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Independent Auditor's Report

To the Members of The University Of Guelph Central Student Association

We have audited the accompanying financial statements of The University Of Guelph Central Student Association which comprise the statement of financial position as at April 30, 2016, and the statement of operations, statement of changes in net assets and statement of 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 includes 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 entity'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 entity'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

In common with many not-for-profit organizations, The University Of Guelph Central Student Association reports sales, sundry and fundraising revenues, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of The University Of Guelph Central Student Association. We were unable to determine whether any adjustments might be necessary to sales, sundry and fundraising revenues, excess of revenues over expenditures, current assets and net assets.

Qualified Opinion

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, these financial statements present fairly, in all material respects, the financial position of The University Of Guelph Central Student Association 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.

BDO Chartered LLP.

Chartered Professional Accountants, Licensed Public Accountants

Guelph, Ontario
October 3, 2016

**The University Of Guelph Central Student Association
Statement of Financial Position**

April 30	2016	2015
Assets		
Current		
Cash and short-term investments (Note 2)	\$ 865,957	\$ 818,614
Accounts receivable		
- University of Guelph	30,960	4,681
- Other	16,835	5,868
- Bullring	1,704	175
Prepaid expenses	861	-
	916,317	829,338
Capital (Note 3)	163,304	175,274
Restricted deposits		
Health plan reserve fund (Note 4)	331,816	351,103
Dental plan reserve fund (Note 5)	351,010	401,864
Affordable housing reserve fund (Note 6)	98,599	54,357
Late night service reserve fund (Note 8)	42,987	47,575
Bullring capital reserve fund (Note 9)	121,355	120,087
Food bank reserve fund (Note 10)	28,206	-
Due from operations - Food bank (Note 10)	-	32,646
Due from operations - Cannon.ca (Note 12)	6,585	6,585
Due from Guelph Campus Co-operative (Note 12)	12,299	29,114
	\$ 2,072,478	\$ 2,047,943
Liabilities		
Current		
Accounts payable and accrued liabilities		
- Other	\$ 83,620	\$ 68,586
Current portion of long-term debt (Note 14)	-	15,046
	83,620	83,632
Long-term debt (Note 14)	-	-
	83,620	83,632
Net Assets		
Net Assets Externally Restricted		
Health plan reserve (Page 5)	331,816	351,103
Dental plan reserve (Page 5)	351,010	401,864
Affordable housing reserve (Page 5)	98,599	54,357
Late night service reserve (Page 5)	42,987	47,575
Food bank reserve (Note 10)	28,206	32,646
Cannon.ca reserve (Note 12)	18,884	35,699
Bullring capital reserve (Page 5)	121,355	120,087
Net assets invested in capital assets (Page 5)	163,304	175,274
Unrestricted net assets (Page 5)	832,697	745,706
	1,988,858	1,964,311
	\$ 2,072,478	\$ 2,047,943

Approved on behalf of the Association:

**The University Of Guelph Central Student Association
Statement of Changes in Net Assets**

April 30	Externally Restricted Dental Plan Reserve	Externally Restricted Health Plan Reserve	Externally Restricted Affordable Housing Reserve	Externally Restricted Late Night Service Reserve	Internally Restricted Bullring Capital Reserve	Invested In Capital Asset	2016 Total	2015 Total
Balance, beginning of the year	\$ 401,864	\$ 351,103	\$ 54,357	\$ 47,575	\$ 120,087	\$ 175,274	\$ 1,895,966	\$ 1,969,189
Premiums collected in the year	1,634,727	2,954,290	-	-	-	-	4,589,017	4,440,845
Student fees collected	-	-	44,032	382,586	-	-	426,618	406,531
Bursaries and support payments	(15,000)	(47,000)	-	-	-	-	(62,000)	(60,000)
Interest earned	13,296	20,335	210	152	1,268	-	35,261	41,447
Premiums for the year	(1,671,627)	(2,926,124)	-	-	-	-	(4,597,751)	(4,557,591)
Administration fees	(12,250)	(20,788)	-	-	-	-	(33,038)	(45,397)
Excess (deficiency) of revenues over expenditures	-	-	-	-	-	(33,828)	108,849	75,940
Purchase of capital assets	-	-	-	-	-	21,858	-	-
Expenditures	-	-	-	(387,326)	-	-	(387,326)	(374,998)
Balance, end of the year	\$ 351,010	\$ 331,816	\$ 98,599	\$ 42,987	\$ 121,355	\$ 163,304	\$ 1,941,768	\$ 1,895,966

The accompanying notes are an integral part of these financial statements.

The University Of Guelph Central Student Association Statement of Operations

<u>For the year ended April 30</u>	<u>2016</u>	<u>2015</u>
Council - general	\$ (26,182)	\$ (52,160)
Academic commissioner	(198)	(87)
External commissioner	8,137	18
Local affairs commissioner	1,070	(51)
Communications commissioner	2,974	3,810
Live entertainment	24,454	(13,980)
Films	6,797	7,433
Programmes	6,489	1,623
General programming (entertainment)	(3,663)	1,050
Administration	40,518	19,681
The Bullring	14,585	102,478
Promotional services	40	6,125
Excess of revenues over expenditures	\$ 75,021	\$ 75,940

The accompanying notes are an integral part of these financial statements.

The University Of Guelph Central Student Association Statement of Cash Flows

For the year ended April 30	2016	2015
Cash flow from operating activities		
Excess of revenues over expenditures	\$ 75,021	\$ 75,940
Adjustments for		
Amortization	33,828	60,833
Transfer to Bullring capital reserve	-	(120,000)
	<u>108,849</u>	<u>16,773</u>
Changes in non-cash working capital balances		
Accounts receivable	(38,775)	73
Prepaid expenses	(861)	596
Accounts payable and accrued liabilities	<u>15,034</u>	<u>(41,402)</u>
	<u>84,247</u>	<u>(23,960)</u>
Cash flows from investing activities		
Purchase of capital assets	<u>(21,858)</u>	<u>(30,522)</u>
Cash flows from financing activities		
Repayment of long-term debt	<u>(15,046)</u>	<u>(30,091)</u>
Change in cash position during the year	47,343	(84,573)
Cash position, beginning of year	<u>818,614</u>	<u>903,187</u>
Cash position, end of year	<u>\$ 865,957</u>	<u>\$ 818,614</u>

The accompanying notes are an integral part of these financial statements.

The University Of Guelph Central Student Association Notes to the Financial Statements

April 30, 2016

1. Summary of Significant Accounting Policies

Nature of Business The University of Guelph Central Student Association (the "Association") was incorporated without share capital, on May 31, 1979, under the laws of Ontario and provides services to the student body of the University of Guelph, on a not-for-profit basis.

The Association is a non-profit organization and, as such, is exempt from income tax.

Basis of Accounting The Association has prepared its financial statements in accordance with Canadian accounting standards for not-for-profit organizations.

These financial statements were prepared using the accrual basis of accounting. The accrual basis recognizes revenues as they become available and measurable; expenditures are recognized as they are incurred and measurable as a result of receipts of goods and services and the creation of a legal obligation to pay.

Capital Assets Capital assets are recorded at cost. Amortization is based on the estimated useful life of the assets as follows:

Furniture and equipment - 10 years straight-line basis
Computer equipment - 5 years straight-line basis
Leasehold improvements - 12 years straight-line basis

Revenue Recognition The Association follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

The University Of Guelph Central Student Association Notes to the Financial Statements

April 30, 2016

2. Cash and Short-term Investments

The Association's bank accounts are held at one credit union.

	2016	2015
Cash	\$ 763,520	\$ 747,276
Short-term investments	100,000	100,000
Due from health plan reserve fund	2,842	-
Due (to) from food bank reserve fund	1,440	(32,646)
Due from late night service reserve fund	4,740	10,569
Due to Canon.ca reserve fund	(6,585)	(6,585)
	\$ 865,957	\$ 818,614

The cash balance earns interest at the rate of 0% to 1% (2015 - 0% to 1.2%).

Short-term investment consists of a GIC that earns interest at the rate of 2.48% and matures in April 2019.

3. Capital Assets

	2016		2015	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Furniture and equipment	\$ 254,466	\$ 123,008	\$ 131,458	\$ 135,548
Computer equipment	18,158	11,475	6,683	9,813
Leasehold improvements	57,000	31,837	25,163	29,913
	\$ 329,624	\$ 166,320	\$ 163,304	\$ 175,274

During the year, amortization of \$33,828 (2015 - \$60,833) was recorded on capital assets.

The University Of Guelph Central Student Association Notes to the Financial Statements

April 30, 2016

4. Health Plan and Health Plan Reserve Fund

The Association administers the student health plan. Use of health plan reserve funds is restricted for the purpose of funding the students' health plan, in the event that the claims exceed the premiums paid. Interest earned on the reserve fund balance and on the health plan activity during the year becomes part of the fund.

	2016	2015
Savings (indebtedness)	\$ 34,658	\$ (48,897)
Short-term investment	300,000	400,000
Due to operations from health plan	(2,842)	-
	\$ 331,816	\$ 351,103

The short-term investment consists of a GIC that earns interest at a rate of 2.40% with a maturity date of April 2018.

The savings accounts earn interest at the rate of 0.20% to 1% (2015 - 0.50% to 1.2%).

5. Dental Plan and Dental Plan Reserve Fund

The Association administers the student dental plan. Use of dental plan reserve funds is restricted for the purpose of funding the students' dental plan, in the event that the claims exceed the premiums paid. Interest earned on the reserve fund balance and dental plan activity during the year becomes part of the fund.

	2016	2015
Savings	\$ 51,010	\$ 101,864
Short-term investments	300,000	300,000
	\$ 351,010	\$ 401,864

The short-term investments consist of GIC's that earn interest at rates of 1.90% and 2.40% with maturity dates of May 2017 and April 2018.

The savings accounts earn interest at the rate of 0.20% to 1% (2015 - 0.50% to 1.2%).

6. Affordable Housing Reserve Fund

The Association administers an affordable housing plan. Use of the affordable housing reserve funds is restricted for the purpose of upgrading accessibility of housing for students with special needs. Interest earned on the reserve fund balance becomes part of the fund. Revenues earned in the fund are generated from student fees. The funds are deposited in a savings account that earns interest at 0.20% (2015 - 0.50%).

The University Of Guelph Central Student Association Notes to the Financial Statements

April 30, 2016

7. Universal Bus Pass Revenue

Net universal bus pass revenue is comprised of the following:

	2016	2015
Universal bus pass revenue	\$ 4,141,354	\$ 3,956,398
Universal bus pass expenses	(4,133,709)	(3,949,438)
Net	\$ 7,645	\$ 6,960

8. Late Night Service and Late Night Service Reserve Fund

The Association administers late night bus service for use by the students. Use of any funds resulting from the excess of revenues over expenditures is restricted for the purpose of providing future late night bus services to the students. Revenues earned in the fund are generated from student fees.

	2016	2015
Savings	\$ 47,727	\$ 58,144
Due to operations from late night service reserve	(4,740)	(10,569)
	\$ 42,987	\$ 47,575

The savings account earns interest at the rate of 0.20% (2015 - 0.50%).

9. Bullring Capital Reserve Fund

The Association administers a Bullring capital reserve fund. Use of the Bullring capital reserve fund is internally restricted for the purpose of funding capital expenditures. During the year, \$Nil (2015 - \$120,000) was transferred to the internally restricted reserve fund from unrestricted net assets. Interest earned on the reserve fund balance during the year becomes part of the fund. The funds are held in a savings account and earn interest at 1% (2015 - 1.20%).

The University Of Guelph Central Student Association Notes to the Financial Statements

April 30, 2016

10. Food Bank Reserve

The Association administers a food bank plan. Use of the food bank reserve funds is restricted for the purpose of purchasing food to be distributed to low income students. Revenues earned in the fund are generated from student fees.

	2016	2015
Balance, beginning of the year	\$ 32,646	\$ 30,012
Add: Revenues	99,089	91,742
Less: Expenditures	(103,529)	(89,108)
Balance, end of the year	<u>\$ 28,206</u>	<u>\$ 32,646</u>

11. Contingencies

On April 30, 2013, the Association entered into a Litigation Cooperation Agreement ("Agreement") with the Canadian Federation of Students ("CFS") and Canadian Federation of Students-Ontario ("CFS-O") through which the Association, the CFS and the CFS-O will together be seeking damages from the University of Guelph equivalent to all unpaid, unremitted and/or uncollected 2010-2011, 2011-2012, 2012-2013, 2013-2014, 2014-2015 and 2015-2016 CFS and CFS-O membership fees. There is at this date no potential claim by the CFS or the CFS-O against the Association for unpaid or uncollected fees as a result of this Agreement. The Agreement is accessible of review by any of the Association's members upon request.

The University Of Guelph Central Student Association Notes to the Financial Statements

April 30, 2016

12. Cannon.ca Partnership

The Association has entered into a partnership agreement with the Guelph Campus Co-operative whereby the yearly income or loss of the Cannon.ca is to be divided equally amongst the two partners. Activity of the Cannon.ca is as follows:

	2016	2015
Revenues	\$ 1,189	\$ 50,086
Expenses	34,819	27,392
Net income for the year	\$ (33,630)	\$ 22,694
Opening reserve balance	\$ 35,699	\$ 24,352
Association's 50% portion of the net income for the year	(16,815)	11,347
Ending reserve balance	\$ 18,884	\$ 35,699
Due from operations	\$ 6,585	\$ 6,585
Due from Guelph Campus Co-operative	12,299	29,114
	\$ 18,884	\$ 35,699

The Association's portion of the net income of Cannon.ca from inception to April 30, 2016 is included in a reserve account as this money is restricted for the purpose of financing future deficits of the partnership.

13. Commitments

The association has entered into an operating lease for one photocopier. The photocopier is leased at \$2,670 per quarter under a lease expiring in July 2019.

The minimum annual lease payments for the next five years are as follows:

2017	10,680
2018	10,680
2019	10,680
2020	2,670
	\$ 34,710

The University Of Guelph Central Student Association Notes to the Financial Statements

April 30, 2016

14. Long-term Debt

	2016	2015
University of Guelph, loan payable, interest at 2.25%, repayable in blended monthly installments of \$2,566. Repaid in October 2015.	\$ -	\$ 15,046
Less: current portion	-	(15,046)
	<u>\$ -</u>	<u>\$ -</u>

15. Source of Funds

The Association receives all of its student fees from the University of Guelph. These fees are essential to the continuing operation of the Association.

16. Financial Instruments Risk

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Association is exposed to this risk through interest earned on its savings accounts and its guaranteed investments certificates. This risk has not changed since the previous period.

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Association is exposed to credit risk resulting from the possibility that a customer or counterparty to a financial instrument defaults on their financial obligations. The financial instruments that are exposed to credit risk relate primarily to accounts receivable. This risk has not changed since the previous period.
