

Students' Union of the University of Regina Inc.
Financial Statements
April 30, 2021

Management's Responsibility

To the Members of Students' Union of the University of Regina Inc.:

Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian accounting standards for not-for-profit organizations. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Board of Directors is composed entirely of Directors who are neither management nor employees of the Students' Union. The Board is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information included in the annual report. The Board fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Board is also responsible for recommending the appointment of the Students' Union's external auditors.

MNP LLP is appointed by the members to audit the financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Board and management to discuss their audit findings.

September 28, 2021

Mohammad Talha Akbar

General Manager

To the members of Students' Union of the University of Regina Inc.:

Opinion

We have audited the financial statements of Students' Union of the University of Regina Inc. (the "Students' Union"), which comprise the statement of financial position as at April 30, 2021, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Students' Union as at April 30, 2021, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Students' Union in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the 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.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Students' Union to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Regina, Saskatchewan

September 28, 2021

MNP LLP
Chartered Professional Accountants

Students' Union of the University of Regina Inc.
Statement of Financial Position

As at April 30, 2021

	2021	2020 <i>(Restated Note 15)</i>
Assets		
Current		
Cash	236,778	538,482
Accounts receivable	312,636	134,380
Short-term investments (Note 3)	1,538,148	1,519,517
Prepaid expenses and deposits	23,600	661,599
Inventory (Note 4)	19,856	23,008
	2,131,018	2,876,986
Capital assets (Note 5)	493,662	457,653
Investments (Note 3)	3,352,605	1,547,066
	5,977,285	4,881,705
Liabilities		
Current		
Accounts payable and accruals	1,213,114	1,062,514
Government remittance payable	17,579	-
Deferred revenue	696,913	663,278
	1,927,606	1,725,792
Long-term debt (Note 6)	40,000	40,000
	1,967,606	1,765,792
Commitments (Note 11)		
Net Assets		
Invested in capital assets	493,662	457,653
Internally restricted	1,220,352	1,068,695
Unrestricted	2,295,665	1,589,565
	4,009,679	3,115,913
	5,977,285	4,881,705

Approved on behalf of the Board

Hannah Tait

Director

Hanves Singh

Director

The accompanying notes are an integral part of these financial statements

Students' Union of the University of Regina Inc.
Statement of Operations
For the year ended April 30, 2021

	2021	2020 <i>(Restated Note 15)</i>
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Revenue		
Executive and Board of Directors <i>(Note 8)</i>	44,763	52,453
Investment Income	71,952	42,022
Operations <i>(Note 9)</i>	488,283	646,112
Owl <i>(Note 10)</i>	198,246	1,076,205
Student fees	5,429,923	5,115,450
U-Pass revenue	-	1,996,879
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	6,233,167	8,929,121
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Expenses		
Executive & Board of Directors <i>(Note 8)</i>	314,487	403,552
Operations <i>(Note 9)</i>	1,471,122	1,215,666
Owl <i>(Note 10)</i>	539,193	1,368,260
Restricted fund disbursements <i>(Note 7)</i>	2,266,944	2,215,798
Student fees	1,450,120	1,426,341
U-Passes	-	1,728,000
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	6,041,866	8,357,617
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Excess of revenue over expenses before other items	191,301	571,504
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Other items		
Gain on disposal of capital assets	220	1,890
Government assistance <i>(Note 12)</i>	668,664	61,201
Unrealized gain (loss) on investments	33,586	(72,770)
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	702,470	(9,679)
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Excess of revenue over expenses	893,771	561,825
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The accompanying notes are an integral part of these financial statements

Students' Union of the University of Regina Inc.
Statement of Changes in Net Assets

For the year ended April 30, 2021

	<i>Invested in capital assets</i>	<i>Internally restricted (Note 7)</i>	<i>Unrestricted</i>	2021	<i>2020</i> <i>(Restated Note 15)</i>
Net assets beginning of year, as previously stated	457,653	1,068,695	1,589,561	3,115,909	2,547,822
Correction of an error (Note 15)	-	-	-	-	6,262
Net assets, beginning of year, as restated	457,653	1,068,695	1,589,561	3,115,909	2,554,084
Excess of revenue over expenses	(87,240)	90,000	891,010	893,771	561,825
Allocations	-	2,451,849	(2,451,849)	-	-
Disbursements	-	(2,390,192)	2,390,192	-	-
Investment in capital assets	123,249	-	(123,249)	-	-
Net assets, end of year	493,662	1,220,352	2,295,665	4,009,680	3,115,909

The accompanying notes are an integral part of these financial statements

Students' Union of the University of Regina Inc.

Statement of Cash Flows

For the year ended April 30, 2021

	2021	2020 <i>(Restated Note 15)</i>
Cash provided by (used for) the following activities		
Operating		
Excess of revenue over expenses	893,771	561,825
Amortization	87,240	81,709
Gain on disposal of capital assets	(220)	(1,890)
Investment income - long-term investments	(71,952)	(42,022)
Investment income - short-term investments	(7,132)	(25,905)
Change in market value - long-term investments	(33,586)	72,770
Forgivable portion of long-term debt	(20,000)	-
	848,121	646,487
Changes in working capital accounts		
Accounts receivable	(180,780)	(85,428)
Inventory	3,152	11,411
Prepaid expenses and deposits	637,999	(42,313)
Accounts payable and accruals	150,592	133,200
Deferred revenue	33,635	60,170
Government remittance payable	20,103	(6,631)
	1,512,822	716,896
Financing		
Advances of long-term debt	20,000	40,000
Investing		
Purchase of short-term investments	(425,000)	(1,090,000)
Proceeds on disposal of short-term investments	413,503	-
Purchase of capital assets	(123,249)	(103,367)
Proceeds on disposal of capital assets	220	1,890
Purchase of long-term investments	(1,700,000)	(1,210,000)
	(1,834,526)	(2,401,477)
Decrease in cash resources	(301,704)	(1,644,581)
Cash resources, beginning of year	538,482	2,183,063
Cash resources, end of year	236,778	538,482

The accompanying notes are an integral part of these financial statements

Students' Union of the University of Regina Inc.

Notes to the Financial Statements

For the year ended April 30, 2021

1. Incorporation and nature of the organization

Students' Union of the University of Regina Inc. (the "Students' Union") is incorporated under the The Non-Profit Corporations Act of Saskatchewan, The Students' Union activities include providing facilities and services to all University Students at the University of Regina.

In March 2020, there was a global outbreak of COVID-19 (coronavirus), which has had a significant impact on businesses through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Organization as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus. During the year, the Organization applied for government assistance to compensate for declines in revenue (Note 12).

2. Significant accounting policies

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations as issued by the Accounting Standards Board in Canada and include the following significant accounting policies:

Measurement uncertainty

The preparation of 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 financial statements, and the reported amounts of revenues and expenses during the reporting period.

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Provisions are made for slow moving and obsolete inventory. Amortization is based on the estimated useful lives of capital assets.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in excess of revenues and expenses in the periods in which they become known.

Revenue recognition

The Students' Union follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Student fees are recognized as revenue when received or receivable from the University of Regina. Owl and operations revenue are recognized when services or products are provided.

Investment income includes interest income recorded on the accrual basis.

Income taxes

The Students' Union is incorporated under The Non-Profit Corporations Act of Saskatchewan and as such is exempt from income taxes.

Cash

Cash includes balances with banks and is recognized at fair value.

Inventory

Inventory is valued at the lower of cost and net realizable value. Cost is determined by the first in, first out method. Net realizable value is the estimated selling price in the ordinary course of business.

Students' Union of the University of Regina Inc.

Notes to the Financial Statements

For the year ended April 30, 2021

2. Significant accounting policies (Continued from previous page)

Investments

Long-term investments are portfolio investments recorded at fair value for those with prices quoted in an active market, and cost less impairment for those that are not quoted in an active market. They have been classified as long-term assets in concurrence with the nature of the investment.

Capital assets

Purchased capital assets are recorded at cost. Amortization is provided using the straight-line method at rates intended to amortize the cost of assets over their estimated useful lives.

	Rate
Equipment	1 -15 years
Leasehold improvements	5 - 40 years

Deferred revenue

Deferred revenue consists of revenues that have been received for services not yet performed.

Financial instruments

The Students' Union recognizes its financial instruments when the Students' Union becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at their fair value, including financial assets and liabilities originated and issued in a related party transaction with management.

The Students' Union subsequently measures investments in equity instruments quoted in an active market at fair value. Fair value is determined by published price quotations. All other financial assets and liabilities are subsequently measured at amortized cost.

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in the excess of revenues over expenses for the current period. Conversely, transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

Internally restricted reserves

The Board of Directors have internally restricted the following net assets to be held for:

- i) **Health and Dental Stabilization Reserve**
This reserve is used to provide the Students' Union the ability to fund increases in benefits to its members, or to prevent increases in premiums to its members without affecting the premiums its members pay.
- ii) **Emergency Bursary Reserve**
This reserve is used by the Students' Union to help its members who find themselves in extreme financial distress.
- iii) **Capital Improvement Reserve**
This reserve is used by the Students' Union for two items: 1) the improvements to the buildings occupied by the Students' Union; 2) new capital purchases by the Students' Union.
- iv) **Refugee Sponsorship Reserve**
This reserve is used by the Students' Union to provide funding for refugees to escape countries in turmoil for the chance at a better life in Canada.

Government assistance

The Organization recognizes government assistance when there is reasonable assurance that it will comply with the conditions required to qualify for the assistance, and that the assistance will be received. Government assistance toward current expenses is recognized in income for the period as other income.

Students' Union of the University of Regina Inc.

Notes to the Financial Statements

For the year ended April 30, 2021

3. Investments

Short-term investments are comprised of a savings deposit with interest rates ranging from 0.60% to 0.90% maturing between August 7, 2021 and January 20, 2022.

Long-term investments are comprised of fixed income securities, equities and mutual fund securities, with a minimum return on investment target of 3%. Long-term investments are managed as a long-term pool.

4. Inventory

	2021	2020
Food and beverages	19,856	23,008

The cost of inventories recognized as an expense and included in Owl expenses amounted \$135,089 (2020 – 486,665).

5. Capital assets

	Cost	Accumulated amortization	2021 Net book value	2020 Net book value
Equipment	715,589	428,616	286,973	304,578
Leasehold improvements	405,032	198,343	206,689	153,075
	1,120,621	626,959	493,662	457,653

Included in expenses in the current year is amortization of \$87,240 (2020 - \$81,709).

6. Long-term debt

	2021	2020
Conexus loan payable with no set monthly installments. Loan is interest free until December 2022 after which monthly interest only payments are required at 5% per annum between January 2023 and December 2025. The loan is unsecured and is due in full on December 31, 2025.	40,000	40,000

7. Internally restricted net assets

The Students' Union internally restricts funds for special purposes. Transactions including internally restricted reserves were as follows:

	Opening Balance	Transfers	Allocations	Disbursements	Ending Balance
Health & Dental Stabilization Reserve	493,656	-	2,031,690	(2,005,659)	519,687
Emergency Bursary Reserve	(63,643)	90,000	132,251	(25,998)	132,610
Capital Improvement Reserve	504,270	-	129,710	(123,249)	510,731
Refugee Sponsorship Reserve	134,412	-	158,198	(235,286)	57,324
	1,068,695	90,000	2,451,849	(2,390,192)	1,220,352

Students' Union of the University of Regina Inc.

Notes to the Financial Statements

For the year ended April 30, 2021

8. Executive and Board of Directors

	2021	2020
Revenue		
Sponsorship	44,763	52,453
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Expenses		
Amortization	4,628	3,932
Board expenses and travel	2,278	24,019
Campaigns and promotions	41,005	50,957
Club funding	233	2,197
Honourarium and benefits	172,369	147,799
Insurance	1,906	2,006
Office	38,974	17,999
P.E.C. funding	(572)	104,769
Professional fees	13,330	18,681
Scholarships	16,000	9,600
Training	13,616	21,593
Welcome week	10,720	-
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	314,487	403,552
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	(269,724)	(351,099)
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9. Operations

	2021	2020
Revenue		
Advertising	561	30,795
Bus pass	413,266	384,586
Handbook	13,273	31,724
Interest	15,892	38,670
Lease	17,762	109,420
Locker	(147)	28,782
Other	5,420	72,199
Sponsorship	22,256	11,137
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	488,283	707,313
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Expenses		
Amortization	11,147	13,409
Bad debts	-	1,992
Bus passes	536,024	369,996
Campaigns and promotions	20,140	14,157
Insurance	5,501	5,525
Office	52,141	72,827
Professional fees	3,904	18,934
Repairs and maintenance	4,993	9,653
Salaries and benefits	829,180	655,579
Training	4,917	11,349
Travel	107	12,564
U of R operating costs	3,068	29,681
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	1,471,122	1,215,666
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	(982,839)	(508,353)
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Students' Union of the University of Regina Inc.

Notes to the Financial Statements

For the year ended April 30, 2021

10. Owl

	2021	2020
Revenue		
Advertising	2,000	2,000
Food and drink	192,083	969,168
Other	-	8,990
Rental	4,163	59,897
Sponsorship/ Welcome week	-	36,150
	198,246	1,076,205
Expenses		
Amortization	71,466	64,368
Bad debts	-	408
Campaigns and promotions	1,811	28,888
Entertainment	1,965	33,484
Food and drink cost of goods	135,089	486,665
Insurance	11,001	11,049
Office	19,277	48,116
Professional fees	8,373	5,025
Repairs and maintenance	12,376	14,947
Salaries and benefits	263,685	545,884
Training	1,383	1,924
Travel	21	4,235
U of R operating costs	12,746	123,267
	539,193	1,368,260
	(340,947)	(292,055)

11. Commitments

The Students' Union is committed to paying the monthly operating costs of their premises to the University of Regina. The amount payable varies annually and is determined by the University of Regina based on consumption.

During the 2015/2016 academic year, the Student's Union entered into an agreement with the City of Regina to provide all qualifying students with a semester U-Pass. This agreement commenced on September 1, 2016 and extends for a period of seven academic years, expiring on April 30, 2023. This agreement was extended an additional year to April 30, 2024 as a result of the COVID-19 pandemic and no funds being transferred during the 2020/2021 fiscal year. The Students' Union shall pay the City of Regina the sum of \$1,844,405 for the 2021/2022 (\$nil for 2020/2021) academic year. In each academic year thereafter the Students' Union shall pay the City the previous academic year's sum plus an increase equal to the percentage increase in "Consumer Price Index for All Items Regina" published by Statistics Canada for the previous year multiplied by \$1,000,000.

Students' Union of the University of Regina Inc.

Notes to the Financial Statements

For the year ended April 30, 2021

12. Government assistance

During the year, the Students' Union recognized \$602,184 in Canada Emergency Wage Subsidy ("CEWS") as other income, of which \$110,699 is receivable at year-end. CEWS, introduced in response to the COVID-19 (a.k.a. coronavirus) pandemic, provides eligible employers with a subsidy to cover a portion of wage costs paid to eligible employees during prescribed claim periods. There are no unfulfilled conditions related to amounts recognized. However, amounts claimed under these programs are subject to validation and detailed verification by the Federal Government. Due to the nature of the eligibility requirements and related calculations judgment is applied in assessing compliance, management believes there that the Students' Union has complied with all conditions.

The Students' Union applied for the 10% Temporary Wage Subsidy (TWS) which was designed to help businesses struggling with the economic effects of COVID-19 retain their employees. The TWS may be claimed on remuneration paid between March 18 - June 19, 2020, up to a maximum of the lesser of \$1,375 per employee or \$25,000. The Students' Union has applied for government assistance related to the TWS in the amount of \$16,696 which was received in the 2021 fiscal year and has been reflected in income as other income.

The Students' Union has determined that it has qualified for the Saskatchewan Small Business Emergency Payment Program (SSBEP) for the period of June 2020 to March 2021. The Students' Union has applied for government assistance related to the SSBEP in the amount of \$30,000 which was received in the 2021 fiscal year and has been reflected in income as other income.

The Students' Union secured a \$60,000 interest-free loan from Conexus Credit Union through the Canada Emergency Business Account (CEBA) program to support the business during the COVID-19 pandemic. No principal repayments are required until December 2022. Repayment of the balance of loan on or before December 31, 2022 will result in loan forgiveness of \$20,000 of the loan. After 2022, any unpaid balances will be converted to a three year term at a 5% interest rate.

Government assistance is recognized as revenue when the company becomes entitled to the grant. As such, \$20,000 on the CEBA loan has been recognized as debt forgiveness.

13. Financial instruments

The Students' Union, as part of its operations, carries a number of financial instruments. It is management's opinion that the Students' Union is not exposed to significant interest, currency, credit, liquidity or other price risks arising from these financial instruments except as otherwise disclosed.

Credit concentration

Financial instruments that potentially subject the Students' Union to concentrations of credit risk consist of accounts receivable. The maximum credit risk exposure is \$312,636 (2020 – \$131,856). However, the Students' Union believes that there is minimal risk associated with the collection of these amounts, as the majority are due from the University of Regina.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. Changes in market interest rates may have an effect on the cash flows associated with some financial assets and liabilities, known as cash flow risk, and on the fair value of other financial assets or liabilities, known as price risk.

In seeking to minimize the risks from interest rate fluctuations, the Students' Union manages its exposure by selecting investments with a fixed rate of return.

14. Comparative figures

Certain comparative figures have been reclassified to conform with current year presentation.

Students' Union of the University of Regina Inc.
Notes to the Financial Statements

For the year ended April 30, 2021

15. Correction of an error

During the year the Students' Union determined that the revenue recognition on student fees relating to the health and dental plan was overstated, along with the related health and dental premiums paid by the Students' Union. The correction of the error results in a decrease to opening internally restricted net assets of \$6,262; a decrease to student fees revenue of \$55,364; a decrease to restricted fund disbursements of \$40,981; an increase to prepaid expenses and deposits of \$644,710, an increase to deferred revenue of \$652,831 and a decrease to excess of revenue over expenses of \$14,384.