
FINANCIAL STATEMENTS

**SOCIETY OF THE DOUGLAS
STUDENTS' UNION**

August 31, 2018



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, 2018, 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, 2018, 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 21, 2019

Tompkins Wozny LLP

Chartered Professional Accountants



Tompkins Wozny
Chartered Professional Accountants

Society of the Douglas Students' Union

STATEMENT OF FINANCIAL POSITION

As at August 31

	2018					2017	
	General Fund	Capital Asset Fund	Clubs Fund	Student Grant Fund	Health Plan Fund	Total	Total
	\$	\$	\$	\$	\$	\$	\$
ASSETS							
Current assets							
Cash and cash held in trust [note 3]	566,820	—	113,891	—	293,038	973,749	716,422
Account receivable [note 4]	86,053	—	—	—	—	86,053	42,462
Prepaid expenses and inventory [note 13]	33,213	—	—	—	—	33,213	32,873
Term deposits [note 3]	1,522,804	694,696	—	—	506,962	2,724,462	2,998,156
Total current assets	2,208,890	694,696	113,891	—	800,000	3,817,477	3,789,913
Term deposits [note 3]	410,250	—	—	100,000	500,000	1,010,250	500,000
Capital assets [note 5]	—	1,630,196	—	—	—	1,630,196	1,654,197
	2,619,140	2,324,892	113,891	100,000	1,300,000	6,457,923	5,944,110
LIABILITIES AND FUND BALANCES							
Current liabilities							
Accounts payable and accrued liabilities [note 6]	181,737	—	—	—	—	181,737	162,591
Funds held in trust liability	—	—	13,891	—	—	13,891	—
Other membership fees payable [note 10]	—	—	—	—	—	—	204,962
Total current liabilities	181,737	—	13,891	—	—	195,628	367,553
Fund balances							
Internally restricted	—	694,696	100,000	100,000	1,300,000	2,194,696	2,262,502
Invested in capital assets	—	1,630,196	—	—	—	1,630,196	1,654,197
Unrestricted	2,437,403	—	—	—	—	2,437,403	1,659,858
Total fund balances	2,437,403	2,324,892	100,000	100,000	1,300,000	6,262,295	5,576,557
	2,619,140	2,324,892	113,891	100,000	1,300,000	6,457,923	5,944,110

Commitments [note 9]
 See accompanying notes to the financial statements
 On behalf of the Board:

Director

Director



STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCES

Year ended August 31

	2018					2017	
	General Fund	Capital Asset Fund	Clubs Fund	Student Grant Fund	Health Plan Fund	Total	Total
	\$	\$	\$	\$	\$	\$	\$
REVENUE							
Fees from Students	1,341,429	55,590	55,590	55,590	1,723,352	3,231,551	2,898,420
Interest	103,243	—	—	—	—	103,243	29,372
Locker rentals, advertising and other	83,225	—	—	—	—	83,225	29,735
	1,527,897	55,590	55,590	55,590	1,723,352	3,418,019	2,957,527
EXPENSES							
Health plan premiums and other	—	—	—	—	1,362,497	1,362,497	1,220,456
Staff wages and benefits [note 12]	541,484	—	13,898	13,898	90,000	659,280	607,152
Amortization of capital assets - building	—	142,518	—	—	—	142,518	142,518
- office, computer and equipment, website	—	32,222	—	—	—	32,222	28,956
Campus life and events	100,094	—	15,519	—	—	115,613	101,847
Board Member Remuneration [note 8]	107,420	—	—	—	—	107,420	97,079
Student union building operating costs - repairs and maintenance	106,965	—	—	—	—	106,965	155,532
Administration and Operational Costs [schedule 1]	77,135	—	—	—	—	77,135	84,077
Membership development and promotion	65,726	—	—	—	—	65,726	41,524
Campaigns, conferences, meetings and external relations	34,846	—	—	—	—	34,846	33,216
Handbooks	28,059	—	—	—	—	28,059	29,124
	1,061,729	174,740	29,417	13,898	1,452,497	2,732,281	2,541,481
Excess of revenue (expenses) for the year	466,168	(119,150)	26,173	41,692	270,855	685,738	416,046
Fund balances, beginning of year	1,659,858	2,444,042	100,000	100,000	1,272,657	5,576,557	5,160,511
Interfund transfer - to the general fund [note 2]	311,377	—	(26,173)	(41,692)	(243,512)	—	—
Fund balances, end of year	2,437,403	2,324,892	100,000	100,000	1,300,000	6,262,295	5,576,557

See accompanying notes to the financial statement

Society of the Douglas Students' Union

STATEMENT OF CASH FLOWS

Year ended August 31

	2018					2017	
	General Fund	Capital Asset Fund	Clubs Fund	Student Grant Fund	Health Plan Fund	Total	Total
	\$	\$	\$	\$	\$	\$	\$
OPERATING ACTIVITIES							
Excess of revenues (expenses) for the year	466,168	(119,150)	26,173	41,692	270,855	685,738	416,046
Item not involving cash							
Amortization of capital assets		174,740				174,740	171,474
Changes in non-cash working capital balances							
Accounts receivable	(43,591)					(43,591)	(26,768)
Prepaid expenses	(340)					(340)	(663)
Accounts payable and accrued liabilities	39,901		(6,864)			33,037	(11,440)
Other membership fees payable	(204,962)					(204,962)	105,214
Cash provided by operating activities	257,176	55,590	19,309	41,692	270,855	644,622	653,863
FINANCING ACTIVITIES							
Interfund to (from) transfer	345,441	55,304	(26,173)	(41,692)	(332,880)		
Cash provided by (used in) financing activities	345,441	55,304	(26,173)	(41,692)	(332,880)		
INVESTING ACTIVITIES							
Purchase of term deposits (net)	(236,556)					(236,556)	(1,798,155)
Purchase of capital assets		(150,739)				(150,739)	(73,722)
Cash used in investing activities	(236,556)	(150,739)				(387,295)	(1,871,877)
Increase (decrease) in cash during year	366,061	(39,845)	(6,864)		(62,025)	257,327	(1,218,014)
Cash, beginning of year	200,759	39,845	120,755		355,063	716,422	1,934,436
Cash, end of year	566,820	—	113,891	—	293,038	973,749	716,422

See accompanying notes to the financial statements



NOTES TO FINANCIAL STATEMENTS

August 31, 2018

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 student grant fund 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.

Interest revenue is recognized when earned.

Revenue from lockers rentals and advertising is recognized in the general fund when the rental or contract period has occurred, the amount of revenue is measurable, collection is reasonably assured, and evidence of an arrangement exists.

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, 2018

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.

Student Grant Fund (formerly known as the Performing Arts Fund)

The Student Grant Fund was established by the Students' Union's membership to help fund members engaged in student initiatives at Douglas College. The expenditures are funded by a dedicated fee applied in addition to the Students' Union's general per the Students' Union's bylaws.

The student grant fund allocates 25% [2017 - 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 student grant 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 clubs fund allocates 25% of annual membership fees to the Students' Union as administrative costs.

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, 2018

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 publicly 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.

The health and dental fund allocates \$90,000 of annual membership fees to the Students' Union as administrative costs.

The health and dental fund balance has a maximum limit of \$1,300,000 with any surplus returning to general revenues.

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, 2018

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
- Website 3 years straight line
- Student Union Building 30 years straight line
- Leasehold improvements 15 - 18 years straight line

3. CASH AND TERM DEPOSITS

	2018	2017
	\$	\$
Cash - current	959,858	716,422
Cash - clubs funds held in trust	13,891	—
Total cash	973,749	716,422
Term deposits - short term	2,724,462	2,998,156
Term deposits - long term	1,010,250	500,000
	4,708,461	4,214,578

The term deposits have interest rates ranging from 1.80% to 2.30%. 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

	2018	2017
	\$	\$
General Fund		
Due from Douglas College	460	131
Accrued interest	55,743	37,298
Operations	29,850	5,033
	86,053	42,462
Allowance for doubtful accounts	—	—
	86,053	42,462

NOTES TO FINANCIAL STATEMENTS

August 31, 2018

5. CAPITAL ASSETS

	Cost \$	Accumulated Amortization \$	Net Book Value \$
2018			
Office equipment	406,449	354,289	52,160
Computer equipment	274,784	239,460	35,324
Website	21,995	3,666	18,329
	<u>703,228</u>	<u>597,415</u>	<u>105,813</u>
Students' Union building, leasehold interest	4,024,928	2,500,545	1,524,383
	<u>4,728,156</u>	<u>3,097,960</u>	<u>1,630,196</u>
2017			
Office equipment	398,441	337,138	61,303
Computer equipment	259,073	228,055	31,018
	<u>657,514</u>	<u>565,193</u>	<u>92,321</u>
Students' Union building, leasehold interest	3,919,903	2,358,027	1,561,876
	<u>4,577,417</u>	<u>2,923,220</u>	<u>1,654,197</u>

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 \$150,739 [2017 - \$73,722] in capital purchases were made.

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2018 \$	2017 \$
General Fund		
Due to Douglas College	68	3,198
Wages and vacation payable	112,221	75,800
Government remittances - Payroll taxes	154	1,721
- WorkSafeBC	687	693
Operations	58,957	30,280
Accrued liabilities	9,650	30,144
	<u>181,737</u>	<u>141,836</u>

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, 2018:

NOTES TO FINANCIAL STATEMENTS

August 31, 2018

7. FINANCIAL INSTRUMENTS (CONT'D)

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. Term deposits are held with a Canadian Credit Union.

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 that earns interest at variable market rates. Term deposits are invested with fixed interest rates.

There has been no change in the Students' Union risk exposure in the above noted risks since the previous year.

8. RELATED PARTY TRANSACTIONS

For the year ending August 31, 2018, the Students' Union paid stipends to board members and other elected personnel in the amount of \$107,420 [2017 - \$97,079].

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

	2018	2017
	\$	\$
Director of Finance	16,895	16,003
Director of College Relations	14,058	9,273
Director of External Relations	13,752	14,135
Director of Campus Life	17,510	14,616
Coquitlam Campus Director	7,660	4,203
Women Students' Representative	8,381	4,800
Indigenous Students Representative	2,396	3,910
Disabled Students' Representative	4,849	2,397
Pride Representative	6,656	9,116
4 Director at Large positions	15,263	18,626
	<u>107,420</u>	<u>97,079</u>

NOTES TO FINANCIAL STATEMENTS

August 31, 2018

8. RELATED PARTY TRANSACTIONS (CONT'D)

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 \$35.10 [2017 - \$34.55] per student, totaled \$1,124,396 [2017 - \$1,037,681], 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 \$104,546 [2017 - \$155,532].

10. OTHER MEMBERSHIP FEES

For the majority of the 2018 fiscal year, members of the Students' Union were 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.

On June 9, 2018, all BCFS member local unions were summarily expelled from the CFS, and this included the Douglas Students' Union. As of June 10, 2018 the Douglas Students' Union ceased being a member of CFS, and BCFS ceased being the BC Component of CFS.

CFS Fees

Prior to 2015 fees for both CFS and BCFS were collected and submitted jointly to CFS, who then paid out the portions owing to BCFS. In 2015 the Students' Union began remitting fees for BCFS and CFS separately. In the fiscal year ended August 31, 2018, fees collected on behalf of CFS were \$115,861 [2017 - \$105,214]. Following the Students' Union expulsion from CFS, CFS Fees collected in the 2016 and 2017 years, along with CFS fees collected between September 1, 2017 and June 9, 2018, were remitted to BCFS during the year, in the amount of \$297,628.

NOTES TO FINANCIAL STATEMENTS

August 31, 2018

10. OTHER MEMBERSHIP FEES (CONT'D)

Following the Students' Union's expulsion from CFS, the Students' Union Board resolved to cease collection of CFS fees and instructed Douglas College accordingly. Due to the operational requirements of the College's fee collection system, CFS fees continued to be collected between June 10 and August 31, 2018. These postexpulsion CFS fees totalled \$22,887 and were recorded as other revenue for the fiscal year ended August 31, 2018.

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, 2018 were \$115,861 [2017 - \$105,578].

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. During the year staff wages and benefits expense includes total remuneration paid to five [2017 - four] employees for a total amount of \$461,027 [2017 - \$346,349].

13. INVENTORY

Included in prepaid expenses and inventory of supplies is an inventory of handbooks that will be distributed to the student membership for no consideration. The inventory of handbooks is measured at the lower of cost and current replacement cost. The carrying amount of the inventory of handbooks is \$27,746 [2017 - \$27,977]. During the year inventory previously recorded as an asset has been recognized as a handbook expense in the amount of \$28,059 [2017 - \$29,124].

NOTES TO FINANCIAL STATEMENTS

August 31, 2018

14. 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

	2018	2017
	\$	\$
Office and other	25,807	26,295
Insurance	19,231	24,775
IT support and photocopier	12,999	15,395
Professional fees	11,779	10,166
Telephone and utilities	6,495	6,013
Interest and bank charges	824	1,433
	77,135	84,077

See accompanying notes to the financial statements