

**Brandon University Students'
Union Inc.**

Financial Statements
For the year ended April 30, 2023

Draft - Subject to Change

Brandon University Students' Union Inc.

Financial Statements

For the year ended April 30, 2023

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Independent Auditor's Report

To the members of Brandon University Students' Union Inc.

Qualified Opinion

We have audited the accompanying financial statements of Brandon University Students' Union Inc. (the Entity), which comprise the statement of financial position as at April 30, 2023, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at April 30, 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 Qualified Opinion

In common with many not-for-profit organizations, the Entity derives revenue from fundraising activities the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Entity. Therefore, we were not able to determine whether any adjustments might be necessary to fundraising, revenue, excess of revenues over expenses and cash flows from operations for the years ended April 30, 2023 and 2022, current assets as at April 30, 2023 and 2022, and net assets as at May 1 and April 30 for both the 2023 and 2022 years. Our audit opinion on the financial statements for the year ended April 30, 2022 was modified accordingly because of the possible effects of this limitation in scope.

The Entity also derives revenue from operating a coffee shop and incurs expenses related to that activity. The existing controls over the coffee shop are not sufficient to satisfactorily test the revenues, expenses, inventory and capital assets related to the coffee shop in respects to completeness and existence. Accordingly, verification of these revenues in addition to coffee shop expenses, inventory and assets was limited to the amount recorded in the records of the Entity. In addition, we did not observe the counting of physical inventory at April 30, 2023, nor were we able to satisfy ourselves concerning those inventory quantities by alternative means. Since closing inventories enter into the determination of the results of coffee shop operations and cash flows, we were unable to determine whether adjustments might be necessary to the results of operations and cash flows for the year ended April 30, 2023.

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 Entity 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 qualified audit opinion.

Responsibilities of Management and Those Charged with Governance 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.

In preparing the financial statements, management is responsible for assessing the Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

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

Chartered Professional Accountants

Brandon, Manitoba
TBD

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**Brandon University Students' Union Inc.
Statement of Financial Position**

April 30 2023 2022

Assets

Current Assets

Cash and bank	\$	393,964	\$	349,711
Short term investments (Note 2)		22,164		21,729
Accounts receivable		17,571		146,303
Employee loan receivable		2,400		-
		436,099		517,743

Capital Assets (Note 3)

		33,445		34,126
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	\$	469,544	\$	551,869
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Liabilities and Net Assets

Current Liabilities

Accounts payable and accrued liabilities	\$	93,510	\$	33,159
Deferred revenue (Note 6)		16,561		15,426
		110,071		48,585

Net Assets

Unrestricted		(174,236)		48,373
Invested in capital assets		33,445		34,126
Internally restricted for reserves (Note 7)		265,277		108,504
Internally restricted for student health and dental plan (Note 7)		234,988		312,281
		359,473		503,284
	\$	469,544	\$	551,869

Commitments (Note 11)

**Brandon University Students' Union Inc.
Statement of Changes in Net Assets**

For the year ended April 31

	Invested in Capital Assets	Internally Restricted Reserve	Student Health and Dental Plan	Unrestricted Reserve	2023	2022
Balance, beginning of year	\$ 34,126	\$ 108,504	\$ 312,281	\$ 48,373	\$ 503,283	\$ 390,733
Surplus (deficit) for the year	(5,876)	-	127,326	(265,260)	(143,810)	112,550
Transfers	-	156,773	(204,619)	47,846	-	-
Purchase of capital assets	5,195	-	-	(5,195)	-	-
Balance, end of year	\$ 33,445	\$ 265,277	\$ 234,988	\$ (174,236)	\$ 359,473	\$ 503,283

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

Brandon University Students' Union Inc. Statement of Operations

For the year ended April 30 **2023** **2022**

Revenue

Health and dental fees	\$	554,050	\$	629,750
Student fees		263,570		269,171
Bus passes		62,748		64,374
Bailey's income		92,628		-
Canadian Federation of Student fees		43,369		45,281
Publications		33,255		26,908
Office		22,277		3,701
Miscellaneous		9,465		8,290
Bookstore profit share		10,700		-
Health and dental management fees		9,500		9,500
Administration fees		9,500		9,500
Food bank donations		6,042		495
Mingling area		610		2,114
Interest		466		222
SUDS dissolution		-		31,912
Pepsi agreement		-		5,000
		1,118,180		1,106,218

Expenses

General and administrative expenses (per schedule page 15)	661,469	530,479
Health and dental payouts	426,724	457,274
Amortization	5,876	5,915
Bailey's	167,921	-
	1,261,990	993,668

Surplus (deficit) for year	\$ (143,810)	\$ 112,550
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Allocated to:

Unrestricted	\$ (265,260)	\$ (54,011)
Invested in Capital Assets	(5,876)	(5,915)
Student Health and Dental Plan	127,326	172,476
	\$ (143,810)	\$ 112,550

**Brandon University Students' Union Inc.
Statement of Cash Flows**

For the year ended April 30	2023	2022
Cash Flows from Operating Activities		
Surplus (deficit) for the year	\$ (143,810)	\$ 112,550
Adjustments for		
Amortization of capital assets	5,876	5,915
	<u>(137,934)</u>	<u>118,465</u>
Changes in non-cash working capital balances		
Accounts receivable	128,731	(132,302)
Inventories	-	-
Employee loan receivable	(2,400)	-
Accounts payable and accrued liabilities	60,351	(642)
Deferred revenue	1,135	(2,367)
	<u>187,817</u>	<u>(135,311)</u>
	49,883	(16,846)
Cash Flows from Investing Activities		
Purchase of capital assets	<u>(5,195)</u>	<u>(3,722)</u>
Increase (decrease) in cash and cash equivalents during the year	44,688	(20,568)
Cash and cash equivalents, beginning of year	<u>371,440</u>	<u>392,010</u>
Cash and cash equivalents, end of year	<u>\$ 416,128</u>	<u>\$ 371,440</u>
Represented by		
Cash and bank	\$ 393,964	\$ 349,711
Short term investments	22,164	21,729
	<u>\$ 416,128</u>	<u>\$ 371,440</u>

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

Brandon University Students' Union Inc.

Notes to Financial Statements

April 30, 2023

1. Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

The Entity is a not-for-profit organization incorporated in Manitoba. Any surplus the Entity may generate is non-taxable. The Entity represents the student body of Brandon University, acting as facilitators of programs elected by vote, acting as negotiators with suppliers in the selection of activities held and products sold on campus, and acting in cooperation with Brandon University Administration in addressing student concerns regarding the quality and administration of educational programs.

Basis of Accounting

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.

Capital Assets

Purchases of capital assets are capitalized in the year of purchase at cost and amortized over the expected life of the asset as follows:

Building	5% declining balance
Furniture	20% declining balance
Equipment	20% declining balance

Use of Estimates

The preparation of financial statements in accordance 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 at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

Estimates have been used by management in the following areas:

- The estimation of the collectible amount of accounts receivable outstanding at year end;
- The settlement amount of liabilities accrued at year end; and
- Useful life of capital assets.

Brandon University Students' Union Inc.

Notes to Financial Statements

April 30, 2023

1. Nature of Operations and Summary of Significant Accounting Policies (continued)

Revenue Recognition

Revenue is derived from student fees, rental income, coffee shop sales, photocopier and printing sales and grants. Student fees are earned once the course withdrawal date has passed. Rental income is earned once the service has been delivered. Coffee shop, photocopier and printing sales are earned when the service has been provided or goods delivered to customer. Grants are earned once the cash has been received. All other revenues are recognized when received or receivable and collectibility is reasonably assured.

The Entity follows the deferral method of accounting for restricted contributions. Under this method, restricted contributions are recognized in the period that the related expenditure is incurred.

Deferred revenue is made up of unearned students fees paid in April that relate to the spring and summer sessions.

Inventory

Inventory includes buttons and water bottles used by the Entity during orientation events and coffee shop food and beverage products. Inventory is measured at the lower of cost and current replacement cost. Cost is determined using the first-in first-out method.

Financial Instruments

Financial instruments are recorded at fair value when acquired or issued. All financial instruments are subsequently reported at cost or amortized cost less impairment, if applicable. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items measured at fair value and charged to the financial instrument for those measured at amortized cost.

Financial assets are tested for impairment when changes in circumstances indicate the asset could be impaired. When a significant change in the expected timing or amount of future cash flows of the financial asset is identified, the carrying amount of the financial asset is reduced and the amount of the write-down is recognized in net income. A previously recognized impairment loss may be reversed to the extent of the improvement, provided it is not greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously, and the amount of the reversal is recognized in net income.

Brandon University Students' Union Inc.

Notes to Financial Statements

April 30, 2023

1. Nature of Operations and Summary of Significant Accounting Policies (continued)

Impairment of Long-Lived Assets

In the event that facts and circumstances indicate that the Entity's long lived assets may be impaired, a test of recoverability would be performed.

Such a test entails comparing the estimated future undiscounted cash flows associated with the asset to the asset's carrying amount to determine if a write down to market value or discounted cash flow value is required.

For purposes of recognition and measurement of an impairment loss, a long-lived asset is grouped with other assets and liabilities to form an asset group at the lowest level for which identifiable cash flows are largely independent of the cash flows of other assets and liabilities.

Contributed Materials and Services

Knowles Douglas Student Union Centre Inc. contributes retail store space and kitchen equipment for the coffee shop at no charge to assist the Entity in carrying out its activities. Due to the difficulty determining their fair value, these contributed materials and services are not recognized in the financial statements..

2. Short-term Investments

	2023	2022
Scotiabank term deposit carrying interest of 4.7% paid upon maturity, maturing January 2024.	\$ 22,164	\$ 21,729

3. Capital Assets

	2023		2022	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Building	\$ 30,621	\$ 18,026	\$ 30,621	\$ 17,363
Furniture	29,600	26,204	29,600	25,354
Equipment	72,932	55,478	67,737	51,115
	\$ 133,153	\$ 99,708	\$ 127,958	\$ 93,832
Net book value		\$ 33,445		\$ 34,126

Brandon University Students' Union Inc. Notes to Financial Statements

April 30, 2023

4. Due to/from Related Parties

The Quill Incorporated is related to Brandon University Students' Union Inc. by virtue of common control. All transactions between the parties consisted of advances and repayment of advances. The amounts due to/from related parties are non-interest bearing and there are no specified terms of repayment. There are currently no amounts owing between The Quill Incorporated and Brandon University Students' Union Inc.

Knowles Douglas Student Union Centre Inc. is related to Brandon University Students' Union Inc. by virtue of common control. All cash transactions between the parties consisted of advances and repayment of advances. There are currently no amounts owing between Knowles Douglas Student Union Centre Inc. and Brandon University Students' Union Inc. Knowles Douglas Student Union Centre Inc. provides retail store space and kitchen equipment to Brandon University Student Union Inc. at no charge.

Brandon University has significant influence over Brandon University Students' Union Inc., and is therefore a related party. All transactions between the parties consisted of advances and repayment of advances. The amounts due to/from related parties are non-interest bearing and there are no specified terms of repayment.

	2023	2022
Due from Brandon University.	\$ 10,028	\$ 7,970

All related party transactions are in the normal course of business and are measured at the exchange amount.

5. Government Remittances

Included in accounts payable and accrued liabilities are government remittances payable of \$15,344 (2022- \$6,059).

6. Deferred Revenue

	2023	2022
Opening balance	\$ 15,426	\$ 17,050
Revenue deferred during the year	16,561	15,426
Revenue recognized during the year	(15,426)	(17,050)
	\$ 16,561	\$ 15,426

Brandon University Students' Union Inc. Notes to Financial Statements

April 30, 2023

7. Internally Restricted Reserve Funds

The internally restricted reserve funds have been allocated as follows:

	2023	2022
Stabilization Reserve	\$ 200,000	\$ 55,697
Food Bank Reserve	20,000	18,319
Legal Reserve	13,133	8,500
Technology and Office Reserve	32,144	25,987
	\$ 265,277	\$ 108,503

Brandon University Students' Union Inc. has set aside funds in reserve to be used for a variety of purposes. Individual reserves are to be used as follows:

Stabilization reserve - to support Brandon University Students' Union Inc. in the event of a financial crisis, which is defined as a decline in union revenues of 5% in a given year. No withdrawal from this fund shall exceed half of the total fund value. No withdrawal from this fund shall exceed what is necessary to bring the current year's revenue to within 5% of the three-year running average. Brandon University Students' Union Inc. shall make an annual allocation to this reserve in an amount equivalent to 5% minimum of bookstore revenues.

Food Bank reserve - to provide food services to Brandon University students who are in need of support, a Food Bank Reserve is maintained. All donations to the Food Bank are restricted for use within that program. The reserve accounts shall be reconciled at the end of each fiscal year and a deposit or withdrawal of the account shall only take place if the food bank has a net loss or net profit. A deposit or withdrawal of the account shall take place to start the Food Bank operating account with \$2,000 in the following fiscal year.

Legal reserve - a Legal reserve shall be maintained and shall have a minimum of \$500 allocated each fiscal year. The reserve may be accessed in a year that legal expenses exceed \$2,000.

Technology and office reserve - to be used for technology expenses, extraordinary office upkeep, and improvements to the office. Technology expenses may include computer equipment, software, and other equipment technology that are directly related to the operation of the office. Extraordinary office upkeep and improvements to the office may include painting, flooring, furniture and similar expenses. This fund is not to be used for regular office maintenance such as cleaning and minor repairs. Any revenue collected from the sale of used equipment or technology should be returned to this reserve. The council shall make annual allocations of \$5,000 minimum to this reserve. Transfers to and from this fund should be based on a multi-year capital plan.

Student Health and Dental Plan reserve - to hold funds that are restricted for expenditures on the student health and dental plan. Contributions from students are added to the plan each year and the fund is decreased as premiums are paid each month along with an annual management fee of \$10,000.

Brandon University Students' Union Inc.

Notes to Financial Statements

April 30, 2023

8. Economic Dependence

Brandon University Students' Union Inc. is economically dependent on Brandon University for the collection of student fee revenue.

9. Council Composition

The incorporating act of Brandon University Students' Union Inc. stipulates that the Council of the Union consist of:

Three members of the Executive and fourteen Directors elected annually by the members of the Union, and/or faculty.

10. Contractual Obligations

The Entity entered into an agreement with Pepsico Canada on February 27, 2018. The purpose of the agreement is to give the Pepsi Bottling Group exclusive rights to serve soft drink beverages in exchange for various consideration given. The term of the agreement is from January 2018 to December 2022. The contract was not renewed in the 2023 fiscal year.

The agreement includes consideration to the Brandon University Students' Union Inc. in the amount of \$25,000 payable to be received over the five years. During the year, Pepsi gave \$0 (2022- \$5,000), for marketing purposes.

11. Commitment

The Entity presently leases office equipment under an operating lease.

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

2024	\$	17,002
2025		16,761
2026		15,555
2027		<u>11,288</u>
Total	\$	<u>60,606</u>

12. Financial Risk Management

The Entity, as part of its operations, carries a number of financial instruments. It is management's opinion that the Entity is not exposed to significant interest, currency, credit, liquidity or other price risks arising from these financial instruments except as otherwise noted.

**Brandon University Students' Union Inc.
Schedule of Expenses**

For the year ended April 30	2023	2022
Bad debts	\$ 1,049	\$ 2,481
Bank charges and interest	1,350	3,066
Bailey's expenses	-	19,184
Bus passes	65,020	62,088
Canadian Federation of Student Fees	43,369	45,281
Conferences and travel fund	11,885	6,733
Council - expense	6,092	8,817
Council - salaries	52,350	50,758
Cultural and entertainment	692	-
Donations	12,650	2,001
Entertainment	6,952	3,477
Grants	11,678	24,867
Insurance	9,165	6,042
Machine - repairs and maintenance	28,450	20,080
Membership development	10,073	1,127
Merchandise	4,808	8,503
Miscellaneous	1,085	909
Office - salaries and benefits	346,577	228,911
Office - supplies	17,690	9,930
Postage	76	126
Professional fees	21,811	17,217
Publications	2,028	1,922
Telephone and fax	6,353	6,959
Web page	266	-
	\$ 661,469	\$ 530,479