

**FINANCIAL STATEMENTS**  
**RYERSON STUDENTS' UNION**  
**AS AT APRIL 30, 2011**

**RYERSON STUDENTS' UNION**

**AS AT APRIL 30, 2011**

**I N D E X**

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**PARTNERS**

Howard Detsky, B.Comm., C.A.  
Amarjit (A.J.) Manhas, B.B.A., C.A.  
H. Gordon Lee, B.Comm., C.A.  
Earl S. Weiner, M.B.A., C.A.

**PRINCIPALS**

Max Menezes, C.A.  
M. Ibrar Khan, C.G.A.

**CONSULTANT to the FIRM**

E. Sheldon Gold, M.B.A., C.A.

## MANAGEMENT REPORT

### Management's Responsibility for Financial Reporting

The accompanying financial statements of the Ryerson Students' Union have been prepared by management and approved by the board of directors. Management is responsible for the integrity, objectivity and reliability of the data presented. This responsibility includes selecting appropriate accounting principles and making judgments and estimates consistent with Canadian generally accepted accounting principles. Management is also responsible for the development of internal controls over the financial reporting process, which are designed to provide reasonable assurance that relevant and reliable financial information is produced, and that the controls ensure that the assets of the corporation are safeguarded.

The board of directors of the Ryerson Students' Union is responsible for reviewing and approving the financial statements, and overseeing management's performance of its financial reporting responsibilities.

Yale & Partners LLP are the external auditors of the Ryerson Students' Union. The external auditors have audited the financial statements in accordance with Canadian generally accepted auditing standards to enable them to express their opinion on the financial statements. Their report is included on the following page of this report.

On behalf of the Ryerson Students' Union

Michael Verticchio, Executive Director

## AUDITORS' REPORT

To the Members

**Ryerson Students' Union,**

We have audited the accompanying financial statements of the Ryerson Students' Union, which comprise the statement of financial position as at April 30, 2011, the statement of changes in net assets, the statement of revenues and expenses, and the statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles 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.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Ryerson Students' Union at April 30, 2011, and of its financial performance and its cash flows for the year then ended in accordance with Canadian generally accepted auditing standards.

Chartered Accountants

Licensed Public Accountants



Toronto, Ontario

August 16, 2011

**RYERSON STUDENTS' UNION**

**STATEMENT OF FINANCIAL POSITION**

**AS AT APRIL 30, 2011**  
**(With comparative figures as at April 30, 2010)**

**ASSETS**

|  | 2011                | 2010                |
|--|---------------------|---------------------|
| <b>CURRENT</b>                                     |                     |                     |
| Cash and equivalents                               | \$ 3,356,549        | \$ 2,449,327        |
| Cash in trust for student groups (note 4)          | 85,523              | 77,698              |
| Accounts receivable                                | 84,328              | 133,552             |
| Membership fees receivable                         | 264,605             | 235,266             |
| Inventory  | 121,292             | 204,158             |
| Refundable Health and Dental Plan surplus (note 7) | <u>330,537</u>      | <u>-</u>            |
|  | 4,242,834           | 3,100,001           |
| <b>TTC SECURITY DEPOSIT</b> (note 5)               | 526,932             | 502,360             |
| <b>PROPERTY AND EQUIPMENT</b> (note 3)             | <u>906,233</u>      | <u>1,003,710</u>    |
| <b>TOTAL ASSETS</b>                                | <u>\$ 5,675,999</u> | <u>\$ 4,606,071</u> |

**LIABILITIES**

|  |                  |                  |
|--|------------------|------------------|
| <b>CURRENT</b>   |                  |                  |
| Accounts payable and accruals                                  | \$ 294,130       | \$ 280,417       |
| Student group trust liability (note 4)                         | 85,523           | 77,698           |
| Deferred health and dental plan fees (note 7)                  | 1,470,403        | 1,331,871        |
| Health plan premium refunds (note 7)                           | 144,716          | 249,613          |
| Deferral of refundable Health and Dental Plan surplus (note 7) | 330,537          | -                |
| Health and Dental plan (note 7)                                | 530,470          | 247,926          |
| Other restricted referendum fees (note 6)                      | <u>545,472</u>   | <u>580,486</u>   |
| <b>TOTAL LIABILITIES</b>                                       | <u>3,401,251</u> | <u>2,768,011</u> |

**NET ASSETS**

|   |                     |                     |
|---|---------------------|---------------------|
| Per statements of changes in net assets | <u>2,274,748</u>    | <u>1,838,060</u>    |
| <b>TOTAL LIABILITIES AND NET ASSETS</b> | <u>\$ 5,675,999</u> | <u>\$ 4,606,071</u> |

**APPROVED ON BEHALF OF THE BOARD**

\_\_\_\_\_ Director

\_\_\_\_\_ Director

See accompanying notes

To be read in conjunction with our Auditors' Report dated August 16, 2011

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**RYERSON STUDENTS' UNION**

**STATEMENT OF CHANGES IN NET ASSETS**

**FOR THE YEAR ENDED APRIL 30, 2011  
(With comparative figures as at April 30, 2010)**

|                                     | General             | Property<br>Equipment | 2011                | 2010                |
|-------------------------------------|---------------------|-----------------------|---------------------|---------------------|
| Balances, beginning of the year     | \$ 834,350          | \$ 1,003,710          | \$ 1,838,060        | \$ 1,758,248        |
| Surplus (deficit)                   | 220,663             | -                     | 220,663             | 79,812              |
| Purchase of equipment               | (38,437)            | 38,437                | -                   | -                   |
| Amortization                        | 135,913             | (135,913)             | -                   | -                   |
| Transfer from Capital fund (note 6) | <u>216,025</u>      | <u>-</u>              | <u>216,025</u>      | <u>-</u>            |
| Balances, end of the year           | <u>\$ 1,368,514</u> | <u>\$ 906,234</u>     | <u>\$ 2,274,748</u> | <u>\$ 1,838,060</u> |

See accompanying notes

To be read in conjunction with our Auditors' Report dated August 16, 2011

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## RYERSON STUDENTS' UNION

### STATEMENT OF REVENUES AND EXPENSES

FOR THE YEAR ENDED APRIL 30, 2011

(With comparative figures for the year ended April 30, 2010)

|  | 2011              | 2010              |
|--|-------------------|-------------------|
| <b>REVENUES</b>  |                   |                   |
| Group health and dental plan revenue recognized (note 7) | \$ 7,328,983      | \$ 6,706,255      |
| Member Services Office sales                             | 4,992,422         | 7,068,245         |
| RSU membership fees                                      | 1,519,158         | 1,409,277         |
| Restricted student fees recognized (note 6)              | 1,140,659         | 1,038,335         |
| Used Book Room sales                                     | 581,341           | 637,883           |
| CopyRite sales   | 375,851           | 279,604           |
| Student activities                                       | 245,440           | 187,694           |
| Interest income  | 14,917            | 26,395            |
|  | <u>16,198,771</u> | <u>17,353,688</u> |
| <b>EXPENDITURES</b>                                      |                   |                   |
| Group health and dental plan disbursements (note 7)      | 7,328,983         | 6,706,255         |
| Member Services Office purchases                         | 4,881,561         | 6,942,771         |
| Restricted student fee disbursements (note 6)            | 1,140,659         | 1,038,335         |
| Wages and benefits                                       | 1,091,774         | 1,044,332         |
| Used Book Room purchases                                 | 301,133           | 422,468           |
| Event programming  | 277,971           | 228,675           |
| Student services   | 213,761           | 216,535           |
| CopyRite purchases                                       | 178,543           | 104,186           |
| Office and general                                       | 169,321           | 180,797           |
| Advertising and promotion                                | 64,938            | 79,295            |
| Bursaries  | 56,973            | 51,141            |
| Professional fees  | 42,141            | 69,401            |
| Interest and bank charges                                | 39,481            | 37,395            |
| Bad debts  | 31,845            | 1                 |
| General insurance  | 23,111            | 23,111            |
| Amortization   | 135,913           | 129,178           |
|  | <u>15,978,108</u> | <u>17,273,876</u> |
| <b>SURPLUS</b>   | <u>\$ 220,663</u> | <u>\$ 79,812</u>  |

See accompanying notes

To be read in conjunction with our Auditors' Report dated August 16, 2011

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**RYERSON STUDENTS' UNION**

**STATEMENT OF CASH FLOWS**

**FOR THE YEAR ENDED APRIL 30, 2011**  
**(With comparative figures for the year ended April 30, 2010)**

|  | 2011                | 2010                |
|--|---------------------|---------------------|
| <b>CASH PROVIDED BY (USED IN):</b>         |                     |                     |
| <b>OPERATIONS</b>                          |                     |                     |
| Student fees                               | \$ 2,618,258        | \$ 2,425,432        |
| Gross members' health and dental plan fees | 7,447,937           | 6,870,745           |
| Sales and other revenues                   | 5,048,981           | 7,953,977           |
| Interest received                          | 26,664              | 30,871              |
| Purchases, payables, payments              | (7,068,215)         | (10,475,762)        |
| Members' health and dental plan premiums   | (4,212,661)         | (3,903,577)         |
| Members' health and dental plan refunds    | (2,851,252)         | (2,735,986)         |
| Interest and bank charges                  | <u>(39,481)</u>     | <u>(37,395)</u>     |
|  | <u>970,231</u>      | <u>128,305</u>      |
| <b>INVESTING</b>                           |                     |                     |
| Purchase of property and equipment         | (38,437)            | (177,589)           |
| Net change in TTC security deposit         | <u>(24,572)</u>     | <u>(117,563)</u>    |
|  | <u>(63,009)</u>     | <u>(295,152)</u>    |
| <b>CASH INCREASE (DECREASE)</b>            | 907,222             | (166,847)           |
| Cash at beginning of the year              | <u>2,449,327</u>    | <u>2,616,174</u>    |
| <b>CASH AT END OF THE YEAR</b>             | <u>\$ 3,356,549</u> | <u>\$ 2,449,327</u> |

See accompanying notes

To be read in conjunction with our Auditors' Report dated August 16, 2011

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**RYERSON STUDENTS' UNION**  
**NOTES TO FINANCIAL STATEMENTS**  
**AS AT APRIL 30, 2011**

**1. PURPOSE OF THE ORGANIZATION**

Ryerson Students' Union (RSU) was incorporated under the laws of Ontario on June 27, 1967, without share capital, to act as the official representative for Ryerson University's full-time undergraduate and its graduate students, and to establish a legal basis upon which they can deal with other entities. The union's objective is to provide information, advocacy, and support services, as well as the provision of affordable health and dental group insurance benefits to the union's members. As the union's revenues are derived from Ryerson University's student body, it is economically dependent upon the university. As a non-profit organization the corporation is exempt from income taxes.

**2. SIGNIFICANT ACCOUNTING POLICIES**

Revenue Recognition

Membership fees are recognized when received, or receivable, provided that collection is reasonably assured and the amount is determinable. The various student fees are typically received in three installments - October, February and June - one month after the beginning of each academic term. Although the union's fiscal year ends in April, the student fees received for the summer term from May to August, which begins immediately after the year-end, are accrued and included in the current fiscal year.

Sales revenues are recognized when the related goods are sold or services performed.

Inventory

Inventory is recorded at the lower of cost and net realizable value.

Property and Equipment

The property and equipment are recorded at cost and amortized over their estimated useful lives. The equipment and software are amortized on a straight-line basis ranging from two to five years. RSU's contribution towards the building at 55 Gould St. is amortized on a straight-line basis over 40 years.

Contributed Services

The student union makes use of volunteers in its operations. Because of the difficulty in determining the fair value of the services, they are not recognized in the financial statements.

**RYERSON STUDENTS' UNION**  
**NOTES TO FINANCIAL STATEMENTS**  
**AS AT APRIL 30, 2011**

**2. SIGNIFICANT ACCOUNTING POLICIES - continued**

Use of Estimates

The preparation of financial statements in accordance with Canadian GAAP requires management to make estimates and assumptions which affect the amounts reported in the financial statements and the notes to the financial statements. The primary estimates are:

- Health plan refunds payable (opt-outs) are net of an allowance of \$170,849 for cheques distributed to students and outstanding for more than twenty four months as at the year-end. The resulting balance is management's best estimate of the amount that will actually be paid out based on prior experience with student claims and their cheque depositing history.
- The net book value and amortization expense for the property and equipment are based on an estimate of the useful life of the various assets.

Actual results may differ from these estimates.

**3. PROPERTY AND EQUIPMENT**

|                             | <u>Cost</u>         | <u>Accumulated<br/>Amortization</u> | <u>Net book value</u> |                     |
|-----------------------------|---------------------|-------------------------------------|-----------------------|---------------------|
|                             |                     |                                     | <u>2011</u>           | <u>2010</u>         |
| Equipment                   | \$ 533,461          | \$ 416,855                          | \$ 116,606            | \$ 171,882          |
| Computer software           | 147,865             | 111,363                             | 36,502                | 52,516              |
| Student Centre contribution | 850,000             | 130,641                             | 719,359               | 740,769             |
| Leasehold improvements      | <u>51,544</u>       | <u>17,778</u>                       | <u>33,766</u>         | <u>38,543</u>       |
|                             | <u>\$ 1,582,870</u> | <u>\$ 676,637</u>                   | <u>\$ 906,233</u>     | <u>\$ 1,003,710</u> |

**4. STUDENT GROUPS TRUST ACCOUNT**

The various clubs, cultural groups, and course unions occasionally engage in fundraising activities, which are deposited in trust with RSU to fund their future activities. The deposits are non-interest bearing.

**5. TTC SECURITY DEPOSIT**

This amount is required in order to secure the union's purchases of discounted monthly passes, tickets, and tokens from the Toronto Transit Commission. The deposit is a cashable guaranteed investment certificate with the Bank of Nova Scotia maturing October 25, 2011, bearing interest at 0.85%.

**RYERSON STUDENTS' UNION**  
**NOTES TO FINANCIAL STATEMENTS**  
**AS AT APRIL 30, 2011**

**6. EXTERNALLY RESTRICTED FUNDS**

The following funds were established by referendums taken of the student body and are therefore accounted for as externally restricted funds using the deferral method:

|   | 2011               | 2010               |
|---|--------------------|--------------------|
| <i>National and Ontario Student Federations</i> |                    |                    |
| Beginning balance                               | 164,976            | 165,293            |
| Student fee revenue                             | 345,923            | 321,051            |
| Payments  | <u>(358,923)</u>   | <u>(321,368)</u>   |
| Ending balance                                  | <u>151,976</u>     | <u>164,976</u>     |
| <i>Rye Eye Publishing Inc.</i>                  |                    |                    |
| Beginning balance                               | 21,908             | 14,272             |
| Student fee revenue                             | 339,980            | 321,173            |
| Payments  | <u>(345,034)</u>   | <u>(313,537)</u>   |
| Ending balance                                  | <u>16,854</u>      | <u>21,908</u>      |
| <i>CKLN Radio Inc.</i>                          |                    |                    |
| Beginning balance                               | (5,495)            | 177,144            |
| Student fee revenue                             | 237,764            | 220,791            |
| Payments and disbursements                      | <u>(220,677)</u>   | <u>(403,430)</u>   |
| Ending balance                                  | <u>11,592</u>      | <u>(5,495)</u>     |
| <i>Capital Reserve</i>                          |                    |                    |
| Beginning balance                               | 399,097            | 234,111            |
| Student fee revenue                             | 181,978            | 164,986            |
| Transferred to general fund for acquisitions    | <u>(216,025)</u>   | <u>-</u>           |
| Ending balance                                  | <u>365,050</u>     | <u>399,097</u>     |
| <i>Fund Totals</i>                              |                    |                    |
| Beginning balance                               | 580,486            | 590,820            |
| Total restricted student fee revenue            | 1,105,645          | 1,028,001          |
| Total disbursements and revenue recognized      | <u>(1,140,659)</u> | <u>(1,038,335)</u> |
| Ending balance                                  | <u>\$ 545,472</u>  | <u>\$ 580,486</u>  |

**RYERSON STUDENTS' UNION**  
**NOTES TO FINANCIAL STATEMENTS**  
**AS AT APRIL 30, 2011**

**7. GROUP HEALTH AND DENTAL PLAN**

The health and dental group insurance plan portion of the student fee is also accounted for using the deferral method for externally restricted contributions. The Health and Dental plan is shown here separately due to the magnitude of the plan and the balances are broken out into the following categories:

Health and Dental Plan

This balance represents the general surplus of the plan held at RSU. This surplus may only be used for health and dental plan expenditures or to fund future plan changes or adverse experience.

|                                      | 2011               | 2010               |
|--------------------------------------|--------------------|--------------------|
| Beginning balance                    | \$ <u>247,926</u>  | \$ <u>207,159</u>  |
| Student fee revenue                  | 7,599,780          | 6,742,546          |
| Interest income                      | <u>11,747</u>      | <u>4,476</u>       |
|                                      | <u>7,611,527</u>   | <u>6,747,022</u>   |
| Opt-out refunds                      | (3,036,730)        | (2,735,986)        |
| Insurance premiums paid              | (4,212,661)        | (3,903,577)        |
| Other direct expenses                | <u>(79,592)</u>    | <u>(66,692)</u>    |
| Disbursements and revenue recognized | <u>(7,328,983)</u> | <u>(6,706,255)</u> |
| Ending balance                       | <u>530,470</u>     | <u>247,926</u>     |

Deferred Health and Dental Plan Fees

The Group Health and Dental Plan fees received from students are for insurance coverage up to August 31st. This balance is the net amount of current-year fees received that must be used to fund the monthly premiums due to the insurer over the summer term subsequent to the year-end.

Refundable Health and Dental Plan Surplus

The group health and dental plan includes an actuarially determined Claims Fluctuation Reserve calculated by the insurer's actuaries to cover anticipated claims for which the plan is liable. Where the premiums collected by the insurer exceed both the claims made against the plan and the amount required to fully fund the reserve, the excess is kept on account with the insurer and used to pay for future deficits that may occur from year to year, or it can be refunded at the union's request. In the event that this amount is refunded and a deficit is subsequently generated with the insurer, the union's future monthly premiums would be increased to eliminate it.

Deferral of Refundable Health and Dental Plan Surplus

A reserve equal to the refundable surplus balance has been recorded because it is management's intention to leave this amount on deposit with the insurer to cover possible future deficits created by higher future claims against the plan.

**RYERSON STUDENTS' UNION**  
**NOTES TO FINANCIAL STATEMENTS**  
**AS AT APRIL 30, 2011**

**7. GROUP HEALTH AND DENTAL PLAN** - continued

Health plan premium refunds

Each year, students may request a refund of the amount collected from them for coverage under the plan where they are receiving equivalent benefits under another insurance policy. A certain amount of these cheques issued are never cashed by the students. This balance includes the uncashed cheques from the fiscal years ending April 30, 2007, 2008 and 2009 and is net of a \$170,849 allowance, which is an estimate of the amount that will never be cashed. Over the next three years these balances will be brought back into the general deferral balance as these students will generally no longer be attending as undergraduates. Uncashed refund cheques from the 2009 year-end forward will be brought directly back into the general surplus balance above once they are stale-dated.

**8. FINANCIAL INSTRUMENTS**

The union's financial instruments include the accounts receivable, the refundable health and dental plan surplus and accounts payable, the fair values of which are equal to their book value due to their short-term nature. Effectively all of the unions' receivables are from Ryerson University. The union's interest income is subject to fluctuation as their bank balances and short-term investments bear rates related to the prime banking rate, which is subject to change as determined by the bank.

**9. CONTINGENCIES**

During the year, two individuals' instituted proceedings in the amount of \$1,025,000 against the Ryerson Students' Union for damages allegedly incurred for human rights violations as well as proceedings in the amount of \$250,000 against the Ryerson Students' Union, CKLN Radio Incorporated and the Palin Foundation for damages and declaratory relief. The Ryerson Students' Union has contested these claims and, in the opinion of its legal counsel, the lawsuits are groundless. Neither the possible outcome nor the amount of possible settlement can be foreseen. Therefore, no provision has been made in the financial statements.

The union has available a \$433,000 letter of credit in favour of the Toronto Transit Commission as security for the purchase of passes and tokens.

**RYERSON STUDENTS' UNION**  
**NOTES TO FINANCIAL STATEMENTS**  
**AS AT APRIL 30, 2011**

**10. WORKING CAPITAL AND INTERNAL RESERVE FUNDS**

The union's working capital is as follows:

|                     |                    |                    |
|---------------------|--------------------|--------------------|
| Current assets      | \$ 4,242,834       | \$ 3,100,001       |
| Current liabilities | <u>(3,401,251)</u> | <u>(2,768,011)</u> |
| Working capital     | <u>\$ 841,583</u>  | <u>\$ 331,990</u>  |

The primary source of cash used for operational expenses is the unrestricted portion of the RSU membership fee. The management of working capital involves controlling disbursements such that sufficient working capital is maintained between the three fee installments which are typically received in October, February and June, to cover operating expenses. The working capital calculated above must be sufficient both in amount and liquidity to cover operating expenses from May through to the next fee installment in October.

The union has implemented a plan to maintain a separate bank account for the health and dental plan amounts. Currently the cash is commingled. \$25,000 per year will be transferred from the general operations accounts into the health and dental plan account until the cash balance and the Health and Dental fund balances.