

# **Fanshawe College Student Union**

(incorporated under the laws of the  
Province of Ontario without share capital)

Financial Statements  
**April 30, 2023**



## Independent auditor's report

To the Members of Fanshawe College Student Union

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### Our opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Fanshawe College Student Union (the Student Union) 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.

#### What we have audited

The Student Union's financial statements comprise:

- the statement of financial position as at April 30, 2023;
- the statement of operations and changes in net assets for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

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### 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Independence

We are independent of the Student Union in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

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### Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the 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.

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"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.



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

Those charged with governance are responsible for overseeing the Student Union's financial reporting process.

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### **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 Student Union'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 Student Union'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 Student Union 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.

*PricewaterhouseCoopers LLP*

Chartered Professional Accountants, Licensed Public Accountants

London, Ontario  
December 15, 2023

# Fanshawe College Student Union

## Statement of Financial Position

As at April 30, 2023

				2023	2022
	General Fund	Reserve Funds	Capital Fund	Total	Total
	\$	\$	\$	\$	\$
<b>Assets</b>					
<b>Current assets</b>					
Cash (note 3)	695,049	-	-	695,049	729,127
Accounts receivable – net of allowance for doubtful accounts of \$36,402 (2022 – \$32,443)	56,973	107,000	-	163,973	173,966
Inter-fund balances (payable) receivable	(8,101,597)	3,413,233	4,688,364	-	-
Inventory	49,562	-	-	49,562	41,637
Prepaid expenses	34,180	-	-	34,180	23,420
Due from Fanshawe College (notes 5 and 6)	1,975,178	-	-	1,975,178	1,423,608
	(5,290,655)	3,520,233	4,688,364	2,917,942	2,391,758
<b>Investments</b> (note 4)	10,327,800	384,103	349,964	11,061,867	9,144,461
<b>Capital assets</b> (note 7)	-	-	3,882,082	3,882,082	3,831,111
	5,037,145	3,904,336	8,920,410	17,861,891	15,367,330
<b>Liabilities</b>					
<b>Current liabilities</b>					
Accounts payable and accrued liabilities (note 6)	834,709	-	-	834,709	599,535
Due to London Transit Commission	1,268,319	-	-	1,268,319	242,418
Deferred revenue (note 8)	934,406	875,178	190,365	1,999,949	1,799,809
Current portion of long-term debt (notes 6 and 9)	-	-	229,290	229,290	215,067
	3,037,434	875,178	419,655	4,332,267	2,856,829
<b>Long-term debt</b> (notes 6 and 9)	-	-	1,313,466	1,313,466	1,542,755
	3,037,434	875,178	1,733,121	5,645,733	4,399,584
<b>Net Assets</b>					
General fund	1,999,711	-	-	1,999,711	1,015,399
Reserve funds (note 10)	-	3,029,158	-	3,029,158	2,847,650
Capital fund	-	-	7,187,289	7,187,289	7,104,697
	1,999,711	3,029,158	7,187,289	12,216,158	10,967,746
	5,037,145	3,904,336	8,920,410	17,861,891	15,367,330

Approved by the Board of Directors



Director



Director

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

# Fanshawe College Student Union

## Statement of Operations and Changes in Net Assets

For the year ended April 30, 2023

				2023	2022
	General Fund	Reserve Funds	Capital Fund	Total	Total
	\$	\$	\$	\$	\$
<b>Revenues</b>					
Student fees (note 5)	10,284,383	3,238,508	793,352	14,316,243	10,531,194
Bus pass transfers (note 5)	(5,841,307)	-	-	(5,841,307)	(3,265,534)
<b>Net student fees</b>	<b>4,443,076</b>	<b>3,238,508</b>	<b>793,352</b>	<b>8,474,936</b>	<b>7,265,660</b>
Organizations and programs (note 11)	2,610,596	-	-	2,610,596	1,795,822
Gain (loss) on investments	373,506	14,625	-	388,131	(142,539)
Rental	14,610	-	-	14,610	7,578
Other	56,825	57,697	-	114,522	105,721
	<b>7,498,613</b>	<b>3,310,830</b>	<b>793,352</b>	<b>11,602,795</b>	<b>9,032,242</b>
<b>Expenses</b>					
Health plan (note 5)	-	3,087,931	-	3,087,931	2,729,418
Organizations and programs (notes 7 and 11)	4,768,481	-	95,093	4,863,574	3,591,249
General and administrative (notes 6 and 7)	1,745,820	41,391	615,667	2,402,878	2,606,966
	<b>6,514,301</b>	<b>3,129,322</b>	<b>710,760</b>	<b>10,354,383</b>	<b>8,927,633</b>
<b>Excess of revenues over expenses for the year</b>	<b>984,312</b>	<b>181,508</b>	<b>82,592</b>	<b>1,248,412</b>	<b>104,609</b>
<b>Net assets – Beginning of year</b>	<b>1,015,399</b>	<b>2,847,650</b>	<b>7,104,697</b>	<b>10,967,746</b>	<b>10,863,137</b>
<b>Net assets – End of year</b>	<b>1,999,711</b>	<b>3,029,158</b>	<b>7,187,289</b>	<b>12,216,158</b>	<b>10,967,746</b>

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

# Fanshawe College Student Union

## Statement of Cash Flows

For the year ended April 30, 2023

	2023 \$	2022 \$
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
Excess of revenues over expenses for the year	1,248,412	104,609
Items not affecting cash		
Change in unrealized gain/loss on investments	(39,688)	257,015
Amortization of capital assets	604,105	609,356
	<u>1,812,829</u>	<u>970,980</u>
Changes in non-cash working capital items		
Accounts receivable	9,993	(96,385)
Inventory	(7,925)	(2,766)
Prepaid expenses	(10,760)	(4,465)
Due from Fanshawe College	(551,570)	74,499
Accounts payable and accrued liabilities	235,174	254,602
Due to London Transit Commission	1,025,901	(108,027)
Deferred revenue	200,140	87,126
	<u>2,713,782</u>	<u>1,175,564</u>
<b>Financing activities</b>		
Repayment of long-term debt	<u>(215,066)</u>	<u>(201,729)</u>
<b>Investing activities</b>		
Increase in investments, net	(1,877,718)	(2,051,176)
Purchase of capital assets	(655,076)	(364,803)
	<u>(2,532,794)</u>	<u>(2,415,979)</u>
<b>Change in cash during the year</b>	(34,078)	(1,442,144)
<b>Cash – Beginning of year</b>	<u>729,127</u>	<u>2,171,271</u>
<b>Cash – End of year</b>	<u>695,049</u>	<u>729,127</u>

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

# Fanshawe College Student Union

Notes to Financial Statements

April 30, 2023

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## 1 Purpose of the organization

Fanshawe College Student Union (the Student Union) is a student representative body incorporated under the statutes of the Province of Ontario, designed to meet the varied needs and expectations of college students. The Student Union supports various services to students and operates the Student Centre and Student Union building.

## 2 Summary of significant accounting policies

### Basis of accounting

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO) as issued by the Canadian Accounting Standards Board.

### Fund accounting

In order to ensure observance of limitations and restrictions placed on funds entrusted to the Student Union, the accounts are maintained in accordance with principles of fund accounting. Under these principles, resources for various purposes are classified into funds that are in accordance with activities or objectives specified. Separate accounts are maintained for general, internally restricted (reserve) and capital funds.

### General fund

The general fund records amounts used for the administration and general costs financed by student fees and other general income that are unrestricted as to their use.

### Reserve funds

Reserve funds are separately maintained internally as follows:

- Technology renewal fund

The fund is to be utilized for future technology needs.

- Health plan reserve fund

The fund is to be utilized for future costs related to the health plan.

- Contingency fund

The fund is to be utilized for capital improvements and unforeseen contingencies to the existing Student Union building.



# Fanshawe College Student Union

## Notes to Financial Statements

April 30, 2023

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- Student initiatives fund

The fund is utilized specifically for enhancement of student life on campus.

### **Capital fund**

The capital fund is used to capture all capital used in the operations of the Student Union.

### **Revenue recognition**

Student fees are derived from a levy collected from each full-time student by Fanshawe College and transferred to the Student Union monthly. The fees are recorded as revenue in the year in which the fees relate.

Revenue from organizations and programs is recognized when the services have been performed and programs have been made available.

### **Use of estimates**

The preparation of financial statements in conformity with ASNPO requires management to make estimates and assumptions that affect the reported amounts of the assets and liabilities, disclosure of contingent assets and liabilities as at the date of the financial statements and the reported amounts of revenues and expenses during the period. Significant areas requiring the use of estimates include the useful life of capital assets. Actual results could differ from those estimates.

### **Inventory**

Inventory is valued at the lower of cost, on a first-in, first-out basis, and net realizable value.

### **Investments and investment income**

Investments are recorded at fair value. Changes in fair value are recognized on the statement of operations and changes in net assets in the period during which they are incurred.

### **Capital assets**

Capital assets are initially recorded at cost. Building improvements and replacements are capitalized and normal maintenance and repair expenditures are expensed as incurred.

Amortization is provided on a straight-line basis for furniture and equipment over five or 10 years. Leasehold improvements are amortized over 10, 20 or 25 years. Amortization commences in the month of purchase or when the asset has become operational. Gains or losses on disposal of individual capital assets are recognized in income in the year of disposal.

# Fanshawe College Student Union

## Notes to Financial Statements

April 30, 2023

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### Taxation

The Student Union claims exemption from federal and provincial income taxes under provisions of the Income Tax Act (Canada) and the Ontario Corporations Tax Act relating to non-profit organizations. The Student Union is subject to the harmonized sales tax (HST) on its commercial activities pursuant to provisions of the Excise Tax Act.

### Financial instruments

Financial instruments include cash, accounts receivable, inter-fund balances, due from Fanshawe College, investments, accounts payable and accrued liabilities, due to London Transit Commission and long-term debt. Financial instruments are initially recognized at fair value and subsequently measured at amortized cost. Financial assets are tested for impairment at the end of each reporting period when there are indications that an asset may be impaired. Any excess of the carrying amount of a financial asset over its recoverable amount is recorded as an impairment charge within the statement of operations and changes in net assets. A previously recorded impairment charge may be reversed in future periods.

### 3 Cash

Cash includes cash on hand and balances with banks. Included in cash in the general fund as at April 30, 2023 is \$81,074 (2022 – \$91,241), which is restricted for use at the Student Union's satellite campuses.

### 4 Investments

Investments as at April 30 are summarized as follows:

	2023		2022	
	Cost \$	Fair value \$	Cost \$	Fair value \$
Canadian bonds	4,164,760	3,933,326	4,182,631	3,952,709
Foreign bonds	334,122	287,583	302,372	288,678
Canadian equity	680,558	739,447	638,489	700,889
Foreign equity	750,359	895,154	748,582	815,821
Canadian money market and short-term investments	5,206,357	5,206,357	3,386,364	3,386,364
	<u>11,136,156</u>	<u>11,061,867</u>	<u>9,258,438</u>	<u>9,144,461</u>

### 5 Student fees

The Student Union transfers student fees collected for bus passes to the London Transit Commission, less an administrative fee, to provide students with unlimited ridership privileges on all London Transit Commission regular routes.

# Fanshawe College Student Union

## Notes to Financial Statements

April 30, 2023

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As part of the student fee collection agreement, the Student Union is required to keep \$50,000 as a deposit with Fanshawe College, which is included within due from Fanshawe College.

	2023	2022
	\$	\$
<b>Student fees</b>		
Activity fees	4,443,076	3,958,382
Building fee (note 6)	793,352	304,762
Bus pass fee	5,841,307	3,265,534
Health plan fee	3,238,508	3,002,516
	<u>14,316,243</u>	<u>10,531,194</u>

The health plan fee is net of \$266,658 (2022 – \$168,170) for amounts repaid to students who elected to opt out of the health care plan.

## 6 Balances and transactions with Fanshawe College

As at April 30, 2023, included within due from Fanshawe College is \$50,000 (2022 – \$50,000) held on deposit (note 5). The remaining balance due from Fanshawe College is non-interest bearing and was collected subsequent to year-end.

As at April 30, 2023, included within accounts payable and accrued liabilities is \$746,813 (2022 – \$318,735) due to Fanshawe College, which was incurred in the ordinary course of operations and is due on demand.

Phase 3 of the Student Union expansion of the Student Centre was completed in fiscal 2005. The \$7.7 million project was financed by \$1.7 million in accumulated residual funds restricted for this purpose, plus \$6 million in loans secured by Fanshawe College, repayable over a 25-year period (note 9). This debt is financed through a \$42 per student annual building fee (note 5).

In addition, the Student Union pays Fanshawe College for utilities, recycling and waste management, meal plan administration and other support and facility services.

Included in general and administrative expenses are the following transactions with Fanshawe College:

	2023	2022
	\$	\$
Utilities, recycling and waste management	229,459	203,268
Meal plan administration	90,818	-
Interest	139,690	151,026
General administration and student support	3,029	31,350

During the year, capital assets purchased through Fanshawe College were \$655,076 (2022 – \$341,528).

# Fanshawe College Student Union

## Notes to Financial Statements

April 30, 2023

### Occupancy agreement

The occupancy agreement between Fanshawe College and the Student Union requires the Student Union to pay \$1 annually to Fanshawe College as well as a percentage of college meal plan sales within 15 calendar days of each quarter-end. The occupancy agreement expires on March 31, 2029.

### 7 Capital assets

	2023		
	Cost \$	Accumulated amortization \$	Net book value \$
Furniture and equipment	1,701,615	1,319,253	382,362
Leasehold improvements	10,506,048	7,006,328	3,499,720
	<u>12,207,663</u>	<u>8,325,581</u>	<u>3,882,082</u>
	2022		
	Cost \$	Accumulated amortization \$	Net book value \$
Furniture and equipment	1,657,899	1,224,160	433,739
Leasehold improvements	9,894,688	6,497,316	3,397,372
	<u>11,552,587</u>	<u>7,721,476</u>	<u>3,831,111</u>

Included in organizations and programs expense is amortization of \$95,093 (2022 – \$99,143). Included in general and administrative expense is amortization of \$509,012 (2022 – \$510,213).

### 8 Deferred revenue

	2023 \$	2022 \$
Deferred health plan fees	875,178	989,418
Deferred student fees	1,067,674	760,368
Student Life fees	25,433	25,433
Other	31,664	24,590
	<u>1,999,949</u>	<u>1,799,809</u>

The Student Union has collected student activity fees and health plan fees from Fanshawe College that relate to fiscal year 2024. Since the revenues have not yet been earned, they have been deferred in accordance with the revenue recognition accounting policy.

# Fanshawe College Student Union

## Notes to Financial Statements

April 30, 2023

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The Student Union has collected funds for Student Life activities. Services related to these fees collected have yet to be provided, and accordingly, the revenue has been deferred until the services are provided.

### 9 Long-term debt

The Student Union has entered into the following loan agreement with Fanshawe College:

	2023 \$	2022 \$
Loan payable with a fixed interest rate of 6.42%, maturing January 2, 2029	1,542,756	1,757,822
Less: Current portion	229,290	215,067
	<u>1,313,466</u>	<u>1,542,755</u>

The loan is based on a 25-year amortization and is unsecured. The loan has a final payment consisting of the balance of principal and interest outstanding on the maturity date.

Principal payments required in each of the next five years and thereafter are as follows:

	\$
2024	229,290
2025	244,450
2026	260,614
2027	277,847
2028	296,219
Thereafter	<u>234,336</u>
	<u>1,542,756</u>

Fanshawe College and a Canadian chartered bank have entered into a swap agreement for the loan balance disclosed above with a notional amount of \$4,000,000, converting variable interest rates to fixed interest rates. Fanshawe College and the bank have the option to terminate the agreement in January 2024. The maturity date for the swap agreement corresponds with the loan maturity. Accordingly, interest on the loan with Fanshawe College is recorded based on the swap rate Fanshawe College has negotiated with the bank.

# Fanshawe College Student Union

Notes to Financial Statements

April 30, 2023

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## 10 Reserve funds

The internally restricted funds are comprised of the following:

	2023	2022
	\$	\$
Technology renewal fund	40,000	40,000
Health plan reserve fund	2,201,921	2,051,342
Contingency fund	532,983	518,358
Student initiatives fund	254,254	237,950
	<u>3,029,158</u>	<u>2,847,650</u>

As administrator for the health care plan, the Student Union is responsible for ensuring there are sufficient assets in the plan to cover potential claims. The health care plan's terms allow for students to receive medical and dental benefits for one academic school year, from September 1 to August 31; it is renewed annually as the student continues enrolment, or new students enter the plan. Currently, the health plan reserve fund has accumulated net assets of \$2,201,921 as at April 30, 2023 (2022 – \$2,051,342); any deficits would be funded by the Student Union.

## 11 Revenues and expenses from organizations and programs

	2023		
	Revenues	Expenses	Net expense
	\$	\$	\$
Operations and maintenance	-	738,044	738,044
Publications	61,925	639,033	577,108
Hospitality operations	2,520,996	2,778,380	257,384
Entertainment	-	462,620	462,620
Internal services	-	131,588	131,588
FSU Games Room	27,675	113,909	86,234
	<u>2,610,596</u>	<u>4,863,574</u>	<u>2,252,978</u>

# Fanshawe College Student Union

## Notes to Financial Statements

April 30, 2023

	2022		
	Revenues	Expenses	Net expense
	\$	\$	\$
Operations and maintenance	-	544,201	544,201
Publications	61,267	462,310	401,043
Hospitality operations	1,730,610	2,166,967	436,357
Entertainment	-	235,924	235,924
Internal services	-	97,186	97,186
FSU Games Room	3,945	84,346	80,401
Used Book Shop	-	315	315
	<u>1,795,822</u>	<u>3,591,249</u>	<u>1,795,427</u>

Included within hospitality operations is \$1,268,314 (2022 – \$951,201) of inventory recognized as an expense during the year.

## 12 Financial instruments

### Foreign exchange risk

The Student Union had no revenues or operating expenses during the years presented, nor monetary assets or liabilities as at year-end dates, that were denominated in a foreign currency.

### Credit risk

Credit risk arises from the potential that a counterparty will fail to perform its obligations. The Student Union is exposed to credit risk from members and customers and manages this risk through evaluation and monitoring.

### Interest rate risk

Interest rate risk arises from fluctuations in interest rates and the degree of volatility of these rates. The Student Union has limited interest rate risk as the interest rate with respect to its long-term debt is fixed.

### Fair value

The carrying amounts of cash, accounts receivable, inter-fund balances, due from Fanshawe College, accounts payable and accrued liabilities and due to London Transit Commission approximate their fair value due to their short-term nature. The fair value of long-term debt does not differ from its carrying value due to the interest structure.