

FINANCIAL STATEMENTS

**EMILY CARR STUDENTS' UNION
SOCIETY**

July 31, 2020



INDEPENDENT AUDITOR'S REPORT

To the Members of
Emily Carr Students' Union Society

Opinion

We have audited the financial statements of Emily Carr Students' Union Society (the Society), which comprise the statement of financial position as at July 31, 2020, and the statements of changes in net assets, operations and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Society as at July 31, 2020 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 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 Society 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 audit opinion.

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.

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

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

INDEPENDENT AUDITOR'S REPORT

- 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 Society'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 Society 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.

Report on Other Legal and Regulatory Requirements

As required by the British Columbia Societies Act, we report that the accounting principles used in these financial statements have been applied on a basis consistent with that of the preceding year.

Tompkins Wozny LLP

Vancouver, Canada
December 11, 2020

Chartered Professional Accountants



STATEMENT OF FINANCIAL POSITION

As at July 31

	2020	2019
	\$	\$
ASSETS		
Current		
Cash and term deposits <i>[note 3]</i>	674,355	639,898
Accounts receivable <i>[note 4]</i>	7,806	3,581
Prepaid expenses	4,421	9,064
Total current assets	686,582	652,543
Capital assets <i>[note 5]</i>	14,515	16,855
	701,097	669,398
LIABILITIES		
Current		
Accounts payable and accrued liabilities <i>[note 6]</i>	64,921	36,211
Deferred membership health and dental fees	30,000	28,438
Total liabilities	94,921	64,649
NET ASSETS		
Internally restricted - space expansion	199,419	199,419
- health and dental	162,077	148,060
Invested in capital assets	14,515	16,855
Unrestricted	230,165	240,415
Total net assets	606,176	604,749
	701,097	669,398

See accompanying notes to the financial statements

On behalf of the Board:



Director



Director

STATEMENT OF CHANGES IN NET ASSETS

Year ended July 31

	<u>Internally Restricted</u>				Total
	Space Expansion	Health & Dental	Invested in Capital Assets	Un- restricted	
	\$	\$	\$	\$	\$
2020	<i>[note 8]</i>	<i>[note 8]</i>			
Balance, beginning of year	199,419	148,060	16,855	240,415	604,749
Excess of revenue for the year	—	—	(3,489)	4,916	1,427
Purchase of capital assets	—	—	1,149	(1,149)	—
Transfer from internally restricted	—	14,017	—	(14,017)	—
Balance, end of year	199,419	162,077	14,515	230,165	606,176
2019					
Balance, beginning of year	199,419	162,221	15,559	205,444	582,643
Excess of revenue for the year	—	—	(3,605)	25,711	22,106
Purchase of capital assets	—	—	4,901	(4,901)	—
Transfer to internally restricted	—	(14,161)	—	14,161	—
Balance, end of year	199,419	148,060	16,855	240,415	604,749

See accompanying notes to the financial statements

STATEMENT OF OPERATIONS

Year ended July 31

	2020	2019
	\$	\$
REVENUES		
Membership fees <i>[note 7]</i>	209,294	202,857
Membership newspaper fees	16,106	15,643
Interest and other income	8,907	4,932
Wage subsidy	3,985	—
	238,292	223,432
Membership health and dental plan fees <i>[note 8]</i>	366,210	352,219
	604,502	575,651
EXPENSES		
Health and dental plan premiums <i>[note 8]</i>	302,193	316,380
Salaries, benefits and contractors	193,146	142,966
Stipends and honoraria <i>[note 11]</i>	24,600	15,800
Campaigns and student events	23,857	16,561
Newspaper	14,329	14,388
Administration	9,637	8,063
Professional fees	8,903	8,289
Conferences and meetings	6,461	15,048
Insurance	6,204	7,226
Handbook	3,497	3,413
Amortization	3,489	3,605
Computer and office equipment	3,259	—
Radio free Emily	1,566	740
Life drawing	1,275	975
Facilities	659	91
	603,075	553,545
Excess of revenues for the year	1,427	22,106

See accompanying notes to the financial statements

STATEMENT OF CASH FLOWS

Year ended July 31

	2020	2019
	\$	\$
OPERATING ACTIVITIES		
Excess of revenues for the year	1,427	22,106
Item not affecting cash		
Amortization	3,489	3,605
Changes in non-cash working capital items		
Prepaid expenses	4,643	26,123
Accounts receivable	(4,225)	193
Accounts payable and accrued liabilities	28,710	18,173
Deferred membership health and dental fees	1,562	(713)
Cash provided by operating activities	35,606	69,487
INVESTING ACTIVITIES		
Capital assets purchased	(1,149)	(4,901)
Cash used in investing activities	(1,149)	(4,901)
Increase in cash and equivalents during the year	34,457	64,586
Cash and equivalents, beginning of year	639,898	575,312
Cash and equivalents, end of year	674,355	639,898
Cash and equivalents consists of:		
Cash	366,201	336,298
Term deposits	308,154	303,600
Cash and equivalents, end of year	674,355	639,898

See accompanying notes to the financial statements

NOTES TO FINANCIAL STATEMENTS

July 31, 2020

1. NATURE OF OPERATIONS

Emily Carr Students' Union Society (the "Society") was incorporated pursuant to the British Columbia Societies Act on October 31, 1991. The purpose of the Society is to represent the students of the Emily Carr University of Art and Design (the "University") in matters of student concerns, advocacy and constituency organizing. The Society is exempt from income taxes. The Society was Local 33 of the Canadian Federation of Students until June 9, 2018 and is now Local 10 of the British Columbia Federation of Students.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organization ("ASNPO") and include the following significant accounting policies:

Use of Estimates

The preparation of financial statements in conformity with Canadian ASNPO requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures reported during the year. Significant areas requiring the use of management estimates relate to the determination of accrued liabilities and the allocation for health & dental administration costs. Actual results could differ from these estimates.

Cash

For purposes of determining cash flows, cash consists of cash on deposit with banks, and term deposits with short-term maturities.

The statement of cash flows is prepared on a net cash basis and cash flows from operating activities are reported using the indirect method.

Capital Assets

Capital assets are recorded at cost less accumulated amortization. Capital assets contributed to the Society are recorded at the estimated fair value at the date the contribution was made.

Revenue Recognition

The Society follows the deferral method of accounting for contributions.

Restricted amounts, if any, are recognized as revenue in the year in which the related expenses are incurred. Unrestricted amounts are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

NOTES TO FINANCIAL STATEMENTS

July 31, 2020

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Student membership fees are recognized as revenue according to the academic terms they relate to.

Revenue from all other sources is recognized when the service is provided or when the respective goods are sold to the customer.

Volunteers contribute their time to assist the Society in carrying out its activities. Due to the difficulty in determining the fair value of such services, the value of the contributed services is not recognized in these financial statements.

Measurement of Financial Instruments

The Society initially measures its financial assets and financial liabilities at fair value. The Society subsequently measures all its financial assets and financial liabilities at amortized cost. Financial assets measured at amortized cost include cash, term deposits and accounts receivable. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in net income. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it 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 net income.

Use of Premises

Use of the Society's premises as well as the payment of certain operating expenses, are provided without cost by the University. The value of the use of the facilities as well as these additional operating expenses has not been reflected in the financial statements.

3. CASH AND TERM DEPOSITS

	2020	2019
	\$	\$
Cash	366,201	336,298
Term deposits	308,154	303,600
	674,355	639,898

NOTES TO FINANCIAL STATEMENTS

July 31, 2020

3. CASH AND TERM DEPOSITS (CONT'D)

The term deposits consist of \$308,154 on the third of a 3 year escalating term having an interest rate of 3.15% on the maturity date being October 18, 2020. The Society's investment policy to manage interest rate risk is to invest in conservative fixed income securities with highly rated banking institutions to ensure no erosion of capital while earning a reasonable rate of return.

4. ACCOUNTS RECEIVABLE

	2020	2019
	\$	\$
Operations	173	—
Accrued interest on term deposits	7,633	3,581
	7,806	3,581

5. CAPITAL ASSETS

	Cost	Accumulated Amortization	Net Book Value
	\$	\$	\$
2020			
Equipment	27,160	12,645	14,515
2019			
Equipment	26,013	9,158	16,855

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2020	2019
	\$	\$
Operations	58,276	31,732
Government - payroll remittance	6,645	4,479
	64,921	36,211

NOTES TO FINANCIAL STATEMENTS

July 31, 2020

7. MEMBERSHIP FEES

The University collects fees on behalf of the Society of \$4.46 per credit [2019 - \$4.36] per student per semester to a maximum of \$66.90 or 15 credits per semester. A portion of this fee is designated for the publication of the student newspaper.

Members of the Society are included in the Health and Dental Plan at a fee of \$265 per student per year unless opted out with equivalent coverage.

Members of the Society are members of the provincial organization, the British Columbia Federation of Students. Membership fees collected by the University are remitted directly to the British Columbia Federation of Students and are not included in these financial statements.

8. INTERNALLY RESTRICTED NET ASSETS

The Society has \$199,419 [2019 - \$199,419] internally restricted for the purposes of attaining and maintaining an independent Students' Union space.

The Society also internally restricted the excess revenue (expenses) of the health plan fund of \$14,017 [2019 - (\$14,161)] of net assets to be used for future expenses relating to the management, promotion and maintenance of the health plan, bringing the total net assets restricted for this purpose to \$162,077 [2019 - \$148,060].

Health and Dental Plan	2020	2019
	\$	\$
Health and dental plan fees	366,210	352,219
Health and dental plan premiums	(302,193)	(316,380)
Administration fee	(50,000)	(50,000)
Excess revenue internally restricted	14,017	(14,161)

9. FINANCIAL INSTRUMENTS

The Society is exposed to various risks through its financial instruments. The following analysis represents the Society's exposures to significant risks as at July 31, 2020:

Credit Risk

Credit risk is the risk that one party to the financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

NOTES TO FINANCIAL STATEMENTS

July 31, 2020

9. FINANCIAL INSTRUMENTS (CONT'D)

The Society is exposed to credit risk with respect to its cash and term deposits and receivables. The Society limits its exposure to credit loss by placing its cash and term deposits with a chartered Canadian credit union.

Interest Rate Risk

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.

The Society is exposed to interest rate risk on its term deposits.

Liquidity Risk

Liquidity risk is the risk of being unable to meet cash requirements or fund obligations as they become due. It stems from the possibility of a delay in realizing the fair value of financial instruments.

The Society manages its liquidity risk by constantly monitoring forecasted and actual cash flows and financial liability maturities, and by holding assets that can be readily converted into cash.

10. ECONOMIC DEPENDENCE

The Society's primary source of revenue is membership fees collected from students by the University pursuant to the provisions of the University Act (British Columbia). This collection activity can be terminated if the Society fails to fulfill its requirements under the Act. The Society's ability to continue long-term operations is dependent upon maintaining its right to have these fees collected. As at the date of these financial statements the Society believes that it is in compliance with the Act.

11. RELATED PARTY TRANSACTIONS

Stipends and honoraria in the amount of \$24,600 [2019 - \$15,800] were paid to members of the Society.

The amount above includes payments made to the following elected personnel during the year:

	2020	2019
	\$	\$
Faculty Representatives	10,300	8,400
Coordinators	9,300	6,100
Members at Large	5,000	1,300
	24,600	15,800

NOTES TO FINANCIAL STATEMENTS

July 31, 2020

12. DISCLOSURE OF REMUNERATION

Pursuant to the British Columbia Societies Act, the Society is required to disclose remuneration paid to employees and contractors who are paid \$75,000 or more during the fiscal year. No employees or contractors were paid \$75,000 or more.

13. COVID-19

The COVID-19 pandemic has developed rapidly in 2020, with a significant number of cases. Measures taken by various levels of governments to contain the virus have affected economic activity and we will assess whether there will be an impact on our membership revenue for the 2020-2021 fiscal year. We have taken a number of measures to monitor and mitigate the effects of COVID-19 such as safety and health measures for our people (such as working remotely since mid March).

Emily Carr University and the Society will be open September 2020, however, the majority of classes will continue to be online only with a small number of classes with campus access and safety measures in place. Our intention is to continue providing our advocacy, community building initiatives, and services online to our membership and we are reviewing opportunities for hardship funding for members for the 2020-2021 year.

At this stage, the impact on our operations and results has not been significant, other than the work required to adapt to the remote environment. We will continue to follow the various government policies and advice and, in parallel, we will do our utmost to continue our operations in the best and safest way possible