

Fanshawe College Student Union

(incorporated under the laws of the Province of
Ontario without share capital)

Financial Statements
April 30, 2016



October 14, 2016

Independent Auditor's Report

To the Members of Fanshawe College Student Union

We have audited the accompanying financial statements of Fanshawe College Student Union, which comprise the statement of financial position as at April 30, 2016 and the statements of operations and changes in net assets and cash flows for the year then ended, and the related notes, which comprise 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.

*PricewaterhouseCoopers LLP
465 Richmond Street, Suite 400, London, Ontario, Canada N6A 5P4
T: +1 519 640 8000, F: +1 519 640 8015*



Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Fanshawe College Student Union as at April 30, 2016 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.

PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants

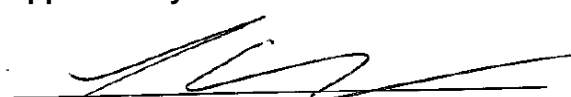

Fanshawe College Student Union

Statement of Financial Position

As at April 30, 2016

	General Fund \$	Reserve Funds \$	Capital Fund \$	2016 \$	2015 \$
Assets					
Current assets					
Cash and short-term investments (note 3)	5,741,341	343,633	325,485	6,410,459	5,308,546
Accounts receivable, net of allowance for doubtful accounts of \$14,862 (2015 - \$16,824)	80,307	80,000	-	160,307	139,954
Due from London Transit Commission	-	-	-	-	35,181
Inter-fund balances (payable) receivable	(2,680,983)	1,433,194	1,247,789	-	-
Inventory	40,477	-	-	40,477	39,405
Prepaid expenses	78,197	-	-	78,197	110,441
Deposit (note 4)	50,000	-	-	50,000	50,000
	3,309,339	1,856,827	1,573,274	6,739,440	5,683,527
Capital assets (notes 5 and 6)	-	-	5,090,155	5,090,155	5,367,431
	3,309,339	1,856,827	6,663,429	11,829,595	11,050,958
Liabilities					
Current liabilities					
Accounts payable and accrued liabilities (note 13)	862,331	-	-	862,331	502,538
Due to London Transit Commission	53,356	-	-	53,356	-
Health plan obligation (note 12)	800,000	-	-	800,000	800,000
Deferred revenue (note 7)	587,027	34,286	82,448	703,761	615,841
Current portion of long-term debt (notes 5 and 8)	-	-	146,464	146,464	137,380
	2,302,714	34,286	228,912	2,565,912	2,055,759
Long-term debt (notes 5 and 8)	-	-	2,648,874	2,648,874	2,795,338
	2,302,714	34,286	2,877,786	5,214,786	4,851,097
Net assets					
Capital fund	-	-	3,785,643	3,785,643	3,674,937
Reserve funds (note 9)	-	1,822,541	-	1,822,541	1,716,555
General fund	1,006,625	-	-	1,006,625	808,369
	1,006,625	1,822,541	3,785,643	6,614,809	6,199,861
	3,309,339	1,856,827	6,663,429	11,829,595	11,050,958

Approved by the Board of Directors

 Director
  Director

The accompanying notes are an integral part of these financial statements.

Fanshawe College Student Union
Statement of Operations and Changes in Net Assets
For the year ended April 30, 2016

	General Fund \$	Reserve Funds \$	Capital Fund \$	2016 \$	2015 \$
Revenues					
Student fees (note 4)	5,989,750	2,702,480	767,575	9,459,805	8,679,600
Bus pass transfers (note 4)	(3,229,343)	-	-	(3,229,343)	(3,088,140)
Net student fees	2,760,407	2,702,480	767,575	6,230,462	5,591,460
Organizations and programs (note 10)	2,923,374	-	-	2,923,374	3,270,020
Interest income	53,094	3,316	2,566	58,976	72,989
Rental income	39,045	-	-	39,045	38,129
Other income	39,409	106,714	-	146,123	173,026
	5,815,329	2,812,510	770,141	9,397,980	9,145,624
Expenses					
Health plan (note 12)	-	2,647,312	-	2,647,312	2,715,020
Organizations and programs (notes 6 and 10)	4,228,910	-	90,200	4,319,110	4,582,119
General and administrative (notes 5 and 6)	1,369,163	78,212	569,235	2,016,610	2,071,344
	5,598,073	2,725,524	659,435	8,983,032	9,368,483
Excess of revenue over expenses (expenses over revenue) for the year	217,256	86,986	110,706	414,948	(222,859)
Net assets - Beginning of year	808,369	1,716,555	3,674,937	6,199,861	6,422,720
Inter-fund transfer (note 14)	(19,000)	19,000	-	-	-
Net assets - End of year	1,006,625	1,822,541	3,785,643	6,614,809	6,199,861

The accompanying notes are an integral part of these financial statements.

Fanshawe College Student Union

Statement of Cash Flows

For the year ended April 30, 2016

	2016 \$	2015 \$
Cash was provided by (used for)		
Operating activities		
Excess of revenue over expenses (expenses over revenue) for the year	414,948	(222,859)
Amortization, an item not affecting cash	475,462	478,473
	<hr/> 890,410	<hr/> 255,614
Changes in non-cash working capital items		
Accounts receivable	(20,353)	8,331
Inventory	(1,072)	(7,829)
Prepaid expenses	32,244	39,947
Accounts payable and accrued liabilities	359,793	118,982
Due to/from London Transit Commission	88,537	(131,643)
Health plan obligation	-	74,999
Deferred revenue	87,920	54,171
	<hr/> 1,437,479	<hr/> 412,572
Financing activities		
Repayment of long-term debt	(137,380)	(867,412)
Investing activities		
Purchase of capital assets	(198,186)	(304,524)
	<hr/> 1,101,913	<hr/> (759,364)
Increase (decrease) in cash for the year	<hr/> 1,101,913	<hr/> (759,364)
Cash and short-term investments - Beginning of year	<hr/> 5,308,546	<hr/> 6,067,910
Cash and short-term investments - End of year	<hr/> <hr/> 6,410,459	<hr/> <hr/> 5,308,546
Cash and short-term investments is comprised of:		
Cash	237,831	794,894
Short-term investments	6,172,628	4,513,652
	<hr/> 6,410,459	<hr/> 5,308,546

The accompanying notes are an integral part of these financial statements.

Fanshawe College Student Union

Notes to Financial Statements

April 30, 2016

1 Purpose of the organization

Fanshawe College Student Union (the Student Union) is a student representative body incorporated under the statutes of the province of Ontario, designed to meet the varied needs and expectations of college students. The Student Union supports various services to students and operates the Student Centre and Student Union building.

2 Summary of significant accounting policies

Basis of accounting

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO) as issued by the Canadian Accounting Standards Board.

Fund accounting

In order to ensure observance of limitations and restrictions placed on funds entrusted to the Student Union, the accounts are maintained in accordance with principles of fund accounting. Under these principles, resources for various purposes are classified into funds that are in accordance with activities or objectives specified. Separate accounts are maintained for general, internally restricted (reserve) and capital funds.

General fund

The general fund records amounts used for the administration and general costs financed by student fees and other general income that are unrestricted as to their use.

Reserve funds

Reserve funds are separately maintained internally as follows:

Technology renewal fund

The fund is to be utilized for future technology needs.

Health plan reserve fund

The fund is to be utilized for future costs related to the health plan.

Contingency fund

The fund is to be utilized for capital improvements and unforeseen contingencies to the existing Student Union building.

Fanshawe College Student Union

Notes to Financial Statements

April 30, 2016

Student initiatives fund

The fund is utilized specifically for enhancement of student life on campus.

Capital fund

The fund is used to capture all capital used in the operations of the Student Union.

Revenue recognition

Revenue from organizations and programs is recognized when the services have been performed and programs have been made available.

Fee revenue is derived from a levy collected from each full-time student by Fanshawe College and transferred to the Student Union monthly. The fees are recorded as revenue in the year in which the fees relate.

Fees are charged at cost between programs within the organization. Fees charged are included in revenues while fees incurred are included as expenses. Amounts net together for a nil impact to net revenues over expenses.

Measurement uncertainty

The preparation of financial statements in conformity with ASNPO requires management to make estimates and assumptions that affect the reported amounts of the assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the period. Significant areas requiring the use of estimates include the valuation of the health plan obligation and the useful life of capital assets. Actual results could differ from those estimates.

Financial instruments

Foreign exchange risk

The Student Union had no revenue or operating expenses during the years presented, nor monetary assets or liabilities at year-end dates that were denominated in a foreign currency.

Credit risk

Credit risk arises from the potential that a counterparty will fail to perform its obligations. The Student Union is exposed to credit risk from members and customers and manages this risk through evaluation and monitoring.

Interest rate risk

The Student Union is exposed to market interest rate fluctuations with respect to its long-term debt at April 30, 2016 and April 30, 2015.

Fanshawe College Student Union

Notes to Financial Statements

April 30, 2016

Fair value

The carrying amounts of accounts receivable, due from general fund, accounts payable and accrued liabilities, due to reserve funds, due to capital fund, due to/from London Transit Commission (LTC), and health plan obligation, approximate their fair value due to their short-term nature. The fair value of long-term debt does not differ from its carrying value due to the interest structure.

Inventories

Inventories of liquor, beer and hospitality supplies are valued at the lower of cost, on a first-in, first-out basis, and net realizable value.

Capital assets and amortization

Capital assets are initially recorded at cost at acquisition. Building improvements and replacements are capitalized, and normal maintenance and repair expenditures are expensed as incurred.

Amortization is provided on the straight-line basis for furniture and equipment over 5 or 10 years. Leasehold improvements are amortized over 10, 20 or 25 years. Amortization commences in the month of purchase or when the asset has become operational. Gains or losses on disposal of individual assets are recognized in income in the year of disposal.

3 Cash and short-term investments

Cash includes cash on hand and balances with banks. Short-term investments are comprised of investments in mutual funds and GICs. Included in cash and short-term investments in the general fund as at April 30, 2016 is \$40,301 (2015 - \$30,017) which is restricted for use at the Student Union's satellite campuses.

4 Student fees

Student fee revenue is derived from a levy collected from each full-time student by Fanshawe College and transferred to the Student Union monthly. The fees are recorded as revenue in the year in which the fees relate.

The Student Union transfers all student fees collected for the bus passes to the LTC, less an administrative fee of \$43,073 (2015 - \$42,555) included in activity fee, to provide students with unlimited ridership privileges on all LTC regular routes.

Fanshawe College Student Union

Notes to Financial Statements

April 30, 2016

As part of the student fee collection agreement, the Student Union is required to keep \$50,000 as a deposit with Fanshawe College. The deposit is non-interest bearing and is due on demand.

	2016 \$	2015 \$
Student fees		
Activity fee	2,760,407	2,565,198
Building fee (note 5)	767,575	742,175
Bus pass fee	3,229,343	3,088,140
Health plan fee, net	2,702,480	2,284,087
	<hr/>	<hr/>
	9,459,805	8,679,600

Health plan fee, net is net of \$397,853 (2015 - \$369,389) for amounts repaid to students that elected to opt out of the health care plan.

5 Transactions with Fanshawe College

Phase 3 of the Student Union expansion - the Student Centre - was completed in fiscal 2005. The \$7.7 million project was financed by \$1.7 million in accumulated residual funds restricted for this purpose, plus \$6 million in loans secured by Fanshawe College, repayable over a 25 year period (note 8). This debt is financed through a \$50 per student annual building fee revenue (note 4).

In addition, the Student Union pays Fanshawe College for utilities, recycling and waste management, meal plan administration, and other support and facility services.

Included in general and administrative expenses are the following transactions with Fanshawe College:

	2016 \$	2015 \$
Utilities, waste and recycling	217,967	206,328
Meal plan administration	90,930	92,560
Interest	213,361	219,981
General administration and student support	208,584	226,101

Capital assets purchased through Fanshawe College:

	2016 \$	2015 \$
Capital additions	176,035	260,748

Fanshawe College Student Union

Notes to Financial Statements

April 30, 2016

Occupancy agreement

The occupancy agreement between Fanshawe College and the Student Union requires the Student Union to pay \$1 annually to Fanshawe College as well as a percentage of college meal plan sales within 15 calendar days of each quarter end. Included in meal plan administration is \$84,500 which was paid to Fanshawe College in respect to college meal plan sales (2015 - \$92,565). The occupancy agreement expires on March 31, 2029.

6 Capital assets

	2016		
	Cost	Accumulated	Net book
	\$	amortization	value
	\$	\$	\$
Furniture and equipment	1,166,764	886,743	280,021
Leasehold improvements	8,824,989	4,014,855	4,810,134
	<u>9,991,753</u>	<u>4,901,598</u>	<u>5,090,155</u>
	2015		
	Cost	Accumulated	Net book
	\$	amortization	value
	\$	\$	\$
Furniture and equipment	1,071,387	790,009	281,378
Leasehold improvements	8,722,181	3,636,128	5,086,053
	<u>9,793,568</u>	<u>4,426,137</u>	<u>5,367,431</u>

Included in organizations and programs expense is amortization of \$90,200 (2015 - \$105,761). Included in general and administrative expense is amortization of \$385,262 (2015 - \$372,712).

Fanshawe College Student Union

Notes to Financial Statements

April 30, 2016

7 Deferred revenue

	2016 \$	2015 \$
Deferred student fees	615,017	514,638
Student Life fees	52,221	62,183
Deferred revenue related to exclusivity agreement	34,286	32,000
Other	2,237	7,020
	<u>703,761</u>	<u>615,841</u>

The Student Union has collected student activity fees from Fanshawe College that relate to fiscal year 2017. Since the revenues have not yet been earned, they have been deferred in accordance with the revenue recognition policy.

The Student Union has collected funds for student life activities. All expenditures related to these fees have not been made in the current year, and accordingly, the revenue has been deferred to be matched with related future expenditures.

8 Long-term debt

The Student Union has entered into an agreement with Fanshawe College, whereby the Student Union will repay the following bank loan that Fanshawe College has secured on behalf of the Student Union (note 5).

	2016 \$	2015 \$
Bank loan payable with a notional amount of \$4,000,000, a fixed interest rate of 6.42%, maturing December 1, 2028.	2,795,338	2,932,718
Less: Current portion	<u>146,464</u>	<u>137,380</u>
	<u>2,648,874</u>	<u>2,795,338</u>

The loan is based on a 25 year term and is unsecured. The loan has a final payment consisting of the balance of principal and interest outstanding on the maturity date.

Fanshawe College Student Union

Notes to Financial Statements

April 30, 2016

Principal payments required in each of the next five years and thereafter are as follows:

	\$
2017	146,464
2018	156,149
2019	166,474
2020	177,482
2021 and thereafter	<u>2,148,769</u>
	<u>2,795,338</u>

Fanshawe College and a Canadian chartered bank have entered into a SWAP agreement for the loan balance disclosed above, converting variable interest rates to fixed interest rates. Fanshawe College and the bank have the option to terminate the agreement in January 2024. The maturity date for the SWAP agreement corresponds with the loan maturity. Accordingly, interest on the loan with Fanshawe College is recorded based on the SWAP rate Fanshawe College has negotiated with the bank.

9 Reserve funds

The internally restricted funds are composed of the following:

	2016 \$	2015 \$
Technology renewal fund	40,000	40,000
Health plan reserve fund	1,179,984	1,124,816
Contingency fund	404,745	401,429
Student initiatives fund	<u>197,812</u>	<u>150,310</u>
	<u>1,822,541</u>	<u>1,716,555</u>

Fanshawe College Student Union

Notes to Financial Statements

April 30, 2016

10 Revenues and expenses from organizations and programs

	2016		
	Revenues	Expenses	Net expense
	\$	\$	(revenue)
			\$
Operations and maintenance	-	708,269	708,269
Publications	144,821	385,112	240,291
Hospitality operations	2,753,313	2,643,039	(110,274)
Entertainment	-	310,730	310,730
Internal services	-	140,380	140,380
FSU Games Room	24,199	85,192	60,993
Used Book Shop	1,041	46,388	45,347
	2,923,374	4,319,110	1,395,736

	2015		
	Revenues	Expenses	Net expense
	\$	\$	(revenue)
			\$
Operations and maintenance	-	776,664	776,664
Publications	168,270	352,226	183,956
Hospitality operations	3,080,882	2,912,623	(168,259)
Entertainment	-	302,094	302,094
Internal services	-	112,146	112,146
FSU Games Room	19,537	75,529	55,992
Used Book Shop	1,331	50,837	49,506
	3,270,020	4,582,119	1,312,099

11 Taxation

The Student Union claims exemption from federal and provincial income taxes under provisions of the Income Tax Act, Canada and the Corporations Tax Act, Ontario relating to non-profit organizations. The Student Union is subject to the Harmonized Sales Tax (HST) on its commercial activities pursuant to provisions of the Excise Tax Act.

12 Health plan obligation

As administrator for the health care plan, the Student Union is responsible to ensure there are sufficient assets in the plan to cover potential claims. The plan's terms allow for students to receive medical and dental benefits for one academic school year, from September 1st to August 31st, and is renewed annually as the student continues enrolment, or new students enter the plan. Currently, the health plan reserve fund has accumulated net assets of \$1,179,984 as at April 30, 2016 (2015 - \$1,124,816), however, any deficits would be funded by the Student Union. A provision of \$800,000 as at April 30, 2016 (2015 - \$800,000), based on the Student Union's

Fanshawe College Student Union

Notes to Financial Statements

April 30, 2016

historical experience of claims, has been recorded in the financial statements to cover anticipated claims until the current year's plan expires on August 31, 2016. No additional provision has been made for unanticipated claims under the plan.

13 Government remittances

Included in accounts payable and accrued liabilities are statutory remittances of \$nil (2015 - \$18,981), which includes HST payable, Employee Health Tax, CPP, EI and employee tax deductions. There were no remittances in arrears as at April 30, 2016.

14 Inter-fund transfer

During the year, the Student Union executive council approved a fund transfer to move \$19,000 from the general fund to the reserve fund. These funds represented the accumulated surplus from the bookstore operations.

15 Comparative figures

Certain comparative figures have been reclassified to conform to the current year's financial statement presentation.

