2020	80,000
2021	80,000
2022	80,000
Thereafter	160,000
	<u>\$ 560,000</u>

Interest of \$34,832 (2016 - \$39,432) relating to the long-term debt has been included in interest expense in the Building Fund.

THOMPSON RIVERS UNIVERSITY STUDENTS' UNION

Notes to Financial Statements (continued)

Year ended July 31, 2017

6. Obligation under capital lease:

The Union has financed certain improvements by entering into a capital leasing arrangement. Capital lease repayments are due as follows:

	2017	2016
2017	\$ -	\$ 112,920
2018	112,920	112,920
2019	112,920	112,920
2020	112,920	112,920
2021	112,920	112,920
2022	112,920	112,920
Total minimum lease payments	564,600	677,520
Less amount representing interest at 5.501%	84,268	115,949
Present value of net minimum capital lease payments	480,332	561,571
Less current portion of obligation under capital lease	85,821	81,238
	\$ 394,511	\$ 480,333

Interest of \$31,682 (2016 - \$36,020) relating to the obligation under capital lease has been included in interest expense in the Building Fund.

7. Non-discretionary allocations:

During the year, the Union collected fees on behalf of the following autonomous organizations:

	2017	2016
Canadian Federation of Students	\$ 134,320	\$ 126,638
Cariboo Child Care Society	22,795	21,739
Cariboo Student Newspaper Society	88,524	84,421
Kamloops Campus/Community Radio Society	100,574	95,962
	\$ 346,213	\$ 328,760

As these fees are collected on behalf of these organizations, they are not included in the statement of operations.

THOMPSON RIVERS UNIVERSITY STUDENTS' UNION

Notes to Financial Statements (continued)

Year ended July 31, 2017

8. Director, employee and contractor remuneration:

In accordance with the Societies Act (British Columbia) Section 36.1 of Societies Regulation 9.2 (b):

For the fiscal year ending July 31, 2017, the Union paid remuneration to the following directors:

	2017
President	\$ 8,032
Vice President Finance *	9,795
Vice President Equity	4,037
Vice President External	12,639
Vice President Internal	11,291
Vice President Services	1,802
Aboriginal Representative	3,858
Graduate Students' Representative	3,545
International Students' Representative	3,314
LGBTQ+ Representative	522
Visible Minorities Representative	470
Women's Representative	2,244
Campaigns Committee Representative	1,262
Entertainment Committee Representative	1,183
Services Committee Representative	2,167
Student Caucus Steering Committee Representative	930
Director at Large *	4,757
	<hr/>
	\$ 71,848

* Director position eliminated as of May 2017

Included in wages and benefits is one employee with remuneration over \$75,000. Total annual remuneration, including salaries and taxable benefits, paid to this individual for the year ended July 31, 2017 was \$80,024.

THOMPSON RIVERS UNIVERSITY STUDENTS' UNION

Notes to Financial Statements (continued)

Year ended July 31, 2017

9. Financial instruments:

(a) Liquidity risk:

Liquidity risk is the risk that the Union will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Union manages its liquidity risk by monitoring its operating requirements. There has been no change to the risk exposure from 2016.

(b) Cash flow risk:

The Union is exposed to fair value risk as its obligation under capital lease and long-term debt are financed at fixed rates. As the Union plans to settle these debts in accordance with the disclosed repayment schedules (notes 5 and 6), it does not manage this risk. There has been no change in the risk exposure from 2016.

(c) Credit and currency risk:

It is management's opinion that the Union is not exposed to significant credit risk or currency risk associated with its financial instruments.

10. Economic dependence:

Substantially all of the Union's revenue (93%) (2016 - 93%) is earned from mandatory student fees and health and dental premiums which are collected from students by TRU. Any change which results in these fees becoming optional may result in a reduction of future revenues.

11. Comparative information:

Certain comparative figures have been reclassified from those previously presented to conform to the presentation of the 2017 financial statements.