

FINANCIAL STATEMENTS
ASSOCIATION OF PART-TIME UNDERGRADUATE STUDENTS
OF THE UNIVERSITY OF TORONTO
AS AT APRIL 30, 2016

**ASSOCIATION OF PART-TIME UNDERGRADUATE STUDENTS
OF THE UNIVERSITY OF TORONTO**

AS AT APRIL 30, 2016

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MANAGEMENT REPORT

Management's Responsibility for Financial Reporting

The accompanying financial statements of the **Association of Part-Time Undergraduate Students** of the University of Toronto have been prepared by management and approved by the board of directors. Management is responsible for the integrity, objectivity and reliability of the data presented. This responsibility includes selecting appropriate accounting principles and making judgments and estimates consistent with Canadian accounting standards for not-for-profit organizations. Management is also responsible for the development of internal controls over the financial reporting process, which are designed to provide reasonable assurance that relevant and reliable financial information is produced, and that the controls ensure that the assets of the corporation are safeguarded.

The board of directors of the **Association of Part-Time Undergraduate Students** of the University of Toronto is responsible for reviewing and approving the financial statements, and overseeing management's performance of its financial reporting responsibilities.

Yale & Partners LLP are the external auditors of the **Association of Part-Time Undergraduate Students** of the University of Toronto. The external auditors have audited the financial statements in accordance with Canadian auditing standards to enable them to express their opinion on the financial statements. Their report is included on the following page of this report.

On behalf of the **Association of Part-Time Undergraduate Students**

Danielle Sandhu, Executive Director

PARTNERS

Amarjit (A.J.) Manhas, CPA, CA H. Gordon Lee, CPA, CA
Earl S. Weiner, CPA, CA Jeffrey R. Dessau, CPA, CA
Munsoor A. Khan, CPA, CA Benjamin J. Detsky, CPA, CA
Pei (Peter) Zhang, CPA, CA

CONSULTANTS TO THE FIRM

Howard Detsky, CPA, CA
M. Ibrar Khan, CPA, CGA

INDEPENDENT AUDITORS' REPORT

To the Members
Association of Part-Time Undergraduate Students,

We have audited the accompanying financial statements of the **Association of Part-Time Undergraduate Students** of the University of Toronto, which comprise the statement of financial position as at April 30, 2016, the statement of operations and changes in net assets, and cash flows statement 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 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 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 audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of **Association of Part-Time Undergraduate Students** of the University of Toronto at April 30, 2016, and of its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Yale Partners LLP

Chartered Professional Accountants
Licensed Public Accountants

Toronto, Ontario
October 5, 2016

**ASSOCIATION OF PART-TIME UNDERGRADUATE STUDENTS
OF THE UNIVERSITY OF TORONTO**

STATEMENT OF FINANCIAL POSITION

**AS AT APRIL 30, 2016
(With comparative figures as at April 30, 2015)**

ASSETS

	2016	2015
CURRENT		
Cash	\$ 131,533	\$ 192,934
Cash - restricted for health and dental plan (note 7)	273,459	270,191
Investments (note 4)	502,939	498,030
Accounts receivable	142,325	-
Prepaid insurance	<u>2,981</u>	<u>2,751</u>
	1,053,237	963,906
EQUIPMENT (note 5)	<u>2,865</u>	<u>2,811</u>
TOTAL ASSETS	<u>\$ 1,056,102</u>	<u>\$ 966,717</u>

LIABILITIES

CURRENT		
Accounts payable and accruals	\$ 71,031	\$ 80,957
Deferred health and dental plan fees (note 7)	<u>273,459</u>	<u>270,191</u>
TOTAL LIABILITIES	344,490	351,148

NET ASSETS

Per statement attached	<u>711,612</u>	<u>615,569</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,056,102</u>	<u>\$ 966,717</u>

APPROVED ON BEHALF OF THE BOARD

 Director

 Director

See accompanying notes

To be read in conjunction with our Auditors' Report dated October 5, 2016

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**ASSOCIATION OF PART-TIME UNDERGRADUATE STUDENTS
OF THE UNIVERSITY OF TORONTO**

STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS

**FOR THE YEAR ENDED APRIL 30, 2016
(With comparative figures for the year ended April 30, 2015)**

	2016	2015
REVENUES		
Member's health and dental plan fees recognized (note 7)	\$ 987,403	\$ 838,234
General student fees	347,957	339,565
Restricted student fees recognized (note 6)	112,893	111,509
Investment and other income	<u>12,091</u>	<u>20,141</u>
	<u>1,460,344</u>	<u>1,309,449</u>
EXPENSES		
Health and dental plan disbursements (note 7)	987,403	838,234
Salaries, wages and benefits	173,186	127,678
Restricted student fee disbursements (note 6)	112,893	111,509
Office and general	26,376	25,919
Audit and legal fees	17,762	19,440
Special projects	22,795	19,106
Meetings and conferences	16,732	17,983
Awards and bursaries	-	8,800
Insurance	4,810	5,237
Amortization	<u>2,344</u>	<u>2,300</u>
	<u>1,364,301</u>	<u>1,176,206</u>
SURPLUS FOR THE YEAR	96,043	133,243
Opening net assets	<u>615,569</u>	<u>482,326</u>
CLOSING NET ASSETS	<u>\$ 711,612</u>	<u>\$ 615,569</u>

See accompanying notes

To be read in conjunction with our Auditors' Report dated October 5, 2016

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**ASSOCIATION OF PART-TIME UNDERGRADUATE STUDENTS
OF THE UNIVERSITY OF TORONTO**

STATEMENT OF CASH FLOWS

**FOR THE YEAR ENDED APRIL 30, 2016
(With comparative figures for the year ended at April 30, 2015)**

	2016	2015
CASH FLOWS FROM (USED IN):		
OPERATING ACTIVITIES		
Surplus for the year	\$ 96,043	\$ 133,243
Non-cash items:		
Amortization	2,344	2,300
Non-cash working capital		
Investments	(4,909)	(15,901)
Accounts receivable	(142,325)	-
Prepaid insurance	(230)	196
Accounts payable	<u>(9,926)</u>	<u>(112,943)</u>
	<u>(59,003)</u>	<u>6,895</u>
INVESTING ACTIVITIES		
Purchase of equipment	<u>(2,398)</u>	<u>-</u>
CHANGE IN CASH	(61,401)	6,895
Cash at beginning of the year	<u>192,934</u>	<u>186,039</u>
CASH AT END OF THE YEAR	<u>\$ 131,533</u>	<u>\$ 192,934</u>

See accompanying notes

To be read in conjunction with our Auditors' Report dated October 5, 2016

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**ASSOCIATION OF PART-TIME UNDERGRADUATE STUDENTS
OF THE UNIVERSITY OF TORONTO**

NOTES TO FINANCIAL STATEMENTS

AS AT APRIL 30, 2016

1. Purpose of the Organization

The Association of Part-Time Undergraduate Students of the University of Toronto (APUS), was incorporated on April 18, 1983 under the Canada Business Corporations Act as a non-profit corporation without share capital for the purpose of improving the quality of campus life, services and education for the University of Toronto part-time undergraduate student body and to represent the member students in areas of common interest. Financial operations of the association are administered by an executive committee subject to approval by the Board of Directors. As the union's revenues are derived from the University of Toronto student body, it is economically dependent upon student enrolment. Under the Canadian Income Tax Act, APUS is classified as a non-profit organization and is not subject to income tax.

2. Basis of Presentation

These financial statements have been prepared in accordance with Part III of the CPA Canada Handbook - *Accounting Standards for Not-For-Profit Organizations*.

3. Summary of Significant Accounting Policies

Revenue Recognition

The collection and amount of non-academic incidental fees charged to students in Ontario is regulated by the Ontario Ministry of Training, Colleges and Universities through its *Ontario Operating Funds Distribution Manual* and *Compulsory Ancillary Fee Policy Guidelines*. Pursuant to these, a change to or introduction of a fee must be done in accordance with a long-term protocol established between the university and its student organization or union. This protocol requires a referendum of the student body for significant changes to or the introduction of additional fees.

The general component of the fee is recognized under revenues as general student fees upon receipt from the University of Toronto's Financial Services Office.

Investment income is recognized on an accrual basis and includes interest, dividends, and changes in the fair value of the investments.

Deferral Accounting

All other components of the student fee, which have been collected from students pursuant to referendum and for a specific purpose, are deferred and shown as a liability upon initial receipt from the university. They are recognized as revenues when the related expense is incurred or disbursement is made to the intended recipient. Some components of the fee are refundable at the request of the students, and the revenue recognized is net of these refunds.

**ASSOCIATION OF PART-TIME UNDERGRADUATE STUDENTS
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NOTES TO FINANCIAL STATEMENTS

AS AT APRIL 30, 2016

3. Summary of Significant Accounting Policies - continued

Donated materials and services

APUS does not record the value of donated items and services, such as the use of two office spaces on the St. George campus, or the time spent by various volunteers, because of the difficulty in determining their fair market value.

Equipment

Equipment is recorded at cost. Amortization is provided for using management's best estimate of the useful life of the property on a straight-line basis over the following number of years:

Computer equipment	3 years
Office equipment	5 years
Furniture and fixtures	5 years

Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the amounts reported in the financial statements and the notes to the financial statements. These estimates relate primarily to the deferred health and dental plan fees.

Financial instruments

Financial instruments are measured at fair value when issued or acquired. For instruments subsequently measured at amortized cost, the carrying amount incorporates the the amount of related financing fees and transaction costs. For instruments subsequently measured at fair vlaue, financing fees and acquisition costs are immediately recognized as revenue or expense in the statement of operations.

Cash, accounts receivable and accounts payable are subsequently measured at amortized cost using the effective interest method. Investments are subsequently measured at fair market value.

Financial assets subsequently measured at amortized cost are assessed for impairment when there are indications of a significant adverse change in the expected timing or amount of future cash flows. Such impairment charges are recognized in the statement of operations as bed debts expense. Any reversals of previously recognized impairments are recognized in the statement of operations as a recovery of bad debts expense.

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NOTES TO FINANCIAL STATEMENTS

AS AT APRIL 30, 2016

4.	<u>Investments</u>	2016	2015
	Assumption Life Guaranteed Investment Certificate ("GIC") bearing interest at 1.82% maturing October 24, 2016	\$ 107,930	\$ 106,367
	Assumption Life GIC bearing interest at 2.10% maturing October 19, 2016	327,935	322,512
	Bank of Montreal small capitalization equity mutual fund	66,470	68,549
	Royal Bank of Canada money market mutual fund	<u>604</u>	<u>602</u>
		\$ 502,939	\$ 498,030

5.	<u>Equipment</u>		2016	2015
		<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>
	Furniture & fixtures	\$ 8,902	\$ 8,902	\$ -
	Computer equipment	9,699	6,834	2,865
	Office equipment	<u>3,344</u>	<u>3,344</u>	-
		\$ 21,945	\$ 19,080	\$ 2,865

6. Restricted Student Fees

Changes in the externally restricted deferred contributions balances are as follows:

		2016	2015
<i>Canadian and Ontario Student Federations</i>			
	Beginning balance	\$ -	\$ -
	Net student fee levies	93,880	92,962
	Payments and distributions	<u>(93,880)</u>	<u>(92,962)</u>
	Ending balance	<u>-</u>	<u>-</u>
<i>Ontario Public Interest Research Group</i>			
	Beginning balance	-	-
	Net student fee levies	19,013	18,547
	Payments and distributions	<u>(19,013)</u>	<u>(18,547)</u>
	Ending balance	<u>-</u>	<u>-</u>
<i>Summary</i>			
	Beginning balance	-	-
	Net student fee levies	112,893	111,509
	Disbursements, and fees recognized as revenue	<u>(112,893)</u>	<u>(111,509)</u>
	Ending balance	<u>-</u>	<u>-</u>

**ASSOCIATION OF PART-TIME UNDERGRADUATE STUDENTS
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NOTES TO FINANCIAL STATEMENTS

AS AT APRIL 30, 2016

7. Deferred Health and Dental Fees

The health and dental group insurance plan portion of the student fee is also accounted for using the deferral method, consistent with the treatment of the restricted fees listed above. The Health and Dental plan is shown here separately due to the magnitude of the plan.

	2016	2015
Beginning balance	\$ <u>270,192</u>	\$ <u>206,121</u>
Health and dental fees collected	984,222	893,442
Opt-in fees	<u>6,448</u>	<u>8,862</u>
Total receipts	<u>990,670</u>	<u>902,304</u>
Opt-outs refunded to students	(121,150)	(76,038)
Payments remitted to insurer	(765,485)	(661,725)
Administrative and general expenses	<u>(100,768)</u>	<u>(100,471)</u>
Total disbursements, and fees recognized as revenue	<u>(987,403)</u>	<u>(838,234)</u>
Ending balance	\$ <u>273,459</u>	\$ <u>270,191</u>

APUS is committed to remit monthly premiums during the summer term running from May through August, subsequent to the fiscal year end. The amount remaining in the fund after the payment of summer premiums represents the accumulated surplus or deficit in the plan.

Ending deferral balance	\$ 273,459	\$ 270,191
Commitment for summer premiums	<u>231,170</u>	<u>211,387</u>
Plan's net surplus	<u>\$ 42,289</u>	<u>\$ 58,804</u>

8. Commitments

APUS chooses its insurer for the health and dental plan for a one-year period beginning in September of each year. APUS had an agreement with Green Shield for coverage to August 31, 2016, and subsequently entered into an agreement with Green Shield for coverage to August 31, 2017.

9. Financial Instruments

Fair value - The carrying value of APUS' cash, accounts receivable, investments, and the accounts payable approximate their fair value due to their underlying current nature and their short maturity periods.

Credit risk - Effectively all of APUS' receivables are due from the University of Toronto and other parties related to the university.

Interest rate risk - APUS' interest income is tied to the prime rate and therefore subject to fluctuation as determined by the financial institution.

**ASSOCIATION OF PART-TIME UNDERGRADUATE STUDENTS
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AS AT APRIL 30, 2016

10. Management of Working Capital

Management of APUS' working capital is primarily concerned with controlling cash disbursements such that sufficient cash is on hand at any point in time to cover:

- Payment of operational expenses before receipt of the next student fee payment. Payments are typically received in three installments remitted in September, January, and March;
- The total deferred amount of restricted student fees; and
- To cover upcoming monthly premiums under the Group Health and Dental Insurance Plan to the extent that they exceed the amount of deferred Health and Dental student fees received.

	2016	2015
Cash	\$ 131,533	\$ 192,934
Investments	502,939	498,030
Accounts receivable	<u>142,325</u>	<u>-</u>
	776,797	690,964
Accounts payable	<u>71,031</u>	<u>80,957</u>
Net working capital available for operational expenses	<u>\$ 705,766</u>	<u>\$ 610,007</u>