

**FINANCIAL STATEMENTS**  
**RYERSON STUDENTS' UNION**  
**AS AT APRIL 30, 2014**

**RYERSON STUDENTS' UNION**

**AS AT APRIL 30, 2014**

**I N D E X**

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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**

Osmel Maynes, Executive Director

PARTNERS

Howard Detsky, CPA, CA  
Amarjit (A.J.) Manhas, CPA, CA  
H. Gordon Lee, CPA, CA  
Earl S. Weiner, CPA, CA

ASSOCIATE PARTNER

Jeffrey R. Dessau, CPA, CA

PRINCIPALS

M. Ibrar Khan, CGA

## 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, 2014, 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, 2014, 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.

*Yale + Partners LLP*  
Chartered Professional Accountants  
Licensed Public Accountants

Toronto, Ontario  
October 21, 2014

**RYERSON STUDENTS' UNION**  
**STATEMENT OF FINANCIAL POSITION**

**AS AT APRIL 30, 2014**  
**(With comparative figures as at April 30, 2013)**

**A S S E T S**

	2014	2013
<b>CURRENT</b>		
Cash	\$ 1,771,890	\$ 754,439
Cash - externally restricted funds (note 4)	1,242,133	1,005,098
Cash - restricted for health and dental plan (note 9)	2,761,510	2,491,994
Cash - restricted for student groups (note 6)	72,934	90,261
Accounts receivable	63,909	218,376
Membership fees receivable	330,941	301,912
Inventory	28,474	293,876
Refundable Health and Dental Plan surplus (note 10)	<u>463,309</u>	<u>359,509</u>
	6,735,100	5,515,465
<b>TTC SECURITY DEPOSIT</b> (note 7)	559,889	551,447
<b>PROPERTY AND EQUIPMENT</b> (note 5)	<u>788,166</u>	<u>870,922</u>
<b>TOTAL ASSETS</b>	<u>\$ 8,083,155</u>	<u>\$ 6,937,834</u>

**LIABILITIES**

<b>CURRENT</b>		
Accounts payable and accruals	\$ 836,623	\$ 564,727
Externally restricted funds (note 4)	1,242,133	1,005,098
Deferred Health and Dental fees (note 9)	2,761,510	2,491,994
Student group trust liability (note 6)	72,934	90,261
Deferral of refundable Health and Dental Plan surplus (note 10)	<u>463,309</u>	<u>359,509</u>
<b>TOTAL LIABILITIES</b>	<u>5,376,509</u>	<u>4,511,589</u>

**NET ASSETS**

Per statement of changes in net assets	<u>2,706,646</u>	<u>2,426,245</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 8,083,155</u>	<u>\$ 6,937,834</u>

**APPROVED ON BEHALF OF THE BOARD**

\_\_\_\_\_ Director

\_\_\_\_\_ Director

See accompanying notes

To be read in conjunction with our Auditors' Report dated October 21, 2014

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**RYERSON STUDENTS' UNION**  
**STATEMENT OF CHANGES IN NET ASSETS**  
**FOR THE YEAR ENDED APRIL 30, 2014**  
**(With comparative figures as at April 30, 2013)**

	General	Property Equipment	2014	2013
Balances, beginning of the year	\$ 1,555,323	\$ 870,922	\$ 2,426,245	\$ 2,353,646
Surplus (deficit)	280,401	-	280,401	(73,139)
Purchase of equipment	(29,887)	29,887	-	-
Amortization	112,643	(112,643)	-	-
Transfer from Capital fund (note 4)	-	-	-	145,738
Balances, end of the year	<u>\$ 1,918,480</u>	<u>\$ 788,166</u>	<u>\$ 2,706,646</u>	<u>\$ 2,426,245</u>

See accompanying notes

To be read in conjunction with our Auditors' Report dated October 21, 2014

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**RYERSON STUDENTS' UNION**

**STATEMENT OF REVENUES AND EXPENSES**

**FOR THE YEAR ENDED APRIL 30, 2014**

**(With comparative figures for the year ended April 30, 2013)**

	2014	2013
<b>REVENUES</b>		
Group health and dental plan revenue recognized (note 9)	\$ 8,858,594	\$ 8,136,039
Member Services Office sales	3,625,825	3,729,680
RSU membership fees	1,942,682	1,741,166
Restricted student fees recognized (note 4)	856,509	935,412
Used Book Room sales	531,382	640,390
CopyRite sales	502,174	445,247
Student activities	309,507	207,055
Interest income	<u>13,649</u>	<u>17,680</u>
	<u>16,640,322</u>	<u>15,852,669</u>
 <b>EXPENDITURES</b>		
Group health and dental plan disbursements (note 9)	8,858,594	8,136,039
Member Services Office purchases	3,604,972	3,680,488
Wages and benefits	1,391,636	1,382,833
Restricted student fee disbursements (note 4)	856,509	935,412
Used Book Room purchases	337,663	453,968
Event programming	409,287	348,431
Student services	180,058	238,586
Office and general	212,520	205,952
CopyRite purchases	171,830	173,651
Professional fees	48,177	103,303
Advertising and promotion	59,526	65,261
Bursaries	51,228	50,148
Interest and bank charges	36,403	33,366
General insurance	28,875	27,827
Bad debts	-	5,415
Amortization	<u>112,643</u>	<u>85,128</u>
	<u>16,359,921</u>	<u>15,925,808</u>
 <b>SURPLUS (DEFICIT)</b>		
	<u>\$ 280,401</u>	<u>\$ (73,139)</u>

See accompanying notes

To be read in conjunction with our Auditors' Report dated October 21, 2014

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**RYERSON STUDENTS' UNION**

**STATEMENT OF CASH FLOWS**

**FOR THE YEAR ENDED APRIL 30, 2014**

**(With comparative figures for the year ended April 30, 2013)**

	2014	2013
<b>CASH PROVIDED BY (USED IN):</b>		
<b>OPERATIONS</b>		
Student fees	\$ 3,007,198	\$ 2,963,426
Gross members' health and dental plan fees	9,120,072	8,381,634
Sales and other revenues	4,684,576	6,672,422
Interest received	21,688	17,680
Purchases, payables, payments	(6,451,416)	(9,401,917)
Members' health and dental plan premiums	(5,191,972)	(4,660,771)
Members' health and dental plan refunds	(3,585,414)	(3,453,291)
Interest and bank charges	<u>(42,300)</u>	<u>(33,366)</u>
	<u>1,562,432</u>	<u>485,817</u>
<b>INVESTING</b>		
Purchase of property and equipment	(29,887)	(126,019)
Net change in TTC security deposit	<u>(8,443)</u>	<u>(19,237)</u>
	<u>(38,330)</u>	<u>(145,256)</u>
<b>CASH INCREASE</b>	1,524,102	340,561
Cash at beginning of the year	<u>4,251,431</u>	<u>3,910,870</u>
<b>CASH AT END OF THE YEAR</b>	<u>\$ 5,775,533</u>	<u>\$ 4,251,431</u>
<b>CASH CONSISTS OF:</b>		
Cash	\$ 1,771,890	\$ 754,439
Cash - externally restricted funds (note 4)	1,242,133	1,005,098
Cash - restricted for health and dental plan (note 9)	<u>2,761,510</u>	<u>2,491,994</u>
	<u>\$ 5,775,533</u>	<u>\$ 4,251,531</u>

See accompanying notes

To be read in conjunction with our Auditors' Report dated October 21, 2014

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**RYERSON STUDENTS' UNION**  
**NOTES TO FINANCIAL STATEMENTS**  
**AS AT APRIL 30, 2014**

**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 CPA Canada Handbook - *Accounting Standards for Not-For-Profit Organizations*.

**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.

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. Refund cheques issued to students which remain uncashed after six months are reversed, netted against Opt-Out Refunds, and the cash remains in the plan for future use.

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.

**RYERSON STUDENTS' UNION**  
**NOTES TO FINANCIAL STATEMENTS**  
**AS AT APRIL 30, 2014**

**3. SIGNIFICANT ACCOUNTING POLICIES - continued**

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.

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:

- Refunds to students for Used Book Room consignment payouts owing to students. Due to the number of students who either do not collect their cheques or do not cash their cheques, an estimate of the amount that will actually be paid out in the future has been recorded in the statements.
- The net book value and amortization expense for the property and equipment. These are based on the estimated 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.

**RYERSON STUDENTS' UNION**  
**NOTES TO FINANCIAL STATEMENTS**  
**AS AT APRIL 30, 2014**

**4. 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:

	2014	2013
<b><i>National and Ontario Student Federations</i></b>		
Beginning balance	\$ 146,239	\$ 139,909
Student fee revenue	439,136	396,673
Payments	<u>(431,238)</u>	<u>(390,343)</u>
Ending balance	<u>154,137</u>	<u>146,239</u>
<b><i>Rye Eye Publishing Inc.</i></b>		
Beginning balance	19,168	12,732
Student fees received	426,991	397,024
Payments	<u>(425,271)</u>	<u>(390,588)</u>
Ending balance	<u>20,888</u>	<u>19,168</u>
<b><i>Ryerson Radio</i></b>		
Beginning balance	272,111	8,743
Student fees received	-	272,111
Payments and disbursements	<u>-</u>	<u>(8,743)</u>
Ending balance	<u>272,111</u>	<u>272,111</u>
<b><i>Capital Reserve</i></b>		
Beginning balance	567,580	509,404
Student fees received	227,417	203,914
Transferred to general fund for acquisitions	<u>-</u>	<u>(145,738)</u>
Ending balance	<u>794,997</u>	<u>567,580</u>
<b><i>Fund Totals</i></b>		
Beginning balance	1,005,098	670,788
Total restricted student fees received	1,093,544	1,269,722
Total disbursements and revenue recognized	<u>(856,509)</u>	<u>(935,412)</u>
Ending balance	<u>\$ 1,242,133</u>	<u>\$ 1,005,098</u>

**RYERSON STUDENTS' UNION**  
**NOTES TO FINANCIAL STATEMENTS**  
**AS AT APRIL 30, 2014**

**5. PROPERTY AND EQUIPMENT**

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net book value</u>	
			<u>2014</u>	<u>2013</u>
Equipment	\$ 299,211	\$ 242,564	\$ 56,647	\$ 85,457
Computer software	89,193	81,391	7,803	15,571
Student Centre contribution	850,000	194,872	655,128	676,538
Leasehold improvements	<u>131,620</u>	<u>63,032</u>	<u>68,588</u>	<u>93,356</u>
	<u>\$ 1,370,024</u>	<u>\$ 581,859</u>	<u>\$ 788,166</u>	<u>\$ 870,922</u>

**6. 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.

**7. 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 February 5, 2014 bearing interest at 1.29%.

**8. 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, 2014**

**9. 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.

	2014	2013
Beginning balance	\$ 2,491,994	\$ 2,420,875
Student fee receipts and stale-dated cheques	9,120,072	8,198,009
Interest income	8,038	9,149
	<u>9,128,110</u>	<u>8,207,158</u>
Opt-out refunds	(3,585,414)	(3,365,328)
Insurance premiums paid	(5,191,972)	(4,660,771)
Other direct expenses	(81,208)	(109,940)
Disbursements and revenue recognized	<u>(8,858,594)</u>	<u>(8,136,039)</u>
Ending balance	<u>\$ 2,761,510</u>	<u>\$ 2,491,994</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	\$ 2,761,510	\$ 2,491,994
Commitment for summer term premiums	(1,581,016)	(1,502,653)
Other direct expenses over summer term	(27,069)	(36,647)
	<u>\$ 1,153,425</u>	<u>\$ 952,694</u>

**10. REFUNDABLE SURPLUS OF GROUP HEALTH AND DENTAL PLAN**

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, 2014**

**10. REFUNDABLE SURPLUS OF 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.

**11. FINANCIAL INSTRUMENTS**

The union's financial instruments include cash, accounts receivable, the refundable health and dental plan surplus and accounts payable. All these instruments are initially recorded at fair value and subsequently measured at amortized cost. The fair values of 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.

**12. MANAGEMENT OF WORKING CAPITAL**

	2014	2013
Current assets	\$ 6,735,100	\$ 5,515,465
Current liabilities	<u>(5,376,509)</u>	<u>(4,511,589)</u>
Working capital	<u>\$ 1,358,591</u>	<u>\$ 1,003,876</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.