

UNIVERSITY OF MANITOBA STUDENTS' UNION

Financial Statements
For the year ended April 30, 2022

UNIVERSITY OF MANITOBA STUDENTS' UNION

Financial Statements For the year ended April 30, 2022

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Independent Auditor's Report

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, 2022, 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, 2022, 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
January 20, 2023

UNIVERSITY OF MANITOBA STUDENTS' UNION
Statement of Financial Position

As at April 30, 2022

	Operating Fund	Restricted Funds		2022 Total	2021 Total
		Scholarship and Bursary Fund	UMSU Capital Fund		
Assets					
Current Assets					
Cash and bank	\$ 13,292,449	\$ -	\$ -	\$ 13,292,449	\$ 9,968,359
Accounts receivable and other	82,753	-	-	82,753	156,022
Investment	-	-	-	-	2,000,000
Inventories	73,570	-	-	73,570	36,199
Interfund balances due	(3,074,786)	2,257,729	817,057	3,074,786	-
	10,373,986	2,257,729	817,057	13,448,772	12,160,580
Capital assets (Note 4)	-	-	1,296,711	1,296,711	1,893,450
	\$ 10,373,986	\$ 2,257,729	\$ 2,113,768	\$ 14,745,483	\$ 14,054,030
Liabilities and Fund Balances					
Current Liabilities					
Accounts payable and accrued liabilities (Notes 3 and 5)	\$ 5,870,012	\$ -	\$ -	\$ 5,870,012	\$ 4,869,372
Loan payable (Note 3)	-	-	2,244,411	2,244,411	2,613,725
Health and Dental Plan Reserve (Note 6)	2,960,936	-	-	2,960,936	3,071,687
Deferred revenue (Note 7)	282,109	-	-	282,109	251,124
	9,113,057	-	2,244,411	11,357,468	10,805,908
Commitments (Note 8)					
Fund Balances					
Unrestricted	1,260,929	-	-	1,260,929	1,485,492
Externally restricted	-	2,257,729	(130,643)	2,127,086	1,762,630
	1,260,929	2,257,729	(130,643)	3,388,015	3,248,122
	\$ 10,373,986	\$ 2,257,729	\$ 2,113,768	\$ 14,745,483	\$ 14,054,030

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, 2022

	Operating Fund	Restricted Funds			2022 Total	2021 Total
		Scholarship and Bursary Fund	UMSU Capital Fund	Total Restricted Funds		
Revenue						
Student fees	\$ 1,464,056	\$ 1,789,148	\$ 829,656	\$ 2,618,804	\$ 4,082,860	\$ 4,023,536
Contributions from Province of Manitoba	-	721,550	-	721,550	721,550	683,000
Sales	815,096	-	-	-	815,096	252,109
Interest	50,264	-	-	-	50,264	40,798
Canada Emergency Wage Subsidy and other	226,086	-	-	-	226,086	978,554
	2,555,502	2,510,698	829,656	3,340,354	5,895,856	5,977,997
Expenses						
Cost of sales	314,936	-	-	-	314,936	116,251
Operating	2,465,129	-	63,183	63,183	2,528,312	2,554,070
Interest	-	-	130,686	130,686	130,686	148,273
Amortization	-	-	710,421	710,421	710,421	782,042
Scholarships and bursaries	-	2,071,608	-	2,071,608	2,071,608	2,043,027
	2,780,065	2,071,608	904,290	2,975,898	5,755,963	5,643,663
Excess (deficiency) of revenue over expenses for the year	\$ (224,563)	\$ 439,090	\$ (74,634)	\$ 364,456	\$ 139,893	\$ 334,334

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

For the year ended April 30, 2022

	<u>Externally Restricted Funds</u>			2022 Total	2021 Total
	Unrestricted	Scholarship and Bursary Fund	UMSU Capital Fund		
Fund balances, beginning of year	\$ 1,485,492	\$ 1,818,639	\$ (56,009)	\$ 3,248,122	\$ 2,913,788
Excess (deficiency) of revenue over expenses for the year	<u>(224,563)</u>	<u>439,090</u>	<u>(74,634)</u>	<u>139,893</u>	<u>334,334</u>
Fund balances, end of year	<u>\$ 1,260,929</u>	<u>\$ 2,257,729</u>	<u>\$ (130,643)</u>	<u>\$ 3,388,015</u>	<u>\$ 3,248,122</u>

UNIVERSITY OF MANITOBA STUDENTS' UNION

Statement of Cash Flows

For the year ended April 30	2022	2021
Cash Flows from Operating Activities		
Excess of revenue over expenses for the year	\$ 139,893	\$ 334,334
Item not affecting cash		
Amortization of capital assets	<u>710,421</u>	<u>782,042</u>
	850,314	1,116,376
Changes in non-cash working capital balances		
Accounts receivable and other	73,269	66,380
Inventories	(37,371)	134,690
Accounts payable and accrued liabilities	1,000,640	934,014
Health and Dental Plan Reserve	(110,751)	1,412,657
Deferred revenue	<u>30,985</u>	<u>20,333</u>
	1,807,086	3,684,450
Cash Flows from Investing Activities		
Acquisition of capital assets	(113,682)	(11,202)
Acquisition of investments	-	(2,000,000)
Withdrawal of investment	<u>2,000,000</u>	<u>-</u>
	1,886,318	(2,011,202)
Cash Flows from Financing Activities		
Repayment of loan	<u>(369,314)</u>	<u>(351,727)</u>
Net increase in cash and bank during the year	3,324,090	1,321,521
Cash and bank, beginning of year	<u>9,968,359</u>	<u>8,646,838</u>
Cash and bank, end of year	\$ 13,292,449	\$ 9,968,359

UNIVERSITY OF MANITOBA STUDENTS' UNION

Notes to Financial Statements

For the year ended April 30, 2022

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, revenue 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.

Student fees contributions related to Scholarship and Bursary Fund, and UMSU Capital Fund are recognized as revenue of the respective fund in the year received or receivable. Contributions from Province of Manitoba for scholarships and bursaries are recognized as revenue of the Scholarship and Bursary Fund in the year received or receivable.

Student fees related to general operations are recognized as revenue of the Operating Fund in the year received or receivable.

UNIVERSITY OF MANITOBA STUDENTS' UNION

Notes to Financial Statements

For the year ended April 30, 2022

2. Summary of Significant Accounting Policies (continued)

c) Revenue Recognition (continued)

Sales are recognized as revenue at the point of sale.

Services revenue are recognized as revenue when services are rendered.

Investment revenue is recognized as revenue of the Operating Fund in the year earned.

Restricted contributions including grants and subsidies are recognized as revenue when underlying expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable.

Other revenue is recognized as revenue of the Operating Fund when received or receivable.

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.

UNIVERSITY OF MANITOBA STUDENTS' UNION

Notes to Financial Statements

For the year ended April 30, 2022

2. Summary of Significant Accounting Policies (continued)

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, liabilities and disclosure of contingencies at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Significant estimates made by management in these financial statements include the estimated useful lives of capital assets and insurance claim receivable. The assets of Actual results could differ from management's best estimates as additional information becomes available in the future.

3. Related Party Balances and Transactions

The loan payable to the University of Manitoba Students' Union Endowment Fund Inc. 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 payable and accrued liabilities include an amount due to the University of Manitoba Students' Union Endowment Fund Inc. of \$636,503 at April 30, 2022 (\$707,263 in 2021). The balance due bears no interest, has no fixed terms of repayment, and is unsecured. The balances arose during the normal course of operations and are measured at the exchange amount.

Accounts payable and other as at April 30, 2022 include an amount due to UMFM Campus Radio inc. of \$44,738 (\$47,893 in 2021). 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 \$10,000 (\$10,000 in 2021) to UMFM Campus Radio Inc. for administration presented as revenue in the statement of operations. The transactions are measured at the exchange amount.

UNIVERSITY OF MANITOBA STUDENTS' UNION

Notes to Financial Statements

For the year ended April 30, 2022

4. Capital Assets

	2022		2021	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Computer equipment	\$ 201,053	\$ 190,482	\$ 10,571	\$ 22,635
Equipment	315,746	239,974	75,772	107,522
Furniture and fixtures	357,788	246,957	110,831	115,053
Leasehold improvements	3,602,638	2,503,101	1,099,537	1,648,240
	\$ 4,477,225	\$ 3,180,514	\$ 1,296,711	\$ 1,893,450

5. Accounts Payable and Accrued Liabilities

As at April 30, 2022, accounts payable and accrued liabilities include government remittances due in the amount of \$8,680 (\$983 in 2021).

6. Health and Dental Plan

The Union entered into a Health and Dental Plan underwritten by Manitoba Blue Cross effective September 1, 2013 and signed a Health and Dental Plan Memorandum of Understanding extending their agreement to August 31, 2025 with option to extend for the period September 1, 2025 to August 31, 2026. 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:

	2022		2021	
Health and Dental Plan Reserve, beginning of year	\$ 3,071,687		\$ 1,659,030	
Premiums collected for the year	6,875,000		6,887,000	
Premiums paid for the year	(6,985,751)		(5,474,343)	
Health and Dental Plan Reserve, end of year	\$ 2,960,936		\$ 3,071,687	

UNIVERSITY OF MANITOBA STUDENTS' UNION

Notes to Financial Statements

For the year ended April 30, 2022

7. Deferred Revenue

Deferred revenue consists of student fees levied during the year for the Childcare Facility Fund 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
Childcare Facility Fund	\$ 251,124	\$ 240,985	\$ (210,000)	\$ 282,109

8. Commitments

The Union has entered into several rental contracts with a supplier of equipment used in the Union's Digital Design & Print Centre, expiring in July 2022. Minimum rental payment commitments over the next fiscal year under the terms of these contracts is approximately \$4,300.

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 7 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 2021) of the employee's annual salary. Employer contributions to the plan for the year ended April 30, 2022 were \$154,669 (\$94,030 in 2021). The Union has no contingent liability or obligation for future contributions to fund future benefits to plan members.

UNIVERSITY OF MANITOBA STUDENTS' UNION

Notes to Financial Statements

For the year ended April 30, 2022

10. Financial Instrument Risk

The Union is exposed to different types of risk in the normal course of operations, including credit risk and liquidity 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.

The Union holds cash with chartered banks in excess of the insured limit and with a credit union, which are fully guaranteed. The Union is not exposed to significant credit risk from its receivables as they 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 as they fall due. Financial instruments which potentially subject the Union to liquidity risk consist principally of accounts payable. The Union's manages its working capital to meet its liabilities when they become due.

11. Insurance Claims on Fire Damages

During the year ended April 30, 2020, a fire on University premises damaged some inventory held by the Union and space occupied by the Union. The Union has filed insurance claims for for damaged inventory, repairs to property and for business interruption. The claims are currently being considered by the insurance companies.

UNIVERSITY OF MANITOBA STUDENTS' UNION

Notes to Financial Statements

For the year ended April 30, 2022

12. Uncertainty Due to COVID-19 Issue

During the year ended April 30, 2022, the University continued to delivery virtual learning. The Service Centre, GPAs, and Degrees re-opened and slowly increased staffing and operational hours. The Hub, UMCycle, Digital Print and Design Centre, and IQs remained closed. The Union experienced a deficiency of revenue over expenses in the Operating Fund as presented in the Statement of Operations and received the Canada Emergency Wage Subsidy for qualifying periods during the year to mitigate some of this loss.

In September 2022, the University of Manitoba resumed in-person classes. Subsequent to year end and as at the date of approval of these financial statements, the Union has experienced an increase in revenue generated by its businesses when compared to the year ended April 30, 2022.

Management continues to actively monitor the effect of the pandemic on its financial position, operations and cash flows.

13. Comparative Amounts

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

14. Contingency Occurring Subsequent to Year End

Subsequent to year end, the Union was served with a Statement of Claim filed by Canadian Federation of Students. As at the date of approval of these financial statements, the matter is considered pending, the likelihood and amount of possible loss is not determinable, and no Statement of Defence has been filed to the Statement of Claim.