

FINANCIAL STATEMENTS

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

AS AT APRIL 30, 2012

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

AS AT APRIL 30, 2012

INDEX

| | |
|------------------------------------|--------|
| Management Report | 1 |
| Auditors' Report | 2 |
| Statement of Financial Position | 3 |
| Statement of Changes in Net Assets | 4 |
| Statement of Operations | 5 |
| Statement of Cash Flows | 6 |
| Notes to Financial Statements | 7 - 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**

Sandy Hudson, Executive Director

PARTNERS

Howard Detsky, B.Comm., C.A.
Amarjit (A.J.) Manhas, B.B.A., C.A.
H. Gordon Lee, B.Comm., C.A.
Earl S. Weiner, M.B.A., C.A.

PRINCIPALS

Max Menezes, C.A.
M. Ibrar Khan, C.G.A.

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 as at April 30, 2012, the statement of changes in net assets, the statement of operations, and cash flows statement 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 generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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, 2012, and of its financial performance and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.



Chartered Accountants
Licensed Public Accountants

Toronto, Ontario
September 10, 2012

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

STATEMENT OF FINANCIAL POSITION

**AS AT APRIL 30, 2012
(With comparative figures as at April 30, 2011)**

A S S E T S

| | 2012 | 2011 |
|--|---------------------|---------------------|
| CURRENT | | |
| Cash | \$ 6,214,825 | \$ 4,598,959 |
| Accounts receivable | 29,333 | 181,069 |
| Inventory | 81,439 | 94,321 |
| Prepaid expenses | 22,905 | 30,943 |
| Health and dental plan surplus (note 4) | <u>235,459</u> | <u>399,694</u> |
| | 6,583,961 | 5,304,986 |
| RESTRICTED TERM DEPOSIT (note 5) | 500,000 | 1,070,000 |
| EQUIPMENT (note 6) | 16,136 | 25,875 |
| STUDENT COMMONS LEVY, IN TRUST (Note 7) | <u>1,533,089</u> | <u>1,084,854</u> |
| TOTAL ASSETS | <u>\$ 8,633,186</u> | <u>\$ 7,485,715</u> |

L I A B I L I T I E S

| | | |
|---|------------------|------------------|
| CURRENT | | |
| Accounts payable and accruals | \$ 90,727 | \$ 102,727 |
| Current portion of deferred student fees (note 8) | 1,132,105 | 1,007,712 |
| Deferred health and dental plan fees (note 9) | 3,420,412 | 2,821,959 |
| Health and dental reserve (note 4) | <u>235,459</u> | <u>399,694</u> |
| | 4,878,703 | 4,332,092 |
| DEFERRED STUDENT FEES (Note 8) | <u>1,533,089</u> | <u>1,084,854</u> |
| TOTAL LIABILITIES | 6,411,792 | 5,416,946 |

N E T A S S E T S

| | | |
|---|---------------------|---------------------|
| Per statement attached | <u>2,221,394</u> | <u>2,068,769</u> |
| TOTAL LIABILITIES AND NET ASSETS | <u>\$ 8,633,186</u> | <u>\$ 7,485,715</u> |

APPROVED ON BEHALF OF THE BOARD

_____ Director

_____ Director

See accompanying notes

To be read in conjunction with our Auditors' Report dated September 10, 2012

Page 3

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

STATEMENT OF CHANGES IN NET ASSETS

**FOR THE YEAR ENDED APRIL 30, 2012
(With comparative figures as at April 30, 2011)**

| | 2012 | 2011 |
|---------------------------------------|---------------------|---------------------|
| BALANCE, BEGINNING OF THE YEAR | \$ 2,068,769 | \$ 2,073,133 |
| Surplus (deficit) for the year | <u>152,625</u> | <u>(4,364)</u> |
| BALANCE, END OF YEAR | <u>\$ 2,221,394</u> | <u>\$ 2,068,769</u> |

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Page 4

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

STATEMENT OF OPERATIONS

**FOR THE YEAR ENDED APRIL 30, 2012
(With comparative figures for the year ended April 30, 2011)**

| | 2012 | 2011 |
|---|-------------------|-------------------|
| REVENUES | | |
| Member's health and dental plan fees (note 9) | \$ 7,715,001 | \$ 7,497,740 |
| Restricted student fees recognized (note 8) | 1,755,871 | 1,685,066 |
| General student fees | 1,306,946 | 1,248,419 |
| TTC Metropass sales and sponsorship | 727,837 | 3,644,926 |
| Advertising and other income | 247,155 | 337,365 |
| Ticket sales | 168,212 | 219,771 |
| Interest income | <u>17,328</u> | <u>19,976</u> |
| | <u>11,938,350</u> | <u>14,653,263</u> |
| EXPENSES | | |
| Health and dental plan disbursements (note 9) | 7,715,001 | 7,497,740 |
| Restricted student fee disbursements (note 8) | 1,755,871 | 1,685,066 |
| Salaries, wages and benefits | 734,905 | 735,260 |
| TTC Metropass purchases | 716,332 | 3,631,013 |
| Clubs and other subsidies | 118,774 | 194,486 |
| Office and general | 199,811 | 187,973 |
| Orientation | 169,020 | 185,085 |
| Ticket purchases | 131,472 | 184,259 |
| Elections and referenda | 66,437 | 64,279 |
| Services handbook | 61,853 | 66,445 |
| Campaigns | 51,654 | 108,577 |
| Meetings | 18,957 | 28,719 |
| TTC program | 14,052 | 25,561 |
| Book exchange | 8,830 | 30,377 |
| Bank, financing, and interest charges | 8,767 | 1,846 |
| Equipment expenses | 4,145 | 8,366 |
| Amortization | <u>9,844</u> | <u>22,575</u> |
| | <u>11,785,725</u> | <u>14,657,627</u> |
| SURPLUS (DEFICIT) FOR THE YEAR | <u>\$ 152,625</u> | <u>\$ (4,364)</u> |

See accompanying notes

To be read in conjunction with our Auditors' Report dated September 10, 2012

Page 5

**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, 2012
(With comparative figures for the year ended at April 30,2011)**

| | 2012 | 2011 |
|--|---------------------|---------------------|
| CASH FLOWS FROM (USED IN): | | |
| OPERATING ACTIVITIES | | |
| Member's health and dental plan fees | \$ 10,168,451 | \$ 9,949,857 |
| TTC Metropass sales | 727,837 | 3,644,926 |
| Restricted student levies received | 1,880,264 | 1,798,374 |
| General student fees | 1,306,946 | 1,248,419 |
| Other sales and advertising | 567,103 | 437,605 |
| Interest income received | 17,328 | 20,559 |
| Health and dental insurance premiums | (7,329,967) | (7,185,665) |
| TTC Metropass purchases | (716,332) | (4,328,512) |
| General operating purchases and payments | (1,571,098) | (2,091,644) |
| Health and dental plan refunds | (1,868,900) | (1,882,418) |
| Restricted student levies disbursed | (2,126,999) | (1,685,066) |
| Interest paid | <u>(8,767)</u> | <u>(1,846)</u> |
| | <u>1,045,866</u> | <u>(75,411)</u> |
| INVESTING ACTIVITIES | | |
| Purchase of equipment | - | (5,100) |
| Investments | <u>570,000</u> | <u>-</u> |
| | <u>570,000</u> | <u>(5,100)</u> |
| CHANGE IN CASH | 1,615,866 | (80,511) |
| Cash at beginning of the year | <u>4,598,959</u> | <u>4,679,470</u> |
| CASH AT END OF THE YEAR | <u>\$ 6,214,825</u> | <u>\$ 4,598,959</u> |

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To be read in conjunction with our Auditors' Report dated September 10, 2012

Page 6

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

NOTES TO FINANCIAL STATEMENTS

AS AT APRIL 30, 2012

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 and Future Accounting Changes

These financial statements have been prepared in accordance with Part V of the CICA Handbook - *Pre-changeover accounting standards*. Next year the financial statements must be prepared in accordance with Part III of the CICA Handbook - *Accounting Standards for Not-For-Profit Organizations*. Aside from minor additional note disclosures, the adoption of the new accounting standards will not result in any material changes to the presentation or the amounts reported in these statements.

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. Although the Members' health and dental plan fees are shown separately they are recognized using the same deferral method. Some components of the fee are refundable at the request of the students, and the revenue recognized is net of these refunds.

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

NOTES TO FINANCIAL STATEMENTS

AS AT APRIL 30, 2012

3. **Summary of Significant Accounting Policies** - continued

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 |

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.

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

NOTES TO FINANCIAL STATEMENTS

AS AT APRIL 30, 2012

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 ends. 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 that may occur from year to year. 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, 2011. No adjustment has been 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.

A reserve equal to the refundable balance shown in the assets has been 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 1.5% and maturing May 5, 2012. 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 described in note 11. This security is renewed annually in January of each year.

6. Equipment

| | <u>Cost</u> | <u>Accumulated Amortization</u> | <u>2012 Net Book Value</u> | |
|----------------------|-------------------|-------------------------------------|--------------------------------|------------------|
| | | | 2012 | 2011 |
| Furniture & fixtures | \$ 67,116 | \$ 64,337 | \$ 2,779 | \$ 12,623 |
| Computer equipment | 65,472 | 64,918 | 554 | 554 |
| Office equipment | <u>29,933</u> | <u>17,130</u> | <u>12,803</u> | <u>12,698</u> |
| | <u>\$ 162,521</u> | <u>\$ 146,385</u> | <u>\$ 16,136</u> | <u>\$ 25,875</u> |

7. Student Commons Levy

The student commons levy, which commenced in 2008 pursuant to student referendum, is being held in trust by the University of Toronto for the future development of a building planned at 230 College Street, to function as a student centre on the U of T campus.

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

NOTES TO FINANCIAL STATEMENTS

AS AT APRIL 30, 2012

8. Deferred Student Fees

Changes in the deferred contributions balances are as follows:

| | 2012 | 2011 |
|---|------------------|------------------|
| <i>Bikechain (Bike share)</i> | | |
| Beginning balance | \$ 1,116 | \$ 1,000 |
| Net student fee levies | 18,341 | 18,097 |
| Payments and distributions | <u>(19,457)</u> | <u>(17,981)</u> |
| Ending balance | <u>-</u> | <u>1,116</u> |
| <i>Blue Sky Solar Racing</i> | | |
| Beginning balance | 61 | - |
| Net student fee levies | 12,731 | 12,460 |
| Payments and distributions | <u>(12,792)</u> | <u>(12,399)</u> |
| Ending balance | <u>-</u> | <u>61</u> |
| <i>Canadian Federation of Students</i> | | |
| Beginning balance | 3,209 | - |
| Net student fee levies | 697,519 | 661,728 |
| Payments and distributions | <u>(700,728)</u> | <u>(658,519)</u> |
| Ending balance | <u>-</u> | <u>3,209</u> |
| <i>Cinema Studies Students' Union</i> | | |
| Beginning balance | 116 | - |
| Net student fee levies | 18,341 | 18,097 |
| Payments and distributions | <u>(18,457)</u> | <u>(17,981)</u> |
| Ending balance | <u>-</u> | <u>116</u> |
| <i>Hot Yam</i> | | |
| Beginning balance | 888 | - |
| Net student fee levies | 14,690 | 14,377 |
| Payments and distributions | <u>(15,578)</u> | <u>(13,489)</u> |
| Ending balance | <u>-</u> | <u>888</u> |
| <i>Ontario Public Interest Research Group</i> | | |
| Beginning balance | 231 | - |
| Net student fee levies | 36,681 | 36,194 |
| Payments and distributions | <u>(36,912)</u> | <u>(35,963)</u> |
| Ending balance | <u>-</u> | <u>231</u> |
| <i>Plan Canada (Foster Children Program)</i> | | |
| Beginning balance | 6,917 | 6,894 |
| Net student fee levies | 4,897 | 4,792 |
| Payments and distributions | <u>(11,814)</u> | <u>(4,769)</u> |
| Ending balance | <u>-</u> | <u>6,917</u> |

To be read in conjunction with our Auditors' Report dated September 10, 2012

Page 10

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

NOTES TO FINANCIAL STATEMENTS

AS AT APRIL 30, 2012

| 8. Deferred Student Fees - continued | 2012 | 2011 |
|---|------------------|------------------|
| <i>Downtown Legal Services</i> | | |
| Beginning balance | 695 | - |
| Net student fee levies | 122,329 | 120,310 |
| Payments and distributions | <u>(123,024)</u> | <u>(119,615)</u> |
| Ending balance | <u>-</u> | <u>695</u> |
| <i>Sex Education - St George</i> | | |
| Beginning balance | 116 | - |
| Net student fee levies | 18,341 | 18,097 |
| Payments and distributions | <u>(18,457)</u> | <u>(17,981)</u> |
| Ending balance | <u>-</u> | <u>116</u> |
| <i>Sex Education - Mississauga</i> | | |
| Beginning balance | 1 | - |
| Net student fee levies | 24,571 | 23,455 |
| Payments and distributions | <u>(24,572)</u> | <u>(23,454)</u> |
| Ending balance | <u>-</u> | <u>1</u> |
| <i>Students for Barrier-free access</i> | | |
| Beginning balance | 464 | - |
| Net student fee levies | 73,362 | 72,389 |
| Payments and distributions | <u>(73,826)</u> | <u>(71,925)</u> |
| Ending balance | <u>-</u> | <u>464</u> |
| <i>Student Commons (held in trust by U of T)</i> | | |
| Beginning balance | 1,084,854 | 682,201 |
| Net student fee levies | 448,235 | 402,653 |
| Payments and distributions | <u>-</u> | <u>-</u> |
| Ending balance | <u>1,533,089</u> | <u>1,084,854</u> |
| <i>U of T Environmental Resource Network</i> | | |
| Beginning balance | 232 | - |
| Net student fee levies | 48,967 | 47,922 |
| Payments and distributions | <u>(49,199)</u> | <u>(47,690)</u> |
| Ending balance | <u>-</u> | <u>232</u> |
| <i>Mississauga Students' Union - Membership Fee</i> | | |
| Beginning balance | 14 | - |
| Net student fee levies | 353,871 | 327,789 |
| Payments and distributions | <u>(353,885)</u> | <u>(327,775)</u> |
| Ending balance | <u>-</u> | <u>14</u> |

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

NOTES TO FINANCIAL STATEMENTS

AS AT APRIL 30, 2012

| 8. Deferred Student Fees - continued | 2012 | 2011 |
|--|------------------|------------------|
| <i>Mississauga Students' Union - Orientation</i> | | |
| Beginning balance | 1 | - |
| Net student fee levies | 9,214 | 8,796 |
| Payments and distributions | <u>(9,215)</u> | <u>(8,795)</u> |
| Ending balance | <u>-</u> | <u>1</u> |
| <i>Mississauga Students' Union - Daycare Subsidy</i> | | |
| Beginning balance | 1 | - |
| Net student fee levies | 12,286 | 11,728 |
| Payments and distributions | <u>(12,287)</u> | <u>(11,727)</u> |
| Ending balance | <u>-</u> | <u>1</u> |
| <i>Mississauga Students' Union - Student Refugee Program</i> | | |
| Beginning balance | 1 | - |
| Net student fee levies | 15,920 | 14,755 |
| Payments and distributions | <u>(15,921)</u> | <u>(14,754)</u> |
| Ending balance | <u>-</u> | <u>1</u> |
| <i>Health Initiative in Developing Countries</i> | | |
| Beginning balance | 116 | - |
| Net student fee levies | 24,483 | 23,961 |
| Payments and distributions | <u>(10,722)</u> | <u>(23,845)</u> |
| Ending balance | <u>13,877</u> | <u>116</u> |
| <i>Women's Centre - St George</i> | | |
| Beginning balance | 695 | - |
| Net student fee levies | 122,329 | 120,310 |
| Payments and distributions | <u>(123,024)</u> | <u>(119,615)</u> |
| Ending balance | <u>-</u> | <u>695</u> |
| <i>Women's Centre - Mississauga</i> | | |
| Beginning balance | 1 | - |
| Net student fee levies | 24,571 | 23,455 |
| Payments and distributions | <u>(24,572)</u> | <u>(23,454)</u> |
| Ending balance | <u>-</u> | <u>1</u> |
| <i>Radical Roots</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, 2012

| 8. <u>Deferred Student Fees</u> - continued | 2012 | 2011 |
|--|---------------------|---------------------|
| <i>Wheelchair Accessibility Projects</i> | | |
| Beginning balance | 934,228 | 835,363 |
| Net student fee levies and interest earned | 102,799 | 98,865 |
| Payments and distributions | - | - |
| Ending balance | <u>1,037,027</u> | <u>934,228</u> |
| <i>Orientation</i> | | |
| Beginning balance | - | - |
| Net student fee levies | 39,753 | 39,126 |
| Payments and distributions | <u>(39,753)</u> | <u>(39,126)</u> |
| Ending balance | <u>-</u> | <u>-</u> |
| <i>Day Care Subsidy</i> | | |
| Beginning balance | 4,672 | 8,524 |
| Net student fee levies | 36,681 | 36,194 |
| Payments and distributions | <u>(38,033)</u> | <u>(40,046)</u> |
| Ending balance | <u>3,320</u> | <u>4,672</u> |
| <i>Student Refugee Program</i> | | |
| Beginning balance | 14,210 | 2,796 |
| Net student fee levies | 47,587 | 45,577 |
| Payments and distributions | <u>(23,643)</u> | <u>(34,163)</u> |
| Ending balance | <u>38,154</u> | <u>14,210</u> |
| <i>Summary</i> | | |
| Beginning balance | 2,092,566 | 1,576,505 |
| Net student fee levies | 2,328,499 | 2,201,127 |
| Disbursements, and fees recognized as revenue | <u>(1,755,871)</u> | <u>(1,685,066)</u> |
| Ending balance | 2,665,194 | 2,092,566 |
| Long-term portion (Student Commons) | <u>1,533,089</u> | <u>1,084,854</u> |
| Current portion | <u>\$ 1,132,105</u> | <u>\$ 1,007,712</u> |

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

NOTES TO FINANCIAL STATEMENTS

AS AT APRIL 30, 2012

9. Deferred Health and Dental Fees

The health and dental group insurance plan portion of the student fee is 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 magnitude of the plan.

| | 2012 | 2011 |
|--|---------------------|---------------------|
| Beginning balance | <u>\$ 2,821,959</u> | <u>\$ 2,186,112</u> |
| Health and dental fees collected | 10,168,451 | 10,004,867 |
| Refunds issued to students | (1,868,900) | (1,882,418) |
| Interest income | <u>13,903</u> | <u>11,138</u> |
| | <u>8,313,454</u> | <u>8,133,587</u> |
| Payments remitted to insurer | (7,329,967) | (7,185,865) |
| Administrative and general expenses | <u>(385,034)</u> | <u>(311,875)</u> |
| Total disbursements and fees recognized as revenue | <u>(7,715,001)</u> | <u>(7,497,740)</u> |
| Ending balance | <u>\$ 3,420,412</u> | <u>\$ 2,821,959</u> |

10. Commitments

UTSU chooses its insurer for the health and dental plan for a one-year period beginning in September of each year. UTSU had an agreement with Green Shield Canada for coverage to August 31, 2012, and subsequently also entered into an agreement for coverage to August 31, 2013. Under the 2012 agreement, UTSU committed to pay monthly premiums of approximately \$600,000 from May through August of 2012 for a total of approximately \$2.4 million.

11. 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, 2012 and is secured by the restricted term deposit described in note 5.

12. 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, 2012

13. 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;
- The total deferred amount of restricted student fees; and
- To cover upcoming monthly premiums under the Group Health and Dental Insurance Plan to the extent that they exceed the amount of deferred Health and Dental student fees received.

| | 2012 | 2011 |
|--|---------------------|-------------------|
| Cash | \$ 6,214,825 | \$ 4,598,959 |
| Accounts receivable | 29,333 | 181,069 |
| Inventory | <u>81,439</u> | <u>94,321</u> |
| | <u>6,325,597</u> | <u>4,874,349</u> |
| Accounts payable | 90,727 | 102,727 |
| Deferred student fees | 1,132,105 | 1,007,712 |
| Deferred Health and Dental fees | <u>3,420,412</u> | <u>2,821,959</u> |
| | <u>4,643,244</u> | <u>3,932,398</u> |
| Net working capital available for operational expenses | <u>\$ 1,682,353</u> | <u>\$ 941,951</u> |