

FINANCIAL STATEMENTS
RYERSON STUDENTS' UNION
AS AT APRIL 30, 2012

RYERSON STUDENTS' UNION

AS AT APRIL 30, 2012

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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

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.

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, 2012, 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, 2012, and of its financial performance and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Chartered Accountants
Licensed Public Accountants



Toronto, Ontario
October 2, 2012

RYERSON STUDENTS' UNION

STATEMENT OF FINANCIAL POSITION

AS AT APRIL 30, 2012
(With comparative figures as at April 30, 2011)

ASSETS

	2012	2011
CURRENT		
Cash and equivalents	\$ 3,910,870	\$ 3,356,549
Cash in trust for student groups (note 5)	92,813	85,523
Accounts receivable	132,674	84,328
Membership fees receivable	254,009	264,605
Inventory	100,380	121,292
Refundable Health and Dental Plan surplus (note 8)	<u>23,255</u>	<u>330,537</u>
	4,514,001	4,242,834
TTC SECURITY DEPOSIT (note 6)	532,210	526,932
PROPERTY AND EQUIPMENT (note 4)	<u>830,031</u>	<u>906,234</u>
TOTAL ASSETS	<u>\$ 5,876,242</u>	<u>\$ 5,676,000</u>

LIABILITIES

CURRENT		
Accounts payable and accruals	\$ 314,865	\$ 294,131
Student group trust liability (note 5)	92,813	85,523
Restricted referendum fees (note 7)	670,788	545,471
Health plan premium refunds (note 8)	-	144,716
Deferral of refundable Health and Dental Plan surplus (note 8)	23,255	330,537
Deferred Health and Dental fees (note 8)	<u>2,420,875</u>	<u>2,000,873</u>
TOTAL LIABILITIES	<u>3,522,596</u>	<u>3,401,251</u>

NET ASSETS

Per statement of changes in net assets	<u>2,353,646</u>	<u>2,274,749</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 5,876,242</u>	<u>\$ 5,676,000</u>

APPROVED ON BEHALF OF THE BOARD

_____ Director

_____ Director

See accompanying notes

To be read in conjunction with our Auditors' Report dated October 2, 2012

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RYERSON STUDENTS' UNION
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED APRIL 30, 2012
(With comparative figures as at April 30, 2011)

	General	Property Equipment	2012	2011
Balances, beginning of the year	\$ 1,368,515	\$ 906,234	\$ 2,274,749	\$ 1,838,061
Surplus (deficit)	31,615	-	31,615	220,663
Purchase of equipment	(47,282)	47,282	-	-
Amortization	123,485	(123,485)	-	-
Transfer from Capital fund (note 7)	<u>47,282</u>	<u>-</u>	<u>47,282</u>	<u>216,025</u>
Balances, end of the year	<u>\$ 1,523,615</u>	<u>\$ 830,031</u>	<u>\$ 2,353,646</u>	<u>\$ 2,274,749</u>

See accompanying notes

To be read in conjunction with our Auditors' Report dated October 2, 2012

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RYERSON STUDENTS' UNION

STATEMENT OF REVENUES AND EXPENSES

FOR THE YEAR ENDED APRIL 30, 2012
(With comparative figures for the year ended April 30, 2011)

	2012	2011
REVENUES		
Group health and dental plan revenue recognized (note 8)	\$ 7,989,464	\$ 7,328,983
Member Services Office sales	4,109,328	4,992,422
RSU membership fees	1,636,967	1,519,158
Restricted student fees recognized (note 7)	1,068,484	1,140,659
Used Book Room sales	624,500	581,341
CopyRite sales	432,342	375,851
Student activities	242,809	245,440
Interest income	15,696	14,917
	<u>16,119,590</u>	<u>16,198,771</u>
EXPENDITURES		
Group health and dental plan disbursements (note 8)	7,989,464	7,328,983
Member Services Office purchases	4,046,493	4,881,561
Restricted student fee disbursements (note 7)	1,068,484	1,140,659
Wages and benefits	1,299,061	1,091,774
Used Book Room purchases	478,272	301,133
Event programming	295,356	277,971
Student services	188,695	213,761
CopyRite purchases	176,981	178,543
Office and general	173,414	169,320
Advertising and promotion	53,989	64,938
Bursaries	38,179	56,973
Professional fees	94,681	42,141
Interest and bank charges	37,065	39,481
Bad debts	532	31,846
General insurance	23,824	23,111
Amortization	123,485	135,913
	<u>16,087,975</u>	<u>15,978,108</u>
SURPLUS	<u>\$ 31,615</u>	<u>\$ 220,663</u>

See accompanying notes

To be read in conjunction with our Auditors' Report dated October 2, 2012

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RYERSON STUDENTS' UNION

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED APRIL 30, 2012
(With comparative figures for the year ended April 30, 2011)

	2012	2011
CASH PROVIDED BY (USED IN):		
OPERATIONS		
Student fees	\$ 3,004,091	\$ 2,618,258
Gross members' health and dental plan fees	7,989,464	7,447,937
Sales and other revenues	5,408,979	5,048,981
Interest received	15,696	26,664
Purchases, payables, payments	(7,868,547)	(7,068,215)
Members' health and dental plan premiums	(4,452,446)	(4,212,661)
Members' health and dental plan refunds	(3,453,291)	(2,851,252)
Interest and bank charges	<u>(37,065)</u>	<u>(39,481)</u>
	<u>606,881</u>	<u>970,231</u>
INVESTING		
Purchase of property and equipment	(47,282)	(38,437)
Net change in TTC security deposit	<u>(5,278)</u>	<u>(24,572)</u>
	<u>(52,560)</u>	<u>(63,009)</u>
CASH INCREASE (DECREASE)	554,321	907,222
Cash at beginning of the year	<u>3,356,549</u>	<u>2,449,327</u>
CASH AT END OF THE YEAR	<u>\$ 3,910,870</u>	<u>\$ 3,356,549</u>

See accompanying notes

To be read in conjunction with our Auditors' Report dated October 2, 2012

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RYERSON STUDENTS' UNION
NOTES TO FINANCIAL STATEMENTS
AS AT APRIL 30, 2012

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. BASIS OF PRESENTATION AND FUTURE ACCOUNTING CHANGES

These financial statements have been prepared in accordance with Part V of the CICA Handbook - *Pre-changeover accounting standards*. Next year the financial statements must be prepared in accordance with Part III of the CICA Handbook - *Accounting Standards for Not-For-Profit Organizations*. Aside from minor additional note disclosures, the adoption of the new accounting standards will not result in any material changes to the presentation or the amounts reported in these statements.

3. 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. Restricted student fees are accounted for using the deferral method.

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. It consists mainly of TTC passes and fares sold subsequent to the year end or returned for refund.

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, 2012

3. 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 \$245,043 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.

4. PROPERTY AND EQUIPMENT

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net book value</u>	
			<u>2012</u>	<u>2011</u>
Equipment	\$ 278,993	\$ 189,231	\$ 89,762	\$ 116,606
Computer software	50,505	37,066	13,439	36,502
Student Centre contribution	850,000	152,051	697,949	719,359
Leasehold improvements	<u>51,544</u>	<u>22,663</u>	<u>28,881</u>	<u>33,767</u>
	<u>\$ 1,231,042</u>	<u>\$ 401,011</u>	<u>\$ 830,031</u>	<u>\$ 906,234</u>

5. STUDENT GROUPS TRUST ACCOUNT

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

6. 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 May 14, 2012 bearing interest at 1.35%.

RYERSON STUDENTS' UNION
NOTES TO FINANCIAL STATEMENTS
AS AT APRIL 30, 2012

7. 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:

	2012	2011
<i>National and Ontario Student Federations</i>		
Beginning balance	\$ 151,976	\$ 164,976
Student fee revenue	372,912	345,923
Payments	<u>(384,980)</u>	<u>(358,923)</u>
Ending balance	<u>139,908</u>	<u>151,976</u>
<i>Rye Eye Publishing Inc.</i>		
Beginning balance	16,853	21,907
Student fee revenue	373,053	339,980
Payments	<u>(377,173)</u>	<u>(345,034)</u>
Ending balance	<u>12,733</u>	<u>16,853</u>
<i>Ryerson Radio</i>		
Beginning balance	11,592	(5,495)
Student fee revenue	256,199	237,764
Payments and disbursements	<u>(259,049)</u>	<u>(220,677)</u>
Ending balance	<u>8,742</u>	<u>11,592</u>
<i>Capital Reserve</i>		
Beginning balance	365,050	399,097
Student fee revenue	191,637	181,978
Transferred to general fund for acquisitions	<u>(47,282)</u>	<u>(216,025)</u>
Ending balance	<u>509,405</u>	<u>365,050</u>
<i>Fund Totals</i>		
Beginning balance	545,471	580,485
Total restricted student fee revenue	1,193,801	1,105,645
Total disbursements and revenue recognized	<u>(1,068,484)</u>	<u>(1,140,659)</u>
Ending balance	<u>\$ 670,788</u>	<u>\$ 545,471</u>

RYERSON STUDENTS' UNION
NOTES TO FINANCIAL STATEMENTS
AS AT APRIL 30, 2012

8. GROUP HEALTH AND DENTAL PLAN

Health and dental fees were also established through referendum of the student body and are accounted for using the deferral method for externally restricted contributions. It is disclosed separately here due to its size.

	2012	2011
Beginning balance	\$ <u>2,000,873</u>	\$ <u>1,718,329</u>
Student fee receipts and stale-dated cheques	8,381,634	7,599,780
Interest income	<u>27,832</u>	<u>11,747</u>
	<u>8,409,466</u>	<u>7,611,527</u>
Opt-out refunds	(3,453,291)	(3,036,730)
Insurance premiums paid	(4,452,446)	(4,212,661)
Other direct expenses	<u>(83,727)</u>	<u>(79,592)</u>
Disbursements and revenue recognized	<u>(7,989,464)</u>	<u>(7,328,983)</u>
Ending balance	\$ <u>2,420,875</u>	\$ <u>2,000,873</u>

Commitments and Management of Working Capital

The fees received from students are for coverage over the full academic year running from September to the end of August - four months after the fiscal year-end. An estimate of the accumulated surplus or deficit in the plan to date is obtained by deducting the amount of estimated monthly insurance payments RSU is committed to pay and other direct expenses over the summer term subsequent to the year-end.

Closing balance	\$ 2,420,875	\$ 2,000,873
Commitment for summer term premiums	(1,502,653)	(1,470,403)
Other direct expenses over summer term	<u>(27,909)</u>	<u>(26,531)</u>
	<u>\$ 1,170,129</u>	<u>\$ 668,915</u>

Refundable Surplus

The plan includes a Claims Fluctuation Reserve calculated by the insurer's actuaries, which is an estimate of future 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 may be kept on account with the insurer and used to pay for future deficits that may occur, increased benefits, 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 must be increased to eliminate it.

The risk of positive or negative future claims must also be taken into consideration when estimating the surplus above. No amount for this has been included due to the uncertainty of future claims which vary significantly each year.

RYERSON STUDENTS' UNION
NOTES TO FINANCIAL STATEMENTS
AS AT APRIL 30, 2012

8. GROUP HEALTH AND DENTAL PLAN - continued

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 to reduce the risk of future deficits created by higher future claims against the plan.

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 the refund cheques issued are never cashed by the students. This balance includes the uncashed cheques from the fiscal years ending April 30, 2008 and 2009 and is net of a \$245,043 allowance, which is an estimate of the amount that will never be cashed. Over the next two years these balances will be eliminated as the affected students will generally no longer be attending as undergraduates. Uncashed liability cheques have been brought directly back into the general surplus balance above when the allowance was recorded.

9. 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.

10. CONTINGENCIES

Three proceedings totaling \$175,000 for damages allegedly incurred for human rights violations are currently outstanding. 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, 2012

11. MANAGEMENT OF WORKING CAPITAL

	2012	2011
Current assets	\$ 4,514,001	\$ 4,242,834
Current liabilities	<u>(3,522,596)</u>	<u>(3,401,251)</u>
Working capital	<u>\$ 991,405</u>	<u>\$ 841,583</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.