

FINANCIAL STATEMENTS
RYERSON STUDENTS' UNION
AS AT APRIL 30, 2013

RYERSON STUDENTS' UNION

AS AT APRIL 30, 2013

I N D E X

Management Report	1
Auditors' Report	2
Statement of Financial Position	3
Statement of Changes in Net Assets	4
Statement of Revenues and Expenses	5
Statement of Cash Flows	6
Notes to Financial Statements	7 - 13

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**

Osmel Maynes, 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, 2013, 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 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.

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, 2013, and of its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Chartered Accountants
Licensed Public Accountants

Yale & Partners LLP

Toronto, Ontario
October 17, 2013

RYERSON STUDENTS' UNION

STATEMENT OF FINANCIAL POSITION

AS AT APRIL 30, 2013
(With comparative figures as at April 30, 2012)

A S S E T S

	2013	2012
CURRENT		
Cash and equivalents	\$ 4,251,437	\$ 3,910,870
Cash in trust for student groups (note 5)	90,261	92,813
Accounts receivable	218,376	132,674
Membership fees receivable	301,912	254,009
Inventory	293,876	100,380
Refundable Health and Dental Plan surplus (note 8)	<u>359,509</u>	<u>23,255</u>
	5,515,371	4,514,001
TTC SECURITY DEPOSIT (note 6)	551,447	532,210
PROPERTY AND EQUIPMENT (note 4)	<u>870,922</u>	<u>830,031</u>
TOTAL ASSETS	<u>\$ 6,937,740</u>	<u>\$ 5,876,242</u>

L I A B I L I T I E S

CURRENT		
Accounts payable and accruals	\$ 564,726	\$ 314,865
Student group trust liability (note 5)	90,261	92,813
Restricted referendum fees (note 7)	1,005,099	670,788
Deferral of refundable Health and Dental Plan surplus (note 8)	359,509	23,255
Deferred Health and Dental fees (note 8)	<u>2,491,994</u>	<u>2,420,875</u>
TOTAL LIABILITIES	<u>4,511,589</u>	<u>3,522,596</u>

N E T A S S E T S

Per statement of changes in net assets	<u>2,426,151</u>	<u>2,353,646</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 6,937,740</u>	<u>\$ 5,876,242</u>

APPROVED ON BEHALF OF THE BOARD

_____ Director

_____ Director

See accompanying notes

To be read in conjunction with our Auditors' Report dated October 17, 2013

Page 3

RYERSON STUDENTS' UNION

STATEMENT OF CHANGES IN NET ASSETS

**FOR THE YEAR ENDED APRIL 30, 2013
(With comparative figures as at April 30, 2012)**

	General	Property Equipment	2013	2012
Balances, beginning of the year	\$ 1,523,615	\$ 830,031	\$ 2,353,646	\$ 2,274,749
Surplus (deficit)	(73,233)	-	(73,233)	31,615
Purchase of equipment	(126,019)	126,019	-	-
Amortization	85,128	(85,128)	-	-
Transfer from Capital fund (note 7)	<u>145,738</u>	<u>-</u>	<u>145,738</u>	<u>47,282</u>
Balances, end of the year	<u>\$ 1,555,229</u>	<u>\$ 870,922</u>	<u>\$ 2,426,151</u>	<u>\$ 2,353,646</u>

See accompanying notes

To be read in conjunction with our Auditors' Report dated October 17, 2013

Page 4

RYERSON STUDENTS' UNION

STATEMENT OF REVENUES AND EXPENSES

FOR THE YEAR ENDED APRIL 30, 2013

(With comparative figures for the year ended April 30, 2012)

	2013	2012
REVENUES		
Group health and dental plan revenue recognized (note 8)	\$ 8,136,039	\$ 7,989,464
Member Services Office sales	3,729,680	4,109,328
RSU membership fees	1,741,166	1,636,967
Restricted student fees recognized (note 7)	935,411	1,068,484
Used Book Room sales	640,390	624,500
CopyRite sales	445,247	432,342
Student activities	207,055	242,809
Interest income	<u>17,680</u>	<u>15,696</u>
	<u>15,852,668</u>	<u>16,119,590</u>
 EXPENDITURES		
Group health and dental plan disbursements (note 8)	8,136,039	7,989,464
Member Services Office purchases	3,680,488	4,046,493
Wages and benefits	1,382,833	1,299,061
Restricted student fee disbursements (note 7)	935,411	1,068,484
Used Book Room purchases	453,968	478,272
Event programming	348,431	295,356
Student services	238,586	188,695
Office and general	206,046	173,414
CopyRite purchases	173,651	176,981
Professional fees	103,303	94,681
Advertising and promotion	65,261	53,989
Bursaries	50,148	38,179
Interest and bank charges	33,366	37,065
General insurance	27,827	23,824
Bad debts	5,415	532
Amortization	<u>85,128</u>	<u>123,485</u>
	<u>15,925,901</u>	<u>16,087,975</u>
 SURPLUS (DEFICIT)	 <u>\$ (73,233)</u>	 <u>\$ 31,615</u>

See accompanying notes

To be read in conjunction with our Auditors' Report dated October 17, 2013

Page 5

RYERSON STUDENTS' UNION

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED APRIL 30, 2013

(With comparative figures for the year ended April 30, 2012)

	2013	2012
CASH PROVIDED BY (USED IN):		
OPERATIONS		
Student fees	\$ 2,963,426	\$ 3,004,091
Gross members' health and dental plan fees	8,381,634	7,989,464
Sales and other revenues	6,672,422	5,408,979
Interest received	17,680	15,696
Purchases, payables, payments	(9,401,911)	(7,868,547)
Members' health and dental plan premiums	(4,660,771)	(4,452,446)
Members' health and dental plan refunds	(3,453,291)	(3,453,291)
Interest and bank charges	<u>(33,366)</u>	<u>(37,065)</u>
	<u>485,823</u>	<u>606,881</u>
INVESTING		
Purchase of property and equipment	(126,019)	(47,282)
Net change in TTC security deposit	<u>(19,237)</u>	<u>(5,278)</u>
	<u>(145,256)</u>	<u>(52,560)</u>
CASH INCREASE	340,567	554,321
Cash at beginning of the year	<u>3,910,870</u>	<u>3,356,549</u>
CASH AT END OF THE YEAR	<u>\$ 4,251,437</u>	<u>\$ 3,910,870</u>

See accompanying notes

To be read in conjunction with our Auditors' Report dated October 17, 2013

Page 6

RYERSON STUDENTS' UNION
NOTES TO FINANCIAL STATEMENTS
AS AT APRIL 30, 2013

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 all 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 enrollment of students at 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 III of the CICA Handbook - *Accounting Standards for Not-For-Profit Organizations*. Last year they were prepared in accordance with Part V of the CICA Handbook - *Pre-changeover accounting standards*. The application of the new accounting standards did not result in any material changes to comparative figures, see note 12.

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, 2013

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 \$144,716 for cheques distributed to students and outstanding for more than twenty four months as at the year-end. The resulting nil 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.

Financial instruments

Financial instruments classified as financial assets and financial liabilities held for trading are recorded at fair value at each balance sheet date and any change in fair value is recognized in income in the period in which the change occurs.

Financial instruments classified as held-to-maturity investments are carried at amortized cost using the effective interest method. Interest is included in income for the year.

Financial instruments classified as loans and receivables, and financial liabilities held for purposes other than for trading, are carried at amortized cost using the effective interest method. Interest income and expenses are included in income for the year.

Financial assets classified as available for sale are recorded at fair value at each balance sheet date and any change in fair value is recognized in other comprehensive income in the period in which these changes occur. Upon derecognition, any accrued gains or losses are recognized in income for the year.

4. PROPERTY AND EQUIPMENT

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net book value</u>	
			<u>2013</u>	<u>2012</u>
Equipment	\$ 269,324	\$ 183,867	\$ 85,457	\$ 89,762
Computer software	89,193	73,622	15,571	13,439
Student Centre contribution	850,000	173,462	676,538	697,949
Leasehold improvements	<u>131,620</u>	<u>38,264</u>	<u>93,356</u>	<u>28,881</u>
	<u>\$ 1,340,137</u>	<u>\$ 469,215</u>	<u>\$ 870,922</u>	<u>\$ 830,031</u>

RYERSON STUDENTS' UNION
NOTES TO FINANCIAL STATEMENTS
AS AT APRIL 30, 2013

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 January 31, 2014 bearing interest at 1.65%.

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:

	2013	2012
<i>National and Ontario Student Federations</i>		
Beginning balance	\$ 139,908	\$ 151,976
Student fee revenue	396,673	372,912
Payments	<u>(390,343)</u>	<u>(384,980)</u>
Ending balance	<u>146,238</u>	<u>139,908</u>
<i>Rye Eye Publishing Inc.</i>		
Beginning balance	12,733	16,853
Student fees received	397,024	373,053
Payments	<u>(390,588)</u>	<u>(377,173)</u>
Ending balance	<u>19,169</u>	<u>12,733</u>
<i>Ryerson Radio</i>		
Beginning balance	8,742	11,592
Student fees received	272,111	256,199
Payments and disbursements	<u>(8,742)</u>	<u>(259,049)</u>
Ending balance	<u>272,111</u>	<u>8,742</u>
<i>Capital Reserve</i>		
Beginning balance	509,405	365,050
Student fees received	203,914	191,637
Transferred to general fund for acquisitions	<u>(145,738)</u>	<u>(47,282)</u>
Ending balance	<u>567,581</u>	<u>509,405</u>
<i>Fund Totals</i>		
Beginning balance	670,788	545,471
Total restricted student fees received	1,269,722	1,193,801
Total disbursements and revenue recognized	<u>(935,411)</u>	<u>(1,068,484)</u>
Ending balance	<u>\$ 1,005,099</u>	<u>\$ 670,788</u>

RYERSON STUDENTS' UNION
NOTES TO FINANCIAL STATEMENTS
AS AT APRIL 30, 2013

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.

	2013	2012
Beginning balance	\$ 2,420,875	\$ 2,000,874
Student fee receipts and stale-dated cheques	8,198,009	8,381,634
Interest income	<u>9,149</u>	<u>27,832</u>
	<u>8,207,158</u>	<u>8,409,466</u>
Opt-out refunds	(3,365,328)	(3,453,291)
Insurance premiums paid	(4,660,771)	(4,452,446)
Other direct expenses	<u>(109,940)</u>	<u>(83,727)</u>
Disbursements and revenue recognized	<u>(8,136,039)</u>	<u>(7,989,464)</u>
Ending balance	<u>\$ 2,491,994</u>	<u>\$ 2,420,876</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	\$ 2,491,994	\$ 2,420,876
Commitment for summer term premiums	(1,581,016)	(1,502,653)
Other direct expenses over summer term	<u>(36,647)</u>	<u>(27,909)</u>
	<u>\$ 1,166,807</u>	<u>\$ 1,042,290</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, 2013

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 un-cashed cheques from the fiscal year ending April 30, 2009 and is net of a \$144,716 allowance, which is an estimate of the amount that will never be cashed. Over the next year this balance will be eliminated as the affected students will generally no longer be attending as undergraduates. Un-cashed 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

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, 2013

11. MANAGEMENT OF WORKING CAPITAL

	2013	2012
Current assets	\$ 5,515,371	\$ 4,514,001
Current liabilities	<u>(4,511,589)</u>	<u>(3,522,596)</u>
Working capital	<u>\$ 1,003,782</u>	<u>\$ 991,405</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.

RYERSON STUDENTS' UNION
NOTES TO FINANCIAL STATEMENTS
AS AT APRIL 30, 2013

12. IMPACT OF THE CHANGE IN THE BASIS OF ACCOUNTING

Initial application

The union has adopted the requirements of the CICA Handbook and has adopted Canadian Accounting Standards for Not-for-Profit Organizations. This framework is in accordance with Canadian GAAP. These are the first financial statements prepared in accordance with this new framework which has been applied retrospectively to the comparative figures for the year ended April 30, 2012 and in the preparation of an opening balance sheet at May 1, 2011, which is the date of transition for comparison purposes.

No adjustments were made to the opening balances as at May 1, 2011 presented below:

ASSETS	
CURRENT	
Cash	\$ 3,356,549
Student group cash	85,523
Accounts receivable	84,328
Membership fees receivable	264,605
Inventory	121,292
Refundable health and dental surplus	<u>330,537</u>
	4,242,834
TTC SECURITY DEPOSIT	526,932
PROPERTY AND EQUIPMENT	<u>906,234</u>
TOTAL ASSETS	<u>\$ 5,676,000</u>
LIABILITIES	
CURRENT	
Accounts payable and other accruals	294,131
Student group trust liability	85,523
Deferred referendum fees	545,471
Health and dental refunds	144,716
Deferred health and dental surplus	330,537
Deferred health and dental fees	<u>2,000,873</u>
	3,401,251
TOTAL LIABILITIES	<u>3,401,251</u>
NET ASSETS	
TOTAL NET ASSETS	<u>2,274,749</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 5,676,000</u>