

Financial Statements of

**THOMPSON RIVERS  
UNIVERSITY STUDENTS'  
UNION**

And Independent Auditors' Report thereon

Year ended July 31, 2019



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## INDEPENDENT AUDITORS' REPORT

To the Members of Thompson Rivers University Students' Union

### ***Opinion***

We have audited the financial statements of Thompson Rivers University Students' Union (the "Organization"), which comprise:

- the statement of financial position as at July 31, 2019
- the statement of operations for the year then ended
- the statement of changes fund balances 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 Organization as at July 31, 2019, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for profit organization.

### ***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 Organization 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 for not-for profit organization, 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 Organization'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 Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization'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 Organization'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 Organization'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 Organization to cease to continue as a going concern.



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- 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.
- 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*

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Chartered Professional Accountants

Kamloops, Canada

December 3, 2019

# THOMPSON RIVERS UNIVERSITY STUDENTS' UNION

Statement of Financial Position

July 31, 2019, with comparative information for 2018

	2019	2018
<b>Assets</b>		
Current assets:		
Cash	\$ 2,498,427	\$ 2,406,660
Accounts receivable	386,875	441,332
Prepaid expenses and deposits (note 2)	174,728	142,132
	<u>3,060,030</u>	<u>2,990,124</u>
Capital assets (note 3)	2,319,219	2,506,492
	<u>\$ 5,379,249</u>	<u>\$ 5,496,616</u>

## Liabilities and Fund Balances

Current liabilities:		
Accounts payable and accrued liabilities (note 4)	\$ 473,971	\$ 477,122
Current portion of long-term debt (note 5)	-	80,000
Current portion of obligation under capital lease (note 6)	-	90,663
	<u>473,971</u>	<u>647,785</u>
Obligation under capital lease (note 6)	-	303,849
Long-term debt (note 5)	-	400,000
	<u>473,971</u>	<u>1,351,634</u>
Fund balances:		
Internally restricted funds - Building	2,864,943	1,785,872
Internally restricted funds - Health and Dental	982,573	740,224
Internally restricted funds - TRUSU Grants	532,542	469,699
Unrestricted funds - Operating	525,220	1,149,187
	<u>4,905,278</u>	<u>4,144,982</u>
	<u>\$ 5,379,249</u>	<u>\$ 5,496,616</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, 2019, with comparative information for 2018

	Budget	2019	2018
<b>Revenue:</b>			
Membership dues	\$ 999,999	\$ 1,316,298	\$ 1,214,178
Student services	272,000	269,836	279,478
UPASS	850,000	1,126,791	1,036,041
Grants and other income	52,500	74,310	55,913
	<u>2,174,499</u>	<u>2,787,235</u>	<u>2,585,610</u>
<b>Other:</b>			
Building fund	265,000	341,819	314,642
Health and Dental fund	1,039,999	1,548,864	1,203,018
TRUSU Grants fund	345,000	449,081	413,651
	<u>3,824,498</u>	<u>5,126,999</u>	<u>4,516,921</u>
<b>General and administrative expenses:</b>			
<b>Operating fund:</b>			
<b>Advocacy:</b>			
Campaigns and government relations	8,500	29,725	28,300
Equity collectives	2,250	1,017	885
Student caucus and institutional governance	7,000	1,474	1,339
<b>Students services:</b>			
Clubs and faculty administration & grants	2,500	3,784	2,810
Common Grounds	165,000	153,276	141,784
Employment centre	108,000	108,000	108,000
Endowments and bursaries	25,000	25,000	25,000
General administrative and promotional	9,000	443	-
Student Union building	114,000	142,263	106,207
Tickets and passes	4,000	-	-
UPASS	851,750	1,126,791	1,036,041
<b>Entertainment:</b>			
Kickstart	51,500	53,092	49,722
Last class bash	4,000	1,821	1,268
Common voices	25,000	17,086	23,662
Communications and membership development	39,900	14,217	27,458
<b>Office administration and professional fees:</b>			
Office and administration	55,700	71,362	58,723
Professional fees	70,800	45,243	50,327
<b>Governance and Council:</b>			
Council	150,350	82,499	70,371
Governance	500	3,487	272
<b>Wages and benefits</b>	<u>472,000</u>	<u>526,475</u>	<u>497,578</u>
	<u>2,166,750</u>	<u>2,407,055</u>	<u>2,229,747</u>
<b>Building fund:</b>			
Amortization	256,000	245,711	248,985
Interest on capital lease	32,000	22,257	27,099
Interest on long-term debt	-	6,869	30,232
Rent	18,000	17,057	17,057
	<u>306,000</u>	<u>291,894</u>	<u>323,373</u>
Health and Dental fund	1,011,500	1,281,515	1,056,062
TRUSU Grants fund	344,500	386,239	317,750
	<u>3,828,750</u>	<u>4,366,703</u>	<u>3,926,932</u>
<b>Excess of revenue over expenses</b>	<u>\$ (4,252)</u>	<u>\$ 760,296</u>	<u>\$ 589,989</u>

See accompanying notes to financial statements.

# THOMPSON RIVERS UNIVERSITY STUDENTS' UNION

## Statement of Changes in Fund Balances

Year ended July 31, 2019, with comparative information for 2018

	Operating Fund	Building Fund	Health and Dental Fund	TRUSU Grants Fund	Total 2019	Total 2018
Fund balances, beginning of year	\$ 1,149,187	\$ 1,785,872	\$ 740,224	\$ 469,699	\$ 4,144,982	\$ 3,554,993
Excess of revenue over expenses	380,180	49,924	267,349	62,843	760,296	589,989
Transfer from Operating and Health and Dental Funds to Building Fund per Council resolution	(1,004,147)	1,029,147	(25,000)	-	-	-
Fund balances, end of year	\$ 525,220	\$ 2,864,943	\$ 982,573	\$ 532,542	\$ 4,905,278	\$ 4,144,982

See accompanying notes to financial statements.

# THOMPSON RIVERS UNIVERSITY STUDENTS' UNION

## Statement of Cash Flows

Year ended July 31, 2019, with comparative information for 2018

	2019	2018
Cash provided by (used in):		
Operating activities:		
Excess of revenue over expenses	\$ 760,296	\$ 589,989
Item not involving cash:		
Amortization	245,711	248,985
	<u>1,006,007</u>	<u>838,974</u>
Changes in non-cash operating working capital:		
Accounts receivable	54,457	(153,833)
Prepaid expenses and deposits	(32,596)	14,630
Accounts payable and accrued liabilities	(3,151)	59,041
	<u>1,024,717</u>	<u>758,812</u>
Financing activities:		
Repayment on obligations under capital lease	(394,512)	(85,820)
Repayment on long-term debt	(480,000)	(80,000)
	<u>(874,512)</u>	<u>(165,820)</u>
Investing activities:		
Purchase of capital assets	(58,438)	(28,890)
Increase in cash	91,767	564,102
Cash, beginning of year	2,406,660	1,842,558
Cash, end of year	<u>\$ 2,498,427</u>	<u>\$ 2,406,660</u>

See accompanying notes to financial statements.



# THOMPSON RIVERS UNIVERSITY STUDENTS' UNION

Notes to Financial Statements

Year ended July 31, 2019

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## 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, 2019

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## 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:

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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

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### (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, 2019

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## 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:

	2019	2018
Prepaid expenses	\$ 10,661	\$ 15,629
Prepaid rent	164,067	126,503
	<u>\$ 174,728</u>	<u>\$ 142,132</u>

Prepaid rent includes amounts relating to renovations of certain storage space and other amounts relating to the lease agreement with TRU. The prepaid rent will be amortized over the remaining term of the existing lease which expires April 26, 2026.

# THOMPSON RIVERS UNIVERSITY STUDENTS' UNION

Notes to Financial Statements (continued)

Year ended July 31, 2019

## 3. Capital assets:

			2019	2018
	Cost	Accumulated amortization	Net book value	Net book value
Operating fund:				
Furniture and equipment	\$ 883,596	\$ 706,180	\$ 177,416	\$ 198,280
Common Grounds furniture and equipment	121,361	77,970	43,391	11,986
	1,004,957	784,150	220,807	210,266
Building fund:				
Independent Centre equipment	29,507	28,760	747	934
Leasehold improvement financed under capital lease	3,220,397	1,528,409	1,691,988	1,797,478
Revitalization project	1,382,058	976,381	405,677	497,814
	4,631,962	2,533,550	2,098,412	2,296,226
	\$ 5,636,919	\$ 3,317,700	\$ 2,319,219	\$ 2,506,492

## 4. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of \$1,803 (July 31, 2018 - \$1,045), which includes amounts payable for GST and payroll related taxes.

# THOMPSON RIVERS UNIVERSITY STUDENTS' UNION

Notes to Financial Statements (continued)

Year ended July 31, 2019

## 5. Long-term debt:

	2019	2018
TRU, loan, repaid during the year	\$ -	\$ 480,000
Current portion of long-term debt	-	80,000
	\$ -	\$ 400,000

Interest of \$6,869 (2018 - \$30,232) relating to long-term debt has been included in interest expense in the Building Fund.

## 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:

	2019	2018
2019	\$ -	\$ 112,920
2020	-	112,920
2021	-	112,920
2022	-	112,920
Total minimum lease payments	-	451,680
Less amount representing interest at 5.501%	-	57,168
Present value of net minimum capital lease payments	-	394,512
Less current portion of obligation under capital lease	-	90,663
	\$ -	\$ 303,849

Interest of \$22,257 (2018 - \$27,099) relating to the obligation under capital lease has been included in interest expense in the Building Fund.

# THOMPSON RIVERS UNIVERSITY STUDENTS' UNION

Notes to Financial Statements (continued)

Year ended July 31, 2019

## 7. Non-discretionary allocations:

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

	2019	2018
Canadian Federation of Students	\$ 167,957	\$ 152,660
Cariboo Child Care Society	27,586	25,609
Cariboo Student Newspaper Society	106,608	99,101
Kamloops Campus/Community Radio Society	122,288	113,450
	<u>\$ 424,439</u>	<u>\$ 390,820</u>

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

## 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, the Union paid remuneration to the following directors:

	2019	2018
President	\$ 10,403	\$ 8,582
Vice President Equity	11,080	6,072
Vice President External	8,818	8,983
Vice President Internal	9,512	6,108
Vice President Services	4,792	6,262
Aboriginal Representative	3,402	3,440
Graduate Students' Representative	1,923	3,407
International Students' Representative	1,520	2,945
LGBTQ+ Representative	1,861	1,836
Visible Minorities Representative	2,547	1,670
Women's Representative	3,389	470
Campaigns Committee Representative	5,380	3,906
Entertainment Committee Representative	5,304	2,988
Services Committee Representative	3,482	5,336
University Affairs Committee Representative	6,708	4,165
	<u>\$ 80,121</u>	<u>\$ 66,170</u>

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, 2019 was \$80,765 (2018 - \$76,837).

# THOMPSON RIVERS UNIVERSITY STUDENTS' UNION

Notes to Financial Statements (continued)

Year ended July 31, 2019

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## 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 a decrease in the risk exposure from 2018 due to the repayment of long-term debt and obligation under capital lease during the year.

### (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. The Union settled these debts in the current year (notes 5 and 6), therefore there was a decrease in the risk exposure from 2018.

### (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%) (2018 - 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.