

Carleton University Students' Association, Inc.
Financial Statements
For the year ended April 30, 2019

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Independent Auditor's Report

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

Opinion

We have audited the financial statements of Carleton University Students' Association, Inc. (the "Association"), which comprise the statement of financial position as at April 30, 2019, and the statements of changes in net assets, of operations and of 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 Association as at April 30, 2019, and its results of 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 Association 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 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.

In preparing the financial statements, management is responsible for assessing the Association'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 Association or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Association'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 Association'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 Association'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 Association 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.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

Ottawa, Ontario
December 5, 2019

Carleton University Students' Association, Inc.
Statement of Financial Position

April 30	2019	2018
Assets		
Current		
Cash	\$ 1,573,458	\$ 2,469,355
Guaranteed investment certificates	1,702,038	936,800
Account receivable	243,573	143,304
Prepaid expenses	33,575	46,531
Inventory	369,171	310,173
	3,921,815	3,906,163
Guaranteed investment certificates	472,486	267,000
Tangible capital assets (Note 2)	1,048,697	1,083,980
	\$ 5,442,998	\$ 5,257,143
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 1,075,334	\$ 1,033,591
Government remittances payable	61,989	65,987
Consignment books liability	93,159	87,348
Due to Radio Carleton Inc.	29,355	214,648
Due to Carleton University	193,606	16,358
Deferred contributions (Note 4)	250,394	230,373
	1,703,837	1,648,305
Deferred contributions related to tangible capital assets (Note 5)	155,781	150,080
	1,859,618	1,798,385
Net Assets		
Invested in tangible capital assets	892,916	933,900
Internally restricted	362,199	-
Unrestricted	2,328,265	2,524,858
	3,583,380	3,458,758
	\$ 5,442,998	\$ 5,257,143

On behalf of the Board:

_____ Trustee

_____ Trustee

Carleton University Students' Association, Inc.
Statement of Changes in Net Assets

For the year ended April 30	Invested in tangible capital assets	Internally restricted	Unrestricted	2019	2018
Balance, beginning of the year	\$ 933,900	\$ -	\$ 2,524,858	\$ 3,458,758	\$ 3,194,662
Excess (deficiency) of revenues over expenses	(85,633)	-	210,255	124,622	264,096
Internal transfer (Note 6)	-	362,199	(362,199)	-	-
Purchase of tangible capital assets	83,947		(83,947)	-	-
Transfer from deferred contributions	(39,298)	-	39,298	-	-
Balance, end of the year	\$ 892,916	\$ 362,199	\$ 2,328,265	\$ 3,583,380	\$ 3,458,758

Carleton University Students' Association, Inc.
Statement of Operations

For the year ended April 30	2019	2018
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Revenues		
Business operations - Schedule 1	\$ 3,062,778	\$ 3,798,677
Student fees	1,125,267	1,075,440
University Centre fees	1,315,471	1,251,468
Investment income	72,788	56,074
Other revenues - Schedule 2	951,094	876,246
	<hr/>	<hr/>
	6,527,398	7,057,905
Expenses		
Business operations - Schedule 1		
Cost of sales	1,853,285	2,336,301
Operating expenses	1,696,182	1,648,070
Executives, services and program - Schedule 3	1,315,454	1,340,339
Support and administration - Schedule 4	1,537,855	1,469,099
	<hr/>	<hr/>
	6,402,776	6,793,809
Excess of revenues over expenses	\$ 124,622	\$ 264,096
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Carleton University Students' Association, Inc.
Statement of Cash Flows

For the year ended April 30	2019	2018
Cash flows from operating activities		
Excess of revenues over expenses	\$ 124,622	\$ 264,096
Items not affecting cash:		
Amortization of tangible capital assets	119,230	106,335
Amortization of deferred contributions related to tangible capital assets	(33,597)	(23,410)
Forgiveness of long-term debt	-	(138,194)
	<u>210,255</u>	<u>208,827</u>
Changes in non-cash working capital:		
Accounts receivable	(100,269)	318,762
Prepaid expenses	12,956	757
Inventory	(58,998)	187,926
Accounts payable and accrued liabilities	41,742	(489,030)
Government remittances payable	(3,998)	(11,047)
Consignment books liability	5,811	(29,733)
Due to Radio Carleton Inc.	(185,293)	2,486
Due to/from Carleton University	177,249	(78,341)
Deferred contributions	20,021	(43,569)
	<u>119,476</u>	<u>67,038</u>
Cash flows from investing activities		
Acquisition of tangible capital assets	(83,947)	(24,870)
Net change in guaranteed investment certificates	(970,724)	999,484
	<u>(1,054,671)</u>	<u>974,614</u>
Cash flows from financing activities		
Increase in deferred contributions related to tangible capital assets	39,298	24,870
Net (decrease) increase in cash	(895,897)	1,066,522
Cash, beginning of the year	<u>2,469,355</u>	<u>1,402,833</u>
Cash, end of the year	<u>\$ 1,573,458</u>	<u>\$ 2,469,355</u>

Carleton University Students' Association, Inc.

Notes to Financial Statements

April 30, 2019

1. Accounting Policies

Status and Purpose of Association	<p>Carleton University Students' Association, Inc. is a not-for-profit organization incorporated without share capital under the laws of the Ontario Corporations Act. The Association has four purposes and objectives:</p> <ul style="list-style-type: none">a) to serve the needs of the 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; andd) to promote and assist in maintaining an academic and social environment free from 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. <p>The Association is a non-profit organization under the Income Tax Act and, as such, is exempt from income taxes.</p>
Basis of Accounting	<p>The Association applies the Canadian accounting standards for not-for-profit organizations.</p>
Use of Estimates	<p>The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the reported amounts of revenues and expenses for the year covered. The main estimates relate to the estimated useful life of tangible capital assets and realizable value of inventory.</p>
Revenue Recognition	<p>The Association 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 they are received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.</p> <p>Student fees, University Centre fees and campus clubs revenues are recognized as revenue when received or receivable if amounts can be reasonably estimated and collection is reasonably assured.</p>

Carleton University Students' Association, Inc.
Notes to Financial Statements

April 30, 2019

1. Accounting Policies (continued)

Revenue Recognition (continued) Business operations, building operations and miscellaneous revenue is recognized when goods or services are provided if amounts can be reasonably estimated and collection is reasonably assured.

Investment income is recognized as revenue when earned.

Financial Instruments Initial and subsequent measurement
The Association initially measures its financial assets and liabilities at fair value. The Association subsequently measures all its financial assets and financial liabilities at amortized cost.

Impairment
Financial assets measured at amortized cost are tested for impairment when there are indications of possible impairment.

Transaction costs
Transaction costs related to financial instruments subsequently measured at amortized cost are included in the original cost of the asset or liability and recognized in the statement of operations over the life of the instrument using the straight-line method.

Inventory Inventory consisting of textbooks, food and beverages are measured at the lower of cost and net realizable value. Inventory recognized as an expense during the year is noted in cost of sales on Schedule 1. The cost is determined using the first-in, first-out method.

Tangible Capital Assets Tangible capital assets are accounted for at cost and amortized on the basis of their useful life of the asset on a straight line basis as follows:

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

Impairment of Long-Lived Assets When a tangible capital asset no longer has any long-term service potential to the Association, the excess of its net carrying amount over any residual value is recognized as an expense in the statement of operations.

Contributed Materials and Services Volunteers contribute many hours per year to assist the Association in carrying out its activities. Due to the difficulty of determining their fair value, contributed materials and services are not recognized in the financial statements.

Carleton University Students' Association, Inc.
Notes to Financial Statements

April 30, 2019

1. Accounting policies (continued)

Deferred Contributions
Related to Tangible
Capital Assets

Contributions relating to tangible capital assets are accounted for as deferred contributions and amortized on the same basis as the related tangible capital assets.

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 Associations and not recognized as revenue.

Fees for Designated
Organizations

The Association collects student fees and redistributes these funds to service centers 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, Sock 'n' 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.

Carleton University Students' Association, Inc.
Notes to Financial Statements

April 30, 2019

2. Tangible Capital Assets

	2019		2018	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
General				
Equipment and furniture	\$ 24,855	\$ 24,855	\$ 69,568	\$ 69,568
Leasehold improvements	41,197	41,197	92,396	92,275
Accessibility program assets	439,135	283,352	399,837	249,756
	<u>505,187</u>	<u>349,404</u>	<u>561,801</u>	<u>411,599</u>
Business operations				
Equipment and furniture				
Oliver's	141,017	131,550	135,852	130,947
Rooster's	92,707	88,591	92,707	86,325
Haven Café	22,912	7,637	-	-
The Wing	16,572	5,524	-	-
Leasehold improvements				
Oliver's	308,580	308,580	308,580	308,580
Rooster's	344,630	226,335	344,630	204,154
Henry's	-	-	231,090	231,090
Building	1,184,065	449,352	1,184,065	402,050
	<u>2,110,483</u>	<u>1,217,569</u>	<u>2,296,924</u>	<u>1,363,146</u>
Automation equipment	134,953	134,953	160,059	160,059
	<u>2,750,623</u>	<u>1,701,926</u>	<u>3,018,784</u>	<u>1,934,804</u>
University Centre				
Equipment and furniture				
- Main Hall	13,313	13,313	13,313	13,313
	<u>\$ 2,763,936</u>	<u>\$ 1,715,239</u>	<u>\$ 3,032,097</u>	<u>\$ 1,948,117</u>
Net carrying amount		<u>\$ 1,048,697</u>		<u>\$ 1,083,980</u>

Carleton University Students' Association, Inc.
Notes to Financial Statements

April 30, 2019

3. Line of Credit

The Association has a line of credit by way of bank overdraft of \$250,000 that is due on demand and bears interest at the bank's prime rate plus 0.50%, with a seasonal bulge to \$500,000 between July 1 and November 30. As at April 30, 2019 and 2018, all funds were available. The line of credit is secured by all present and future personal property with appropriate insurance coverage as well as all present and future student fees and levies due to the Association and disbursed by Carleton University.

4. Deferred Contributions

Deferred contributions represent externally restricted amounts relating to the Accessibility Program received in the prior and current years for expenses in future years. The contributions are used to ensure that events held and services provided by the Association are accessible to all students. Changes in the deferred balances are as follows:

	2019	2018
Balance, beginning of year	\$ 230,373	\$ 273,942
Contributions received	147,811	141,339
Amount remitted to Carleton University	-	(33,803)
Transfer to deferred contributions related to tangible capital assets	(39,298)	(24,870)
Recognized as revenue	(88,492)	(126,235)
Balance, end of year	<u>\$ 250,394</u>	<u>\$ 230,373</u>

Carleton University Students' Association, Inc.
Notes to Financial Statements

April 30, 2019

5. Deferred Contributions Related to Tangible Capital Assets

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

	2019	2018
Balance, beginning of year	\$ 150,080	\$ 148,620
Transfer from deferred contributions	39,298	24,870
Recognized as revenue	(33,597)	(23,410)
Balance, end of year	<u>\$ 155,781</u>	<u>\$ 150,080</u>

6. Interfund Transfers

In 2019, the Association resolved to restrict \$362,199 for health and wellness expenses. The Association may not use these internally restricted amounts for any other purpose without the approval of the Board of Directors of the Association.

7. Financial Instruments

Credit risk

The Association is exposed to credit risk with respect to accounts receivable. The Association assesses, on a continuous basis, accounts receivable on the basis of amounts it is virtually certain to receive.

Interest rate risk

The Association is exposed to interest rate risk on its fixed rate financial instruments. Fixed interest instruments subject the Association to a fair value risk, since fair value fluctuates inversely to changes in market interest rates.

Changes in risk

There have not been any changes in the Association's risk exposures from the prior year.

Carleton University Students' Association, Inc.
Notes to Financial Statements

April 30, 2019

8. 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 2019, the value of these benefits is \$289,824 (2018 - \$272,194) and is included in accounts payable and accrued liabilities.

Carleton University Students' Association, Inc.
Schedule 1 - Revenues and Expenses - Business Operations

For the Year Ended April 30

	Haven Books	Rooster's	Oliver's	Henry's	The Wing	2019 Total
Revenues	\$ 1,242,345	\$ 921,760	\$ 754,851	\$ 68,956	\$ 74,866	\$ 3,062,778
Cost of sales	932,777	433,085	371,129	53,704	62,590	1,853,285
Gross profit	309,568	488,675	383,722	15,252	12,276	1,209,493
Operating expenses	312,324	553,062	593,834	157,850	79,112	1,696,182
Deficiency of revenues over expenses	\$ (2,756)	\$ (64,387)	\$ (210,112)	\$ (142,598)	\$ (66,836)	\$ (486,689)

	Haven Books	Rooster's	Oliver's	Henry's	The Wing	2018 Total
Revenues	\$ 1,589,637	\$ 915,144	\$ 832,800	\$ 461,096	\$ -	\$ 3,798,677
Cost of sale	1,199,576	419,314	404,108	313,303	-	2,336,301
Gross profit	390,061	495,830	428,692	147,793	-	1,462,376
Operating expenses	310,689	505,863	593,419	238,099	-	1,648,070
Excess (deficiency) of revenues over expenses	\$ 79,372	\$ (10,033)	\$ (164,727)	\$ (90,306)	\$ -	\$ (185,694)

Carleton University Students' Association, Inc.
Schedule 2 - Other Revenues

For the Year Ended April 30

	<u>2019</u>	<u>2018</u>
Other revenues		
Amortization of deferred contributions related to tangible capital assets	\$ 33,597	\$ 23,410
Building operations	146,276	144,783
Campus clubs	181,838	172,201
Foot Patrol	47,633	45,699
Front desk	40	10,656
GSA funding	60,000	60,000
International Student Centre	-	1,783
Miscellaneous	466,057	395,563
Publications	15,653	22,151
	<u>\$ 951,094</u>	<u>\$ 876,246</u>

Carleton University Students' Association, Inc.
Schedule 3 - Executives, Services and Program Expenses

For the Year Ended April 30

	2019	2018
Executives, services and programs		
President	\$ 20,968	\$ 16,261
VP Finance		
Executive honoraria	194,608	200,079
Other	71,125	89,148
VP Student Services		
Bill Ellis Centre for Mature Students	19,961	21,215
Disability Awareness Centre	41,488	41,388
Food Centre	43,518	38,152
Foot Patrol	43,911	36,744
Gender Sexuality Resource Centre	52,621	40,171
Hatch	35,419	55,545
Health & Wellness Centre	14,559	5,167
International Students' Centre	32,297	40,523
Mawandoseg Centre	20,314	15,327
Racial, Ethnicity, & Culture Hall	38,703	27,091
Women's Centre	61,092	43,178
Administrative	22,851	62,718
VP Internal Affairs		
Clubs & Societies	269,209	244,432
Council	39,837	36,894
Elections	26,911	42,071
Administrative	80,886	83,649
VP Student Issues	50,236	52,423
VP Student Life	134,940	148,163
	\$ 1,315,454	\$ 1,340,339

Carleton University Students' Association, Inc.
Schedule 4 - Support and Administration

For the Year Ended April 30

	<u>2019</u>	<u>2018</u>
Support and administration		
Administration	\$ 745,304	\$ 676,278
Automation	7,912	9,248
Building operations	418,189	380,365
Business operations manager	-	5,772
Entertainment productions	6,584	26,232
Front desk	156,440	157,536
Graphic design	203,426	213,668
	<u>\$ 1,537,855</u>	<u>\$ 1,469,099</u>
