

FINANCIAL STATEMENTS

**SOCIETY OF THE DOUGLAS
STUDENTS' UNION**

August 31, 2023



INDEPENDENT AUDITOR'S REPORT

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, 2023, 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, 2023, 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.

INDEPENDENT AUDITOR'S REPORT

- 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 29, 2024

Chartered Professional Accountants

STATEMENT OF FINANCIAL POSITION

As at August 31

	2023					2022	
	General	Capital	Clubs	Student	Health Plan	Total	Total
	Fund	Asset Fund	Fund	Grant Fund	Fund		
\$	\$	\$	\$	\$	\$	\$	
ASSETS							
Current							
Cash <i>[note 3]</i>	354,170	128,918	18,314	—	—	501,402	466,134
Account receivable <i>[note 4]</i>	49,210	—	—	—	—	49,210	20,494
Prepaid expenses and inventory	8,958	—	—	—	—	8,958	10,840
Term deposits <i>[note 3]</i>	2,475,511	—	98,278	100,000	1,300,000	3,973,789	3,908,618
	2,887,849	128,918	116,592	100,000	1,300,000	4,533,359	4,406,086
Capital assets <i>[note 5]</i>	—	2,228,565	—	—	—	2,228,565	2,693,954
	2,887,849	2,357,483	116,592	100,000	1,300,000	6,761,924	7,100,040
LIABILITIES							
Current							
Accounts payable and accrued liabilities <i>[note 6]</i>	150,991	—	3,677	—	—	154,668	232,154
Funds held in trust liability	—	—	12,915	—	—	12,915	10,396
	150,991	—	16,592	—	—	167,583	242,550
FUND BALANCES							
Internally restricted	—	—	100,000	100,000	1,300,000	1,500,000	1,500,000
Invested in capital assets	—	2,357,483	—	—	—	2,357,483	2,776,619
Unrestricted	2,736,858	—	—	—	—	2,736,858	2,580,871
	2,736,858	2,357,483	100,000	100,000	1,300,000	6,594,341	6,857,490
	2,887,849	2,357,483	116,592	100,000	1,300,000	6,761,924	7,100,040

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

	2023					2022	
	General Fund	Capital Asset Fund	Clubs Fund	Student Grant Fund	Health Plan Fund	Total	Total
	\$	\$	\$	\$	\$	\$	\$
REVENUE							
Fees from Students	1,480,066	59,134	81,813	59,134	1,861,745	3,541,892	3,462,677
Interest	115,396	—	—	—	—	115,396	56,670
Locker rentals, advertising and other	14,670	—	—	—	—	14,670	12,885
	1,610,132	59,134	81,813	59,134	1,861,745	3,671,958	3,532,232
EXPENSES							
Health plan premiums and other	—	—	—	—	1,736,590	1,736,590	1,709,937
Staff wages and benefits <i>[note 12]</i>	929,634	—	20,151	14,186	90,000	1,053,971	912,176
Amortization of capital assets - building	—	448,601	—	—	—	448,601	448,601
- office, computer and equipment, website	—	29,669	—	—	—	29,669	56,936
Student union building operating costs - repairs and maintenance	159,398	—	—	—	—	159,398	141,389
Board Member Remuneration <i>[note 8]</i>	147,620	—	—	—	—	147,620	142,921
Campus life, services and events	107,421	—	12,917	23,715	—	144,053	280,811
Administration and Operational Costs <i>[schedule 1]</i>	101,443	—	—	—	—	101,443	122,332
Membership development and promotion	66,237	—	—	—	—	66,237	97,137
Campaigns, conferences, meetings and external relations	26,647	—	—	—	—	26,647	20,800
Handbooks	20,878	—	—	—	—	20,878	19,321
	1,559,278	478,270	33,068	37,901	1,826,590	3,935,107	3,952,361
Excess of revenue (expenses) for the year	50,854	(419,136)	48,745	21,233	35,155	(263,149)	(420,129)
Fund balances, beginning of year	2,580,871	2,776,619	100,000	100,000	1,300,000	6,857,490	7,277,619
Interfund transfer - to the general fund <i>[note 2]</i>	105,133	—	(48,745)	(21,233)	(35,155)	—	—
Fund balances, end of year	2,736,858	2,357,483	100,000	100,000	1,300,000	6,594,341	6,857,490

See accompanying notes to the financial statement

STATEMENT OF CASH FLOWS

Year ended August 31

	2023					2022	
	General Fund	Capital Asset Fund	Clubs Fund	Student Grant Fund	Health Plan Fund	Total	Total
	\$	\$	\$	\$	\$	\$	\$
OPERATING ACTIVITIES							
Excess of revenues (expenses) for the year	50,854	(419,136)	48,745	21,233	35,155	(263,149)	(420,129)
Item not involving cash							
Amortization of capital assets	—	478,270	—	—	—	478,270	505,537
Changes in non-cash working capital balances							
Accounts receivable	(28,716)	—	—	—	—	(28,716)	21,008
Prepaid expenses	1,882	—	—	—	—	1,882	(1,075)
Accounts payable and accrued liabilities	(77,486)	—	2,519	—	—	(74,967)	(119,507)
Cash provided by operating activities	(53,466)	59,134	51,264	21,233	35,155	113,320	(14,166)
FINANCING ACTIVITIES							
Interfund to (from) transfer	105,133	—	(48,745)	(21,233)	(35,155)	—	—
Cash provided by (used in) financing activities	105,133	—	(48,745)	(21,233)	(35,155)	—	—
INVESTING ACTIVITIES							
Redemption (purchase) of term deposits (net)	(163,631)	82,665	15,795	—	—	(65,171)	(47,744)
Purchase of capital assets	—	(12,881)	—	—	—	(12,881)	(24,167)
Cash provided (used) in investing activities	(163,631)	69,784	15,795	—	—	(78,052)	(71,911)
Increase (decrease) in cash during year	(111,964)	128,918	18,314	—	—	35,268	(86,077)
Cash, beginning of year	466,134	—	—	—	—	466,134	552,211
Cash, end of year	354,170	128,918	18,314	—	—	501,402	466,134

See accompanying notes to the financial statements

NOTES TO FINANCIAL STATEMENTS

August 31, 2023

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, 2023

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% [2022 - 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 student initiatives.

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% [2022 - 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, 2023

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, 2025.

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, 2023

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

	2023	2022
	\$	\$
Cash - current	501,402	466,134
Term deposits - short term	3,973,789	3,908,618
	4,475,191	4,374,752

The term deposits have interest rates ranging from 1.70% to 4.75%. The Students' Union's investment strategy is to invest in a range of GICs of varying lengths to both protect the principle and realize a reasonable return on investment.

4. ACCOUNTS RECEIVABLE

	2023	2022
	\$	\$
General Fund		
Accrued interest	47,339	18,946
Operations	1,871	1,548
	49,210	20,494
Allowance for doubtful accounts	—	—
	49,210	20,494

NOTES TO FINANCIAL STATEMENTS

August 31, 2023

5. CAPITAL ASSETS

	Cost \$	Accumulated Amortization \$	Net Book Value \$
2023			
Office equipment	581,002	577,369	3,633
Computer equipment	347,035	313,708	33,327
Website	21,995	21,995	—
	950,032	913,072	36,960
Students' Union building, leasehold interest	6,548,002	4,356,397	2,191,605
	7,498,034	5,269,469	2,228,565
2022			
Office equipment	581,002	563,722	17,280
Computer equipment	334,154	297,686	36,468
Website	21,995	21,995	—
	937,151	883,403	53,748
Students' Union building, leasehold interest	6,548,002	3,907,796	2,640,206
	7,485,153	4,791,199	2,693,954

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

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2023 \$	2022 \$
General Fund		
Due to Douglas College	18,445	25,995
Wages, honoraria and vacation payable	123,756	167,086
Government remittances - WorkSafeBC	885	694
Operations	1,932	28,729
Accrued liabilities	9,650	9,650
	154,668	232,154

NOTES TO FINANCIAL STATEMENTS

August 31, 2023

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, 2023:

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, 2023, the Students' Union paid stipends to board members and other elected personnel in the amount of \$147,620 [2022 - \$142,921].

NOTES TO FINANCIAL STATEMENTS

August 31, 2023

8. RELATED PARTY TRANSACTIONS (CONT'D)

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

	2023	2022
	\$	\$
Director of Finance	9,893	16,699
Director of College Relations	10,120	9,468
Director of External Relations	16,752	14,842
Director of Campus Life	17,343	14,831
Director of Membership Development	9,335	15,896
2 Campus Representatives - Coquitlam	15,843	12,167
4 Campus Representative - New Westminster	27,817	25,202
Women Students' Representative	11,939	11,184
Indigenous Students Representative	8,727	5,961
Accessibility Representative	7,075	7,783
Pride Representative	12,776	8,888
	147,620	142,921

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 \$159,398 [2022 - \$139,745].

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, 2023 were \$321,489 [2022 - \$309,136].

NOTES TO FINANCIAL STATEMENTS

August 31, 2023

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 seven [2022 - seven] employees for a total amount of \$885,437 [2022 - \$702,360].

SCHEDULE OF ADMINISTRATIVE COSTS

Year ended August 31

	2023	2022
	\$	\$
Office and other	35,495	57,088
Insurance	26,187	26,800
IT support and photocopier	18,899	19,019
Professional fees	10,480	9,911
Telephone and utilities	9,370	8,759
Interest and bank charges	1,012	755
	101,443	122,332

See accompanying notes to the financial statements