

Ryerson Students' Union

Financial Statements
April 30, 2016



January 20, 2017

Independent Auditor's Report

**To the Directors of
Ryerson Students' Union**

We have audited the accompanying financial statements of Ryerson Students' Union, which comprise the statement of financial position as at April 30, 2016 and the statement of operations and changes in net assets and cash flows for the year then ended, and the related notes, which comprise 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.

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Other matter

The financial statements of Ryerson Students' Union for the year ended April 30, 2015 were audited by another auditor who expressed an unmodified opinion on those financial statements on October 23, 2015.

PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants

Ryerson Students' Union

Statement of Financial Position

As at April 30, 2016

	2016 \$	2015 \$
Assets		
Current assets		
Cash and cash equivalents (notes 4, 5, 7, 10, 13)	6859620 6,859,520	5,650,348
Accounts receivable	306,204 ✓	200,638
Membership fees receivable	149,500 ✓	352,863
Inventory	224,459 ✓	112,877
Refundable Health and Dental Plan surplus (note 11)	-	-
	<hr/> 7,539,683	6,316,726
TTC security deposit (note 8)	566,535 ✓	566,109
Property and equipment (note 6)	887,642 ✓	800,883
	<hr/> 8,993,860	7,683,718
	9993959	
Liabilities		
Current liabilities		
Accounts payable	232390 232,281	236,665
Other payables	328,368	158,316
Externally restricted funds (note 5)	124,692	174,166
Capital reserve restriction (note 13)	892,772	668,224
Deferred Health and dental fees (note 10)	5,197,185	3,413,824
Student group trust liability (note 7)	189,304	125,905
Deferral of capital asset purchases (note 12)	128,846	193,269
Deferral of refundable Health and Dental Plan surplus (note 11)	-	-
	<hr/> 7,093,448	4,970,369
Net assets	1,900,412	2,713,349
	<hr/> 8,993,860	7,683,718

Approved on Behalf of the Board

Director

Director

The accompanying notes are an integral part of these financial statements.

Ryerson Students' Union

Statement of Operations and Changes in Net Assets

For the year ended April 30, 2016

	2016 \$	2015 \$
Revenue		
Group health and dental plan revenue recognized (note 10)	9,947,105	9,403,878
Member services office sales	2,596,587 ✓	2,705,796
RSU membership fees	2,181,964 ✓	2,097,991
Restricted student fees recognized (notes 5 and 13)	1,405,266	1,610,131
CopyRite sales	358,237 ✓	412,344
Used Book Room sales	206,080 ✓	362,164
Graduate photo service revenue	85,216 ✓	35,920
Equity service group revenue	102,550 ✓	54,235
Social events revenue	457,452 ✓	200,855
Bursaries and scholarship revenue	5,000 ✓	-
Membership development and communication revenue	28,989 ✓	17,000
Deferred capital fees recognized (note 12) — <i>Deferred Revenue.</i>	64,423 ✓	64,423
Other revenue	6,000 ✓	6,000
Interest income	628 ✓	10,150
	17,445,497	16,980,887
Expenditures		
Group health and dental plan disbursements (note 10)	9,947,105	9,403,878
Member Services Office purchases	2,582,857 ✓	2,712,709
Restricted student fee disbursements (notes 5 and 13)	1,405,266 ✓	1,610,131
Wages and benefits	1,593,380 ✓	1,443,334
Event programming	1,004,210 ✓	470,738
Used Book Room purchases	220,052 ✓	309,101
Office and general	117,268 ✓	88,766
Campus group expenditure	222,954 ✓	131,496
Educational issues and advocacy expenditure	7,972 ✓	21,999
Equity issues expenditure	12,702 ✓	11,905
Equity service group expenditure	100,606 ✓	87,073
Graduate photo service expenditure	731 ✓	731
Graduate council expenditure	69,108 ✓	68,262
Membership development and communication expenditure	55,750 ✓	36,663
Organizational governance and meetings expenditure	106,794 ✓	99,940
Sustainability issues expenditure	149 ✓	1,921
Tax clinic expenditure	223 ✓	307
Board members expense	12,509 ✓	4,438
Repairs and maintenance	37,227 ✓	19,861
Bad debts	49,056 ✓	-
CopyRite purchases	196,428 ✓	148,900
Bursaries	50,572 ✓	51,469
Professional fees	185,164 ✓	37,705
Interest and bank charges	50,858 ✓	60,483
General insurance	30,141 ✓	30,228
Other expenses	44,382 ✓	-
Amortization	155,701 ✓	122,147
	18,258,434	16,974,185
(Deficit) earnings for the year	(812,937)	6,702
Net assets - Beginning of year	2,713,349	2,706,647
Net assets - End of year	1,900,412	2,713,349

The accompanying notes are an integral part of these financial statements.

Ryerson Students' Union

Statement of Cash Flows

For the year ended April 30, 2016

	2016 \$	2015 \$
Cash provided by (used in)		
Operating activities		
Net surplus for the year	(812,937)	6,702
Changes not involving cash		
Amortization	155,701	122,147
Loss on disposal of property and equipment	13,303	
Deferred capital fees recognized	(64,423)	(64,423)
	(708,356)	64,426
Net change in non-cash working capital		
Decrease (increase) in		
Accounts receivable	(105,566)	(136,729)
Membership fees receivable	203,363	(21,922)
Inventory	(111,582)	(84,403)
Increase (decrease) in		
Accounts payable and other payables	165,668	(441,641)
Deferral of capital asset fees	-	249,824
	(556,473)	(370,445)
Investing activities		
Purchase of property and equipment	(255,763)	(126,995)
Net change in TTC security deposits	(426)	(6,220)
	(256,189)	(133,215)
Financing activities		
Restricted funds received	13,310,807	11,266,580
Restricted fees disbursed	(11,352,372)	(11,014,009)
Change in deferral liabilities	(1,958,435)	(252,571)
	-	-
Net change in cash and cash equivalents	(812,662)	(503,660)
Cash and cash equivalents - Beginning of year	1,268,229	1,771,889
Cash and cash equivalents - End of year	455,567	1,268,229

The accompanying notes are an integral part of these financial statements.

Ryerson Students' Union

Notes to Financial Statements

April 30, 2016

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 enrolment 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 Summary of 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 May - 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 un-cashed 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.

Ryerson Students' Union

Notes to Financial Statements

April 30, 2016

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 treated as a leasehold improvement and is amortized on a straight-line basis over 40 years, being the term of the lease for the student centre.

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 generally accepted accounting principles (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 payments 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; and
- 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

RSU initially measures its financial assets and liabilities at fair value, except for certain non-arm's length transactions. RSU subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in net income.

Financial assets measured at amortized cost include cash, term deposits and accounts receivable. Financial liabilities measured at amortized cost include accounts payable.

RSU has no financial assets measured at fair value and has not elected to carry any financial asset or liability at fair value.

Ryerson Students' Union

Notes to Financial Statements

April 30, 2016

Risks

Liquidity risk is managed by ensuring the expenditure levels are low enough to maintain sufficient cash balances to cover operating expenses until the next student fee instalment is received.

Credit risk is minimal as accounts receivable are due from a wide variety of third parties. Additionally, student fees receivable are remitted by Ryerson University and thus are not subject to significant risk of uncollectibility.

4 Externally restricted and unrestricted cash and cash equivalents

The following restrictions on cash and cash equivalents were established by the nature of the funds received and designated for certain programs:

	2016 \$	2015 \$
Unrestricted cash	455,567	1,268,229
Restricted for health and dental plan (note 10)	5,197,185	3,413,824
Externally restricted funds (note 5)	124,692	174,166
Restricted for capital reserve (note 13)	892,772	668,224
Restricted for student groups (note 7)	189,304	125,905
	<u>6,859,520</u>	<u>5,650,348</u>

Ryerson Students' Union

Notes to Financial Statements

April 30, 2016

5 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:

	2016 \$	2015 \$
National and Ontario Student Federations		
Balance - Beginning of year	150,846	154,136
Student fee revenue	488,584	482,439
Payments	(514,738)	(485,729)
	<hr/>	<hr/>
Balance - End of year	124,692	150,846
Rye Eye Publishing Inc.		
Balance - Beginning of year	23,320	20,889
Student fees received	488,856	479,577
Payments	(512,176)	(477,146)
	<hr/>	<hr/>
Balance - End of year	-	23,320
Ryerson Radio		
Balance - Beginning of year	-	272,111
Student fees received	338,150	-
Payments and disbursements	(338,150)	(272,111)
	<hr/>	<hr/>
Balance - End of year	-	-
Funds totals		
Balance - Beginning of year	174,166	447,136
Total restricted student fees received	1,315,590	962,016
Total disbursements and revenue recognized	(1,365,064)	(1,234,986)
	<hr/>	<hr/>
Balance - End of year	124,692	174,166

Ryerson Students' Union

Notes to Financial Statements

April 30, 2016

6 Property and equipment

	2016		
	Cost	Accumulated	Net
	\$	amortization	\$
		\$	\$
Equipment	30,184	14,076	16,108
Computer software	9,597	3,853	5,744
Student Centre contributions	850,000	205,908	644,092
Leasehold improvements	373,490	151,792	221,698
	<u>1,263,271</u>	<u>375,629</u>	<u>887,642</u>
	2015		
	Cost	Accumulated	Net
	\$	amortization	\$
		\$	\$
Equipment	349,666	284,620	65,046
Computer software	98,789	82,475	16,314
Student Centre contributions	850,000	216,282	633,718
Leasehold improvements	198,564	112,759	85,805
	<u>1,497,019</u>	<u>696,136</u>	<u>800,883</u>

7 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.

8 TTC security deposit

This deposit 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 cash deposit account with Scotia Bank bearing interest at 0.65%.

9 Contingencies

The union has available a \$433,000 (2015 - \$433,000) letter of credit in favour of the Toronto Transit Commission as security for the purchase of passes and tokens.

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10 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.

	2016 \$	2015 \$
Balance - Beginning of year	3,413,824	2,761,510
Student fee receipts	11,730,466	10,052,246
Interest income	-	3,946
	<u>11,730,466</u>	<u>10,056,192</u>
Opt-out refunds	(3,634,354)	(3,618,978)
Insurance premiums paid	(6,196,238)	(5,701,088)
Other direct expenses	(116,513)	(83,812)
	<u>(9,947,105)</u>	<u>(9,403,878)</u>
Disbursements and revenue recognized	(9,947,105)	(9,403,878)
Balance - End of year	<u>5,197,185</u>	<u>3,413,824</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.

	2016 \$	2015 \$
Closing balance	5,039,629	3,413,824
Commitment for summer term premiums	(2,027,946)	(2,223,153)
Other direct expenses over summer term	(25,613)	(27,937)
	<u>2,986,070</u>	<u>1,162,734</u>

11 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.

Ryerson Students' Union

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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.

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.

12 Deferral of capital asset fees

This balance reflects the un-amortized amount of restricted Capital Reserve fees that have been used to acquire property and equipment. This deferred balance is amortized into revenue on the same basis as the property and equipment are amortized to expense.

	2016 \$	2015 \$
Balance - Beginning of year	193,269	-
Capital assets purchased		257,692
Disbursements and revenue recognized	(64,423)	(64,423)
Balance - End of year	<u>128,846</u>	<u>193,269</u>

13 Capital reserve restriction

The following funds were established by referendums taken of the student body and are therefore accounted for as externally restricted funds (to be used for purchasing capital assets) using the deferral method:

	2016 \$	2015 \$
Capital reserve		
Balance - Beginning of year	668,224	794,997
Student fees received	264,751	248,372
Property and equipment purchases and disbursements	(40,203)	(375,145)
Balance - End of year	<u>892,772</u>	<u>668,224</u>

