

FINANCIAL STATEMENTS

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

AS AT APRIL 30, 2018

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

AS AT APRIL 30, 2018

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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 PGC 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**

Caitlin Campisi, Executive Director

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, 2018, 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, 2018, 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 PGC LLP

Chartered Professional Accountants
Licensed Public Accountants

Toronto, Ontario
November 5, 2018

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

STATEMENT OF FINANCIAL POSITION

**AS AT APRIL 30, 2018
(With comparative figures as at April 30, 2017)**

A S S E T S

	2018	2017
CURRENT		
Cash	\$ 392,593	\$ 432,398
Cash - restricted for health and dental plan (note 7)	607,504	426,389
Investments (note 4)	522,887	513,722
Prepaid Green Shield Premiums	79,679	-
Prepaid Liability Insurance	<u>2,767</u>	<u>2,767</u>
	1,605,430	1,375,276
EQUIPMENT (note 5)	<u>5,065</u>	<u>1,576</u>
TOTAL ASSETS	<u><u>\$ 1,610,495</u></u>	<u><u>\$ 1,376,852</u></u>

L I A B I L I T I E S

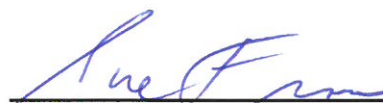
CURRENT		
Accounts Payable	\$ 14,570	\$ 34,443
Deferred health and dental plan fees (note 7)	607,504	426,389
Green Shield Premiums Payable	<u>-</u>	<u>69,640</u>
TOTAL LIABILITIES	622,074	530,472

N E T A S S E T S

Per statement attached	<u>988,421</u>	<u>846,380</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 1,610,495</u></u>	<u><u>\$ 1,376,852</u></u>

APPROVED ON BEHALF OF THE BOARD

 Director

 Director

**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, 2018
(With comparative figures for the year ended April 30, 2017)**

	2018	2017
REVENUES		
Member's health and dental plan fees recognized (note 7)	\$ 996,993	\$ 913,002
General student fees	351,475	352,491
Restricted student fees recognized (note 6)	112,409	113,310
Interest income	13,809	6,417
Other income	11,217	13,996
	<u>1,485,903</u>	<u>1,399,216</u>
EXPENSES		
Health and dental plan disbursements (note 7)	996,993	913,002
Salaries, wages and benefits	141,585	134,308
Restricted student fee disbursements (note 6)	112,409	113,310
Office and general	27,563	33,360
Special projects	19,923	24,313
Audit and legal fees	11,397	16,907
Meetings and conferences	19,317	14,480
Awards and bursaries	11,000	13,500
Insurance	5,067	5,282
Amortization	1,928	1,289
	<u>1,347,182</u>	<u>1,269,751</u>
SURPLUS FROM OPERATIONS	138,721	129,465
Gain in value of mutual fund investments	<u>3,320</u>	<u>5,302</u>
SURPLUS FOR THE YEAR	142,041	134,767
Opening net assets	<u>846,380</u>	<u>711,613</u>
CLOSING NET ASSETS	<u>\$ 988,421</u>	<u>\$ 846,380</u>

See accompanying notes

To be read in conjunction with our Auditors' Report dated November 5, 2018

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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, 2018
(With comparative figures for the year ended at April 30, 2017)**

	2018	2017
CASH FLOWS FROM (USED IN):		
OPERATING ACTIVITIES		
Surplus for the year	\$ 142,041	\$ 134,767
Non-cash items:		
Amortization	1,928	1,289
Non-cash working capital		
Investments	(9,165)	(10,783)
Accounts receivable	-	142,325
Prepaid Insurance	(79,679)	214
Accounts payable	<u>(19,873)</u>	<u>33,052</u>
	<u>35,252</u>	<u>300,864</u>
INVESTING ACTIVITIES		
Purchase of equipment	<u>(5,416)</u>	<u>-</u>
CHANGE IN CASH	29,836	300,864
Cash at beginning of the year	<u>432,397</u>	<u>131,533</u>
CASH AT END OF THE YEAR	<u>\$ 462,233</u>	<u>\$ 432,397</u>

See accompanying notes

To be read in conjunction with our Auditors' Report dated November 5, 2018

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

NOTES TO FINANCIAL STATEMENTS

AS AT APRIL 30, 2018

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, 2018

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

APUS initially measures its financial assets and liabilities at fair value. It subsequently measures all its financial assets and financial liabilities at either cost, amortized cost using the straight-line method, or at fair value where the instrument is quoted in an active market.

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

Financial assets measured at cost or amortized cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in the statement of operations. The previously recognized impairment loss may be reversed to the extent of the improvement (directly or by adjusting the allowance account) provided the reversal 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 the statement of operations.

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

NOTES TO FINANCIAL STATEMENTS

AS AT APRIL 30, 2018

4. <u>Investments</u>	2018	2017
Assumption Life Guaranteed Investment Certificate ("GIC") bearing interest at 1.35% maturing October 24, 2018	\$ 110,530	\$ 109,166
Assumption Life GIC bearing interest at 1.40% maturing October 19, 2019	336,662	332,180
Bank of Montreal small capitalization equity mutual fund	75,086	71,772
Royal Bank of Canada money market mutual fund	<u>609</u>	<u>604</u>
	<u><u>\$ 522,887</u></u>	<u><u>\$ 513,722</u></u>

5. <u>Equipment</u>	<u>Cost</u>	<u>Accumulated Amortization</u>	2018 <u>Net Book Value</u>	2017
Furniture & fixtures	\$ 8,902	\$ 8,902	\$ -	\$ -
Computer equipment	15,116	10,051	5,065	1,576
Office equipment	<u>3,344</u>	<u>3,344</u>	<u>-</u>	<u>-</u>
	<u><u>\$ 27,362</u></u>	<u><u>\$ 22,297</u></u>	<u><u>\$ 5,065</u></u>	<u><u>\$ 1,576</u></u>

6. Restricted Student Fees

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

	2018	2017
<i>Canadian and Ontario Student Federations</i>		
Beginning balance	\$ -	\$ -
Net student fee levies	93,245	94,085
Payments and distributions	<u>(93,245)</u>	<u>(94,085)</u>
Ending balance	<u>-</u>	<u>-</u>
<i>Ontario Public Interest Research Group</i>		
Beginning balance	-	-
Net student fee levies	19,164	19,225
Payments and distributions	<u>(19,164)</u>	<u>(19,225)</u>
Ending balance	<u>-</u>	<u>-</u>
<i>Summary</i>		
Beginning balance	-	-
Net student fee levies	112,409	113,310
Disbursements, and fees recognized as revenue	<u>(112,409)</u>	<u>(113,310)</u>
Ending balance	<u><u>-</u></u>	<u><u>-</u></u>

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

AS AT APRIL 30, 2018

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.

	2018	2017
Beginning balance	\$ 426,389	\$ 273,459
Health and dental fees collected	1,171,894	1,059,113
Opt-in fees	<u>6,214</u>	<u>6,819</u>
Total receipts	<u>1,178,108</u>	<u>1,065,932</u>
Net opt-outs refunded to students	(556)	(88,241)
Payments remitted to insurer	(896,437)	(727,761)
Administrative and general expenses	<u>(100,000)</u>	<u>(97,000)</u>
Total disbursements, and fees recognized as revenue	<u>(996,993)</u>	<u>(913,002)</u>
Ending balance	<u>\$ 607,504</u>	<u>\$ 426,389</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	\$ 607,504	\$ 426,389
Green Shield Premiums Paid in May	79,679	-
Commitment for summer premiums	<u>200,321</u>	<u>231,170</u>
Plan's net surplus	<u>\$ 327,504</u>	<u>\$ 195,219</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, 2018, and subsequently entered into an agreement with Green Shield for coverage to August 31, 2019.

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

AS AT APRIL 30, 2018

9. Financial Instruments - Risks and Uncertainties

	2018	2017
Financial assets measured at amortized cost		
Cash	\$ 392,593	\$ 432,398
Cash - restricted for health and dental plan	607,504	426,389
Assumption Life GIC at 1.35%	110,530	109,166
Assumption Life GIC at 1.40%	<u>336,662</u>	<u>332,180</u>
	<u>\$ 1,447,289</u>	<u>\$ 1,300,133</u>
Financial assets measured at fair value		
Bank of Montreal Small Capitalization Equity mutual fund	\$ 75,086	\$ 71,772
Royal Bank of Canada Money Market mutual fund	<u>609</u>	<u>604</u>
	<u>\$ 75,695</u>	<u>\$ 72,376</u>
Financial liabilities measured at amortized cost		
Accounts payable and accruals	<u>\$ 14,570</u>	<u>\$ 34,443</u>

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

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. APUS mitigates this risk by retaining sufficient cash generated from operations to meet its obligations.

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. APUS is not subject to this risk because all instruments are denominated in Canadian dollars.

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

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. APUS is subject to this risk through its investment in mutual funds which are measured at fair value.

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

NOTES TO FINANCIAL STATEMENTS

AS AT APRIL 30, 2018

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.

	2018	2017
Cash	\$ 392,593	\$ 432,398
Investments	<u>522,887</u>	<u>513,722</u>
	915,480	946,120
Accounts payable	<u>14,570</u>	<u>34,443</u>
Net working capital available for operational expenses	<u>\$ 900,910</u>	<u>\$ 911,677</u>

