

MOUNT ALLISON STUDENTS' UNION
FINANCIAL STATEMENTS
APRIL 30, 2016

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INDEPENDENT AUDITOR'S REPORT

To the Members of
Mount Allison Students' Union

We have audited the accompanying financial statements of **Mount Allison Students' Union**, which comprise the statement of financial position as at **April 30, 2016**, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements.

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 is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion

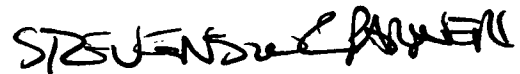
Mount Allison Students' Union, in common with many not-for-profit organizations and Student Union's, derives some of its revenues from event ticket sales and donations. We were not able to obtain sufficient appropriate audit evidence about the completeness of these amounts due to their nature. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Student Union. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

INDEPENDENT AUDITOR'S REPORT (cont'd)

Qualified Opinion

Except as noted in the above paragraph, in our opinion, these financial statements present fairly, in all material respects, the financial position of the Union as at April 30, 2016 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Riverview, NB
November 14, 2016



Stevenson & Partners
Chartered Professional Accountants

MOUNT ALLISON STUDENTS' UNION
STATEMENT OF FINANCIAL POSITION
APRIL 30, 2016

	2016	2015
ASSETS		
Current:		
Cash (Note 2)		
Unrestricted	\$ 293,300	\$ 242,272
Internally restricted	245,923	236,536
Accounts receivable	1,404	5,600
Prepaid expenses	10,557	44,720
Due from Mount Allison University	<u>-</u>	<u>10,101</u>
	551,184	539,229
Capital assets (Note 3)	23,655	34,315
Health and Dental Plan surplus (Note 6)	<u>247,804</u>	<u>246,107</u>
	<u>\$ 822,643</u>	<u>\$ 819,651</u>
LIABILITIES		
Current:		
Accounts payable and accrued liabilities	\$ 18,973	\$ 13,521
Due to government agencies	1,166	776
Deferred revenue - health & dental	120,858	122,832
Deferred liability - Allisonian	21,799	21,799
Due to Mount Allison University	<u>5,179</u>	<u>-</u>
	167,975	158,928
Administered trust funds (Note 5)	91,288	87,064
Deferred employee severance payable (Note 4)	<u>32,035</u>	<u>52,298</u>
	291,298	298,290
NET ASSETS		
Net assets - Statement 2	<u>531,345</u>	<u>521,361</u>
	<u>\$ 822,643</u>	<u>\$ 819,651</u>

APPROVED ON BEHALF OF THE BOARD

_____ Member

MOUNT ALLISON STUDENTS' UNION
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED APRIL 30, 2016

	2016 (Unaudited)		
	Balance, beginning of year	Excess (deficiency) of revenues over expenditures	Balance, end of year
Unrestricted	\$ 91,467	\$ 13,781	\$ 105,248
Investment in Property and Equipment	34,315	(10,660)	23,655
Restricted Operational Reserve	100,000	-	100,000
Green Investment Fund	45,966	3,580	49,546
Bike Co-op Fund	3,506	1,586	5,092
Health and Dental Surplus fund	<u>246,107</u>	<u>1,697</u>	<u>247,804</u>
	<u>\$ 521,361</u>	<u>\$ 9,984</u>	<u>\$ 531,345</u>
	2015		
	Balance, beginning of year	Excess (deficiency) of revenues over expenditures	Balance, end of year
Unrestricted	\$ 97,829	\$ (6,362)	\$ 91,467
Investment in Property and Equipment	49,451	(15,136)	34,315
Restricted Operational Reserve	100,000	-	100,000
Green Investment Fund	47,731	(1,765)	45,966
Bike Co-op Fund	1,949	1,557	3,506
Health and Dental Surplus fund	<u>123,144</u>	<u>122,963</u>	<u>246,107</u>
	<u>\$ 420,104</u>	<u>\$ 101,257</u>	<u>\$ 521,361</u>

MOUNT ALLISON STUDENTS' UNION
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED APRIL 30, 2016

	2016 Budget (Unaudited)	2016 Actual	2015 Actual
Revenues- Schedule 1	\$ 1,329,128	\$ 1,286,837	\$ 1,272,155
Expenditures- Schedule 2	<u>1,328,963</u>	<u>1,276,853</u>	<u>1,170,898</u>
Excess of revenues over expenditures for the year - Statement 2	<u>\$ 165</u>	<u>\$ 9,984</u>	<u>\$ 101,257</u>

MOUNT ALLISON STUDENTS' UNION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED APRIL 30, 2016

	2016	2015
Cash flows from operating activities:		
Excess of revenues over expenditures	\$ 9,984	\$ 101,257
Adjustment for non-cash item:		
Depreciation	<u>10,660</u>	<u>15,136</u>
	20,644	116,393
Change in non-cash working capital balances	<u>42,227</u>	<u>(3,016)</u>
Cash flows from operating activities	<u>62,871</u>	<u>113,377</u>
Cash flows from investing activities:		
Increase in Health and Dental Plan surplus	<u>(1,697)</u>	<u>(122,963)</u>
Cash flows used in investing activities	<u>(1,697)</u>	<u>(122,963)</u>
Cash flows from financing activities:		
Due to Mount Allison University	15,280	(2,382)
Deferred employee severance payable	(20,263)	1,919
Increase (decrease) in trust funds held	(2,720)	5,645
Increase in funds held for grad class	<u>6,944</u>	<u>2,562</u>
Cash flows from (used in) financing activities	<u>(759)</u>	<u>7,744</u>
Net increase (decrease) in cash	60,415	(1,842)
Cash, beginning of year	<u>478,808</u>	<u>480,650</u>
Cash, end of year - Statement 1	<u><u>\$ 539,223</u></u>	<u><u>\$ 478,808</u></u>

MOUNT ALLISON STUDENTS' UNION
NOTES TO THE FINANCIAL STATEMENTS
APRIL 30, 2016

Description of major business activity:

Mount Allison Students' Union (hereafter MASU) was incorporated under the laws of New Brunswick by provincial legislation and operates the Students' Union activities at Mount Allison University, Sackville, New Brunswick. It was incorporated as a non-profit organization and is therefore exempt from income tax.

1. Significant accounting policies:

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations. The significant policies are detailed as follows:

(a) Fund accounting restricted -

The MASU follows the fund method of accounting as allowed for not-for-profit organizations. The MASU has segregated its operations into five funds for financial statement purposes.

The Unrestricted fund accounts for the MASU's operations and day to day income and expenditure activity.

The Restricted Operational Reserve fund was established during the 1998 fiscal year. The MASU passed a resolution to establish an operational reserve of \$100,000 which will be set aside to provide working capital for future operational activities and safeguard against future losses.

The Green Investment fund is used to financially support green capital projects as an initiative to reduce carbon emissions in the Sackville area.

The Investment in Property and Equipment fund reports the assets, liabilities, revenues and expenditures related to the MASU's property and equipment.

The Bike Co-Op fund is a program initiated to provide students and members of the Sackville community with an efficient and environmentally friendly mode of transportation.

The Health and Dental Surplus fund accounts for the trust funds that are being held by the insurance provider of the health and dental program administered by the MASU. Amounts held by the insurance provider represent premiums charged over and above claims in the year of coverage.

(b) Capital assets -

Capital assets are recorded at cost. The MASU provides for depreciation using the diminishing balance method at rates designed to depreciate the cost of the capital assets over their estimated useful lives. The annual depreciation rates are as follows:

Furniture and fixtures	20%
Computers	45%
Systems development	45%

MOUNT ALLISON STUDENTS' UNION
NOTES TO THE FINANCIAL STATEMENTS
APRIL 30, 2016

1. Significant accounting policies (cont'd)

(c) Revenue recognition -

Commutation fees are recognized evenly throughout the semesters to which they relate, being fully recognized by the end of the academic year.

Health and dental fees are recognized on a monthly basis consistent with the period of coverage.

Other activities revenue is recognized at the time the activities occur and funds are received.

(d) Financial instruments -

Measurement of financial instruments

The MASU initially measures its financial assets and liabilities at fair value.

The MASU subsequently measures all its financial assets and financial liabilities at cost or amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in excess of revenues over expenditures in the period incurred.

Financial assets measured at amortized cost include cash, accounts receivable, due from Mount Allison University and Health and Dental Plan surplus.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities, due to Mount Allison University, deferred liability, administered trust funds, deferral of Health and Dental Plan revenue and deferred employee severance payable.

The MASU has not designated any financial asset or financial liability to be measured at fair value.

Financial instrument risks

Unless otherwise noted it is management's opinion that the MASU is not exposed to significant interest, currency, market, liquidity or credit risks arising from these financial instruments.

(e) Deferred revenue -

Deferred revenue represents the health and dental fees received in advance of students' coverage period for the months of May to August annually.

(f) Yearbook (Allisonian) -

The deferred liability of \$21,799 (\$21,799 in 2015) reflects the estimated costs of providing yearbooks to the students enrolled in the MASU for the 2015/2016 and 2014/2015 academic years, respectively. These books are normally delivered seven months after the end of the relevant fiscal and academic year.

MOUNT ALLISON STUDENTS' UNION
NOTES TO THE FINANCIAL STATEMENTS
APRIL 30, 2016

2. Cash:

	2016	2015
Restricted cash:		
Administered trust funds	\$ 91,288	\$ 87,064
Operational reserve	100,000	100,000
Green investment fund	49,543	45,966
Bike Co-op fund	<u>5,092</u>	<u>3,506</u>
	245,923	236,536
Term deposits and other short term investments	87,697	87,650
Unrestricted	<u>205,603</u>	<u>154,622</u>
Total cash	<u><u>\$ 539,223</u></u>	<u><u>\$ 478,808</u></u>

3. Capital assets:

	Cost	2016 Accumulated depreciation	Net Book Value	2015 Net Book Value
Furniture and fixtures	\$ 60,023	\$ 45,585	\$ 14,438	\$ 18,047
Computers	23,156	21,745	1,411	2,566
Systems development	<u>42,371</u>	<u>34,565</u>	<u>7,806</u>	<u>13,702</u>
	<u><u>\$ 125,550</u></u>	<u><u>\$ 101,895</u></u>	<u><u>\$ 23,655</u></u>	<u><u>\$ 34,315</u></u>

4. Deferred employee severance payable:

On March 17, 2014 a motion was passed increasing the severance liability for employees based on their years of service. Previously the liability was based on 2 days for every year of service to a maximum of 30 years service. This was increased to 5 days for every year of service. As a result the liability relating to severances is \$32,035 (2015 - \$52,298). The decrease is a result from an employee retirement during the year.

MOUNT ALLISON STUDENTS' UNION
NOTES TO THE FINANCIAL STATEMENTS
APRIL 30, 2016

5. Administered trust funds:

	2016	2015
Graduation Classes		
Balance, beginning of year	\$ 5,768	\$ 3,206
Class grants transfer	3,100	3,100
Trust fund receipts	24,305	18,109
Trust fund disbursements	<u>(20,460)</u>	<u>(18,647)</u>
	<u>12,713</u>	<u>5,768</u>
Clubs & Societies		
Balance, beginning of year	81,296	75,651
Clubs & Societies transfer	10,500	10,500
Seven Mondays	6,639	6,702
WUSC refugee student transfer	17,704	17,872
Center for International Studies	11,065	11,170
Trust fund receipts	155,488	135,214
Trust fund disbursements	<u>(204,117)</u>	<u>(175,813)</u>
	<u>78,575</u>	<u>81,296</u>
	<u>\$ 91,288</u>	<u>\$ 87,064</u>

6. Health and Dental Plan surplus:

The Health and Dental Plan is administered on an academic calendar basis beginning September 1st each year. The MASU collects the premiums and remits them to the insurer net of an administration fee which the MASU retains and net of any refunds for those students that opt out of coverage.

The Health and dental plan that the MASU administers is a "self-insured" plan. Under this structure the MASU assumes the risk of claims. If claims incurred are less than the premiums collected a surplus is recognized and is held in trust by the insurance provider to be applied against future health and dental related expenditures. If claims are greater than the premiums collected, then the MASU is responsible for the deficit. The deficit can be eliminated either through applying previous years' surpluses or an increase in premiums. Health and dental coverage for students is capped based on coverage type (medical equipment, health practitioner, or perscriptions).

The plan's administrator recommends a surplus of three to six months of premiums. MASU currently targets a six month surplus and will re-evaluate the surplus balance annually.

MOUNT ALLISON STUDENTS' UNION
NOTES TO THE FINANCIAL STATEMENTS
APRIL 30, 2016

7. Lease commitments:

The MASU's total commitments, under various operating leases and a property lease agreement, exclusive of occupancy costs, are as follows:

2017	\$	2,396
2018		2,396
2019		2,396
2020		1,797

8. Financial instruments risks and uncertainties:

Transactions in financial instruments may result in an entity assuming or transferring to another party one or more of the financial risks described below. The required disclosures provide information that assists users of financial statements in assessing the extent of risk related to financial instruments.

(a) Market risk

Market risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether the factors are specific to the instrument or all instruments traded in the market. The MASU's exposure to market risk resides in the Health and Dental Surplus which is invested by the insurance provider in a non-publically traded mutual fund.

9. Green investment fund:

Starting in the 2009/2010 year, each student contributes \$10 annually to a Green Investment Fund which is incorporated into their student fees. As of April 30, 2016 the balance in the Green Investment Fund is \$49,546.

MOUNT ALLISON STUDENTS' UNION
SCHEDULE OF REVENUES
FOR THE YEAR ENDED APRIL 30, 2016

	2016 Budget (Unaudited)	2016 Actual	2015 Actual
ASCARS	\$ 3,000	\$ 4,799	\$ 3,596
Advertising	7,000	6,761	7,711
Airport shuttle program	-	1,726	3,159
Bike Co-op program	2,234	2,309	2,234
Commutation fees	398,122	393,369	379,520
Government grant	3,880	4,000	3,883
Green investment fund	22,340	22,130	22,340
Health & dental management fee	37,302	38,151	24,960
Health & dental plan premiums	722,180	689,549	708,455
Homecoming	-	-	1,810
Housing directory	2,800	1,814	2,721
Interest	2,400	852	1,222
Miscellaneous	200	5,022	398
Orientation	50,000	57,634	54,711
Shinerama	50,000	36,943	34,081
Social Justice committee	-	2,831	-
Students' activities office	15,000	3,707	4,412
Vending commission	1,500	1,500	1,500
Winter carnival	11,170	13,740	15,442
	<u>\$ 1,329,128</u>	<u>\$ 1,286,837</u>	<u>\$ 1,272,155</u>

MOUNT ALLISON STUDENTS' UNION
SCHEDULE OF EXPENDITURES
FOR THE YEAR ENDED APRIL 30, 2016

	2016 Budget (Unaudited)	2016 Actual	2015 Actual
ASCARS	\$ 3,000	\$ 4,598	\$ 3,474
Academic enrichment	11,000	10,934	9,444
Administrator's salary	55,500	55,527	54,173
Airport shuttle program	-	2,042	3,657
Allisonian	59,000	59,796	60,231
Audit fees	7,700	7,774	7,728
Bad debts	500	-	-
Bike Co-op program	2,234	723	677
CASA/NBSA	19,562	19,562	17,933
CPP, EI and Workers compensation	9,100	12,617	9,116
Campaigns	2,800	1,998	1,911
Center for International Studies	11,170	11,065	11,170
Class grants	3,100	3,100	3,100
Clubs and societies	10,500	10,498	10,497
Depreciation	15,500	10,660	15,136
Employee severance	1,920	781	1,919
Green Investment Fund program disbursements	22,340	18,550	24,105
Handbook	9,000	8,677	7,740
Health & dental plan opt-outs	-	301,074	310,277
Health & dental premium disbursements	722,180	388,475	398,178
Health & dental surplus adjustment	-	(10,629)	(122,963)
Homecoming	-	-	1,040
Honoraria	66,650	66,650	66,650
Insurance	13,300	12,024	11,807
Interest and bank charges	2,200	1,317	1,461
Library extended hours	1,300	3,630	945
Miscellaneous	6,300	4,832	9,929
Office manager salary	33,000	29,956	31,566
Office, computer and meeting costs	7,600	9,192	4,653
Online bookstore	1,000	1,000	1,000
Online voting	1,900	-	1,798
Orientation	50,000	61,718	43,790
Pension/health benefits	6,234	6,469	9,056
Per diem	2,500	3,509	3,425
Photocopy and printing	5,500	4,394	5,120
Professional fees	5,900	3,902	4,378
Receptionist, part-time	30,639	32,860	28,918
Seven Mondays	6,702	6,639	6,702
Shinerama	50,000	36,943	34,081
Skip Fraser Memorial Scholarships	4,500	4,500	4,500
Social Justice committee	-	2,793	850
Student activities office	20,500	3,365	6,109
Telephone	4,090	4,141	4,007
Travel and conference	14,000	15,972	19,087
Vehicle allowance	-	720	720
WUSC refugee student	17,872	17,704	17,872
Website costs	-	5,252	2,850
Winter carnival	11,170	19,549	21,081
	<u>\$ 1,328,963</u>	<u>\$ 1,276,853</u>	<u>\$ 1,170,898</u>