

FINANCIAL STATEMENTS

**STUDENTS' ADMINISTRATIVE COUNCIL
OF THE UNIVERSITY OF TORONTO
OPERATING AS UNIVERSITY OF TORONTO STUDENTS' UNION**

AS AT APRIL 30, 2016

**STUDENTS' ADMINISTRATIVE COUNCIL OF THE UNIVERSITY OF TORONTO
O/A UNIVERSITY OF TORONTO STUDENTS' UNION**

AS AT APRIL 30, 2016

INDEX

Management Report	1
Auditors' Report	2
Statement of Financial Position	3
Statement of Operations and Changes in Net Assets	4
Statement of Cash Flows	5
Notes to Financial Statements	6 - 15

MANAGEMENT REPORT

Management's Responsibility for Financial Reporting

The accompanying financial statements of the **University of Toronto 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 **University of Toronto 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 **University of Toronto 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 **University of Toronto Students' Union**

Jasmine Wong Denike, President

Mathias Memmel, Vice-President Internal and Services

INDEPENDENT AUDITORS' REPORT

To the Members
University of Toronto Students' Union,

We have audited the accompanying financial statements of the **University of Toronto Students' Union**, which comprise the statement of financial position and changes in net assets as at April 30, 2016, the statements of operations and 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 generally accepted accounting principles 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 accounting standards for not-for-profit organizations. 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 **University of Toronto Students' Union** at April 30, 2016, 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.



Chartered Professional Accountants
Licensed Public Accountants

Toronto, Ontario
October 6, 2016

**STUDENTS' ADMINISTRATIVE COUNCIL OF THE UNIVERSITY OF TORONTO
O/A UNIVERSITY OF TORONTO STUDENTS' UNION**

STATEMENT OF FINANCIAL POSITION

**AS AT APRIL 30, 2016
(With comparative figures as at April 30, 2015)**

A S S E T S

	2016	2015
CURRENT		
Cash	\$ 1,314,721	\$ 1,259,328
Accounts receivable (note 8)	21,548	34,603
Inventory (note 6)	51,017	37,903
Prepaid expenses	<u>29,830</u>	<u>19,492</u>
	<u>1,417,116</u>	<u>1,351,326</u>
NON-CURRENT		
Property and equipment (note 7)	15,351	23,792
Restricted cash - deferred student fees (note 9)	1,642,559	1,627,525
Restricted cash - health and dental fees (note 10)	3,323,221	3,831,822
Health and dental plan surplus (note 4)	-	63,098
Restricted TTC term deposit (note 5)	<u>536,296</u>	<u>529,919</u>
	<u>5,517,427</u>	<u>6,076,156</u>
TOTAL ASSETS	<u>\$ 6,934,543</u>	<u>\$ 7,427,482</u>

L I A B I L I T I E S

CURRENT		
Government withholdings payable	\$ 35,780	\$ 13,140
Accounts payable and accruals	<u>139,862</u>	<u>168,374</u>
	<u>175,642</u>	<u>181,514</u>
NON-CURRENT		
Restricted student fees (Note 9)	1,642,559	1,627,525
Restricted health and dental fees (note 10)	3,323,221	3,831,822
Health and dental plan surplus deferred (note 4)	-	63,098
	<u>4,965,780</u>	<u>5,522,445</u>
TOTAL LIABILITIES	5,141,422	5,703,959

N E T A S S E T S

Per statement attached	<u>1,793,121</u>	<u>1,723,523</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 6,934,543</u>	<u>\$ 7,427,482</u>

APPROVED ON BEHALF OF THE BOARD

_____ Director

_____ Director

See accompanying notes

To be read in conjunction with our Auditors' Report dated October 6, 2016

Page 3

**STUDENTS' ADMINISTRATIVE COUNCIL OF THE UNIVERSITY OF TORONTO
O/A UNIVERSITY OF TORONTO STUDENTS' UNION**

STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS

**FOR THE YEAR ENDED APRIL 30, 2016
(With comparative figures for the year ended April 30, 2015)**

	2016	2015
REVENUES		
General student fees	1,420,072	1,408,794
Sales	335,395	483,657
Advertising and sponsorship	200,887	316,892
Interest income	45,643	19,954
	<u>2,001,997</u>	<u>2,229,297</u>
EXPENSES		
Salaries, wages and benefits (note 15)	679,585	772,326
Cost of goods sold	335,070	474,560
Clubs and other subsidies	220,741	296,549
Orientation	210,010	241,280
Office and general	185,506	154,236
Elections and referenda	97,060	108,356
Campaigns	68,311	107,099
Services handbook	48,197	65,530
Meetings	57,686	32,220
Equipment expenses	9,258	27,029
Bank, financing, and interest charges	11,839	11,116
Amortization	9,136	14,543
	<u>1,932,399</u>	<u>2,304,844</u>
SURPLUS (DEFICIT) FROM OPERATIONS	<u>69,598</u>	<u>(75,547)</u>
RESTRICTED FEE REVENUES RECOGNIZED		
Member's health and dental plan fees (note 10)	12,350,569	9,969,811
Restricted student fees recognized (note 9)	2,306,327	1,992,532
	<u>14,656,896</u>	<u>11,962,343</u>
RESTRICTED FEE DISBURSEMENTS		
Health and dental plan disbursements (note 10)	12,350,569	9,969,811
Restricted student fee disbursements (note 9)	2,306,327	1,992,532
	<u>14,656,896</u>	<u>11,962,343</u>
SURPLUS (DEFICIT) BEFORE NON-RECURRING ITEM	69,598	(75,547)
Severance payments (note 16)	-	342,150
SURPLUS (DEFICIT) FOR THE YEAR	69,598	(417,697)
NET ASSETS, BEGINNING OF THE YEAR	<u>1,723,523</u>	<u>2,141,220</u>
NET ASSETS, END OF THE YEAR	<u>\$ 1,793,121</u>	<u>\$ 1,723,523</u>

See accompanying notes

To be read in conjunction with our Auditors' Report dated October 6, 2016

Page 4

**STUDENTS' ADMINISTRATIVE COUNCIL OF THE UNIVERSITY OF TORONTO
O/A UNIVERSITY OF TORONTO STUDENTS' UNION**

STATEMENT OF CASH FLOWS

**FOR THE YEAR ENDED APRIL 30, 2016
(With comparative figures for the year ended at April 30,2015)**

	2016	2015
CASH FLOWS FROM (USED IN):		
OPERATING ACTIVITIES		
Surplus (deficit)	\$ 69,598	\$ (417,697)
Non-cash items		
Amortization	9,136	14,543
Non-cash working capital		
Accounts receivable	13,055	(24,423)
Inventory	(13,114)	26,343
Prepaid expenses	(10,338)	13,869
Restricted term deposit	(6,377)	(7,316)
Government withholdings payable	22,640	6,150
Accounts payable and accruals	<u>(28,512)</u>	<u>62,628</u>
	56,088	(325,903)
INVESTING ACTIVITIES		
Purchase of equipment	<u>(695)</u>	<u>(3,358)</u>
CHANGE IN CASH	55,393	(329,261)
Cash at beginning of the year	<u>1,259,328</u>	<u>1,588,589</u>
CASH AT END OF THE YEAR	<u>\$ 1,314,721</u>	<u>\$ 1,259,328</u>

See accompanying notes

To be read in conjunction with our Auditors' Report dated October 6, 2016

Page 5

**STUDENTS' ADMINISTRATIVE COUNCIL OF THE UNIVERSITY OF TORONTO
O/A UNIVERSITY OF TORONTO STUDENTS' UNION**

NOTES TO FINANCIAL STATEMENTS

AS AT APRIL 30, 2016

1. Purpose of the Organization

The Students' Administrative Council of the University of Toronto, operating as University of Toronto Students' Union (UTSU), was incorporated on April 20, 1977 under the Canada Business Corporations Act as a non-profit corporation without share capital for the purpose of improving the quality of campus life, services and education for the University of Toronto student body and to represent the member students in areas of common interest. Financial operations of the Organization are administered by an executive committee subject to approval by the Board of Directors. As the union's revenues are derived from the University of Toronto student body, it is economically dependent upon the university. Under the Canadian Income Tax Act, UTSU is classified as a non-profit organization and, as such, is not subject to income tax.

2. Basis of Presentation

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

The collection and amount of non-academic incidental fees charged to students in Ontario is regulated by the Ontario Ministry of Training, Colleges and Universities through its *Ontario Operating Funds Distribution Manual* and *Compulsory Ancillary Fee Policy Guidelines*. Pursuant to these, a change to or introduction of a fee must be done in accordance with a long-term protocol established between the university and its student government. The University of Toronto and UTSU established theirs in October 1996. This protocol requires a referendum of the student body for significant changes to or the introduction of additional fees.

The general 'Society' component of the fee is recognized under revenues as General student fees upon receipt from the University of Toronto's Financial Services Office.

Sales and advertising revenues are recognized, respectively, at the point of sale or when the advertising has been provided. Interest income is recognized on an accrual basis.

Deferral Accounting

All other components of the student fee, which have been collected from students pursuant to referendum and for a specific purpose, are deferred and shown as a liability upon initial receipt from the university. They are recognized as revenues when the related expense is incurred or disbursement is made. Some components of the fee are refundable at the request of the students, and the refunds are included in payments and distributions. Although the Members' health and dental plan fees are shown separately they are recognized using the same deferral method. The administrative and general expenses charged to the Health and Dental Fund includes an allocation of wages based on time spent by staff.

STUDENTS' ADMINISTRATIVE COUNCIL OF THE UNIVERSITY OF TORONTO
O/A UNIVERSITY OF TORONTO STUDENTS' UNION

NOTES TO FINANCIAL STATEMENTS

AS AT APRIL 30, 2016

3. Summary of Significant Accounting Policies - continued

Cash

Cash consists of cash on hand, demand deposits, and term deposits maturing within three months. The demand deposits and term deposits are held at a Canadian financial institution.

Donated materials and services

The Organization does not record the value of donated items and services, such as the provision of space used by the UTSU offices, because of the difficulty in determining their fair market value.

Inventory

Inventory is valued at the lower of cost and net realizable value and determined on a first-in, first-out basis.

Equipment

Equipment is recorded at cost. Amortization is provided for using management's best estimate of the useful life of the property on a straight-line basis over the following number of years:

Computer equipment	3 years
Office equipment	5 years
Furniture and fixtures	5 years

**STUDENTS' ADMINISTRATIVE COUNCIL OF THE UNIVERSITY OF TORONTO
O/A UNIVERSITY OF TORONTO STUDENTS' UNION**

NOTES TO FINANCIAL STATEMENTS

AS AT APRIL 30, 2016

Use of Estimates

The preparation of financial statements in accordance with Canadian GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and the notes to the financial statements. These estimates relate primarily to the estimated health and dental plan surplus and reserves which affect health and dental plan fees and disbursements. Actual results may vary from these estimates.

Financial instruments

Financial instruments classified as financial assets and financial liabilities held for trading are recorded at fair value at each statement of financial position date and any change in fair value is recognized in income in the period in which the change occurs. This classification includes cash.

Financial instruments classified as held-to-maturity investments are carried at amortized cost using the effective interest method. No instruments exist in this category.

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. This classification includes accounts receivable, the Health and Dental surplus, Student Commons levy in trust, and accounts payable.

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 de-recognition, any accrued gains or losses are recognized in income for the year. No instruments exist in this category.

**STUDENTS' ADMINISTRATIVE COUNCIL OF THE UNIVERSITY OF TORONTO
O/A UNIVERSITY OF TORONTO STUDENTS' UNION**

NOTES TO FINANCIAL STATEMENTS

AS AT APRIL 30, 2016

4. Health and Dental Plan Surplus and Reserve

The group health and dental plan is administered on an academic year basis, beginning on September 1st of each year.

Where the monthly premiums paid to the insurer during the year exceed:

- The claims made against the plan by students;
- The amount required to fully fund a reserve for future claims submitted by students after the end of the plan's year on August 31st, and;
- The insurer's administrative charges;

The resulting surplus generally becomes refundable in December, approximately three months after the plan's year end. This surplus may be refunded at UTSU's request, or it can be kept on account with the insurer and used to pay for future deficits. In the event that this amount is refunded and a deficit is subsequently generated, the union's monthly premiums would be increased to eliminate it.

The refundable surplus balance shown is the net amount refundable from all plan years up to August 31, 2015. No adjustment was made for a surplus or deficit for the subsequent plan year as future claims against the plan fluctuate significantly each year, making estimation of the amount too uncertain. Based on the experience for the plan year it is more likely than not that the plan has experienced a deficit for the year and this refundable reserve will subsequently be depleted.

A reserve equal to the refundable balance shown in the assets was recorded in the liabilities to reflect management's intention to leave this amount on deposit with the insurer to mitigate the risks associated with future deficits created by higher claims against the plan.

5. Restricted Term Deposit

Term deposit bearing interest at 1.2% and maturing May 5, 2016 (subsequently renewed at 1.2% for another year, maturing May 5, 2017). The principal amount is unavailable for current operations because it is security for the letter of credit issued in favour of the Toronto Transit Commission (TTC) described in note 12. This security is renewed annually in January of each year.

6. Inventory

Inventory, which consists mainly of TTC passes and tokens, is recorded at cost on a first-in first-out basis.

7. Equipment

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>2016 Net Book Value</u>	
			2016	2015
Furniture & fixtures	\$ 74,541	\$ 71,643	\$ 2,898	\$ 3,623
Computer equipment	106,700	102,289	4,411	8,680
Office equipment	<u>47,538</u>	<u>39,496</u>	<u>8,042</u>	<u>11,489</u>
	<u>\$ 228,779</u>	<u>\$ 213,428</u>	<u>\$ 15,351</u>	<u>\$ 23,792</u>

**STUDENTS' ADMINISTRATIVE COUNCIL OF THE UNIVERSITY OF TORONTO
O/A UNIVERSITY OF TORONTO STUDENTS' UNION**

NOTES TO FINANCIAL STATEMENTS

AS AT APRIL 30, 2016

8. Accounts Receivable

Accounts receivable includes an allowance for doubtful accounts of \$64,867 (2015: \$-).

9. Restricted Student Fees

Changes in the restricted student fee balances created by referendum [R] of the student body or through contractual agreements [C] with the recipients.

	2016	2015
<i>Bikechain (Bike share) [R]</i>		
Beginning balance	\$ 1	\$ 1
Net student fee levies	38,368	37,701
Payments and distributions	<u>(38,369)</u>	<u>(37,701)</u>
Ending balance	<u>-</u>	<u>1</u>
 <i>Blue Sky Solar Racing [R]</i>		
Beginning balance	-	-
Net student fee levies	13,681	13,348
Payments and distributions	<u>(13,681)</u>	<u>(13,348)</u>
Ending balance	<u>-</u>	<u>-</u>
 <i>Canadian Federation of Students [R]</i>		
Beginning balance	-	-
Net student fee levies	802,976	769,218
Payments and distributions	<u>(802,976)</u>	<u>(769,218)</u>
Ending balance	<u>-</u>	<u>-</u>
 <i>Cinema Studies Students' Union [R]</i>		
Beginning balance	-	-
Net student fee levies	19,184	18,851
Payments and distributions	<u>(19,184)</u>	<u>(18,851)</u>
Ending balance	<u>-</u>	<u>-</u>
 <i>Hot Yam [R]</i>		
Beginning balance	26,340	15,240
Net student fee levies	15,786	15,401
Payments and distributions	<u>(1,581)</u>	<u>(4,301)</u>
Ending balance	<u>40,545</u>	<u>26,340</u>
 <i>Ontario Public Interest Research Group [R]</i>		
Beginning balance	1	1
Net student fee levies	38,368	37,701
Payments and distributions	<u>(38,368)</u>	<u>(37,701)</u>
Ending balance	<u>1</u>	<u>1</u>

**STUDENTS' ADMINISTRATIVE COUNCIL OF THE UNIVERSITY OF TORONTO
O/A UNIVERSITY OF TORONTO STUDENTS' UNION**

NOTES TO FINANCIAL STATEMENTS

AS AT APRIL 30, 2016

9. <u>Deferred Student Fees</u> - continued	2016	2015
<i>Plan Canada (Foster Children Program) [R]</i>		
Beginning balance	-	-
Net student fee levies	5,262	5,134
Payments and distributions	<u>(5,262)</u>	<u>(5,134)</u>
Ending balance	<u>-</u>	<u>-</u>
<i>Downtown Legal Services [R]</i>		
Beginning balance	2	-
Net student fee levies	255,156	126,740
Payments and distributions	<u>(255,158)</u>	<u>(126,738)</u>
Ending balance	<u>-</u>	<u>2</u>
<i>Sex Education - St George [R]</i>		
Beginning balance	-	-
Net student fee levies	19,184	18,851
Payments and distributions	<u>(19,184)</u>	<u>(18,851)</u>
Ending balance	<u>-</u>	<u>-</u>
<i>Sex Education - Mississauga [R]</i>		
Beginning balance	1	1
Net student fee levies	28,504	27,274
Payments and distributions	<u>(28,505)</u>	<u>(27,274)</u>
Ending balance	<u>-</u>	<u>1</u>
<i>Students for Barrier-free access [R]</i>		
Beginning balance	1	48,326
Net student fee levies	78,247	75,402
Payments and distributions	<u>(75,224)</u>	<u>(123,727)</u>
Ending balance	<u>3,024</u>	<u>1</u>
<i>U of T Environmental Resource Network [R]</i>		
Beginning balance	1,072	-
Net student fee levies	52,620	51,338
Payments and distributions	<u>(53,691)</u>	<u>(50,266)</u>
Ending balance	<u>1</u>	<u>1,072</u>
<i>Mississauga Students' Union - Membership Fee [C]</i>		
Beginning balance	-	-
Net student fee levies	437,221	410,665
Payments and distributions	<u>(437,221)</u>	<u>(410,665)</u>
Ending balance	<u>-</u>	<u>-</u>

**STUDENTS' ADMINISTRATIVE COUNCIL OF THE UNIVERSITY OF TORONTO
O/A UNIVERSITY OF TORONTO STUDENTS' UNION**

NOTES TO FINANCIAL STATEMENTS

AS AT APRIL 30, 2016

9. <u>Deferred Student Fees</u> - continued	2016	2015
<i>Mississauga Students' Union - Orientation [C]</i>		
Beginning balance	-	-
Net student fee levies	10,689	10,228
Payments and distributions	<u>(10,689)</u>	<u>(10,228)</u>
Ending balance	<u>-</u>	<u>-</u>
<i>Mississauga Students' Union - Daycare Subsidy [R]</i>		
Beginning balance	1	1
Net student fee levies	14,252	13,637
Payments and distributions	<u>(14,253)</u>	<u>(13,637)</u>
Ending balance	<u>-</u>	<u>1</u>
<i>Mississauga Students' Union - Student Refugee Program [R]</i>		
Beginning balance	-	-
Net student fee levies	19,639	18,519
Payments and distributions	<u>(19,639)</u>	<u>(18,519)</u>
Ending balance	<u>-</u>	<u>-</u>
<i>Health Initiative in Developing Countries [R]</i>		
Beginning balance	14,645	-
Net student fee levies	26,310	25,669
Payments and distributions	<u>(40,955)</u>	<u>(11,024)</u>
Ending balance	<u>-</u>	<u>14,645</u>
<i>Women's Centre - St George [R]</i>		
Beginning balance	118,988	121,321
Net student fee levies	129,355	126,740
Payments and distributions	<u>(248,343)</u>	<u>(129,073)</u>
Ending balance	<u>-</u>	<u>118,988</u>
<i>Women's Centre - Mississauga [R]</i>		
Beginning balance	1	10,184
Net student fee levies	28,504	24,273
Payments and distributions	<u>(28,505)</u>	<u>(34,456)</u>
Ending balance	<u>-</u>	<u>1</u>
<i>Radical Roots (Hot Yam) [R]</i>		
Beginning balance	39,727	39,727
Net student fee levies	-	-
Payments and distributions	<u>-</u>	<u>-</u>
Ending balance	<u>39,727</u>	<u>39,727</u>

**STUDENTS' ADMINISTRATIVE COUNCIL OF THE UNIVERSITY OF TORONTO
O/A UNIVERSITY OF TORONTO STUDENTS' UNION**

NOTES TO FINANCIAL STATEMENTS

AS AT APRIL 30, 2016

9. <u>Deferred Student Fees</u> - continued	2016	2015
<i>Wheelchair Accessibility Projects [R]</i>		
Beginning balance	1,358,751	1,249,688
Net student fee levies and interest earned	111,979	109,063
Payments and distributions	-	-
Ending balance	<u>1,470,730</u>	<u>1,358,751</u>
<i>Orientation [R]</i>		
Beginning balance	-	-
Net student fee levies	41,930	41,092
Payments and distributions	<u>(41,930)</u>	<u>(41,092)</u>
Ending balance	<u>-</u>	<u>-</u>
<i>Day Care Subsidy [R]</i>		
Beginning balance	3,149	3,416
Net student fee levies	38,368	37,701
Payments and distributions	<u>(29,401)</u>	<u>(37,968)</u>
Ending balance	<u>12,116</u>	<u>3,149</u>
<i>Student Refugee Program [R]</i>		
Beginning balance	64,845	66,382
Net student fee levies	52,901	51,223
Payments and distributions	<u>(41,331)</u>	<u>(52,760)</u>
Ending balance	<u>-</u>	<u>-</u>
<i>Engineering Society [C]</i>		
Beginning balance	-	-
Net student fee levies	42,877	-
Payments and distributions	<u>(42,877)</u>	<u>-</u>
Ending balance	<u>-</u>	<u>-</u>
<i>Summary</i>		
Beginning balance	1,627,525	1,554,288
Net student fee levies	2,321,361	2,065,769
Disbursements, and fees recognized as revenue	<u>(2,306,327)</u>	<u>(1,992,532)</u>
Ending balance	<u>\$ 1,642,559</u>	<u>\$ 1,627,525</u>

**STUDENTS' ADMINISTRATIVE COUNCIL OF THE UNIVERSITY OF TORONTO
O/A UNIVERSITY OF TORONTO STUDENTS' UNION**

NOTES TO FINANCIAL STATEMENTS

AS AT APRIL 30, 2016

10. Deferred Health and Dental Fees

The group health and dental insurance plan fees are also accounted for using the deferral method, consistent with the treatment of the restricted fees listed above. The health and dental plan is shown here separately due to the nature and magnitude of the plan.

	2016	2015
Beginning balance	<u>\$ 3,831,821</u>	<u>\$ 2,555,424</u>
Health and dental fees collected	14,334,109	13,317,905
Refunds issued to students	(2,495,976)	(2,095,209)
Interest income	<u>3,836</u>	<u>23,513</u>
	<u>11,841,969</u>	<u>11,246,209</u>
Payments remitted to insurer and broker	(11,938,964)	(9,586,460)
Mississauga administration fee	(25,000)	(25,000)
Administrative and general expenses (note 15)	<u>(386,605)</u>	<u>(358,351)</u>
Total disbursements and fees recognized as revenue	<u>(12,350,569)</u>	<u>(9,969,811)</u>
Ending balance	<u><u>\$ 3,323,221</u></u>	<u><u>\$ 3,831,822</u></u>

11. Commitments

UTSU engages its insurer for the health and dental plan for a one-year period beginning in September of each year. UTSU had an agreement with GreenShield Canada for coverage to August 31, 2016, and subsequently also entered into an agreement with Desjardins for coverage to August 31, 2018. UTSU remitted \$3,589,576 to GreenShield from May through August of 2016.

12. Contingency

The union has a \$500,000 letter of credit outstanding in favour of the Toronto Transit Commission to secure the purchase of discounted student passes and other fares. The letter expires on December 31, 2016 and is secured by the restricted term deposit described in note 5.

13. Financial Instruments

Fair value - The carrying value of the union's cash, accounts receivable, the health and dental plan surplus, the student commons trust balance, the restricted term deposit, and the accounts payable approximate their fair value due to their underlying current nature and their short maturity periods.

Credit risk - Effectively all of the union's receivables are due from the University of Toronto and other parties related to the university.

Interest rate risk - the union's interest income is tied to the prime rate and therefore subject to fluctuation as determined by the financial institution.

**STUDENTS' ADMINISTRATIVE COUNCIL OF THE UNIVERSITY OF TORONTO
O/A UNIVERSITY OF TORONTO STUDENTS' UNION**

NOTES TO FINANCIAL STATEMENTS

AS AT APRIL 30, 2016

14. Management of Working Capital

Management of the union's working capital is primarily concerned with controlling cash disbursements such that sufficient cash is on hand at any point in time to cover:

- Payment of operational expenses before receipt of the next student fee payment. Payments are typically received in five installments: three installments for the Fall / Winter term in September, January and March, and two installments for the Summer term in June and July;
- The purchase of TTC passes and fares.

15. Wages and Benefits

	2016	2015
<i>Wages and benefits by type</i>		
Executive	\$ 206,766	\$ 211,213
Full-time	640,124	689,218
Part-time	108,149	109,497
	<u>\$ 955,039</u>	<u>\$ 1,009,928</u>
<i>Wages and benefits allocation by function</i>		
General operations	\$ 679,585	\$ 772,326
Health and dental plan	275,454	237,602
	<u>\$ 955,039</u>	<u>\$ 1,009,928</u>

Wages and benefits have been allocated to the Health and Dental Plan. The amount of wages has been attributed based on the time spent.

16. Severance

Severance payments include one-time severance, unpaid overtime, vacation, and other associated benefits paid during the year to a legally confidential number of employees upon termination of their employment. The UTSU has retained legal counsel to determine the suitability of these payments.

17. Change in Accounting Policy

UTSU has changed its recognition policy for the student fees collected from students for the future Student Centre to be located on the St. George campus. The Student Centre Fees are held in trust by the University of Toronto, which effectively has control over how and when the funds will be spent. The University of Toronto is also required to retain legal title to the building as it will be located on the university's campus. The comparative figures have been restated to remove \$3,251,164 from assets and an equal amount of deferred fees included in liabilities.