

FINANCIAL STATEMENTS

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

AS AT APRIL 30, 2014

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

AS AT APRIL 30, 2014

INDEX

Management Report	1
Auditors' Report	2
Statement of Financial Position	3
Statement of Operations	4
Statement of Cash Flows	5
Notes to Financial Statements	6 - 14

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

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, 2014, the statements 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 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, 2014, 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
September 29, 2014

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

STATEMENT OF FINANCIAL POSITION

AS AT APRIL 30, 2014

(With comparative figures as at April 30, 2013)

A S S E T S

	2014	2013
CURRENT		
Cash	\$ 1,588,589	\$ 1,631,267
Restricted health and dental plan cash (note 11)	2,555,425	3,160,630
Restricted deferred student fee cash (note 10)	1,551,284	1,293,206
Accounts receivable (note 8)	10,181	4,034
Inventory (note 6)	64,246	93,706
Prepaid expenses	33,361	43,466
Health and dental plan surplus (note 4)	<u>63,098</u>	<u>168,098</u>
	5,866,184	6,394,407
RESTRICTED TERM DEPOSIT (note 5)	522,603	507,521
EQUIPMENT (note 7)	34,977	45,328
STUDENT COMMONS LEVY, IN TRUST (Note 9)	<u>2,636,358</u>	<u>2,038,076</u>
TOTAL ASSETS	<u>\$ 9,060,122</u>	<u>\$ 8,985,332</u>

L I A B I L I T I E S

CURRENT		
Government withholdings payable	\$ 6,990	\$ 10,460
Accounts payable and accruals	105,747	145,872
Current portion of deferred student fees (note 10)	1,551,284	1,293,206
Deferred health and dental plan fees (note 11)	2,555,425	3,160,630
Health and dental reserve (note 4)	<u>63,098</u>	<u>168,098</u>
	4,282,544	4,778,266
DEFERRED STUDENT FEES (Note 10)	<u>2,636,358</u>	<u>2,038,076</u>
TOTAL LIABILITIES	6,918,902	6,816,342

N E T A S S E T S

Per statement attached	<u>2,141,220</u>	<u>2,168,990</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 9,060,122</u>	<u>\$ 8,985,332</u>

APPROVED ON BEHALF OF THE BOARD

_____ Director

_____ Director

See accompanying notes

To be read in conjunction with our Auditors' Report dated September 29, 2014

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, 2014
(With comparative figures for the year ended April 30, 2013)

	2014	2013
REVENUES		
Member's health and dental plan fees (note 11)	\$ 11,160,332	\$ 9,661,890
Restricted student fees recognized (note 10)	1,765,384	1,794,043
General student fees	1,389,926	1,363,770
TTC Metropass sales and sponsorship	455,950	576,659
Advertising and other income	308,341	236,444
Ticket sales	151,925	182,786
Interest income	<u>25,776</u>	<u>7,923</u>
	<u>15,257,634</u>	<u>13,823,515</u>
EXPENSES		
Health and dental plan disbursements (note 11)	11,160,332	9,661,890
Restricted student fee disbursements (note 10)	1,765,384	1,794,043
Salaries, wages and benefits	671,574	670,203
TTC Metropass purchases	446,438	565,912
Clubs and other subsidies	295,991	211,814
Office and general	212,821	220,598
Orientation	215,499	212,852
Ticket purchases	144,468	181,902
Elections and referenda	120,618	97,685
Campaigns	76,310	80,886
Services handbook	70,354	66,810
Meetings	34,370	48,867
Equipment expenses	29,136	26,270
Bank, financing, and interest charges	14,933	8,565
TTC program	4,180	3,469
Book exchange	56	3,730
Amortization	<u>22,940</u>	<u>20,423</u>
	<u>15,285,404</u>	<u>13,875,919</u>
DEFICIT FOR THE YEAR	(27,770)	(52,404)
NET ASSETS, BEGINNING OF THE YEAR	<u>2,168,990</u>	<u>2,221,394</u>
NET ASSETS, END OF THE YEAR	<u><u>\$ 2,141,220</u></u>	<u><u>\$ 2,168,990</u></u>

See accompanying notes

To be read in conjunction with our Auditors' Report dated September 29, 2014

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, 2014
(With comparative figures for the year ended at April 30,2013)**

	2014	2013
CASH FLOWS FROM (USED IN):		
OPERATING ACTIVITIES		
Member's health and dental plan fees	\$ 12,504,381	\$ 11,171,706
TTC Metropass sales	455,950	576,659
Restricted student levies received	2,621,744	2,460,131
General student fees	1,389,926	1,363,770
Other sales and advertising	454,119	437,008
Interest income received	25,776	7,923
Health and dental insurance premiums	(11,160,332)	(9,661,890)
TTC Metropass purchases	(416,978)	(644,989)
General operating purchases and payments	(1,923,950)	(1,713,230)
Health and dental plan refunds	(1,949,254)	(1,769,599)
Restricted student levies disbursed	(1,765,384)	(1,794,043)
Interest paid	<u>(14,933)</u>	<u>(8,565)</u>
	<u>221,065</u>	<u>424,881</u>
INVESTING ACTIVITIES		
Purchase of equipment	(12,588)	(49,616)
Change in studen commons levy, in trust	<u>(598,282)</u>	<u>(504,987)</u>
	<u>(610,870)</u>	<u>(554,603)</u>
CHANGE IN CASH	(389,805)	(129,722)
Cash at beginning of the year	<u>6,085,103</u>	<u>6,214,825</u>
CASH AT END OF THE YEAR	<u>\$ 5,695,298</u>	<u>\$ 6,085,103</u>
CASH REPRESENTED BY		
Cash (unrestricted)	\$ 1,588,589	\$ 1,631,267
Restricted health and dental plan cash	2,555,425	3,160,630
Restricted deferred student fee cash	<u>1,551,284</u>	<u>1,293,206</u>
	<u>\$ 5,695,298</u>	<u>\$ 6,085,103</u>

See accompanying notes

To be read in conjunction with our Auditors' Report dated September 29, 2014

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, 2014

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 CICA 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. 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 refunds are included in payments and distributions.

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

NOTES TO FINANCIAL STATEMENTS

AS AT APRIL 30, 2014

3. Summary of Significant Accounting Policies - continued

Cash

Cash consists of cash on hand and demand deposits at Canadian financial institutions.

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.

Financial instruments

Financial instruments classified as financial assets and financial liabilities held for trading are recorded at fair value at each balance sheet date and any change in fair value is recognized in income in the period in which the change occurs.

Financial instruments classified as held-to-maturity investments are carried at amortized cost using the effective interest method. Interest is included in income for the year.

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.

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 derecognition, any accrued gains or losses are recognized in income for the year.

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

NOTES TO FINANCIAL STATEMENTS

AS AT APRIL 30, 2014

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, 2013. 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. 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 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 1.4% and maturing May 5, 2014 (subsequently renewed at 1.4% for another year, maturing May 5, 2015). 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 13. 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>2014 Net Book Value</u>		<u>2013</u>
Furniture & fixtures	\$ 74,402	\$ 70,030	\$ 4,372	\$	7,218
Computer equipment	103,011	88,544	14,467	\$	21,443
Office equipment	<u>47,312</u>	<u>31,174</u>	<u>16,138</u>	\$	<u>16,667</u>
	<u>\$ 224,725</u>	<u>\$ 189,748</u>	<u>\$ 34,977</u>	\$	<u>\$ 45,328</u>

To be read in conjunction with our Auditors' Report dated September 29, 2014

Page 8

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

NOTES TO FINANCIAL STATEMENTS

AS AT APRIL 30, 2014

8. Accounts Receivable

Accounts receivable includes an allowance for doubtful accounts of \$nil (2013: \$25,329) as at the balance sheet date.

9. 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.

10. Deferred Student Fees

Changes in the deferred contributions balances are as follows:

	2014	2013
<i>Bikechain (Bike share)</i>		
Beginning balance	\$ -	\$ -
Net student fee levies	36,645	18,751
Payments and distributions	<u>(36,645)</u>	<u>(18,751)</u>
Ending balance	<u>-</u>	<u>-</u>
 <i>Blue Sky Solar Racing</i>		
Beginning balance	-	-
Net student fee levies	13,246	17,658
Payments and distributions	<u>(13,246)</u>	<u>(17,658)</u>
Ending balance	<u>-</u>	<u>-</u>
 <i>Canadian Federation of Students</i>		
Beginning balance	-	-
Net student fee levies	752,227	726,683
Payments and distributions	<u>(752,227)</u>	<u>(726,683)</u>
Ending balance	<u>-</u>	<u>-</u>
 <i>Cinema Studies Students' Union</i>		
Beginning balance	-	-
Net student fee levies	18,903	18,751
Payments and distributions	<u>(18,903)</u>	<u>(18,751)</u>
Ending balance	<u>-</u>	<u>-</u>
 <i>Hot Yam</i>		
Beginning balance	-	-
Net student fee levies	15,284	14,993
Payments and distributions	<u>(44)</u>	<u>(14,993)</u>
Ending balance	<u>15,240</u>	<u>-</u>

To be read in conjunction with our Auditors' Report dated September 29, 2014

Page 9

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

NOTES TO FINANCIAL STATEMENTS

AS AT APRIL 30, 2014

10. <u>Deferred Student Fees</u> - continued	2014	2013
<i>Ontario Public Interest Research Group</i>		
Beginning balance	2	-
Net student fee levies	37,806	37,502
Payments and distributions	<u>(37,808)</u>	<u>(37,500)</u>
Ending balance	<u>-</u>	<u>2</u>
<i>Plan Canada (Foster Children Program)</i>		
Beginning balance	-	-
Net student fee levies	5,095	4,998
Payments and distributions	<u>(5,095)</u>	<u>(4,998)</u>
Ending balance	<u>-</u>	<u>-</u>
<i>Downtown Legal Services</i>		
Beginning balance	-	-
Net student fee levies	126,561	124,983
Payments and distributions	<u>(126,561)</u>	<u>(124,983)</u>
Ending balance	<u>-</u>	<u>-</u>
<i>Sex Education - St George</i>		
Beginning balance	-	-
Net student fee levies	18,903	18,751
Payments and distributions	<u>(18,903)</u>	<u>(18,751)</u>
Ending balance	<u>-</u>	<u>-</u>
<i>Sex Education - Mississauga</i>		
Beginning balance	-	-
Net student fee levies	26,283	24,951
Payments and distributions	<u>(26,283)</u>	<u>(24,951)</u>
Ending balance	<u>-</u>	<u>-</u>
<i>Students for Barrier-free access</i>		
Beginning balance	-	-
Net student fee levies	75,613	75,005
Payments and distributions	<u>(27,287)</u>	<u>(75,005)</u>
Ending balance	<u>48,326</u>	<u>-</u>
<i>Student Commons (held in trust by U of T)</i>		
Beginning balance	2,038,076	1,533,089
Net student fee levies	598,282	504,987
Payments and distributions	<u>-</u>	<u>-</u>
Ending balance	<u>2,636,358</u>	<u>2,038,076</u>

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

NOTES TO FINANCIAL STATEMENTS

AS AT APRIL 30, 2014

10. <u>Deferred Student Fees</u> - continued	2014	2013
<i>U of T Environmental Resource Network</i>		
Beginning balance	-	-
Net student fee levies	50,948	49,978
Payments and distributions	<u>(50,948)</u>	<u>(49,978)</u>
Ending balance	<u>-</u>	<u>-</u>
<i>Mississauga Students' Union - Membership Fee</i>		
Beginning balance	-	-
Net student fee levies	390,218	367,046
Payments and distributions	<u>(390,218)</u>	<u>(367,046)</u>
Ending balance	<u>-</u>	<u>-</u>
<i>Mississauga Students' Union - Orientation</i>		
Beginning balance	-	-
Net student fee levies	9,856	9,356
Payments and distributions	<u>(9,856)</u>	<u>(9,356)</u>
Ending balance	<u>-</u>	<u>-</u>
<i>Mississauga Students' Union - Daycare Subsidy</i>		
Beginning balance	-	-
Net student fee levies	13,142	12,475
Payments and distributions	<u>(13,142)</u>	<u>(12,475)</u>
Ending balance	<u>-</u>	<u>-</u>
<i>Mississauga Students' Union - Student Refugee Program</i>		
Beginning balance	-	-
Net student fee levies	17,585	16,443
Payments and distributions	<u>(17,585)</u>	<u>(16,443)</u>
Ending balance	<u>-</u>	<u>-</u>
<i>Health Initiative in Developing Countries</i>		
Beginning balance	-	13,877
Net student fee levies	25,474	24,988
Payments and distributions	<u>(25,474)</u>	<u>(38,865)</u>
Ending balance	<u>-</u>	<u>-</u>
<i>Women's Centre - St George</i>		
Beginning balance	48,407	-
Net student fee levies	126,561	124,983
Payments and distributions	<u>(53,647)</u>	<u>(76,576)</u>
Ending balance	<u>121,321</u>	<u>48,407</u>

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

NOTES TO FINANCIAL STATEMENTS

AS AT APRIL 30, 2014

10. <u>Deferred Student Fees</u> - continued	2014	2013
<i>Women's Centre - Mississauga</i>		
Beginning balance	-	-
Net student fee levies	26,283	24,951
Payments and distributions	<u>(19,099)</u>	<u>(24,951)</u>
Ending balance	<u>7,184</u>	<u>-</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>
<i>Wheelchair Accessibility Projects</i>		
Beginning balance	1,142,371	1,037,027
Net student fee levies and interest earned	107,317	105,344
Payments and distributions	<u>-</u>	<u>-</u>
Ending balance	<u>1,249,688</u>	<u>1,142,371</u>
<i>Orientation</i>		
Beginning balance	-	-
Net student fee levies	41,092	40,621
Payments and distributions	<u>(41,092)</u>	<u>(40,621)</u>
Ending balance	<u>-</u>	<u>-</u>
<i>Day Care Subsidy</i>		
Beginning balance	3,775	3,320
Net student fee levies	37,806	37,503
Payments and distributions	<u>(38,165)</u>	<u>(37,048)</u>
Ending balance	<u>3,416</u>	<u>3,775</u>
<i>Student Refugee Program</i>		
Beginning balance	58,924	38,154
Net student fee levies	50,614	49,457
Payments and distributions	<u>(43,156)</u>	<u>(28,687)</u>
Ending balance	<u>66,382</u>	<u>58,924</u>
<i>Summary</i>		
Beginning balance	3,331,282	2,665,194
Net student fee levies	2,621,744	2,460,131
Disbursements, and fees recognized as revenue	<u>(1,765,384)</u>	<u>(1,794,043)</u>
Ending balance	4,187,642	3,331,282
Long-term portion (Student Commons)	<u>2,636,358</u>	<u>2,038,076</u>
Current portion	<u>\$ 1,551,284</u>	<u>\$ 1,293,206</u>

To be read in conjunction with our Auditors' Report dated September 29, 2014

Page 12

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

NOTES TO FINANCIAL STATEMENTS

AS AT APRIL 30, 2014

11. 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.

	2014	2013
Beginning balance	<u>\$ 3,160,630</u>	<u>\$ 3,420,413</u>
Health and dental fees collected	12,482,422	11,147,557
Refunds issued to students	(1,949,254)	(1,769,599)
Interest income	<u>21,959</u>	<u>24,149</u>
	<u>10,555,127</u>	<u>9,402,107</u>
Payments remitted to insurer	10,763,473	(9,287,803)
Administrative and general expenses	<u>(396,859)</u>	<u>(374,087)</u>
Total disbursements and fees recognized as revenue	<u>(11,160,332)</u>	<u>(9,661,890)</u>
Ending balance	<u>\$ 2,555,425</u>	<u>\$ 3,160,630</u>

12. 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 Green Shield Canada for coverage to August 31, 2014, and subsequently also entered into an agreement for coverage to August 31, 2015. Under the 2014 agreement, UTSU is committed to remit \$2,366,281 from May through August of 2014.

13. 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, 2014 and is secured by the restricted term deposit described in note 5.

14. 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, 2014

15. 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;

	2014	2013
Cash	\$ 1,588,589	\$ 1,631,267
Accounts receivable	10,181	4,034
Inventory	<u>64,246</u>	<u>93,706</u>
	<u>1,663,016</u>	<u>1,729,007</u>
Accounts payable	<u>105,747</u>	<u>145,872</u>
	<u>105,747</u>	<u>145,872</u>
Net working capital available for operational expenses	<u>\$ 1,557,269</u>	<u>\$ 1,583,135</u>