

Financial Statements of

**THOMPSON RIVERS  
UNIVERSITY STUDENTS'  
UNION**

And Independent Auditor's Report thereon

Year ended July 31, 2023



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## **INDEPENDENT AUDITOR'S REPORT**

To the Members and Board of Directors of Thompson Rivers University Students' Union

### ***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, 2023
- 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 Union as at July 31, 2023 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.



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- 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' in a cursive, slanted font. A horizontal line is drawn underneath the signature.

Chartered Professional Accountants

Kamloops, Canada

January 9, 2024

# THOMPSON RIVERS UNIVERSITY STUDENTS' UNION

Statement of Financial Position

July 31, 2023, with comparative information for 2022

	2023	2022
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 5,558,270	\$ 4,778,699
Accounts receivable	450,063	381,312
Prepaid expenses and deposits (note 2)	57,119	68,444
	<u>6,065,452</u>	<u>5,228,455</u>
Prepaid expenses and deposits (note 2)	70,981	88,038
Capital assets (note 3)	1,539,360	1,689,782
	<u>\$ 7,675,793</u>	<u>\$ 7,006,275</u>

## Liabilities and Fund Balances

Current liabilities:		
Accounts payable and accrued liabilities (note 4)	\$ 674,447	\$ 455,332
Fund balances:		
Unrestricted funds - Operating	250,239	408,064
Internally restricted funds - Capital	3,761,713	3,147,839
Internally restricted funds - Health and Dental	1,377,769	1,396,999
Internally restricted funds - TRUSU Grants	611,625	598,041
Internally restricted funds - Contingency reserve	1,000,000	1,000,000
	<u>7,001,346</u>	<u>6,550,943</u>
Economic dependence (note 8)		
	<u>\$ 7,675,793</u>	<u>\$ 7,006,275</u>

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, 2023, with comparative information for 2022

	Budget	2023	2022
Revenue:			
Membership dues	\$ 1,392,985	\$ 1,457,268	\$ 1,261,544
Student services	150,000	230,013	252,389
UPASS	1,075,000	1,256,537	1,107,131
Sponsorship, events and other income	39,000	170,384	27,308
	<u>2,656,985</u>	<u>3,114,202</u>	<u>2,648,372</u>
Other revenue:			
Capital fund	334,903	374,006	326,200
Health and Dental fund	1,379,539	1,599,271	1,491,716
TRUSU Grants fund	447,912	496,115	447,129
	<u>2,162,354</u>	<u>2,469,392</u>	<u>2,265,045</u>
	<u>4,819,339</u>	<u>5,583,594</u>	<u>4,913,417</u>
General and administrative expenses:			
Operating fund:			
Advocacy Collective	510,604	397,512	374,635
Services Committee	1,688,391	1,886,189	1,670,475
Entertainment Committee	275,831	291,963	160,064
Board of Directors	161,779	196,363	159,899
	<u>2,636,605</u>	<u>2,772,027</u>	<u>2,365,073</u>
Health and Dental fund	1,360,915	1,618,501	1,409,995
TRUSU Grants fund	439,942	482,531	270,858
Capital fund	287,500	260,132	272,169
	<u>4,724,962</u>	<u>5,133,191</u>	<u>4,318,095</u>
Excess of revenue over expenses	\$ 94,377	\$ 450,403	\$ 595,322

See accompanying notes to financial statements.

# THOMPSON RIVERS UNIVERSITY STUDENTS' UNION

## Statement of Changes in Fund Balances

Year ended July 31, 2023, with comparative information for 2022

	Operating Fund	Capital Fund	Health and Dental Fund	TRUSU Grants Fund	Contingency Reserve	Total 2023	Total 2022
Fund balances, beginning of year	\$ 408,064	\$ 3,147,839	\$ 1,396,999	\$ 598,041	\$ 1,000,000	\$ 6,550,943	\$ 5,955,621
Excess (deficiency) of revenue over expenses	342,175	113,874	(19,230)	13,584	-	450,403	595,322
Transfer to Capital Fund	(500,000)	500,000	-	-	-	-	-
Fund balances, end of year	\$ 250,239	\$ 3,761,713	\$ 1,377,769	\$ 611,625	\$ 1,000,000	\$ 7,001,346	\$ 6,550,943

See accompanying notes to financial statements.

# THOMPSON RIVERS UNIVERSITY STUDENTS' UNION

## Statement of Cash Flows

Year ended July 31, 2023, with comparative information for 2022

	2023	2022		
Cash provided by (used in):				
Operating activities:				
Excess of revenue over expenses	\$ 450,403	\$ 595,322		
Item not involving cash:				
Amortization	241,706	238,971		
	692,109	834,293		
Changes in non-cash operating working capital:				
Accounts receivable	(68,751)	48,838		
Prepaid expenses and deposits	28,382	(23,235)		
Accounts payable and accrued liabilities	219,115	(65,971)		
	870,855	793,925		
Investing activities:				
Purchase of capital assets	(91,284)	(53,286)		
Increase in cash and cash equivalents			779,571	740,639
Cash and cash equivalents, beginning of year			4,778,699	4,038,060
Cash and cash equivalents, end of year			\$ 5,558,270	\$ 4,778,699

See accompanying notes to financial statements.



# THOMPSON RIVERS UNIVERSITY STUDENTS' UNION

Notes to Financial Statements

Year ended July 31, 2023

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## 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 capital assets in use by the Union. This fund includes the portion of student fees which are designated for these purposes.

#### (iii) Health and Dental Fund:

The Health and Dental Fund reflects the net fees collected from students which are designated 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, 2023

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## 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) Cash and cash equivalents:

Cash and cash equivalents consist of cash and other short-term instruments with a maturity of less than 90 days.

### (c) 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.

Sponsorship, events and other income are recognized in accordance with the respective agreements or as earned. Revenue from Common Grounds Coffee shop (student services) is recognized as the goods are provided.

### (d) 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, 2023

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## 1. Significant accounting policies (continued):

### (d) 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:

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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

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### (e) Leases:

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

The costs of operating leases are expensed on a straight-line basis over the term of the lease.

### (f) 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 excess of revenue over expenses in the year in which they become known or are revised.

### (g) 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 excess of revenue over expenses in the year incurred.

# THOMPSON RIVERS UNIVERSITY STUDENTS' UNION

Notes to Financial Statements (continued)

Year ended July 31, 2023

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## 1. Significant accounting policies (continued):

### (g) 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 excess of revenue over expenses 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 and cash equivalents, accounts receivable, and accounts payable and accrued liabilities, are measured at amortized cost.

#### (iii) Impairment:

At year end, the Union assesses whether there are any indications that a financial asset measured at cost or amortized cost may be impaired. For purposes of impairment testing, each individually significant asset is assessed individually; the balance of the assets are grouped on the basis of similar credit risk characteristics. When there is an indication of impairment, the Union determines whether a significant adverse change has occurred during the year in the expected timing or amount of future cash flows from the financial asset. When there has been a significant adverse change, the carrying amount of the asset is reduced to the highest of the present value of expected cash flows; the amount that could be realized by selling the asset; and the amount that could be realized by exercising the Union's right to any collateral held as security.

When the extent of impairment decreases and the decrease can be related to an event occurring after the impairment was recognized, the impairment is reversed to the extent of the improvement in the year the reversal occurs.

### (h) 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, 2023

## 2. Prepaid expenses and deposits:

	2023	2022
Prepaid expenses	\$ 40,063	\$ 51,388
Prepaid rent	88,037	105,094
	128,100	156,482
Less: long-term portion of prepaid rent	(70,981)	(88,038)
	\$ 57,119	\$ 68,444

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:

	2023		2022	
	Cost	Accumulated amortization	Net book value	Net book value
Furniture and equipment	\$ 1,105,627	\$ 869,900	\$ 235,727	\$ 191,964
Common Grounds furniture and equipment	132,518	106,712	25,806	32,257
	1,238,145	976,612	261,533	224,221
Independent Centre	4,602,455	3,324,628	1,277,827	1,465,561
	\$ 5,840,600	\$ 4,301,240	\$ 1,539,360	\$ 1,689,782

Included in Capital fund expenses is amortization of \$241,706 (2022 - \$238,971).

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, 2023

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#### 4. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of \$16,305 (2022 - \$14,797), 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, 2023 are amounts payable to employees of \$158,236 (2022 - \$94,580) for wages and other payroll-related benefits.

Included in accounts payable is \$41,849 (2022 - \$42,714) 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:

	2023	2022
British Columbia Federation of Students	\$ 187,017	\$ 165,168
Cariboo Child Care Society	28,377	25,995
Cariboo Student Newspaper Society	109,784	100,538
Kamloops Campus/Community Radio Society	125,666	115,196
	<u>\$ 450,844</u>	<u>\$ 406,897</u>

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, 2023

## 6. Director, employee and contractor remuneration:

For the fiscal years ending July 31, 2023 and July 31, 2022, the Union paid remuneration to the following directors:

	2023	2022
President	\$ 15,738	\$ 10,127
Vice President Equity	6,056	9,640
Vice President External	7,125	16,916
Vice President Internal	3,079	4,665
Vice President Services	6,494	17,006
Indigenous Representative	695	1,259
Graduate Students' Representative	4,680	3,111
Entertainment Committee Representative	16,929	12,782
Campaigns Committee Representative	11,028	12,079
International Students' Representative	4,880	6,558
Women's Representative	1,793	6,809
University Affairs Committee Representative	11,055	7,724
LGBTQ+ Representative	4,849	1,933
Services Committee Representative	10,482	13,277
Equity Committee Representative	1,934	-
Racialized Persons Representative	6,295	2,533
Accessibility Representative	1,229	-
	\$ 114,341	\$ 126,419

One employee (2022 - 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, 2023 was \$97,111 (2022 - \$91,778). In addition to regular remuneration, this individual was paid a one-time overtime payout of \$nil (2022 - \$53,335). 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 2022 due to increased working capital.

# THOMPSON RIVERS UNIVERSITY STUDENTS' UNION

Notes to Financial Statements (continued)

Year ended July 31, 2023

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## 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 2022.

## 8. Economic dependence:

Substantially all of the Union's revenue (93%) (2022 - 94%) 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 \$450,012 (2022 - \$380,158).

## 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:

	2023	2022
Advocacy Collective	\$ 159,873	\$ 135,275
Services Committee	53,291	45,092
Entertainment Committee	53,291	45,092
Board of Directors	53,291	45,092
	<u>\$ 319,746</u>	<u>\$ 270,551</u>