

Financial Statements of

**THOMPSON RIVERS
UNIVERSITY STUDENTS'
UNION**

And Independent Auditors' Report thereon

Year ended July 31, 2020



KPMG LLP
560 Victoria Street
Kamloops BC V2C 2B2
Canada
Tel 250-372-5581
Fax 250-828-2928

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, 2020
- the statement of operations for the year then ended
- the statement of changes in 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, 2020, 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.



Page 3

- 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.

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' with a horizontal line underneath.

Chartered Professional Accountants

Kamloops, Canada

January 15, 2021

THOMPSON RIVERS UNIVERSITY STUDENTS' UNION

Statement of Financial Position

July 31, 2020, with comparative information for 2019

	2020	2019
Assets		
Current assets:		
Cash	\$ 3,545,972	\$ 2,498,427
Accounts receivable	248,602	386,875
Prepaid expenses and deposits (note 3)	150,214	174,728
	<u>3,944,788</u>	<u>3,060,030</u>
Capital assets (note 4)	2,118,644	2,319,219
	<u>\$ 6,063,432</u>	<u>\$ 5,379,249</u>

Liabilities and Fund Balances

Current liabilities:		
Accounts payable and accrued liabilities (note 5)	\$ 420,452	\$ 473,971
Fund balances:		
Internally restricted funds - Building	2,983,281	2,864,943
Internally restricted funds - Health and Dental	1,204,748	982,573
Internally restricted funds - TRUSU Grants	565,325	532,542
Unrestricted funds - Operating	889,626	525,220
	<u>5,642,980</u>	<u>4,905,278</u>
Continuity of operations (note 1)		
Economic dependence (note 9)		
	<u>\$ 6,063,432</u>	<u>\$ 5,379,249</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, 2020, with comparative information for 2019

	Budget	2020	2019
Revenue:			
Membership dues	\$ 1,199,000	\$ 1,347,328	\$ 1,316,298
Student services	1,218,000	257,540	269,836
UPASS	-	1,064,898	1,126,791
Grants and other income	42,500	90,912	74,310
	<u>2,459,500</u>	<u>2,760,678</u>	<u>2,787,235</u>
Other:			
Building fund	319,000	353,392	341,819
Health and Dental fund	1,300,000	1,542,640	1,548,864
TRUSU Grants fund	400,000	473,270	449,081
	<u>2,019,000</u>	<u>2,369,302</u>	<u>2,339,764</u>
	4,478,500	5,129,980	5,126,999
General and administrative expenses:			
Operating fund:			
Advocacy:			
Campaigns and government relations	11,000	5,680	29,725
Equity collectives	5,000	1,903	1,017
Student caucus and institutional governance	6,450	9,545	1,474
Students services:			
Clubs and faculty administration & grants	3,000	1,260	3,784
Common Grounds	165,000	153,100	153,276
Employment centre	108,000	108,000	108,000
Endowments and bursaries	30,000	31,000	25,000
General administrative and promotional	1,000	642	443
Student Union building	185,000	135,080	142,738
Tickets and passes	-	8,675	-
UPASS	951,750	1,067,155	1,126,316
Entertainment:			
Kickstart	54,000	51,160	50,837
Holiday Fest	5,000	8,036	-
Last class bash	4,000	-	1,821
Common voices	32,500	6,895	19,341
Communications and membership development	55,000	9,094	14,217
Office administration and professional fees:			
Office and administration	69,950	71,558	71,362
Professional fees	70,800	46,203	45,243
Governance and Council:			
Council	172,000	92,914	82,499
Governance	4,500	186	3,487
Wages and benefits	<u>494,000</u>	<u>569,186</u>	<u>526,475</u>
	2,427,950	2,377,272	2,407,055
Health and Dental fund	1,262,056	1,295,465	1,281,515
TRUSU Grants fund	480,378	440,487	386,239
Building fund:			
Amortization	277,000	254,194	245,711
Interest on capital lease	-	7,803	22,257
Interest on long-term debt	-	-	6,869
Rent	-	17,057	17,057
	<u>277,000</u>	<u>279,054</u>	<u>291,894</u>
	4,447,384	4,392,278	4,366,703
Excess of revenue over expenses	<u>\$ 31,116</u>	<u>\$ 737,702</u>	<u>\$ 760,296</u>

See accompanying notes to financial statements.

THOMPSON RIVERS UNIVERSITY STUDENTS' UNION

Statement of Changes in Fund Balances

Year ended July 31, 2020, with comparative information for 2019

	Operating Fund	Building Fund	Health and Dental Fund	TRUSU Grants Fund	Total 2020	Total 2019
Fund balances, beginning of year	\$ 525,220	\$ 2,864,943	\$ 982,573	\$ 532,542	\$ 4,905,278	\$ 4,144,982
Excess of revenue over expenses	383,406	74,338	247,175	32,783	737,702	760,296
Transfer from Operating and Health and Dental Funds to Building Fund per Council resolution	(19,000)	44,000	(25,000)	-	-	-
Fund balances, end of year	\$ 889,626	\$ 2,983,281	\$ 1,204,748	\$ 565,325	\$ 5,642,980	\$ 4,905,278

See accompanying notes to financial statements.

THOMPSON RIVERS UNIVERSITY STUDENTS' UNION

Statement of Cash Flows

Year ended July 31, 2020, with comparative information for 2019

	2020	2019
Cash provided by (used in):		
Operating activities:		
Excess of revenue over expenses	\$ 737,702	\$ 760,296
Item not involving cash:		
Amortization	254,195	245,711
	991,897	1,006,007
Changes in non-cash operating working capital:		
Accounts receivable	138,273	54,457
Prepaid expenses and deposits	24,514	(32,596)
Accounts payable and accrued liabilities	(53,519)	(3,151)
	1,101,165	1,024,717
Financing activities:		
Repayment on obligations under capital lease	-	(394,512)
Repayment on long-term debt	-	(480,000)
	-	(874,512)
Investing activities:		
Purchase of capital assets	(53,620)	(58,438)
Increase in cash	1,047,545	91,767
Cash, beginning of year	2,498,427	2,406,660
Cash, end of year	\$ 3,545,972	\$ 2,498,427

See accompanying notes to financial statements.

THOMPSON RIVERS UNIVERSITY STUDENTS' UNION

Notes to Financial Statements

Year ended July 31, 2020

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. Continuity of operations:

On March 11, 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization. This has resulted in governments worldwide, including the Canadian and B.C. governments, enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods, closures of non-essential businesses, and physical distancing, have caused material disruption to businesses in B.C. and globally, resulting in an economic slowdown. Based on this, the following impacted the Union's operations:

The Union closed their building, Common Grounds Coffee Shop and the Members' Service Desk on March 17, 2020. The Members' Service Desk reopened on June 1, 2020 however all other facilities remain closed. The Union applied for the Temporary Wage Subsidy to respond to a reduction in operations and to meet its contractual obligations.

The COVID-19 situation is dynamic, causing significant uncertainty regarding non-essential businesses. The ultimate duration and magnitude of the impact on the economy and the financial effect on the Union's future revenues, operating results and overall financial performance is not known at this time; however, the impact could be material. At the reporting date, the Union determined that COVID-19 had no impact on its significant accounting policies, contracts or lease agreements, the assessment of provisions and contingent liabilities, credit risk or the timing of revenue recognition.

As at January 15, 2021, the Union continues to meet its contractual obligations within normal payment terms.

THOMPSON RIVERS UNIVERSITY STUDENTS' UNION

Notes to Financial Statements (continued)

Year ended July 31, 2020

2. 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, 2020

2. 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, 2020

2. 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.

3. Prepaid expenses and deposits:

	2020	2019
Prepaid expenses	\$ 11,007	\$ 10,661
Prepaid rent	139,207	164,067
	<u>\$ 150,214</u>	<u>\$ 174,728</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, 2020

4. Capital assets:

			2020	2019
	Cost	Accumulated amortization	Net book value	Net book value
Operating fund:				
Furniture and equipment	\$ 937,216	\$ 729,284	\$ 207,932	\$ 177,416
Common Grounds furniture and equipment	121,361	86,648	34,713	43,391
	1,058,577	815,932	242,645	220,807
Building fund:				
Independent Centre equipment	29,507	28,909	598	747
Leasehold improvement financed under capital lease	3,220,397	1,658,535	1,561,862	1,691,988
Revitalization project	1,382,058	1,068,519	313,539	405,677
	4,631,962	2,755,963	1,875,999	2,098,412
	\$ 5,690,539	\$ 3,571,895	\$ 2,118,644	\$ 2,319,219

5. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of \$1,132 (July 31, 2019 - \$1,803), which includes amounts payable for payroll related taxes.

THOMPSON RIVERS UNIVERSITY STUDENTS' UNION

Notes to Financial Statements (continued)

Year ended July 31, 2020

6. Non-discretionary allocations:

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

	2020	2019
Canadian Federation of Students	\$ 177,129	\$ 167,957
Cariboo Child Care Society	28,485	27,586
Cariboo Student Newspaper Society	110,139	106,608
Kamloops Campus/Community Radio Society	126,464	122,288
	\$ 442,217	\$ 424,439

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

7. 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:

	2020	2019
President	\$ 12,988	\$ 10,403
Vice President Equity	11,769	11,080
Vice President External	12,703	8,818
Vice President Internal	7,281	9,512
Vice President Services	8,340	4,792
Aboriginal Representative	1,070	3,402
Graduate Students' Representative	2,941	1,923
International Students' Representative	3,948	1,520
LGBTQ+ Representative	2,008	1,861
Visible Minorities Representative	840	2,547
Women's Representative	3,696	3,389
Campaigns Committee Representative	4,829	5,380
Entertainment Committee Representative	4,989	5,304
Services Committee Representative	7,137	3,482
University Affairs Committee Representative	6,271	6,708
	\$ 90,810	\$ 80,121

THOMPSON RIVERS UNIVERSITY STUDENTS' UNION

Notes to Financial Statements (continued)

Year ended July 31, 2020

7. Director, employee and contractor remuneration: (continued):

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, 2020 was \$81,542 (2019 - \$80,765).

During the year, the Union received \$15,657 through the federal government's Temporary Wage Subsidy program. These amounts have been included in grants and other income.

8. 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 in the risk exposure from 2019.

(b) 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.

9. Economic dependence:

Substantially all of the Union's revenue (93%) (2019 - 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.