

Students' Union of the University of Regina Inc.
Financial Statements
April 30, 2022

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 13, 2022



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, 2022, 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, 2022, 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 and Those Charged with Governance 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 13, 2022

MNP LLP

Chartered Professional Accountants

Students' Union of the University of Regina Inc.

Statement of Financial Position

As at April 30, 2022

	2022	2021
Assets		
Current		
Cash	1,243,185	236,778
Accounts receivable	39,098	312,636
Short-term investments (Note 3)	346,173	1,538,148
Prepaid expenses and deposits	54,669	23,600
Inventory (Note 4)	18,182	19,856
	1,701,307	2,131,018
Capital assets (Note 5)	544,902	493,662
Investments (Note 3)	3,200,734	3,352,605
	5,446,943	5,977,285
Liabilities		
Current		
Accounts payable and accruals	1,286,757	1,213,114
Government remittance payable	8,184	17,579
Deferred revenue	671,420	696,913
	1,966,361	1,927,606
Long-term debt (Note 6)	40,000	40,000
	2,006,361	1,967,606
Commitments (Note 11)		
Net Assets		
Invested in capital assets	544,902	493,662
Internally restricted (Note 7)	1,168,263	1,220,352
Unrestricted	1,727,417	2,295,665
	3,440,582	4,009,679
	5,446,943	5,977,285

Approved on behalf of the Board



Director



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, 2022

	2022	2021
Revenue		
Executive and Board of Directors <i>(Note 8)</i>	19,000	44,763
Investment Income	138,509	71,952
Operations <i>(Note 9)</i>	208,313	488,283
Owl <i>(Note 10)</i>	214,235	198,246
Student fees	5,230,128	5,429,923
U-Pass revenue	1,923,284	-
	7,733,469	6,233,167
Expenses		
Executive & Board of Directors <i>(Note 8)</i>	409,082	314,487
Operations <i>(Note 9)</i>	1,495,323	1,471,122
Owl <i>(Note 10)</i>	938,193	539,193
Restricted fund disbursements <i>(Note 7)</i>	2,208,511	2,266,944
Student fees	1,481,959	1,450,120
U-Passes	1,749,000	-
	8,282,068	6,041,866
(Deficiency) excess of revenue over expenses before other items	(548,599)	191,301
Other items		
Gain on disposal of capital assets	-	220
Government assistance <i>(Note 12)</i>	269,882	668,664
Unrealized (loss) gain on investments	(290,380)	33,586
	(20,498)	702,470
(Deficiency) excess of revenue over expenses	(569,097)	893,771

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, 2022

	<i>Invested in capital assets</i>	<i>Internally restricted (Note 7)</i>	<i>Unrestricted</i>	2022	<i>2021</i>
Net assets, beginning of year	493,662	1,220,352	2,295,665	4,009,679	3,115,908
(Deficiency) excess of revenue over expenses	(102,413)	-	(466,684)	(569,097)	893,771
Allocations	-	2,310,076	(2,310,076)	-	-
Disbursements	-	(2,362,165)	2,362,165	-	-
Investment in capital assets	153,653	-	(153,653)	-	-
Net assets, end of year	544,902	1,168,263	1,727,417	3,440,582	4,009,679

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, 2022

	2022	2021
Cash provided by (used for) the following activities		
Operating		
(Deficiency) excess of revenue over expenses	(569,097)	893,771
Amortization	102,413	87,240
Gain on disposal of capital assets	-	(220)
Investment income - long-term investments	(138,509)	(71,952)
Investment income - short-term investments	-	(7,132)
Change in market value - long-term investments	290,380	(33,586)
Forgivable portion of long-term debt	-	(20,000)
	(314,813)	848,121
Changes in working capital accounts		
Accounts receivable	273,538	(180,780)
Inventory	1,674	3,152
Prepaid expenses and deposits	(31,069)	637,999
Accounts payable and accruals	73,643	150,592
Deferred revenue	(25,493)	33,635
Government remittance payable	(9,395)	20,103
	(31,915)	1,512,822
Financing		
Advances of long-term debt	-	20,000
Investing		
Purchase of short-term investments	-	(425,000)
Proceeds on disposal of short-term investments	1,191,975	413,503
Purchase of capital assets	(153,653)	(123,249)
Proceeds on disposal of capital assets	-	220
Purchase of long-term investments	-	(1,700,000)
	1,038,322	(1,834,526)
Increase (decrease) in cash resources	1,006,407	(301,704)
Cash resources, beginning of year	236,778	538,482
Cash resources, end of year	1,243,185	236,778

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, 2022

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.

Impact of COVID-19

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. The Students' Union has seen significant declines in revenue due to the closure of the Owl throughout 2021 and into 2022 due to government restrictions that were put in place. At this time, the full extent of the impact that the COVID-19 outbreak may have on the Students' Union is unknown 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. The Students' Union applied for and received government assistance to partially 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. U-Pass, 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.

Students' Union of the University of Regina Inc.

Notes to the Financial Statements

For the year ended April 30, 2022

2. Significant accounting policies (Continued from previous page)

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.

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.

Students' Union of the University of Regina Inc.

Notes to the Financial Statements

For the year ended April 30, 2022

2. Significant accounting policies (Continued from previous page)

Government assistance

The Students' Union 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.

3. Investments

Short-term investments are comprised of a savings deposit with an interest rate of 0.45% maturing on September 27, 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

	2022	2021
Food and beverages	18,182	19,856

The cost of inventories recognized as an expense and included in Owl expenses amounted \$145,891 (2021 – \$135,089).

5. Capital assets

	Cost	Accumulated amortization	2022 Net book value	2021 Net book value
Equipment	863,602	499,036	364,566	286,973
Leasehold improvements	410,672	230,336	180,336	206,689
	1,274,274	729,372	544,902	493,662

Included in expenses in the current year is amortization of \$102,413 (2021 - \$87,240).

6. Long-term debt

	2022	2021
Conexus loan payable with no set monthly installments. Loan is interest free until December 31, 2023 after which monthly interest only payments are required at 5% per annum between January 2024 and December 2026. The loan is unsecured and is due in full on December 31, 2026.	40,000	40,000

Students' Union of the University of Regina Inc.

Notes to the Financial Statements

For the year ended April 30, 2022

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	519,687	-	2,032,628	(1,891,456)	660,859
Emergency Bursary Reserve	132,610	-	6,804	(94,711)	44,703
Capital Improvement Reserve	510,731	-	121,435	(153,653)	478,513
Refugee Sponsorship Reserve	57,324	-	149,209	(222,345)	(15,812)
	<u>1,220,352</u>	<u>-</u>	<u>2,310,076</u>	<u>(2,362,165)</u>	<u>1,168,263</u>

8. Executive and Board of Directors

	2022	2021
Revenue		
Sponsorship	19,000	44,763
Expenses		
Amortization	6,774	4,628
Board expenses and travel	6,667	2,278
Campaigns and promotions	41,077	41,005
Club funding	1,414	233
Honourarium and benefits	196,449	172,369
Insurance	1,892	1,906
Office	29,954	38,974
P.E.C. funding	42,500	(572)
Professional fees	53,262	13,330
Scholarships	5,200	16,000
Training	5,909	13,616
Welcome week	17,984	10,720
	<u>409,082</u>	<u>314,487</u>
	<u>(390,082)</u>	<u>(269,724)</u>

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

For the year ended April 30, 2022

9. Operations

	2022	2021
Revenue		
Advertising	14,792	561
Bus pass	111,460	413,266
Handbook	14,113	13,273
Interest	9,987	15,892
Lease	47,486	17,762
Locker	1,112	(147)
Other	2,383	5,420
Sponsorship	6,980	22,256
	208,313	488,283
Expenses		
Amortization	17,416	11,147
Bus passes	114,977	536,024
Campaigns and promotions	53,181	20,140
Insurance	6,037	5,501
Office	76,513	52,141
Professional fees	45,212	3,904
Repairs and maintenance	15,210	4,993
Salaries and benefits	1,121,200	829,180
Training	10,320	4,917
Travel	7,297	107
U of R operating costs	27,960	3,068
	1,495,323	1,471,122
	(1,287,010)	(982,839)

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

For the year ended April 30, 2022

10. Owl

	2022	2021
Revenue		
Advertising	-	2,000
Food and drink	169,216	192,083
Rental	45,019	4,163
	214,235	198,246
Expenses		
Amortization	78,223	71,466
Bad debts	2,880	-
Campaigns and promotions	22,598	1,811
Entertainment	5,713	1,965
Food and drink cost of goods	145,891	135,089
Insurance	12,074	11,001
Office	29,376	19,277
Professional fees	-	8,373
Repairs and maintenance	18,556	12,376
Salaries and benefits	505,338	263,685
Training	428	1,383
Travel	996	21
U of R operating costs	116,120	12,746
	938,193	539,193
	(723,958)	(340,947)

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 \$2,000,000 for the 2022/2023 (\$1,923,284 for 2021/2022) 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, 2022

12. Government assistance

During the year, the Students' Union recognized \$264,882 (2021 - \$602,184) in Canada Emergency Wage Subsidy ("CEWS") as other income, of which \$nil (2021 - \$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 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 \$nil (2021 - \$16,696) which 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). The Students' Union has applied for government assistance related to the SSBEP in the amount of \$5,000 (2021 - \$30,000) which was received in the 2022 fiscal year and has been reflected in income as other income.

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 \$39,098 (2021 - \$312,636). 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.