

Financial statements of

**Carleton University Students'
Association, Inc.**

April 30, 2014

Carleton University Students' Association, Inc.

April 30, 2014

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Independent Auditor's Report

To the Members of
Carleton University Students' Association, Inc.

Report of the Financial Statements

We have audited the accompanying financial statements of Carleton University Students' Association, Inc. (the "Association"), which comprise the statement of financial position as at April 30, 2014 and the statements of operations, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian 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.

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 the Association as at April 30, 2014, 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.

Other matter

The financial statements as at and for the year ended April 30, 2013 were audited by another auditor who issued an unqualified opinion on February 3, 2014.

Report on Other Legal and Regulatory Requirements

As required by the Ontario Corporations Act, we report that, in our opinion, the Canadian accounting standards for not-for-profit organizations have been applied on a basis consistent with that of the preceding year.

Deloitte LLP

Chartered Professional Accountants, Chartered Accountants
Licensed Public Accountants

October 22, 2014

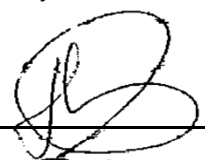
Carleton University Students' Association, Inc.

Statement of financial position

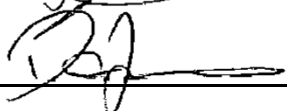
as at April 30, 2014

	2014	2013
	\$	\$
Assets		
Current assets		
Cash (Note 3)	2,591,355	1,983,545
Short-term investments (Note 4)	738,136	727,811
Accounts receivable (Note 5)	203,266	187,973
Prepaid expenses	60,221	50,566
Inventories	283,860	263,435
	3,876,838	3,213,330
Tangible capital assets (Note 6)	1,134,679	1,218,479
	5,011,517	4,431,809
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	1,765,480	1,123,736
Government remittances payable	62,095	57,490
Consignment books liability	110,016	143,638
Due to Radio Carleton Inc.	80,476	44,516
Due to Carleton University	39,780	2,003
Deferred contributions (Note 7)	530,208	473,734
Current portion of long-term debt (Note 8)	15,336	10,236
	2,603,391	1,855,353
Deferred contributions related to capital assets (Note 9)	405	3,956
Long-term debt (Note 8)	122,858	127,958
	2,726,654	1,987,267
Contingent liability (Note 11)		
Net assets		
Internally restricted for invested in capital assets	1,134,274	1,214,523
Unrestricted	1,150,589	1,230,019
	2,284,863	2,444,542
	5,011,517	4,431,809

Approved by the Board



Folarin Odunayo, President



Reda Zarrug, VP Finance

The accompanying summary of significant accounting policies, notes and schedules are an integral part of these financial statements.

Carleton University Students' Association, Inc.

Statement of changes in net assets year ended April 30, 2014

	Invested in capital assets	Unrestricted fund	2014
	\$	\$	\$
Balance, beginning of year	1,214,523	1,230,019	2,444,542
Deficiency of revenue over expenses for the year	(123,523) ⁽¹⁾	(36,156)	(159,679)
Net acquisition of tangible capital assets ⁽²⁾	43,274	(43,274)	-
Balance, end of year	1,134,274	1,150,589	2,284,863

	2014	2013
	\$	\$
(1) Amortization expense	127,074	125,626
Less amortization of deferred contributions recognized as revenue (Note 8)	(3,551)	(4,427)
	123,523	121,199
(2) Total acquisition of capital assets	(43,274)	(470,958)

The accompanying summary of significant accounting policies, notes and schedules are an integral part of these financial statements.

Carleton University Students' Association, Inc.

Statement of operations year ended April 30, 2014

	2014	2013
	\$	\$
Revenue		
Business operations - Schedule 1	4,951,852	4,789,512
Student fees	915,756	866,911
University Center Fees	1,101,280	1,072,652
Investment income	28,533	33,233
Other revenues - Schedule 2	875,034	406,291
	7,872,455	7,168,599
Expenses		
Business operations - Schedule 1		
Cost of sales	4,104,564	3,938,131
Operating expenses	659,543	610,175
Executives, services and programs - Schedule 3	1,688,167	1,432,070
Support and administration - Schedule 4	1,579,860	1,406,602
Loss on dissolution of investment in Haven Books Inc.	-	488,394
	8,032,134	7,875,372
Deficiency of revenue over expenses for the year	(159,679)	(706,773)

The accompanying summary of significant accounting policies, notes and schedules are an integral part of these financial statements.

Carleton University Students' Association, Inc.

Statement of cash flows year ended April 30, 2014

	2014	2013
	\$	\$
Net inflow (outflow) of cash related to the following activities:		
Operating activities		
Deficiency of revenue over expenses for the year	(159,679)	(706,773)
Adjustments for:		
Amortization of capital assets	127,074	125,626
Loss on wind-up of investment in Haven Books Inc.	-	488,394
Amortization of deferred contributions related to capital assets	(3,551)	(4,427)
	(36,156)	(97,180)
Changes in non-cash working capital items		
Accounts receivable	(15,293)	(19,491)
Inventories	(20,425)	(162,263)
Prepaid expenses	(9,655)	(14,887)
Accounts payable and accrued liabilities	641,744	(609,900)
Government remittances payable	4,605	21,711
Consignment books liability	(33,622)	143,638
Due to Carleton University	37,777	(678)
Deferred contributions	56,474	69,364
Due to Radio Carleton Inc.	35,960	26,752
	661,409	(642,934)
Investing activities		
Distribution of net assets from investment in Haven Books Inc.	-	285,724
Purchase of tangible capital assets	(43,274)	(470,958)
Net change in short-term investments	(10,325)	787,933
	(53,599)	602,699
Financing activities		
Increase in due from Haven Books Inc.	-	53,549
	-	53,549
Increase in cash during the year	607,810	13,314
Cash, beginning of year	1,983,545	1,970,231
Cash, end of year	2,591,355	1,983,545

The accompanying summary of significant accounting policies, notes and schedules are an integral part of these financial statements.

Carleton University Students' Association, Inc.

Notes to the financial statements

April 30, 2014

1. Nature of organization

Carleton University Students' Association, Inc. (the "Association"), is incorporated as a not-for-profit organization without share capital under the Ontario Corporations Act and is not subject to income tax. The Association has four purposes and objectives:

- a) to serve the needs of students;
- b) to represent the students of Carleton University to the University Administration, to the public and public officials, to other centres of learning and to other organizations;
- c) to advance the cause of higher learning at Carleton University, the Province of Ontario, and the Dominion of Canada; and
- d) to promote and assist in maintaining an academic and social environment free of prejudice, exploitations, abuse or violence on the basis of, but not limited to, sex, race, language, religion, age, national or social status, political affiliation or belief, sexual orientation or marital status.

2. Significant accounting policies

Basis for presentation

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and reflect the following significant accounting policies:

Use of estimates

The preparation of financial statements in accordance 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 disclosures of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenues and expenses during the reporting periods. The Association's estimates relate to the estimated useful life of capital assets, the allowance for doubtful accounts, realizable value of inventories and the amount of accrued liabilities. Actual results could differ from management's best estimates as additional information becomes available in the future.

Financial instruments

Measurement of financial instruments

Financial instruments are financial assets or liabilities of the Association where, in general, the Association has the right to receive cash or another financial asset from another party or the organization has the obligation to pay another party cash or other financial assets.

The Association initially measures its financial assets and liabilities at fair value, except for certain non-arm's length transactions that are measured at the exchange amount.

The Association subsequently measures all its financial assets and financial liabilities at amortized cost.

Financial assets and financial liabilities measured at amortized cost include cash, short-term investments, accounts receivable, accounts payable and accrued liabilities, government remittances payable, due to Carleton University, due to Radio Carleton Inc. and long-term debt.

Impairment of long-lived assets

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. An impairment loss is recognized when the asset no longer has long-term service potential. The amount of the impairment loss is determined as the excess of the carrying value of the asset over its residual value.

Carleton University Students' Association, Inc.

Notes to the financial statements

April 30, 2014

2. Significant accounting policies (continued)

Financial instruments (continued)

Transaction costs

The Association recognizes its transactions costs in the excess of revenue over expenses in the period incurred. However, financial instruments that will not be subsequently measured at fair value are adjusted by the transaction costs that are directly attributable to their origination, issuance or assumption.

Contributed materials and services

Volunteers, as well as members of the staff of the Association, contribute an indeterminable number of hours per year to assist the Association in carrying out its service activities. Because of the difficulty of determining their fair value, contributed services are not recognized in these financial statements.

Tangible capital assets

Tangible capital assets are recorded at cost. Amortization is based on the estimated useful life of the asset on a straight-line basis as follows:

Automation equipment	3-5 years
Building	25 years
Equipment and furniture	5 years
Leasehold improvements	10 years
Accessibility program assets	5 years

University services

Amounts received by the Association from Carleton University in regards to Radio Carleton Inc., the Ontario Public Interest Research Group, the University of Ottawa Community Legal Clinic, the Canadian Federation of Students, the Ontario Federation of Students, the World University Services of Canada, the Interval House, the Commerce Society, the Carleton University Student Emergency Response Team, Engineers without Borders, Sock'n Buskin Theatre Company, the Charlatan and the New University Government are re-distributed to the respective organizations and not recognized as revenue.

Inventories

Inventories are valued at the lower of cost and net realizable value. Cost is determined on the first in, first out method. The Association did not record any write-down during the year. The amount expensed in the year corresponds to the cost of sales.

Revenue recognition

The Association follows the deferral method of accounting for restricted contributions. Restricted contributions are recorded as deferred contributions and are recognized as revenue when the related expenses are incurred.

Student fees are recognized as revenue when received or receivable if amounts can be reasonably estimated and collection is reasonably assured.

Revenue received by the Association for provision of goods or services is recognized when goods or services are provided.

Investment income is recognized as revenue when earned. Fair value changes for investments are recorded as income and recorded in the statement of operations.

Carleton University Students' Association, Inc.

Notes to the financial statements

April 30, 2014

3. Cash and line of credit

The Association's bank accounts are held at one chartered bank, earning interest at nominal rates.

The Association also has an operating line of credit in the amount of \$15,000. In addition, the Association has a line of credit by way of overdraft in the amount of \$250,000 with a Seasonal Bulge to \$500,000 between July 1, and November 30. At year-end, none of the lines of credit were used,

4. Short-term investments

Short-term investments consist of cashable guaranteed investment certificates. The effective interest rate to maturity ranges from 1.35% and 1.60% (2013 - 1.20% and 1.73%). These guaranteed investment certificates mature between November 2014 and March 2015 (2013 - November 2013 and February 2014).

5. Accounts receivable

Accounts receivable includes amounts owing from the Carleton University Graduate Students' Association (GSA Carleton Inc.) of \$153,446 (2013 - \$145,344). The Association recorded an allowance for doubtful accounts of \$48,891 for the year ended April 30, 2014 (2013 - NIL).

6. Tangible capital assets

			2014	2013
	Cost	Accumulated amortization	Net book value	Net book value
	\$	\$	\$	\$
General				
Office equipment	77,771	71,197	6,574	10,377
Leasehold improvements	170,267	169,354	913	1,110
Accessibility program assets	172,724	172,318	406	3,957
	420,762	412,869	7,893	15,444
Business operations				
Equipment				
Olivers	135,852	113,087	22,765	8,026
Roosters	99,664	86,377	13,287	21,889
Henry's	30,098	22,303	7,795	11,692
Leasehold improvements				
Olivers	308,580	218,578	90,002	120,860
Roosters	122,826	122,826	-	-
Henry's	231,090	228,369	2,721	9,663
Building	1,184,065	212,784	971,281	1,018,529
	2,112,175	1,004,324	1,107,851	1,190,659
Automation equipment	163,029	144,094	18,935	12,376
	2,695,966	1,561,287	1,134,679	1,218,479
University Centre				
Equipment - Main hall	24,820	24,820	-	-
Leasehold improvements	-	-	-	-
	24,820	24,820	-	-
	2,720,786	1,586,107	1,134,679	1,218,479

Carleton University Students' Association, Inc.

Notes to the financial statements

April 30, 2014

7. Deferred contributions

Deferred contributions represent unexpended externally restricted amounts relating to the Accessibility Program received in the current and prior years for expenditures in a future year. The contributions are used to ensure that both events held and services provided by CUSA are accessible to all students. Changes in the deferred balance are as follows:

	2014	2013
	\$	\$
Balance, beginning of year	473,734	404,370
Contributions received	125,038	114,030
Amount remitted to Carleton University	(33,664)	(33,560)
Recognized as revenue	(34,900)	(11,106)
Balance, end of year	530,208	473,734

8. Long-term debt

On April 30, 2009, the Association agreed to pay the Canadian Federation of Students for unremitted membership fees related to prior years. The amount of \$153,549 is to be repaid in thirty equal annual instalments of \$5,118.

During the year, the Association and the Canadian Federation of Students found themselves under a legal dispute over membership rights, benefits and responsibilities of the Association within the CFS, and thus the Association postponed a payment of the annual instalment of \$5,118. In 2014, the current liability of \$15,354 represented the three-year current liability.

Principal repayments over the next five years and thereafter are as follows:

	\$
2015	15,354
2016	5,118
2017	5,118
2018	5,118
2019	5,118
Thereafter	102,368
	138,194

9. Deferred contributions related to capital assets

Deferred contributions related to capital assets represent the unamortized amount used for the purchase of capital assets relating to Accessibility Program. The changes in the deferred balance are as follows:

	2014	2013
	\$	\$
Balance, beginning of year	3,956	8,383
Recognized as revenue	(3,551)	(4,427)
Balance, end of year	405	3,956

Carleton University Students' Association, Inc.

Notes to the financial statements

April 30, 2014

10. Employee benefits

The Association provides termination benefits for all full-time employees. These benefits provide for the payment or termination of one week's normal salary for every year of service with the Association at the current rate of pay, as well as fifty percent of the value of all accrued sick leave at the current rate of pay.

In 2014, the value of these benefits is \$316,620 (2013 - \$238,793) and is included in accounts payable and accrued liabilities.

11. Contingent liability

The Association has been named as one of many co-defendants in a lawsuit with respect to a vehicle accident in the City of Ottawa. In the opinion of management, the outcome of this claim is not determinable. Any resulting losses will be charged to operations in the year of resolution.

12. Fees for designated organizations

The Association collects student fees and redistributes these funds to service centres run by the Association (Clubs & Societies, Foot Patrol and Accessibility Fund). These amounts are recorded as revenue and expenses of the Association.

The Association collects reauthorized contributions on behalf of the Engineers Without Borders, CKCU, OPIRG, Legal Aid, CFS, CFS Ontario, WUSC, Interval House, CUSERT, Sockn'Buskin, Carleton Debating Society, Millennium Village and Garden Spot and remits the funds to their organizations. These amounts are not recorded as revenue or expenses of the Association.

13. Commitments

The Association entered into an agreement commencing May 1, 2014 with Carleton University for the use of space. The five-year agreement ends in April 2019 and is renewed automatically for successive five-year periods unless either party indicates in writing three (3) months before the end of the term that they wish to make changes to the Agreement.

The rent paid to Carleton University is based on the square footage occupied by the Association from year to year. During the current year, \$589,936 was paid for rent (2013 - \$586,535).

Because the space requirements can change as well as the operating costs, management is unable to determine the rent that will be paid for the next five years.

Carleton University Students' Association, Inc.

Notes to the financial statements

April 30, 2014

14. Risks and concentrations

The Association is exposed to various risks through its financial instruments. The following analysis provides a measure of the Association's risk exposure and concentrations as at April 30, 2014.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause loss for the other party by failing to discharge an obligation. The Association is exposed to this credit risk mainly in respect of its cash, investments and accounts receivable.

Liquidity risk

Liquidity risk is the risk that the Association will encounter difficulty in meeting obligations associated with financial liabilities. The Association is exposed to this risk mainly in respect of its accounts payable and accrued liabilities, government liabilities and long-term debt.

15. Comparative figures

Certain prior year comparative figures in the statement of operations have been reclassified to conform with the current year's presentation.

Carleton University Students' Association, Inc.

Revenue and expenses - Business operations - Schedule 1
year ended April 30, 2014

	Haven Books	Rooster's	Oliver's	Henry's	2014 Total
	\$	\$	\$	\$	\$
Sales	2,168,910	860,943	1,096,247	825,752	4,951,852
Cost of sales	1,679,137	733,790	955,415	736,222	4,104,564
Gross profit	489,773	127,153	140,832	89,530	847,288
Operating expenses	231,342	99,403	254,581	74,217	659,543
Net revenue (loss) for the year	258,431	27,750	(113,749)	15,313	187,745

	Haven Books	Rooster's	Oliver's	Henry's	2013 Total
	\$	\$	\$	\$	\$
Sales	2,122,725	809,701	1,064,684	792,402	4,789,512
Cost of sales	1,684,546	673,767	879,827	699,991	3,938,131
Gross profit	438,179	135,934	184,857	92,411	851,381
Operating expenses	218,981	95,830	227,770	67,594	610,175
Net revenue (loss) for the year	219,198	40,104	(42,913)	24,817	241,206

Carleton University Students' Association, Inc.

Other revenues - Schedule 2

year ended April 30, 2014

	2014	2013
	\$	\$
Other revenues		
GSA funding contribution	-	40,177
Entertainment	-	1,211
Fax and photos	87	478
Miscellaneous	1,084	2,595
International Student Centre	7,550	4,478
Publications	19,500	19,736
Foot patrol	39,219	34,226
Campus clubs	72,618	68,662
Front desk	83,710	18,300
Building operations	142,861	153,375
Carleton operations	508,405	63,053
Total other revenues	875,034	406,291

Carleton University Students' Association, Inc.

Executives, services and program expenses - Schedule 3
year ended April 30, 2014

	2014	2013
	\$	\$
Executives, services and programs		
President	20,882	18,002
VP Finance	274,080	255,456
VP Student Services		
Aboriginal Centre	24,077	29,675
Bill Ellis Centre for Mature Students	48,514	52,460
Disability Awareness Centre	49,197	41,535
Food Centre	41,917	38,350
Foot Patrol	39,481	35,858
Gender Sexuality Resource Centre	52,644	60,357
Health & Wellness Centre	7,657	1,182
International Students' Centre	67,273	61,299
Racial, Ethnicity & Cultural Hall	46,945	37,513
Women's Centre	51,275	45,864
Administrative	31,644	24,435
VP Internal Affairs		
Council	41,365	25,166
Elections	51,595	65,323
Clubs & Societies	243,157	199,232
Administrative	73,778	69,020
VP Student Issues	53,928	48,326
VP Student Life	468,758	323,017
	1,688,167	1,432,070

Carleton University Students' Association, Inc.

Support and administration - Schedule 4

year ended April 30, 2014

	2014	2013
	\$	\$
Support and administration		
Administration	909,844	744,694
Building operations	376,881	379,192
Front desk	138,380	113,717
Graphic design	91,821	82,275
Entertainment productions	28,067	32,065
Automation	18,893	24,634
CUSA Live	12,422	25,679
Business Operations Manager	5,076	1,029
Orientation	(1,524)	3,317
Total support and administration	1,579,860	1,406,602