



Financial statements

Association of Part-Time Undergraduate Students
of the University of Toronto

April 30, 2019

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Independent auditor's report

Grant Thornton LLP
11th Floor
200 King Street West, Box 11
Toronto, ON
M5H 3T4

T +1 416 366 0100
F +1 416 360 4949

**To the Board of Directors of
Association of Part-Time Undergraduate Students of the University of Toronto**

Opinion

We have audited the financial statements of **Association of Part-Time Undergraduate Students of the University of Toronto** (the "Association"), which comprise the statement of financial position as at April 30, 2019, and the statements of operations and changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of **Association of Part-Time Undergraduate Students of the University of Toronto** as at April 30, 2019, and its 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 Opinion

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 Association 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 opinion.

Other Matter

The financial statements of the Association for the year ended April 30, 2018 were audited by another auditor who expressed an unmodified opinion on those statements on November 5, 2018.

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 Association'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 Association or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing Association'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 Association'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 Association'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 Association 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.

The logo for Grant Thornton LLP, featuring the company name in a stylized, cursive script.

Toronto, Canada
October 29, 2019

Chartered Professional Accountants
Licensed Public Accountants

**Association of Part-Time Undergraduate Students of the
University of Toronto
Statement of financial position**

April 30	2019	2018
Assets		
Current		
Cash (Note 6)	\$ 536,816	\$ 400,097
Investments (Note 3)	1,137,911	1,122,887
Prepaid Green Shield Premiums	89,294	79,679
Prepaid liability insurance	<u>3,169</u>	<u>2,767</u>
	1,767,190	1,605,430
Equipment (Note 4)	<u>3,377</u>	<u>5,065</u>
	<u>\$ 1,770,567</u>	<u>\$ 1,610,495</u>
Liabilities		
Current		
Accounts payable and accrued liabilities	\$ 9,635	\$ 14,570
Deferred health and dental plan fee (Note 6)	<u>644,959</u>	<u>607,504</u>
	654,594	622,074
Net assets	<u>1,115,973</u>	<u>988,421</u>
	<u>\$ 1,770,567</u>	<u>\$ 1,610,495</u>

Commitments (Note 7)

Approved on behalf of the board:

 Director
  Director

See accompanying notes to the financial statements.

**Association of Part-Time Undergraduate Students of the
University of Toronto**
Statement of operations and changes in net assets

Year ended April 30	2019	2018
Revenue		
Member's health and dental plan fees recognized (Note 6)	\$ 1,276,904	\$ 996,993
General student fees	360,858	351,475
Restricted student fees recognized (Note 5)	115,505	112,409
Interest income	10,629	13,809
Other income	11,772	11,217
	<u>1,775,668</u>	<u>1,485,903</u>
Expenses		
Health and dental plan disbursements (Note 6)	1,276,904	996,993
Salaries, wages and benefits	172,925	141,585
Restricted student fee disbursements (Note 5)	115,505	112,409
Office and general	28,957	27,563
Special projects	22,903	19,923
Meetings and conference	18,971	19,317
Audit and legal fees	10,000	11,397
Insurance	4,799	5,067
Awards and bursaries	3,287	11,000
Amortization	1,688	1,928
	<u>1,655,939</u>	<u>1,347,182</u>
Excess of revenue over expenses from operations	119,729	138,721
Unrealized gain on investments	7,823	3,320
Excess of revenue over expenses	<u>127,552</u>	<u>142,041</u>
Net assets, beginning of year	<u>988,421</u>	<u>846,380</u>
Net assets, end of year	\$ <u>1,115,973</u>	\$ <u>988,421</u>

See accompanying notes to the financial statements.

**Association of Part-Time Undergraduate Students of the
University of Toronto**
Statement of cash flows

Year ended April 30	2019	2018
Cash flows from (used in)		
Operating activities		
Surplus for the year	\$ 127,552	\$ 142,041
Non-cash items:		
Amortization	1,688	1,928
Non-cash working capital		
Prepaid Green Shield Premiums	(9,615)	(79,679)
Prepaid liability insurance	(402)	-
Accounts payable and accrued liabilities	(4,935)	(19,873)
Deferred health and dental plan fee	37,455	181,115
Premium payable	-	(69,640)
	<u>151,743</u>	<u>155,892</u>
Investing activities		
Investments	(15,024)	(109,165)
Purchase of equipment	-	(5,417)
	<u>(15,024)</u>	<u>(114,582)</u>
Change in cash	136,719	41,310
Cash		
Beginning of the year	<u>400,097</u>	<u>358,787</u>
End of the year	\$ <u>536,816</u>	\$ <u>400,097</u>

See accompanying notes to the financial statements.

Association of Part-Time Undergraduate Students of The University of Toronto

Notes to the financial statements

April 30, 2019

1. Purpose of the organization

The Association of Part-Time Undergraduate Students of the University of Toronto (The "Association"), was incorporated on April 18, 1983 as a non-profit corporation under the Canada Business Corporations Act as a non-profit corporation. The Association continued through letters patent of continuation under Ontario as extra provincial corporation dated July 24, 2015.

The purpose of the Association is to improve 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, the Association is classified as a non-profit organization and is not subject to income tax.

2. Summary of significant accounting policies

The financial statements were prepared by management in accordance with Canadian accounting standards for not-for-profit organizations and include the following 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.

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 of The University of Toronto

Notes to the financial statements

April 30, 2019

2. Summary of significant accounting policies (continued)

Donated materials and services

The Association 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 stated at cost. Depreciation is based on their estimated useful life 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

Management reviews the carrying amounts of items in the financial statements at each year end date to assess the need for revision or any possibility of impairment. Many items in the preparation of these financial statements require management's estimate. Management determines these estimates based on assumptions that reflect the most probably set of economic conditions and planned courses of action. Items subject to management estimates include: the deferred health and dental plan fees.

Financial instruments

The Association considers any contract creating a financial asset, liability or equity instrument as a financial instrument, except in limited circumstances. The Association's financial instruments are: cash, investments, and payables.

Financial assets or liabilities obtained in arm's length transactions are initially measured at their fair value and financial assets or liabilities obtained in related party transactions are measured at their exchange amount

The Association subsequently measures all of its financial assets and financial liabilities at amortized cost except investments which are measured at fair value. All changes in fair value of investments are recorded in the statement of operations.

Association of Part-Time Undergraduate Students of The University of Toronto

Notes to the financial statements

April 30, 2019

3. Investments	<u>2019</u>	<u>2018</u>
Term deposits redeemable bearing interest at 1.70% maturing December 13, 2019	\$ 607,200	\$ 600,000
Assumption Life Guaranteed Investment Certificate ("GIC") bearing interest at 1.45% maturing November 24, 2019	112,020	109,166
Assumption Life GIC bearing interest at 1.40% maturing October 19, 2019	341,388	336,662
Bank of Montreal small capitalization equity mutual fund	76,686	75,086
Royal Bank of Canada money market mutual fund	<u>617</u>	<u>609</u>
	\$ 1,137,911	\$ 1,122,887

4. Equipment			<u>2019</u>	<u>2018</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Furniture and fixtures	\$ 8,902	\$ 8,902	\$ -	\$ -
Computer equipment	15,116	11,739	3,377	5,065
Office equipment	<u>3,344</u>	<u>3,344</u>	<u>-</u>	<u>-</u>
	\$ 27,362	\$ 23,985	\$ 3,377	\$ 5,065

5. Restricted student fees

Changes in the externally restricted contributions balances are as follows:

	<u>2019</u>	<u>2018</u>
Canadian and Ontario Student Federations		
Beginning balance	\$ -	\$ -
Net student fee levies	95,874	93,245
Payments and distributions	<u>(95,874)</u>	<u>(93,245)</u>
Ending balance	<u>-</u>	<u>-</u>
Ontario Public Interest Research Group		
Beginning balance	\$ -	\$ -
Net student fee levies	19,631	19,165
Payments and distributions	<u>(19,631)</u>	<u>(19,165)</u>
Ending balance	<u>-</u>	<u>-</u>
Summary		
Beginning balance	\$ -	\$ -
Net student fee levies	115,505	112,409
Disbursements, and fees recognized as revenue	<u>(115,505)</u>	<u>(112,409)</u>
Ending balance	<u>\$ -</u>	<u>\$ -</u>

**Association of Part-Time Undergraduate Students of The
University of Toronto**
Notes to the financial statements

April 30, 2019

6. Deferred Health and Dental fees

The health and dental group insurance plan portion of the student fee is also accounting 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.

	<u>2019</u>	<u>2018</u>
Beginning balance	\$ <u>607,504</u>	\$ <u>426,389</u>
Health and dental fees collected	1,308,654	1,171,894
Opt-in fees	<u>5,705</u>	<u>6,214</u>
Total receipts during the year	<u>1,314,359</u>	<u>1,178,108</u>
Net opt-outs refunded to students	(194,011)	(556)
Payments remitted to insurer	(981,812)	(896,437)
Administrative and general expenses	<u>(101,081)</u>	<u>(100,000)</u>
Total disbursements, and fees recognized as revenue	<u>(1,276,904)</u>	<u>(996,993)</u>
Ending balance	\$ <u>644,959</u>	\$ <u>607,504</u>

The Association 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	\$ <u>644,959</u>	\$ <u>607,504</u>
Green Shield premiums prepaid	89,294	79,679
Commitment for summer premiums	<u>244,292</u>	<u>200,321</u>
Plan's net surplus	\$ <u>311,373</u>	\$ <u>327,504</u>

The Association has internally restricted a portion of its cash and investments in the amount of \$644,959 (2018 – \$607,504) to offset the deferred health and dental pan fee.

7. Commitments

The Association chooses its insurer for the health and dental plan for a one-year period beginning in September of each year. The Association 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 of The University of Toronto

Notes to the financial statements

April 30, 2019

8. Financial instruments

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.

Interest rate risk

Interest rate risk is the risk that the value or future cash flows of financial instruments will fluctuate due to changes in market interest rates. The Association currently is only exposed to interest rate risk from its investments.

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 or commitment that it has entered into with the Association. In the opinion of management, the credit risk exposure to the Association is low.

Liquidity risk

Liquidity risk is the risk that the Association not being able to settle or meet commitments as they come due. Liquidity risk is managed by ensuring the Association maintains adequate cash reserves to meet their liabilities and investing in high quality investments easily disposed of in an active market.

Market risk

The Association is exposed to market risk on its investments which are quoted in active markets since changes in market prices could result in changes in the fair value of these investments. This risk is mitigated through the nature of the Association's investments which comprise of term deposits, GIC's and mutual funds.

9. Management of working capital

Management of the Association's 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. Payment are typically received in three instalments 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.

10. Comparative figures

Comparative figures have been adjusted to conform to changes in the current year presentation.