

**UNIVERSITY OF TORONTO
MISSISSAUGA STUDENTS' UNION
NON-CONSOLIDATED FINANCIAL STATEMENTS
AS AT APRIL 30, 2019**

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INDEPENDENT AUDITORS' REPORT

To the Members
University of Toronto Mississauga Students' Union

Qualified Opinion

We have audited the non-consolidated financial statements of University of Toronto Mississauga Students' Union ("Students' Union") which comprise the non-consolidated statement of financial position as at April 30 2019, and the non-consolidated statements of changes in net assets, operations, and cash flows for the year then ended, and notes to the non-consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying non-consolidated financial statements present fairly, in all material respects, the financial position of the Students' 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 Qualified Opinion

In common with many not-for-profit organizations, the Students' Union derived revenue from social activities and events, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Students' Union. Consequently, we were not able to determine whether any adjustments might be necessary to social activities and event revenue, excess of revenue over expenditure and cash flows from operations for the years ended April 30, 2019 and 2018, current assets as at April 30, 2019 and 2018 and net assets as at May 1, 2018 and 2017 and as at April 30, 2019 and 2018.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Non-consolidated financial statements section of our report. We are independent of the Students' Union in accordance with the ethical requirements that are relevant to our audit of the non-consolidated 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 qualified audit opinion.

Responsibilities of Management and Those Charged with Governance for the Non-Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the non-consolidated 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 non-consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the non-consolidated financial statements, management is responsible for assessing the Students' 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 Students' Union or to cease operations, or has no realistic alternative but to do so.

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

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INDEPENDENT AUDITORS' REPORT, continued

Auditors' Responsibilities for the Audit of the Non-Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the non-consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 non-consolidated 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 non-consolidated 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 Students' 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 Students' 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 auditors' report to the related disclosures in the non-consolidated 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 auditors' report. However, future events or conditions may cause the Students' Union to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the non-consolidated financial statements, including the disclosures, and whether the non-consolidated 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

Chartered Professional Accountants
Licensed Public Accountants
Oakville, Ontario

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UNIVERSITY OF TORONTO MISSISSAUGA STUDENTS' UNION

(Incorporated without share capital under the laws of Ontario)

Non-consolidated statement of financial position

As at April 30, 2019

	2019	2018
Assets		
Current assets		
Cash and cash equivalents	\$ 2,636,604	942,889
Short-term investments	717,735	701,985
Accounts receivable	30,127	30,401
Inventory (Note 4)	24,630	17,194
Advances to The Blind Duck (Note 5)	32,571	24,834
Prepaid expenses	7,202	14,862
	3,448,869	1,732,165
Property and equipment (Note 6)	84,230	91,775
Investment	1	1
	\$ 3,533,100	1,823,941
Liabilities and net assets		
Current liabilities		
Accounts payable and accrued liabilities (Note 7)	\$ 166,327	46,621
Deferred revenue	-	1,283
	166,327	47,904
Net assets		
Internally restricted	1,206,191	-
Unrestricted	2,160,582	1,776,037
	3,366,773	1,776,037
	\$ 3,533,100	1,823,941

Approved by the Board

 Director

 Director

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UNIVERSITY OF TORONTO MISSISSAUGA STUDENTS' UNION

(Incorporated without share capital under the laws of Ontario)

Non-consolidated statement of net assets

For the year ended April 30, 2019

	Unrestricted	Restricted Health and Dental Fund	Total 2019	Total 2018
Net assets, beginning of year	\$ 1,776,037	-	1,776,037	1,541,317
Excess of revenue over expenditure for year	1,590,736	-	1,590,736	234,720
Interfund transfer	(1,206,191)	1,206,191	-	-
Net assets, end of year	\$ 2,160,582	1,206,191	3,366,773	1,776,037

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UNIVERSITY OF TORONTO MISSISSAUGA STUDENTS' UNION

(Incorporated without share capital under the laws of Ontario)

Non-consolidated statement of operations

For the year ended April 30, 2019

	2019	2018
Revenue		
Finance – Schedule A	\$ 1,982,142	1,714,223
Social Activities and Planning – Schedule B	399,064	250,686
Student Centre – Schedule C	416,639	408,806
Academic Societies Affairs Committee – Schedule D	84,167	83,307
WUSC – Schedule E	56,113	53,229
Duck Stop – Schedule F	120,512	126,784
	3,058,637	2,637,035
Cost of sales – Schedule F	88,381	86,868
Gross profit	2,970,256	2,550,167
Expenditure		
Finance – Schedule A	1,587,981	1,603,000
Social Activities and Planning – Schedule B	516,368	348,303
Student Centre – Schedule C	327,695	187,610
Academic Societies Affairs Committee – Schedule D	71,873	65,649
WUSC – Schedule E	38,549	40,879
Duck Stop – Schedule F	43,245	43,211
	2,585,711	2,288,652
Excess of revenue over expenditure, before other	384,545	261,515
Other		
Levies (Note 8)	1,206,191	-
Write off of advances to The Blind Duck	-	(26,795)
	1,206,191	(26,795)
Excess of revenue over expenditure for year	\$ 1,590,736	234,720

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UNIVERSITY OF TORONTO MISSISSAUGA STUDENTS' UNION

(Incorporated without share capital under the laws of Ontario)

Non-consolidated statement of cash flows

For the year ended April 30, 2019

	2019	2018
Cash flows from (used in) operating activities		
Excess of revenue over expenditure for year	\$ 1,590,736	234,720
Adjustment for		
Amortization	20,855	24,744
	1,611,591	259,464
Changes in non-cash working capital		
(Increase) decrease in short-term investments	(15,750)	212,541
Decrease (increase) in accounts receivable	274	(4,661)
Increase in inventory	(7,436)	(3,045)
(Increase) decrease in advances to The Blind Duck	(7,737)	1,811
Decrease (increase) in prepaid expenses	7,660	(1,805)
Increase (decrease) in accounts payable and accrued liabilities	119,706	(36,254)
Decrease in deferred revenue	(1,283)	(4,115)
Cash flows from operating activities	1,707,025	423,936
Cash flows from (used in) investing activities		
Acquisition of property and equipment	(13,310)	-
Cash flows used in investing activities	(13,310)	-
Cash flows from (used in) financing activities		
Capital lease obligation	-	(5,222)
Cash flows used in financing activities	-	(5,222)
Net increase in cash and cash equivalents during year	1,693,715	418,714
Cash and cash equivalents, beginning of year	942,889	524,175
Cash and cash equivalents, end of year	\$ 2,636,604	942,889

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UNIVERSITY OF TORONTO MISSISSAUGA STUDENTS' UNION

(Incorporated without share capital under the laws of Ontario)

Notes to non-consolidated financial statements

As at April 30, 2019

1. Purpose of the organization

The University of Toronto Mississauga Students' Union ("Students' Union") was incorporated without share capital under the laws of Ontario on August 2, 1983 as a not-for-profit organization and is exempt from tax under the Income Tax Act.

The Students' Union operates exclusively as a representative in promoting the welfare and interest of the full-time undergraduate students of the University of Toronto at Mississauga.

2. Significant accounting policies

These non-consolidated financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies where alternatives are available:

a) Management estimates

The preparation of the non-consolidated financial statements in conformity 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 contingent assets and liabilities at the date of the non-consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. By their nature, these estimates are subject to measurement uncertainty and the effect on the non-consolidated financial statements of changes in such estimates in future periods could be significant.

b) Basis of accounting

The Students' Union follows the deferral method of accounting for contributions.

c) Cash and cash equivalents

Cash and cash equivalents include cash on hand and balances with banks, net of bank overdrafts and highly liquid temporary money market instruments with original maturities of three months or less.

d) Short-term investments

Short-term investments consist of a term deposit maturing in July 2019, earning interest at an interest rate of 2.25% (2018 – 2.25%).

e) Inventory

Inventory is valued at the lower of cost and net realizable value with cost being determined substantially on a specific item basis.

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UNIVERSITY OF TORONTO MISSISSAUGA STUDENTS' UNION

(Incorporated without share capital under the laws of Ontario)

Notes to non-consolidated financial statements

As at April 30, 2019

2. Significant accounting policies - continued**f) Property and equipment**

Purchased property and equipment are recorded at acquisition cost. Contributed property and equipment are recorded at their fair value at the date of contribution. Amortization is recorded in the accounts at rates intended to write off the cost of the assets over their estimated useful life. In the year of acquisition, property and equipment are amortized at one-half of the normal rate. Methods and rates used are:

Equipment, furniture and fixtures
20% diminishing balance basis

Computer
30% diminishing balance basis

g) Revenue recognition

All levies and fees are recognized as revenue in the fiscal period in which they are earned. Infobooth, photocopier, lockers and services are recognized as revenue when received.

All social activities and planning revenues are recognized when the event takes place.

The Duck Stop sales revenue is recognized when the sale occurs.

h) Investment in The Blind Duck

The Blind Duck, an operating division, is accounted for by the cost method whereby the investment is recorded at its original cost.

i) Volunteer time

The value of volunteer time of board members and other volunteer services is not reflected in these financial statements.

3. Financial instruments**a) Fair value**

The Students' Union initially measures its financial assets and liabilities at fair value, except for certain non-arm's length transactions. The entity subsequently measures all its financial assets and financial liabilities at cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value.

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UNIVERSITY OF TORONTO MISSISSAUGA STUDENTS' UNION

(Incorporated without share capital under the laws of Ontario)

Notes to non-consolidated financial statements

As at April 30, 2019

3. Financial instruments – continued**b) Market risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in underlying market factors. The Students' Union is exposed to interest rate risk and credit risk.

i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Students' Union's short-term investments bear interest at fixed rates. Consequently, the cash flow risks are not significant. However, there is a risk of fair value on this part of the debt.

ii) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a loss for the other party by failing to discharge an obligation.

The Students' Union is subject to credit risk. To mitigate this, the Students' Union actively manages and monitors its receivables. Bad debt experience has not been significant.

c) Liquidity risk

Liquidity risk is the risk that the Students' Union cannot meet a demand for cash or fund its obligations as they come due. Unless otherwise noted, the Students' Union is not subject to significant liquidity risk. The Students' Union manages liquidity risk by:

- maintaining access to a number of sources of funding which are sufficient to meet anticipated funding requirements.
- investing in liquid fixed income securities and cash equivalents that, if necessary, can be sold to generate cash flow.

4. Inventory

Closing inventory is comprised entirely of finished goods. During the year, \$88,381 was expensed to cost of sales.

5. Advances to The Blind Duck

Advances to The Blind Duck are non-interest bearing, unsecured and due on demand.

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UNIVERSITY OF TORONTO MISSISSAUGA STUDENTS' UNION

(Incorporated without share capital under the laws of Ontario)

Notes to non-consolidated financial statements

As at April 30, 2019

6. Property and equipment

		2019		2018
	Cost	Accumulated amortization	Net	Net
Equipment, furniture and fixtures	\$ 250,107	175,669	74,438	81,693
Computer	88,823	79,031	9,792	10,082
	<u>\$ 338,930</u>	<u>254,700</u>	<u>84,230</u>	<u>91,775</u>

Amortization recorded during the year amounted to \$24,744.

During the year, property and equipment were acquired for cash at an aggregate cost of \$13,310.

7. Accounts payable and accrued liabilities

		2019	2018
Trade payables and accruals	\$	164,392	44,496
Government remittances payable		1,935	2,125
	\$	<u>166,327</u>	<u>46,621</u>

8. Levies

During the year, the Students' Union received \$1,206,191 in levies from the University of Toronto Students' Union as a result of a separation and termination agreement between the two organizations.

9. Incidental fees

Incidental fees received from the University of Toronto were received according to the following individual payments:

		2019	2018
June	\$	140,129	135,341
July		68,914	64,762
September		463,857	417,649
January		234,150	195,264
March		69,154	64,191
	\$	<u>976,204</u>	<u>877,207</u>

The above levy has been recorded in several different revenue accounts in the accounting records of the Students' Union. As such, the above amount is included in the following revenue line items in the schedules to the non-consolidated financial statements. Incidental fees (Schedule A), Blind Duck levy (Schedule A), ECSPERT levy (Schedule A), Services (Schedule A), Student levy (Schedule D) and Student levy (Schedule E).

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UNIVERSITY OF TORONTO MISSISSAUGA STUDENTS' UNION

(Incorporated without share capital under the laws of Ontario)

Schedule to non-consolidated statement of operations

For the year ended April 30, 2019

	2019	2018
Finance		
Revenue		
The Blind Duck levy	\$ 117,354	112,888
ECSPERT levy	20,155	19,041
Incidental fees	1,437,250	1,148,617
Infobooth	96,245	132,499
Interest	26,138	20,682
Lockers	7,690	10,360
Management fee	85,000	85,000
Other	92,311	84,700
Photocopier Services	2,272	2,100
	97,727	98,336
	1,982,142	1,714,223
Expenditure		
Advertising	3,741	5,502
Amortization	20,855	24,744
Bank charges and interest	3,450	9,405
Blind Duck levy	117,354	112,888
Clubs	68,274	91,553
Designated levies	144,145	-
ECSPERT levy	20,155	22,059
Elections	38,521	28,014
Infobooth	67,114	96,748
Insurance	18,154	19,027
Meetings	65,935	50,858
Office and general	40,274	36,154
Photocopier	7,761	6,033
Professional fees	36,213	95,558
Services	161,958	192,579
Telephone	4,000	3,181
Wages – office	770,077	808,697
	1,587,981	1,603,000
Excess of revenue over expenditure for year	\$ 394,161	111,223

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UNIVERSITY OF TORONTO MISSISSAUGA STUDENTS' UNION

(Incorporated without share capital under the laws of Ontario)

Schedule to non-consolidated statement of operations

For the year ended April 30, 2019

	2019	2018
Social Activities and Planning		
Revenue		
Graduation formal	\$ 29,340	40,325
Ministries	58,481	37,566
Orientation	311,243	172,795
	399,064	250,686
Expenditure		
Graduation formal	20,117	30,201
Ministries	130,392	156,085
Orientation	365,859	162,017
	516,368	348,303
Excess of expenditure over revenue for year	\$ (117,304)	(97,617)

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UNIVERSITY OF TORONTO MISSISSAUGA STUDENTS' UNION

(Incorporated without share capital under the laws of Ontario)

Schedule to non-consolidated statement of operations

For the year ended April 30, 2019

	2019	2018
Student Centre		
Revenue		
Scotiabank ABM	\$ 5,080	5,000
Shuttle bus subsidy	5,000	5,080
Student Centre fee	406,559	398,726
	416,639	408,806
Expenditure		
Events and programming	-	14
Management fee	85,000	85,000
Repairs and maintenance	185,757	34,931
Telephone	1,804	2,143
Wages – Infobooth	55,134	65,522
	327,695	187,610
Excess of revenue over expenditure for year	\$ 88,944	221,196

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UNIVERSITY OF TORONTO MISSISSAUGA STUDENTS' UNION

(Incorporated without share capital under the laws of Ontario)

Schedule to non-consolidated statement of operations

For the year ended April 30, 2019

	2019	2018
Academic Societies Affairs Committee		
Revenue		
Dean's contribution	\$ 18,347	35,954
Grants and awards	26,954	10,660
Student levy	38,866	36,693
	84,167	83,307
Expenditure		
Academic awards	1,450	-
Academic societies	63,084	58,458
Administration fees	7,339	7,191
	71,873	65,649
Excess of revenue over expenditure for year	\$ 12,294	17,658

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UNIVERSITY OF TORONTO MISSISSAUGA STUDENTS' UNION

(Incorporated without share capital under the laws of Ontario)

Schedule to non-consolidated statement of operations

For the year ended April 30, 2019

	2019	2018
WUSC		
Revenue		
Student levy	\$ 56,113	53,229
Expenditure		
Services and programs	38,549	40,879
Excess of revenue over expenditure for year	\$ 17,564	12,350

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UNIVERSITY OF TORONTO MISSISSAUGA STUDENTS' UNION

(Incorporated without share capital under the laws of Ontario)

Schedule to non-consolidated statement of operations

For the year ended April 30, 2019

	2019	2018
Duck Stop		
Revenue		
Beverages	\$ 40,648	40,739
Food	74,069	80,250
Stationery	2,187	2,078
Sundries	3,608	3,717
	120,512	126,784
Cost of sales	88,381	86,868
Gross profit	32,131	39,916
Expenditures		
Flex charges	1,315	1,268
Miscellaneous	1,868	1,844
Supplies	-	243
Wages	40,062	39,856
	43,245	43,211
Excess of expenditure over revenue for year	\$ (11,114)	(3,295)

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