

**FINANCIAL STATEMENTS**

**SOCIETY OF THE DOUGLAS  
STUDENTS' UNION**

**August 31, 2021**



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## INDEPENDENT AUDITOR'S REPORT

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

### ***Opinion***

We have audited the financial statements of Society of the Douglas Students' Union (the Society), which comprise the statement of financial position as at August 31, 2021, and the statements of operations, changes in fund balances and 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 Society as at August 31, 2021, 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.

### ***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 Society 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 audit opinion.

### ***Responsibilities of Management and Those Charged with Governance for the Financial Statements***

Management is responsible for the preparation and fair presentation of the 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 Society'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 Society or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Society'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 Society's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



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## INDEPENDENT AUDITOR'S REPORT

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- 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 Society'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 Society 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.

### **Report on Other Legal and Regulatory Requirements**

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

*Tompkins Wozny LLP*

Vancouver, Canada  
January 10, 2022

Chartered Professional Accountants



## STATEMENT OF FINANCIAL POSITION

As at August 31

	2021					2020
	General Fund	Capital Asset Fund	Clubs Fund	Student Grant Fund	Health Plan Fund	Total
	\$	\$	\$	\$	\$	\$
<b>ASSETS</b>						
<b>Current assets</b>						
Cash [note 3]	498,448	50,086	3,677	—	—	552,211
Account receivable [note 4]	41,502	—	—	—	—	41,502
Prepaid expenses and inventory	9,765	—	—	—	—	9,765
Term deposits [note 3]	851,465	—	109,408	—	900,000	1,860,873
<b>Total current assets</b>	<b>1,401,180</b>	<b>50,086</b>	<b>113,085</b>	<b>—</b>	<b>900,000</b>	<b>2,464,351</b>
Term deposits [note 3]	1,500,000	—	—	100,000	400,000	2,000,000
Capital assets [note 5]	—	3,175,325	—	—	—	3,175,325
	<b>2,901,180</b>	<b>3,225,411</b>	<b>113,085</b>	<b>100,000</b>	<b>1,300,000</b>	<b>7,639,676</b>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>Current liabilities</b>						
Accounts payable and accrued liabilities [note 6]	348,972	—	3,677	—	—	352,649
Funds held in trust liability	—	—	9,408	—	—	9,408
<b>Total current liabilities</b>	<b>348,972</b>	<b>—</b>	<b>13,085</b>	<b>—</b>	<b>—</b>	<b>362,057</b>
<b>Fund balances</b>						
Internally restricted	—	—	100,000	100,000	1,300,000	1,500,000
Invested in capital assets	—	3,225,411	—	—	—	3,225,411
Unrestricted	2,552,208	—	—	—	—	2,552,208
<b>Total fund balances</b>	<b>2,552,208</b>	<b>3,225,411</b>	<b>100,000</b>	<b>100,000</b>	<b>1,300,000</b>	<b>7,277,619</b>
	<b>2,901,180</b>	<b>3,225,411</b>	<b>113,085</b>	<b>100,000</b>	<b>1,300,000</b>	<b>7,639,676</b>

Commitments [note 9]

COVID-19 [note 13]

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

	2021						2020
	General Fund	Capital Asset Fund	Clubs Fund	Student Grant Fund	Health Plan Fund	Total	Total
	\$	\$	\$	\$	\$	\$	\$
<b>REVENUE</b>							
Fees from Students	1,461,202	58,961	83,556	58,961	1,779,940	3,442,620	3,632,892
Interest	60,084	—	—	—	—	60,084	70,261
Locker rentals, advertising and other	3,887	—	—	—	—	3,887	15,295
	<b>1,525,173</b>	<b>58,961</b>	<b>83,556</b>	<b>58,961</b>	<b>1,779,940</b>	<b>3,506,591</b>	<b>3,718,448</b>
<b>EXPENSES</b>							
Health plan premiums and other	—	—	—	—	1,453,809	1,453,809	1,504,053
Staff wages and benefits <i>[note 12]</i>	626,613	—	20,889	14,740	90,000	752,242	660,635
Amortization of capital assets - building	—	448,601	—	—	—	448,601	332,705
- office, computer and equipment, website	—	89,133	—	—	—	89,133	81,085
Student union building operating costs - repairs and maintenance	329,799	—	—	—	—	329,799	260,412
Administration and Operational Costs <i>[schedule 1]</i>	109,213	—	—	—	—	109,213	63,752
Board Member Remuneration <i>[note 8]</i>	101,860	—	—	—	—	101,860	105,030
Campus life and events	77,868	—	5,215	—	—	83,083	230,221
Membership development and promotion	64,043	—	—	—	—	64,043	74,486
Handbooks	28,221	—	—	—	—	28,221	29,021
Campaigns, conferences, meetings and external relations	23,260	—	—	—	—	23,260	26,539
	<b>1,360,877</b>	<b>537,734</b>	<b>26,104</b>	<b>14,740</b>	<b>1,543,809</b>	<b>3,483,264</b>	<b>3,367,939</b>
<b>Excess of revenue (expenses) for the year</b>	<b>164,296</b>	<b>(478,773)</b>	<b>57,452</b>	<b>44,221</b>	<b>236,131</b>	<b>23,327</b>	<b>350,509</b>
Fund balances, beginning of year	2,050,108	3,704,184	100,000	100,000	1,300,000	7,254,292	6,903,783
Interfund transfer - to the general fund <i>[note 2]</i>	337,804	—	(57,452)	(44,221)	(236,131)	—	—
<b>Fund balances, end of year</b>	<b>2,552,208</b>	<b>3,225,411</b>	<b>100,000</b>	<b>100,000</b>	<b>1,300,000</b>	<b>7,277,619</b>	<b>7,254,292</b>

See accompanying notes to the financial statement

## STATEMENT OF CASH FLOWS

Year ended August 31

	2021					2020
	General Fund	Capital Asset Fund	Clubs Fund	Student Grant Fund	Health Plan Fund	Total
	\$	\$	\$	\$	\$	\$
<b>OPERATING ACTIVITIES</b>						
Excess of revenues (expenses) for the year	164,296	(478,773)	57,452	44,221	236,131	23,327
Item not involving cash						
Amortization of capital assets	—	537,734	—	—	—	537,734
Changes in non-cash working capital balances						
Accounts receivable	2,022	—	—	—	—	2,022
Prepaid expenses	11,503	—	—	—	—	11,503
Accounts payable and accrued liabilities	(78,516)	—	(2,396)	—	—	(80,912)
Other membership fees payable	—	—	—	—	—	—
<b>Cash provided by operating activities</b>	<b>99,305</b>	<b>58,961</b>	<b>55,056</b>	<b>44,221</b>	<b>236,131</b>	<b>493,674</b>
<b>FINANCING ACTIVITIES</b>						
Interfund to (from) transfer	337,804	—	(57,452)	(44,221)	(236,131)	—
<b>Cash provided by (used in) financing activities</b>	<b>337,804</b>	<b>—</b>	<b>(57,452)</b>	<b>(44,221)</b>	<b>(236,131)</b>	<b>—</b>
<b>INVESTING ACTIVITIES</b>						
Redemption (purchase) of term deposits (net)	(79,423)	—	6,073	—	—	(73,350)
Purchase of capital assets	—	(8,875)	—	—	—	(8,875)
<b>Cash provided (used) in investing activities</b>	<b>(79,423)</b>	<b>(8,875)</b>	<b>6,073</b>	<b>—</b>	<b>—</b>	<b>(82,225)</b>
<b>Increase (decrease) in cash during year</b>	<b>357,686</b>	<b>50,086</b>	<b>3,677</b>	<b>—</b>	<b>—</b>	<b>411,449</b>
Cash, beginning of year	140,762	—	—	—	—	140,762
<b>Cash, end of year</b>	<b>498,448</b>	<b>50,086</b>	<b>3,677</b>	<b>—</b>	<b>—</b>	<b>552,211</b>

See accompanying notes to the financial statements

## NOTES TO FINANCIAL STATEMENTS

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August 31, 2021

### 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

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August 31, 2021

### 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***

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% [2020 - 25%] 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% [2020 - 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

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August 31, 2021

### 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. The Students' Union's contract with Gallivan and Associates expires August 31, 2022.

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, 2021

### 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       | 3 - 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

	2021 \$	2020 \$
Cash - current	552,211	140,762
Term deposits - short term	1,860,873	3,233,725
Term deposits - long term	2,000,000	553,798
	<b>4,413,084</b>	<b>3,928,285</b>

The term deposits have interest rates ranging from 0.75% to 2.80%. The Students' Union's investment strategy is to invest in a range of GICs of varying lengths (from 1 year to 2 years) to both protect the principle and realize a reasonable return on investment.

### 4. ACCOUNTS RECEIVABLE

	2021 \$	2020 \$
<b>General Fund</b>		
Due from Douglas College	19,702	—
Accrued interest	20,642	36,793
Operations	1,158	6,731
	<b>41,502</b>	<b>43,524</b>
Allowance for doubtful accounts	—	—
	<b>41,502</b>	<b>43,524</b>

## NOTES TO FINANCIAL STATEMENTS

August 31, 2021

## 5. CAPITAL ASSETS

	Cost \$	Accumulated Amortization \$	Net Book Value \$
<b>2021</b>			
Office equipment	577,357	521,066	56,291
Computer equipment	313,632	283,406	30,226
Website	21,995	21,995	—
	912,984	826,467	86,517
Students' Union building, leasehold interest	6,548,002	3,459,194	3,088,808
	7,460,986	4,285,661	3,175,325
<b>2020</b>			
Office equipment	577,357	453,139	124,218
Computer equipment	304,757	265,866	38,891
Website	21,995	18,329	3,666
	904,109	737,334	166,775
Students' Union building, leasehold interest	6,548,002	3,010,593	3,537,409
	7,452,111	3,747,927	3,704,184

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 \$8,875 [2020 - \$1,059,817] in capital purchases were made.

## 6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2021 \$	2020 \$
<b>General Fund</b>		
Due to Douglas College	13,769	174,535
Wages and vacation payable	122,333	100,819
Government remittances - Payroll taxes	49	3,656
- WorkSafeBC	682	635
Operations	206,166	124,833
Accrued liabilities	9,650	23,010
	352,649	427,488

## NOTES TO FINANCIAL STATEMENTS

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August 31, 2021

### 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, 2021:

#### **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, 2021, the Students' Union paid stipends to board members and other elected personnel in the amount of \$101,860 [2020 - \$105,030].

## NOTES TO FINANCIAL STATEMENTS

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August 31, 2021

### 8. RELATED PARTY TRANSACTIONS (CONT'D)

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

	2021	2020
	\$	\$
Director of Finance	13,291	10,494
Director of College Relations	6,400	3,528
Director of External Relations	9,490	8,866
Director of Campus Life	11,748	12,766
Director of Membership Development	8,839	11,229
2 Campus Representatives - Coquitlam	7,683	9,014
4 Campus Representative - New Westminster	17,972	21,930
Women Students' Representative	9,445	11,477
Indigenous Students Representative	7,461	4,843
Accessibility Representative	2,718	3,651
Pride Representative	6,813	7,232
	101,860	105,030

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

#### 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 \$300,645 [2020 - \$238,876].

### 10. OTHER MEMBERSHIP FEES

#### 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, 2021 were \$321,105 [2020 - \$321,910].

## NOTES TO FINANCIAL STATEMENTS

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August 31, 2021

### 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 and fees paid to contractors 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 six [2020 - six] employees for a total amount of \$653,240 [ 2020 - \$573,939 ].

### 13. COVID-19

The Students' Union continues to operate in a hybrid format of in-person and online services. While the majority of classes at Douglas College have returned to in-person instruction, in-person engagement has not returned to pre-pandemic levels. The Students' Union will continue to operate in this hybrid format to ensure that all members have access to the services of the Students' Union. The financial impacts of the Pandemic can be seen through the increases in usage of the Food Bank service, increased cleaning costs, and greater need for all services. Continued updates and changes to public health orders will be monitored and adapted to. As a membership funded organization there have been minimal decreases in overall enrolment at Douglas College.

**SCHEDULE OF ADMINISTRATIVE COSTS**

Year ended August 31

	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Office and other	<b>43,202</b>	21,632
Insurance	<b>22,094</b>	19,640
IT support and photocopier	<b>25,549</b>	4,739
Professional fees	<b>8,636</b>	8,606
Telephone and utilities	<b>8,026</b>	8,184
Interest and bank charges	<b>1,706</b>	951
	<b>109,213</b>	63,752

*See accompanying notes to the financial statements*