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FINANCIAL STATEMENTS

**SOCIETY OF THE DOUGLAS
STUDENTS' UNION**

August 31, 2017

Limited Liability Partnership



Tompkins Wozny
Chartered Professional Accountants

INDEPENDENT AUDITOR'S REPORT

To the Members of the
Society of the Douglas Students' Union

Report on the Financial Statements

We have audited the accompanying financial statements of Society of the Douglas Students' Union, which comprise the statement of financial position as at August 31, 2017, and the statements of operations, changes in fund balances, 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 Union'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 Union'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 in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Society of the Douglas Students' Union as at August 31, 2017, 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.

Report on Other Legal and Regulatory Requirements

As required by the British Columbia Societies Act, we report that the accounting principles used in these financial statements have been applied on a basis consistent with that of the preceding year.

Vancouver, Canada
January 22, 2018

Tompkins Wozny LLP

Chartered Professional Accountants



Society of the Douglas Students' Union

STATEMENT OF FINANCIAL POSITION

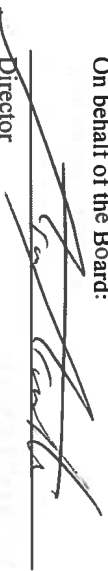
As at August 31

	2017						2016	
	General Fund	Capital Asset Fund	Clubs Fund	Performing Arts Fund	Health Plan Fund	Total	Total	
	\$	\$	\$	\$	\$	\$	\$	
ASSETS								
Current assets								
Cash <i>[note 3]</i>	200,759	39,845	120,755	—	355,063	716,422	1,934,436	
Account receivable <i>[note 4]</i>	42,462	—	—	—	—	42,462	15,694	
Prepaid expenses	32,873	—	—	—	—	32,873	32,210	
Total current assets	276,094	39,845	120,755	—	355,063	791,757	1,982,340	
Term deposits <i>[note 3]</i>	1,730,562	750,000	—	100,000	917,594	3,498,156	1,700,000	
Capital assets <i>[note 5]</i>	—	1,654,197	—	—	—	1,654,197	1,751,950	
	2,006,656	2,444,042	120,755	100,000	1,272,657	5,944,110	5,434,290	
LIABILITIES AND FUND BALANCES								
Current liabilities								
Accounts payable and accrued liabilities <i>[note 6]</i>	141,836	—	20,755	—	—	162,591	174,031	
Other membership fees payable <i>[note 10]</i>	204,962	—	—	—	—	204,962	99,748	
Total current liabilities	346,798	—	20,755	—	—	367,553	273,779	
Fund balances								
Internally restricted	—	789,845	100,000	100,000	1,272,657	2,262,502	1,254,963	
Invested in capital assets	—	1,654,197	—	—	—	1,654,197	2,564,745	
Unrestricted	1,659,858	—	—	—	—	1,659,858	1,340,803	
Total fund balances	1,659,858	2,444,042	100,000	100,000	1,272,657	5,576,557	5,160,511	
	2,006,656	2,444,042	120,755	100,000	1,272,657	5,944,110	5,434,290	

Commitments *[note 9]*

See accompanying notes to the financial statements

On behalf of the Board:



Director 

Society of the Douglas Students' Union

STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCES

Year ended August 31

	2017						2016	
	General Fund	Capital Asset Fund	Clubs Fund	Performing Arts Fund	Health Plan Fund	Total	Total	
	\$	\$	\$	\$	\$	\$	\$	
REVENUE								
Fees from Students	1,217,957	50,771	50,771	50,771	1,528,150	2,898,420	2,747,257	
Services and advertising	29,735	—	—	—	—	29,735	36,453	
Interest	29,372	—	—	—	—	29,372	42,514	
	1,277,064	50,771	50,771	50,771	1,528,150	2,957,527	2,826,224	
EXPENSES								
Health plan premiums and other	—	—	—	—	1,220,456	1,220,456	1,245,490	
Staff wages and benefits [note 12]	517,152	—	—	—	90,000	607,152	519,529	
Amortization of capital assets - building	—	142,518	—	—	—	142,518	142,518	
- office, computer and equipment	—	28,956	—	—	—	28,956	31,340	
Student union building operating costs - repairs and maintenance	155,532	—	—	—	—	155,532	192,064	
Campus life and events	83,984	—	—	—	—	101,847	66,574	
Board Member Remuneration [note 8]	97,079	—	—	—	—	97,079	117,632	
Administration and Operational Costs [schedule 1]	84,077	—	—	—	—	84,077	118,710	
Membership development and promotion	41,524	—	—	—	—	41,524	57,021	
Handbooks	29,124	—	—	—	—	29,124	30,109	
Conferences, meetings and external relations	20,467	—	—	—	—	20,467	13,623	
Campaigns	12,749	—	—	—	—	12,749	10,550	
	1,041,688	171,474	17,863	—	1,310,456	2,541,481	2,545,160	
Excess of revenue (expenses) for the year	235,376	(120,703)	32,908	50,771	217,694	416,046	281,064	
Fund balances, beginning of year	1,340,803	2,564,745	100,000	100,000	1,054,963	5,160,511	4,879,447	
Interfund transfer - administration costs [note 2]	7,616	—	—	(7,616)	—	—	—	
- to the general fund [note 2]	76,063	—	(32,908)	(43,155)	—	—	—	
Fund balances, end of year	1,659,858	2,444,042	100,000	100,000	1,272,657	5,576,557	5,160,511	

See accompanying notes to the financial statement

Society of the Douglas Students' Union

STATEMENT OF CASH FLOWS

Year ended August 31

	2017						2016	
	General Fund	Capital Asset Fund	Clubs Fund	Performing Arts Fund	Health Plan Fund	Total	Total	
	\$	\$	\$	\$	\$	\$	\$	
OPERATING ACTIVITIES								
Excess of revenues (expenses) for the year	235,376	(120,703)	32,908	50,771	217,694	416,046	281,064	
Item not involving cash								
Amortization of capital assets	—	171,474	—	—	—	171,474	173,858	
Changes in non-cash working capital balances								
Accounts receivable	(26,768)	—	—	—	—	(26,768)	17,646	
Prepaid expenses	(663)	—	—	—	—	(663)	(4,862)	
Accounts payable and accrued liabilities	(19,368)	—	7,928	—	—	(11,440)	(102,078)	
Other membership fees payable	105,214	—	—	—	—	105,214	99,748	
Cash provided by operating activities	293,791	50,771	40,836	50,771	217,694	653,863	465,376	
FINANCING ACTIVITIES								
Interfund to (from) transfer	1,151,272	(749,999)	(32,908)	(150,771)	(217,594)	—	—	
Cash provided by (used in) financing activities	1,151,272	(749,999)	(32,908)	(150,771)	(217,594)	—	—	
INVESTING ACTIVITIES								
Redemption (purchase) of term deposits (net)	(1,798,155)	—	—	—	—	(1,798,155)	856,600	
Purchase of capital assets	—	(73,722)	—	—	—	(73,722)	(8,985)	
Cash provided by (used in) investing activities	(1,798,155)	(73,722)	—	—	—	(1,871,877)	847,615	
Increase (decrease) in cash during year	(353,092)	(772,950)	7,928	(100,000)	100	(1,218,014)	1,312,991	
Cash, beginning of year	553,851	812,795	112,827	100,000	354,963	1,934,436	621,445	
Cash, end of year	200,759	39,845	120,755	—	355,063	716,422	1,934,436	

See accompanying notes to the financial statements

NOTES TO FINANCIAL STATEMENTS

August 31, 2017

1. NATURE OF THE ORGANIZATION

The Society of the Douglas Students' Union (the "Students' Union") is incorporated under the Society Act of British Columbia and is exempt from income taxes. Its main purposes are to organize students on a democratic co-operative basis for advancing students' interests and the interests of the students' community. The Union is local 18 of the Canadian Federation of Students.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

Use of Estimates

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 amounts of revenues and expenditures during the year. Significant areas requiring the use of management estimates relate to the determination of net recoverable value of assets, in particular as it relates to useful lives of capital assets, accrued liabilities, and health plan and performing arts administration allocations. Actual results could differ from these estimates.

Revenue Recognition

The Students' Union follows fund accounting using the deferral method of accounting for contributions. Membership fees are recognized as revenue of the General Fund in the period for which the fees are assessed. Restricted amounts, if any, are recognized as revenue in the year in which the related expenses are incurred. Unrestricted amounts are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Revenue from all other sources is recognized in the general fund when the service is provided or when the respective goods are sold to the customer.

Volunteers contribute their time to assist the Students' Union in carrying out its activities. Due to the difficulty in determining the fair value of such services, the value of the contributed services is not recognized in these financial statements.

NOTES TO FINANCIAL STATEMENTS

August 31, 2017

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Fund Accounting

The operations of the Students' Union are reported in the following funds:

General Fund

Revenues and expenses related to program delivery, administrative activities, and other operations are reported in the general fund. This fund represents unrestricted resources.

Performing Arts Fund

The Performing Arts Fund was established by the Students' Union's membership to help fund performing arts initiatives of Douglas College students. The expenditures are funded by a dedicated fee applied in addition to the Students' Union's general per the Students' Union's bylaws.

The performing arts fund allocates 15% of annual membership fees to the Students' Union as administrative costs.

The Students' Union internally restricts any excess revenues for future expenses relating to the performing arts.

The performing arts fund balance has a maximum limit of \$100,000 with any surplus returning to general revenues.

Clubs Fund

The Club Fund was established by the Students' Union's membership to help fund clubs, course unions and other student groups recognized by the Students' Union. The expenditures are funded by a dedicated fee applied in addition to the Students' Union's general per the Students' Union's bylaws.

The club fund balance has a maximum limit of \$100,000 with any surplus returning to general revenues.

Capital Asset Fund

The fund reports the assets, liabilities, revenues and expenses related to the Students' Union's capital assets.

NOTES TO FINANCIAL STATEMENTS

August 31, 2017

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Health Plan Fund

The Health and Dental Fund was established to provide a health and dental plan for members and their families. The expenditures are funded by a dedicated fee applied in addition to the Students' Union's general per the Students' Union's bylaws.

The Health and Dental Plan is brokered by the firm Gallivan and Associates (a wholly owned entity of the publically traded company People Corporation) and the benefits are provided by the carrier Green Shield Canada. Premiums are paid monthly and are adjusted annually to account for actual claims experienced. Current rates are fixed through to August 31, 2019. The Students' Union's contract with Gallivan and Associates expires August 31, 2020.

The Students' Union internally restricts any excess revenues for future expenses relating to the management, promotion and maintenance of the health plan.

Measurement of Financial Instruments

The Students' Union initially measures its financial assets and financial liabilities at fair value. The Students' Union subsequently measures all its financial assets and financial liabilities at amortized cost.

Financial assets measured at amortized cost include cash, term deposits and accounts receivable. Financial liabilities measured at amortized cost includes accounts payable and accrued liabilities.

Financial assets measured at amortized cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in net income. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in net income.

Cash

Cash is defined as cash on hand, cash on deposit, and net of cheques issued and outstanding at the year-end.



NOTES TO FINANCIAL STATEMENTS

August 31, 2017

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Capital Assets

Capital assets are recorded at cost, less accumulated amortization. Amortization is calculated using the following methods and rates:

- Office equipment 5 years straight line
- Computer equipment 5 years straight line
- Audio visual equipment 5 years straight line
- Student Union Building 30 years straight line
- Leasehold improvements 5 years straight line

3. CASH AND TERM DEPOSITS

	2017 \$	2016 \$
Cash - current	716,422	1,934,436
Term deposits - long term	3,498,156	1,700,000
	4,214,578	3,634,436

The term deposits have interest rates ranging from 1.40% to 2.05%. The Students' Union's investment strategy is to invest in a range of GICs of varying lengths (from 6 months to 3 years) to both protect the principle and realize a reasonable return on investment.

4. ACCOUNTS RECEIVABLE

	2017 \$	2016 \$
General Fund		
Due from Douglas College	131	678
Accrued interest	37,298	11,749
Operations	5,033	3,267
	42,462	15,694
Allowance for doubtful accounts	—	—
	42,462	15,694

NOTES TO FINANCIAL STATEMENTS

August 31, 2017

5. CAPITAL ASSETS

	Cost \$	Accumulated Amortization \$	Net Book Value \$
2017			
Office equipment	398,441	337,138	61,303
Computer equipment	259,073	228,055	31,018
	657,514	565,193	92,321
Students' Union building, leasehold interest	3,919,903	2,358,027	1,561,876
	4,577,417	2,923,220	1,654,197
2016			
Office equipment	337,880	321,468	16,412
Computer equipment	245,912	214,768	31,144
	583,792	536,236	47,556
Students' Union building, leasehold interest	3,919,903	2,215,509	1,704,394
	4,503,695	2,751,745	1,751,950

The Students' Union building is leased to the Union by Douglas College pursuant to a long-term renewable lease with a nominal annual rent.

During the year \$73,722 [2016 - \$8,985] in capital purchases were made.

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2017 \$	2016 \$
General Fund		
Due to Douglas College	3,198	11,510
Wages and vacation payable	77,186	124,096
Government remittances - Payroll taxes	* 1,722	—
- WorkSafeBC	693	581
Operations	50,637	29,444
Accrued liabilities	8,400	8,400
	141,836	174,031

NOTES TO FINANCIAL STATEMENTS

August 31, 2017

7. FINANCIAL INSTRUMENTS

The Students' Union is exposed to various risks through its financial instruments. The following analysis presents the Students' Union's exposures to significant risk as at August 31, 2017:

Credit and Market Risk

The Students' Union is exposed to credit risk with respect to its cash, term deposits and accounts receivable. The Students' Union assesses, on a continuous basis, accounts receivable on the basis of amounts it is virtually certain to receive based on their net realizable value. Cash and cash equivalents are held by a Canadian chartered bank.

Liquidity Risk

Liquidity risk is the risk of being unable to meet cash requirements or fund obligations as they become due. It stems from the possibility of a delay in realizing the fair value of financial instruments.

The Students' Union manages its liquidity risk by constantly monitoring forecasted and actual cash flows and financial liability maturities, and by holding assets that can be readily converted into cash.

Interest Rate Risk Exposure

All of the Students' Union's financial instruments are non-interest bearing except for cash and term deposits that earn interest at variable market rates.

NOTES TO FINANCIAL STATEMENTS

August 31, 2017

8. RELATED PARTY TRANSACTIONS

For the year ending August 31, 2017, the Students' Union paid stipends to board members and other elected personnel in the amount of \$97,079 [2016 - \$117,632].

The amount above includes stipends made to the following elected executives during the year:

	\$
Director of Finance	16,003
Director of College Relations	9,273
Director of External Relations	14,135
Director of Campus Life	14,616
Coquitlam Campus Director	4,203
Women Students' Representative	4,800
Aboriginal Students Representative	3,910
Disabled Students' Representative	2,397
Pride Representative	9,116
3 Director at Large positions	18,626
	<u>97,079</u>

The above amounts are in the normal course of business and are measured at the exchange amounts, which are the amounts of consideration established and agreed to by the related parties.

9. COMMITMENTS

Athletic Services Fee

The Students' Union is committed to collecting an athletics service fee to fund athletic and intramural activities for the students of Douglas College. These fees collected directly by Douglas College and send directly to the Centre for Campus Life. The fees are \$34.55 [2016 - \$34.07] per student, totaled \$1,037,681 [2016 - \$989,095], and are not reflected as revenues and expenses of the Students' Union.

Operating Costs

The Students' Union is required to pay operating costs to Douglas College for maintenance of the student Students' Union building. These costs totaled \$155,532 [2016 - \$192,064].

NOTES TO FINANCIAL STATEMENTS

August 31, 2017

10. OTHER MEMBERSHIP FEES

Members of the Students' Union are concurrently members of both the Canadian Federation of Students/Canadian Federation of Students-Services (collectively "CFS") and the British Columbia Federation of Students ("BCFS"). BCFS is independently incorporated as a society under the Societies Act of BC and also acts as the BC Component of CFS in relation to CFS' operations in British Columbia.

BCFS Fees

Under its fee collection agreement with BCFS, the Students' Union is responsible for annually directing Douglas College to collect and remit BCFS fees. Fees collected and remitted for BCFS in the fiscal year ended August 31, 2017 were \$105,578 [2016 - \$100,450].

CFS Fees

Prior to 2015 fees for both CFS and BCFS were submitted jointly to CFS, who then paid out the BCFS portion. In 2015 the Students' Union began remitting fees for BCFS and CFS separately. In the fiscal year ended August 31, 2017, fees collected on behalf of CFS were \$105,214 [2016-\$99,748]. The Students' Union Board has withheld payments for CFS during the 2016 and 2017 years, and this amount totals \$204,962.

Currently the Students' Union members are pursuing decertification from CFS and a petition to instigate the decertification process was delivered to the CFS National Executive in April 2017.

11. ECONOMIC DEPENDENCE

The Students' Union's primary source of revenue is membership fees collected from students by Douglas College pursuant to the provisions of the College and Institute Act (British Columbia). This collection activity can be terminated if the Students' Union fails to fulfill its requirements under the Act. The Students' Union's ability to continue viable operations is dependent upon maintaining its right to have these fees collected. As at the date of these financial statements the Students' Union believes that it is in compliance with the Act.

12. DISCLOSURE OF REMUNERATION

Pursuant to the British Columbia Societies Act, the Students' Union is required to disclose wages and benefits (including health and dental and retirement contributions) paid to employees in the amount of \$75,000 or more during the fiscal year. Staff wages and benefits expense includes total remuneration paid to four employees for a total amount of \$346,349 for the fiscal year ended August 31, 2017.



NOTES TO FINANCIAL STATEMENTS

August 31, 2017

13. COMPARATIVE FIGURES

Certain comparative figures for the prior fiscal year have been reclassified to conform with the current year's presentation.



SCHEDULE OF ADMINISTRATIVE COSTS

Year ended August 31

	2017	2016
	\$	\$
Office and other	26,295	33,043
Insurance	24,775	25,535
IT support and photocopier	15,395	25,875
Professional fees	10,166	24,867
Telephone and utilities	6,013	7,360
Interest and bank charges	1,433	2,030
	84,077	118,710

See accompanying notes to the financial statements

