

**UNIVERSITY OF MANITOBA  
STUDENTS' UNION**

**Financial Statements**  
For the year ended April 30, 2019

# UNIVERSITY OF MANITOBA STUDENTS' UNION

## Financial Statements

For the year ended April 30, 2019

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### Contents

<b>Independent Auditor's Report</b>	<b>2</b>
<b>Financial Statements</b>	
Statement of Financial Position	4
Statement of Operations	5
Statement of Changes in Fund Balances	6
Statement of Cash Flows	7
Notes to Financial Statements	8



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## Independent Auditor's Report

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To the Members of the University of Manitoba Students' Union

### Opinion

We have audited the financial statements of the University of Manitoba Students' Union ("the Union"), which comprise the statement of financial position as at April 30, 2019, and the statement of operations, statement of changes in fund balances, and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Union as at April 30, 2019, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

### Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Union in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Responsibilities of Management and Those Charged with Governance 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.

In preparing the financial statements, management is responsible for assessing the Union's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Union or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Union's financial reporting process.

### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.



As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Union's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Union's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Union to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

*BDO Canada LLP*

Chartered Professional Accountants

Winnipeg, Manitoba  
August 6, 2019

**UNIVERSITY OF MANITOBA STUDENTS' UNION**  
**Statement of Financial Position**

As at April 30, 2019

	Operating Fund	Restricted Funds		2019 Total	2018 Total	
		Scholarship and Bursary Fund	UMSU Capital Fund			Total Restricted Funds
<b>Assets</b>						
<b>Current Assets</b>						
Cash and bank	\$ 9,276,336	\$ -	\$ -	\$ -	\$ 9,276,336	\$ 5,104,801
Accounts receivable and other (Note 3)	148,792	-	-	-	148,792	182,975
Inventories	113,045	-	-	-	113,045	172,832
Interfund balances due	(1,448,752)	1,582,307	(133,555)	1,448,752	-	-
	<u>8,089,421</u>	<u>1,582,307</u>	<u>(133,555)</u>	<u>1,448,752</u>	<u>9,538,173</u>	<u>5,460,608</u>
Capital assets (Note 4)	-	-	1,251,744	1,251,744	1,251,744	1,368,624
	<u>\$ 8,089,421</u>	<u>\$ 1,582,307</u>	<u>\$ 1,118,189</u>	<u>\$ 2,700,496</u>	<u>\$ 10,789,917</u>	<u>\$ 6,829,232</u>
<b>Liabilities and Fund Balances</b>						
<b>Current Liabilities</b>						
Accounts payable and accrued liabilities (Notes 3 and 5)	\$ 5,753,598	\$ -	\$ -	\$ -	\$ 5,753,598	\$ 2,812,009
Loan payable (Note 3)	-	-	800,000	800,000	800,000	800,000
Health and Dental Plan Reserve (Note 6)	867,705	-	-	-	867,705	156,616
Deferred revenue (Note 7)	357,065	-	-	-	357,065	561,725
	<u>6,978,368</u>	<u>-</u>	<u>800,000</u>	<u>800,000</u>	<u>7,778,368</u>	<u>4,330,350</u>
<b>Commitments (Note 8)</b>						
<b>Fund Balances</b>						
Invested in capital assets	-	-	1,251,744	1,251,744	1,251,744	1,368,624
Externally restricted	-	1,582,307	(933,555)	648,752	648,752	297,093
Unrestricted	1,111,053	-	-	-	1,111,053	833,165
	<u>1,111,053</u>	<u>1,582,307</u>	<u>318,189</u>	<u>1,900,496</u>	<u>3,011,549</u>	<u>2,498,882</u>
	<u>\$ 8,089,421</u>	<u>\$ 1,582,307</u>	<u>\$ 1,118,189</u>	<u>\$ 2,700,496</u>	<u>\$ 10,789,917</u>	<u>\$ 6,829,232</u>

Approved on behalf of Council:

 President

 Vice-President

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

**UNIVERSITY OF MANITOBA STUDENTS' UNION**  
**Statement of Operations**

For the year ended April 30, 2019

	Operating Fund	Restricted Funds		2019 Total	2018 Total
		Scholarship and Bursary Fund	UMSU Capital Fund		
<b>Revenue</b>					
Student fees	\$ 1,305,437	\$ 1,415,895	\$ 737,159	\$ 2,153,054	\$ 3,458,491
Contributions from Province of Manitoba	-	683,000	-	683,000	625,000
Sales	5,759,643	-	-	5,759,643	5,827,753
Interest	136,029	-	-	136,029	66,072
	<b>7,201,109</b>	<b>2,098,895</b>	<b>737,159</b>	<b>2,836,054</b>	<b>10,037,163</b>
<b>Expenses</b>					
Cost of sales	2,336,837	-	-	-	2,336,837
Operating	4,586,384	-	108,640	108,640	4,695,024
Interest	-	-	40,008	40,008	40,008
Amortization	-	-	493,522	493,522	493,522
Scholarships and Bursaries	-	1,959,105	-	1,959,105	1,959,105
	<b>6,923,221</b>	<b>1,959,105</b>	<b>642,170</b>	<b>2,601,275</b>	<b>9,524,496</b>
<b>Excess of revenue over expenses for the year</b>	<b>\$ 277,888</b>	<b>\$ 139,790</b>	<b>\$ 94,989</b>	<b>\$ 234,779</b>	<b>\$ 512,667</b>
					<b>\$ 1,023,781</b>

**UNIVERSITY OF MANITOBA STUDENTS' UNION**  
**Statement of Changes in Fund Balances**

**For the year ended April 30, 2019**

	Invested in Capital Assets	Externally Restricted	Unrestricted	2019 Total	2018 Total
<b>Fund balances, beginning of year</b>	\$ 1,368,624	\$ 297,093	\$ 833,165	\$ 2,498,882	\$ 1,475,101
<b>Excess (deficiency) of revenue over expenses for the year</b>	(493,522)	728,301	277,888	512,667	1,023,781
<b>Interfund Transfers</b>					
Acquisition of capital assets	376,642	(376,642)	-	-	-
<b>Fund balances, end of year</b>	<b>\$ 1,251,744</b>	<b>\$ 648,752</b>	<b>\$ 1,111,053</b>	<b>\$ 3,011,549</b>	<b>\$ 2,498,882</b>

## UNIVERSITY OF MANITOBA STUDENTS' UNION Statement of Cash Flows

<b>For the year ended April 30</b>	<b>2019</b>	<b>2018</b>
<b>Cash Flows from Operating Activities</b>		
Excess of revenue over expenses for the year	\$ 512,667	\$ 1,023,781
Item not affecting cash		
Amortization of capital assets	<u>493,522</u>	454,540
	<b>1,006,189</b>	<b>1,478,321</b>
Changes in non-cash working capital balances		
Accounts receivable and other	34,183	61,710
Inventories	59,787	(3,237)
Accounts payable and accrued liabilities	2,941,589	176,958
Health and dental plan reserve	711,089	156,616
Deferred revenue	<u>(204,660)</u>	215,239
	<b>4,548,177</b>	<b>2,085,607</b>
<b>Cash Flows from Investing Activities</b>		
Acquisition of capital assets	<u>(376,642)</u>	(1,125,938)
<b>Cash Flows from Financing Activities</b>		
Repayment of loan	<u>-</u>	(200,000)
<b>Net increase in cash and bank during the year</b>	<b>4,171,535</b>	<b>759,669</b>
<b>Cash and bank, beginning of year</b>	<u><b>5,104,801</b></u>	<u><b>4,345,132</b></u>
<b>Cash and bank, end of year</b>	<b>\$ 9,276,336</b>	<b>\$ 5,104,801</b>



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# UNIVERSITY OF MANITOBA STUDENTS' UNION

## Notes to Financial Statements

For the year ended April 30, 2019

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### 1. Nature of the Organization

The University of Manitoba Students' Union (the "Union") exists to serve the students of the University of Manitoba. The Union prospers in enhancing the student life and the quality of education through consultation, representation and advocacy. The Union was constituted on August 15, 1975 as a non-profit organization incorporated by a special act of legislature, the University of Manitoba Students' Union Act. The Union is exempt from income tax under Section 149 of the Income Tax Act.

### 2. Summary of Significant Accounting Policies

#### a) Basis of Accounting

The financial statements have been prepared by management using Canadian accounting standards for not-for-profit organizations.

#### b) Fund Accounting

*Operating Fund* - The Operating Fund reports the assets, liabilities, revenues and expenses related to the Union's operations, including capital assets, except for capital assets acquired under the Scholarship and Bursary Fund and UMSU Capital Fund.

*Scholarship and Bursary Fund* - The Scholarship and Bursary Fund is an externally restricted fund established to receive funds and to apply such funds and the income therefrom for the provision of scholarships and bursaries to students of the University of Manitoba.

*UMSU Capital Fund* - The UMSU Capital Fund was established through assessments of student organization fees to share the cost of the construction of an on-campus University Centre and the off-campus Brodie Centre respectively. In April 2001, the Union made its final payment to satisfy debt obligations relating to the construction of these two buildings. Student fee assessments are applied to finance renovations and other building improvements.

#### c) Revenue Recognition

The Union follows the restricted fund method of accounting for contributions.

Restricted contributions related to general operations are recognized as revenue of the Operating Fund in the year in which the related expenses are incurred. Restricted contributions for which a separate fund is presented are recognized as revenue of the appropriate restricted fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Restricted contributions for which a separate restricted fund is not presented are recognized as revenue in the Operating Fund following the deferral method of accounting for contributions.

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# UNIVERSITY OF MANITOBA STUDENTS' UNION

## Notes to Financial Statements

**For the year ended April 30, 2019**

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### 2. Summary of Significant Accounting Policies (continued)

c) Revenue Recognition (continued)

Unrestricted contributions, including student fees, sales and investment revenue, are recognized as revenue of the Operating Fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

d) Inventories

Inventories are valued at the lower of cost and net realizable value. Cost is generally determined on an average cost basis.

e) Capital Assets

Capital assets are stated at cost less accumulated amortization. Amortization is recorded in the appropriate fund and is provided for on a straight-line basis over the estimated useful lives of the assets as follows:

Computer equipment	3 years
Equipment	2 to 20 years
Furniture and fixtures	5 to 10 years
Leasehold improvements	5 to 10 years

f) Financial Instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, equities traded in an active market are reported at fair value, with any unrealized gains and losses reported in operations. All other financial instruments are reported at cost or amortized cost less impairment, if applicable. Financial assets are tested for impairment when changes in circumstances indicate the asset could be impaired. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items remeasured at fair value at each statement of financial position date and charged to the financial instrument for those measured at amortized cost.

g) Use of Estimates

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingencies at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

# UNIVERSITY OF MANITOBA STUDENTS' UNION

## Notes to Financial Statements

**For the year ended April 30, 2019**

### 3. Related Party Balances and Transactions

Accounts payable and accrued liabilities include an amount due to the University of Manitoba Students' Union Endowment Fund Inc. of \$2,531,699 at April 30, 2019 (\$16,667 in 2018) which includes an advance of \$2,500,000 to fund renovations to University Centre and \$31,699 for accrued interest payable. Accounts receivable and other include an amount due from the University of Manitoba Students' Union Endowment Fund Inc. of \$NIL as at April 30, 2019 (\$68,203 in 2018). The balance due bears interest at 2%, is unsecured, and was refinanced on May 1, 2019. The balances arose during the normal course of operations and are measured at the exchange amount.

On March 1, 2017, the Union received a loan in the amount of \$1,000,000 from the University of Manitoba Students' Union Endowment Fund Inc. to fund capital asset acquisitions. The loan bears interest at 5%, requires blended payments of \$250,000 annually on December 1 with final payment due December 1, 2022, is due on demand and is secured by a General Security Agreement. The loan balance at April 30, 2019 is \$800,000.

On May 1, 2019, the existing \$800,000 loan and \$2,500,000 advance from the University of Manitoba Students' Union Endowment Fund Inc. to fund renovations to University Centre were refinanced. The new loan bears interest at 5%, requires blended payments of \$500,000 annually on April 30 with final payment due April 30, 2029, is due on demand and is secured by a General Security Agreement.

Accounts receivable and other as at April 30, 2019 include an amount due from UFMF Campus Radio inc. of \$8,264 (\$NIL in 2018). Accounts payable and accrued liabilities include an amount due to UFMF Campus Radio Inc. of \$NIL (\$6,480 in 2018). The balances due bear no interest, have no fixed terms of repayment and are unsecured. The balances arose during the normal course of operations and are measured at the exchange amount.

During the year, the Union charged \$9,000 (\$9,000 in 2018) to UFMF Campus Radio Inc. for administration presented as sales in the statement of operations. The transactions are measured at the exchange amount.

### 4. Capital Assets

	2019		2018	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Computer equipment	\$ 361,667	\$ 277,987	\$ 83,680	\$ 76,824
Equipment	1,335,606	1,225,718	109,888	162,949
Furniture and fixtures	962,785	882,231	80,554	91,760
Leasehold improvements	5,045,258	4,258,185	787,073	1,037,091
Construction in progress	190,549	-	190,549	-
	<b>\$ 7,895,865</b>	<b>\$ 6,644,121</b>	<b>\$ 1,251,744</b>	<b>\$ 1,368,624</b>

# UNIVERSITY OF MANITOBA STUDENTS' UNION

## Notes to Financial Statements

**For the year ended April 30, 2019**

### 5. Accounts Payable and Accrued Liabilities

As at April 30, 2019, accounts payable and accrued liabilities include government remittances due in the amount of \$39,616 (\$51,796 in 2018).

### 6. Health and Dental Plan

The Union entered into a Health and Dental Plan underwritten by Manitoba Blue Cross effective September 1, 2013. The plan is written on a fully insured non-refund, experience rated basis. Therefore, the Union is only responsible for paying the premium and Manitoba Blue Cross will cover all claim deficits. The Union is represented by a Broker, Quebec Student Health Alliance Inc. conducting business as "studentcare.net/works", who negotiates premiums with Manitoba Blue Cross based on the financial experience of the plan.

Health and Dental Plan Reserve transactions for the year are as follows:

	2019	2018
Health and Dental Plan Reserve, beginning of year	\$ 156,616	\$ -
Premiums collected for the year	6,278,380	5,811,600
Premiums paid for the year	(5,567,291)	(5,654,984)
	<b>\$ 867,705</b>	<b>\$ 156,616</b>

### 7. Deferred Revenue

Deferred revenue consists of student fees levied during the year for the Childcare Facility Fund and funding received for special projects that have not yet taken place. The amounts received will be recognized as revenue in the year the related expenses are incurred. Balances at year end are as follows:

	Balance Beginning of Year	Amounts Received during the Year	Amounts Recognized or Transferred during the Year	Balance End of Year
Centennial Project	\$ 100,000	\$ 74,900	\$ (72,592)	\$ 102,308
Childcare Facility Fund	416,315	214,279	(420,250)	210,344
Other	28,431	27,434	(28,431)	27,434
Special Projects Funding	16,979	-	-	16,979
	<b>\$ 561,725</b>	<b>\$ 316,613</b>	<b>\$ (521,273)</b>	<b>\$ 357,065</b>

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# UNIVERSITY OF MANITOBA STUDENTS' UNION

## Notes to Financial Statements

**For the year ended April 30, 2019**

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### 8. Commitments

During the year, the Union entered into an agreement for renovation to University Centre with a third party for a total cost of \$1,839,594. As at April 30, 2019, total costs of \$143,322 have been recorded as construction in progress related to this construction project.

The Union has entered into several rental contracts with a supplier of equipment used in the Union's Digital Design & Print Centre. Minimum rental payment commitments over the next four fiscal years under the terms of these contracts are approximately:

2020	\$	98,760
2021		79,830
2022		31,114
2023		3,075

The Union entered into an agreement with the University of Manitoba on September 22, 2016 to fund its Front and Centre Capital Campaign for a total contribution of \$16,220,000 over 12 years. Minimum payment commitments under the terms of this agreement commenced March 1, 2018 and are \$1,410,000 for the next 8 years and \$1,060,000 for the last two years of the agreement. Fees have and will be levied from students to fund this commitment.

### 9. Pension Plan

The Union participates in a defined contribution pension plan for its employees. The contributions are held in trust by Industrial Alliance and are not presented as assets or liabilities in these financial statements. The Union matches employee contributions at a rate of 7% (7% in 2018) of the employee's annual salary. Contributions to the plan for the year ended April 30, 2019 are \$196,768 (\$179,066 in 2018). The Union has no contingent liability or obligation for future contributions to fund future benefits to plan members.

### 10. Financial Instrument Risk

The Union is exposed to different types of risk in the normal course of operations, including credit risk and market risk. The Union's objective in risk management is to optimize the risk return trade-off, within set limits, by applying integrated risk management and control strategies, policies and procedures throughout the Union's activities.

#### Credit Risk

Credit risk is the risk that one party to a financial instrument fails to discharge an obligation and causes financial loss to another party. Financial instruments which potentially subject the Union to credit risk consist principally of cash and bank and accounts receivable.

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# UNIVERSITY OF MANITOBA STUDENTS' UNION

## Notes to Financial Statements

For the year ended April 30, 2019

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### 10. Financial Instrument Risk (continued)

The Union is not exposed to significant credit risk as its receivables are spread among a broad client base and payment in full is typically collected when it is due. The Union establishes an allowance for doubtful accounts that represents its estimate of potential credit losses. The allowance for doubtful accounts is based on management's estimates and assumptions regarding current market conditions, customer analysis and historical payment trends. These factors are considered when determining whether past due accounts are allowed for or written off.

#### Liquidity Risk

Liquidity risk is the risk that the Union will not be able to meet its obligations including accounts payable and accrued liabilities as they fall due. The Union maintains adequate levels of working capital to ensure its obligations can be met when they fall due.

### 11. Comparative Amounts

Certain of the comparative figures have been restated to conform to the current year's presentation.