

Financial Statements of

**THOMPSON RIVERS
UNIVERSITY STUDENTS'
UNION**

And Independent Auditor's Report thereon

Year ended July 31, 2022



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INDEPENDENT AUDITOR'S REPORT

To the Members of Thompson Rivers University Students' Union

Report on the Audit of the Financial Statements

Opinion

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

- the statement of financial position as at July 31, 2022
- 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 and other explanatory information

(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 Union as at July 31, 2022 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.

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 "***Auditor's Responsibilities for the Audit of the Financial Statements***" section of our auditor's report.

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

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

Auditor's 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 auditor's 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 Union's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



Page 3

- 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 Union's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's 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 auditor's report. However, future events or conditions may cause the Union 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.
- 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 required by the Societies Act (British Columbia), we report that, in our opinion, the accounting policies applied by Thompson Rivers University Students' Union in preparing and presenting the financial statements in accordance with Canadian accounting standards for not-for-profit organizations have been applied on a basis consistent with that of the preceding period.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, stylized font. Below the signature is a horizontal line that starts under the 'K' and ends under the 'P'.

Chartered Professional Accountants

Kamloops, Canada

January 10, 2023

THOMPSON RIVERS UNIVERSITY STUDENTS' UNION

Statement of Financial Position

July 31, 2022, with comparative information for 2021

	2022	2021
Assets		
Current assets:		
Cash	\$ 4,778,699	\$ 4,038,060
Accounts receivable	381,312	430,150
Prepaid expenses and deposits (note 2)	68,444	28,153
	5,228,455	4,496,363
Prepaid expenses and deposits (note 2)	88,038	105,094
Capital assets (note 3)	1,689,782	1,875,467
	\$ 7,006,275	\$ 6,476,924

Liabilities and Fund Balances

Current liabilities:		
Accounts payable and accrued liabilities (note 4)	\$ 455,332	\$ 521,303
Fund balances:		
Unrestricted funds - Operating	408,064	184,265
Internally restricted funds - Capital	3,147,839	3,034,309
Internally restricted funds - Health and Dental	1,396,999	1,315,277
Internally restricted funds - TRUSU Grants	598,041	421,770
Internally restricted funds - Contingency reserve	1,000,000	1,000,000
	6,550,943	5,955,621
Economic dependence (note 8)		
	\$ 7,006,275	\$ 6,476,924

See accompanying notes to financial statements.

On behalf of the Board:

_____ Director _____ Director

THOMPSON RIVERS UNIVERSITY STUDENTS' UNION

Statement of Operations

Year ended July 31, 2022, with comparative information for 2021

	Budget	2022	2021
Revenue:			
Membership dues	\$ 1,300,000	\$ 1,261,544	\$ 1,262,224
Student services	243,500	252,389	113,018
UPASS	1,036,998	1,107,131	999,716
Grants and other income	32,500	27,308	10,240
	2,612,998	2,648,372	2,385,198
Other revenue:			
Capital fund	336,618	326,200	329,761
Health and Dental fund	1,379,539	1,491,716	1,313,592
TRUSU Grants fund	402,325	447,129	455,644
	2,118,482	2,265,045	2,098,997
	4,731,480	4,913,417	4,484,195
General and administrative expenses:			
Operating fund:			
Advocacy Collective	482,496	374,635	386,701
Services Committee	1,698,215	1,670,475	1,353,725
Entertainment Committee	244,305	160,064	151,820
Board of Directors	127,247	159,899	157,337
	2,552,263	2,365,073	2,049,583
Health and Dental fund	1,372,200	1,409,995	1,226,442
TRUSU Grants fund	401,285	270,858	629,118
Capital fund	287,500	272,169	266,411
	4,613,248	4,318,095	4,171,554
Excess of revenue over expenses	\$ 118,232	\$ 595,322	\$ 312,641

See accompanying notes to financial statements.

THOMPSON RIVERS UNIVERSITY STUDENTS' UNION

Statement of Changes in Fund Balances

Year ended July 31, 2022, with comparative information for 2021

	Operating Fund	Capital Fund	Health and Dental Fund	TRUSU Grants Fund	Contingency Reserve	Total 2022	Total 2021
Fund balances, beginning of year	\$ 184,265	\$ 3,034,309	\$ 1,315,277	\$ 421,770	\$ 1,000,000	\$ 5,955,621	\$ 5,642,980
Excess of revenue over expenses	283,299	54,030	81,722	176,271	-	595,322	312,641
Transfer to Capital Fund	(59,500)	59,500	-	-	-	-	-
Fund balances, end of year	\$ 408,064	\$ 3,147,839	\$ 1,396,999	\$ 598,041	\$ 1,000,000	\$ 6,550,943	\$ 5,955,621

See accompanying notes to financial statements.

THOMPSON RIVERS UNIVERSITY STUDENTS' UNION

Statement of Cash Flows

Year ended July 31, 2022, with comparative information for 2021

	2022	2021
Cash provided by (used in):		
Operating activities:		
Excess of revenue over expenses	\$ 595,322	\$ 312,641
Item not involving cash:		
Amortization	238,971	248,669
	834,293	561,310
Changes in non-cash operating working capital:		
Accounts receivable	48,838	(181,548)
Prepaid expenses and deposits	(23,235)	16,967
Accounts payable and accrued liabilities	(65,971)	100,850
	793,925	497,579
Investing activities:		
Purchase of capital assets	(53,286)	(5,491)
Increase in cash	740,639	492,088
Cash, beginning of year	4,038,060	3,545,972
Cash, end of year	\$ 4,778,699	\$ 4,038,060

See accompanying notes to financial statements.

THOMPSON RIVERS UNIVERSITY STUDENTS' UNION

Notes to Financial Statements

Year ended July 31, 2022

Nature of operations:

Thompson Rivers University Students' Union (the "Union") is a not-for-profit organization that 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.

1. Significant accounting policies:

These financial statements are prepared in accordance with Canadian Accounting Standards for Not-For-Profit Organizations in Part III of the CPA Canada Handbook - *Accounting*. 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) Capital Fund:

The Capital 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 one third 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, 2022

1. Significant accounting policies (continued):

(a) Fund accounting (continued):

(v) Contingency Reserve:

The Board of Directors, by way of resolution, approved the restriction of a portion of the Union's equity for a contingency reserve. The amount is considered an internally restricted reserve.

(b) Revenue recognition:

The Union follows the deferral method of accounting for contributions. Externally restricted contributions are recognized as revenue in the year in which the related expenses are incurred. When a portion of such contributions relates to a future period, it is deferred and recognized in the period 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 (student services) are recognized as the goods and services are provided.

(c) Capital assets:

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Assets acquired under capital leases are amortized over the estimated life of the assets or over the lease term, as appropriate. Repairs and maintenance costs are charged to expense. Betterments which extend the estimated life of an asset are capitalized. When major components of an asset have different useful lives, they are accounted for as separate items of capital assets.

The Union reviews the carrying amount of capital assets for impairment whenever events or changes in circumstances indicate that the capital asset no longer contributes to the Union's ability to provide services, or that the value of future economic benefits or service potential associated with the asset is less than its carrying amount. If such conditions exist, an impairment loss is measured and recorded in the statement of operations at the amount by which the carrying amount of the capital asset exceeds its fair value or replacement cost.

THOMPSON RIVERS UNIVERSITY STUDENTS' UNION

Notes to Financial Statements (continued)

Year ended July 31, 2022

1. Significant accounting policies (continued):

(c) Capital assets (continued):

Capital assets are stated at cost, less accumulated amortization. Amortization rates are reviewed periodically to ensure they are aligned with estimates of the remaining economic useful lives of the associated capital assets. Amortization is provided over the estimated useful lives of the assets, using the following methods and annual rates:

Asset	Basis	Rate
Furniture and equipment	Declining balance	20%
Common Grounds furniture and equipment	Declining balance	20%
Independent Centre	Declining balance and straight-line	4% or 15 years

(d) Leases:

Leases which transfer substantially all the benefits and risks of ownership of the property to the Union are treated as a capital lease where it is accounted for as an asset and an obligation.

(e) Use of estimates:

The preparation of the financial statements in conformity with Canadian accounting standards for not-for-profit organizations 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. Actual results could differ from those estimates. These estimates are reviewed periodically, and as adjustments become necessary, they are reported in earnings in the year in which they become known or are revised.

(f) Financial instruments:

(i) Initial measurement:

Financial instruments are measured at fair value on origination or acquisition, adjusted by, in the case of financial instruments that will not be subsequently measured at fair value, financing fees and transaction costs. All other transaction costs are recognized in earnings in the year incurred.

THOMPSON RIVERS UNIVERSITY STUDENTS' UNION

Notes to Financial Statements (continued)

Year ended July 31, 2022

1. Significant accounting policies (continued):

(f) Financial instruments (continued):

(ii) Subsequent to initial recognition:

Investments in equity instruments that are quoted in an active market and free standing derivatives that are not designated in a qualifying hedging relationship are measured at fair value without any adjustment for transaction costs that may be incurred on sale or other disposal. Changes in fair value are recognized in earnings in the period incurred. Investments in equity instruments that are not quoted in an active market are measured at cost, less any reduction for impairment. Other financial instruments are measured at amortized cost. The Union's financial instruments, including cash, accounts receivable, and accounts payable and accrued liabilities, are measured at amortized cost.

(iii) Impairment:

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 amount 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 period, an impairment loss will be reversed to the extent of the improvement.

(g) Allocation of expenses:

The Union's operating programs include the Advocacy collective, Services committee, Entertainment committee, and Board of Directors. The Union incurs a number of management and administration support costs and allocates these expenses to the programs proportionately based on the time incurred where relevant and proportionately based on full time equivalents for other areas. Management and administration support costs include accounting, human resources, information technology, marketing, and office administrative costs. Management reviews the basis of expense allocation on a periodic basis or when there is a significant change in functions or cost structure, and makes any adjustments to the basis of allocation, accordingly.

THOMPSON RIVERS UNIVERSITY STUDENTS' UNION

Notes to Financial Statements (continued)

Year ended July 31, 2022

2. Prepaid expenses and deposits:

	2022	2021
Prepaid expenses	\$ 51,388	\$ 11,097
Prepaid rent	105,094	122,150
	156,482	133,247
Less: long-term portion of prepaid rent	(88,038)	(105,094)
	\$ 68,444	\$ 28,153

Prepaid rent relates to storage space that is owned by TRU but utilized by the Union. Rent for the storage space has been prepaid to April 2026.

3. Capital assets:

			2022		2021	
	Cost		Accumulated amortization	Net book value		Net book value
Furniture and equipment	\$ 1,014,343	\$	822,379	\$ 191,964	\$	192,560
Common Grounds furniture and equipment	132,518		100,261	32,257		27,770
	1,146,861		922,640	224,221		220,330
Independent Centre	4,602,455		3,136,894	1,465,561		1,655,137
	\$ 5,749,316	\$	4,059,534	\$ 1,689,782	\$	1,875,467

Included in Capital fund expenses is amortization of \$238,971 (2021 - \$248,669).

The Independent Centre assets relate to an agreement with TRU for lease of facilities that expires in 2026 with an option to renew for 25 years at a nominal amount. In 2019, the Union opted to repay the full amount owing on the lease.

THOMPSON RIVERS UNIVERSITY STUDENTS' UNION

Notes to Financial Statements (continued)

Year ended July 31, 2022

4. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of \$14,797 (2021 - \$1,248), which includes amounts payable for workers' safety insurance, payroll related taxes and goods and services tax. Also included in accounts payable and accrued liabilities as at July 31, 2022 are amounts payable to employees of \$94,580 (2021 - \$151,765) for wages and other payroll-related benefits.

Included in accounts payable is \$42,714 (2021 - \$38,544) payable to independent clubs of Thompson Rivers University.

5. Non-discretionary allocations:

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

	2022	2021
British Columbia Federation of Students	\$ 165,168	\$ 169,335
Cariboo Child Care Society	25,995	26,722
Cariboo Student Newspaper Society	100,538	103,298
Kamloops Campus/Community Radio Society	115,196	118,415
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	\$ 406,897	\$ 417,770

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, 2022

6. Director, employee and contractor remuneration:

For the fiscal year ending July 31, 2022, the Union paid remuneration to the following directors:

	2022	2021
President	\$ 10,127	\$ 11,054
Vice President Equity	9,640	6,652
Vice President External	16,916	13,557
Vice President Internal	4,665	12,188
Vice President Services	17,006	9,125
Indigenous Representative	1,259	538
Graduate Students' Representative	3,111	1,953
Entertainment Committee Representative	12,782	8,985
Campaigns Committee Representative	12,079	6,585
International Students' Representative	6,558	4,595
Women's Representative	6,809	3,611
University Affairs Committee Representative	7,724	6,058
LGBTQ+ Representative	1,933	1,490
Services Committee Representative	13,277	10,984
Visible Minorities Representative	-	996
Racialized Persons Representative	2,533	1,036
	\$ 126,419	\$ 99,407

One employee (2021 - one employee) was paid remuneration over \$75,000. Total annual remuneration, including salaries and taxable benefits, paid to this individual for the year ended July 31, 2022 was \$91,778 (2021 - \$81,715). In addition to regular remuneration, this individual was paid a one-time overtime payout of \$53,335 in the year (2021 - \$nil). No other employees or contractors were paid amounts greater than \$75,000 for services in the year.

7. Financial risks and concentration of risk:

(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. The liquidity risk has decreased from 2021 due to increased working capital.

THOMPSON RIVERS UNIVERSITY STUDENTS' UNION

Notes to Financial Statements (continued)

Year ended July 31, 2022

7. Financial risks and concentration of risk: (continued):

(b) Credit risk:

Credit risk is the risk of financial loss to the Union if a counterparty to a financial instrument fails to meet its contractual obligations. The maximum credit risk exposure for all of the Union's current financial assets is the carrying value of those assets. Substantially all of the Union's accounts receivable is owing from TRU. There has been no change to the risk exposures from 2021.

8. Economic dependence:

Substantially all of the Union's revenue (94%) (2021 - 97%) 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 or decreases in student enrolment may result in a reduction of future revenues. Included in accounts receivable is amounts owing from TRU of \$380,158 (2021 - \$430,150).

9. Capital disclosures:

The Union defines its capital to be its fund balances; operating, capital, TRUSU grants, health and dental and the contingency reserve. The internally restricted fund balances consist of amounts for future activities of the funds. The Union's objective when managing capital is to safeguard its ability to continue as a going concern so it can continue to provide services to its members. Annual budgets are developed and monitored to ensure the Union's capital is maintained at an appropriate level.

10. Allocation of expenses:

Management, wages and benefit and administration support costs are allocated to the operating programs as follows:

	2022	2021
Advocacy Collective	\$ 135,275	\$ 141,079
Services Committee	45,092	42,710
Entertainment Committee	45,092	42,710
Board of Directors	45,092	42,710
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	\$ 270,551	\$ 269,209

THOMPSON RIVERS UNIVERSITY STUDENTS' UNION

Notes to Financial Statements (continued)

Year ended July 31, 2022

11. Comparative information:

Certain comparative figures have been reclassified to conform to the presentation of the 2022 financial statements.