

FINANCIAL STATEMENTS

**STUDENTS' UNION OF VANCOUVER
COMMUNITY COLLEGE**

July 31, 2020



INDEPENDENT AUDITOR'S REPORT

To the Members of
Students' Union of Vancouver Community College

Opinion

We have audited the financial statements of the Students' Union of Vancouver Community College (the Students' Union), which comprise the statement of financial position as at July 31, 2020, and the statements of operations and changes in fund balances 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 Students' Union 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 Students' Union 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 Students' 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 Students' Union or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Students' Union'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 Students' Union'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 Students' 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 Students' 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.

Report on Other Legal and Regulatory Requirements

As required by the British Columbia Societies Act, we report 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
January 27, 2021

Chartered Professional Accountants



STATEMENT OF FINANCIAL POSITION

As at July 31

	General Fund \$	Health Plan Fund \$	2020 \$	2019 \$
				<i>[Restated - Note 14]</i>
ASSETS				
Current				
Cash and term deposits <i>[note 3]</i>	436,629	699,967	1,136,596	838,969
Accounts receivable <i>[note 4]</i>	175,527	200,480	376,007	504,065
Prepaid expenses	69,420	—	69,420	1,277
	681,576	900,447	1,582,023	1,344,311
Capital assets <i>[note 5]</i>	181,243	—	181,243	144,738
	862,819	900,447	1,763,266	1,489,049
LIABILITIES AND FUND BALANCES				
Current liabilities				
Accounts payable and accruals <i>[note 6]</i>	60,546	—	60,546	48,369
Deferred revenue	—	212,660	212,660	315,820
	60,546	212,660	273,206	364,189
Fund balances				
Internally restricted	—	687,787	687,787	501,381
Invested in capital assets	181,243	—	181,243	144,738
Unrestricted	621,030	—	621,030	478,741
Total fund balances	802,273	687,787	1,490,060	1,124,860
	862,819	900,447	1,763,266	1,489,049

Other -COVID-19 *[note 13]**See accompanying notes to the financial statements*

On behalf of the Board:

Chair_____
Treasurer

STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCES

Year ended July 31

	General Fund \$	Health Plan Fund \$	2020 \$	2019 \$
				<i>[Restated - Note 14]</i>
REVENUE				
Health plan levies	—	797,728	797,728	724,535
Membership fees	711,626	—	711,626	618,152
Interest income	6,086	—	6,086	6,662
Other	760	—	760	4,628
	718,472	797,728	1,516,200	1,353,977
EXPENSES				
Health plan premiums	—	565,272	565,272	546,413
Wages and benefits	364,841	44,001	408,842	408,594
Office and administration	43,793	2,049	45,842	58,825
Stipends <i>[note 8]</i>	35,860	—	35,860	37,950
Publications and student services	35,923	—	35,923	6,207
Amortization	17,752	—	17,752	16,582
Provincial general meetings	17,187	—	17,187	12,295
Professional	8,505	—	8,505	8,755
Student events and campaigns	7,835	—	7,835	17,747
Insurance	5,440	—	5,440	4,239
Bank charges	2,542	—	2,542	2,892
	539,678	611,322	1,151,000	1,120,499
Excess of revenue for the year	178,794	186,406	365,200	233,478
Fund balances, beginning of year	623,479	501,381	1,124,860	891,382
Fund balances, end of year	802,273	687,787	1,490,060	1,124,860

See accompanying notes to the financial statements

STATEMENT OF CASH FLOWS

Year ended July 31

	General Fund \$	Health Plan Fund \$	2020 \$	2019 \$
				<i>[Restated - Note 14]</i>
OPERATING ACTIVITIES				
Excess of revenue for the year	178,794	186,406	365,200	233,478
Amortization expense	17,752	—	17,752	16,582
Changes in non-cash working capital balances				
Accounts receivable	41,438	86,620	128,058	(272,436)
Prepaid expenses	(68,143)	—	(68,143)	(511)
Accounts payable	12,177	—	12,177	(7,965)
Deferred revenue	—	(103,160)	(103,160)	(4,068)
Cash provided by (used in) operating activities	182,018	169,866	351,884	(34,920)
INVESTING ACTIVITIES				
Acquisition of capital assets	(54,257)	—	(54,257)	(12,730)
Cash used in investing activities	(54,257)	—	(54,257)	(12,730)
Net increase (decrease) in cash for the year	127,761	169,866	297,627	(47,650)
Cash and term deposits, beginning of year	308,868	530,101	838,969	886,619
Cash and term deposits, end of year	436,629	699,967	1,136,596	838,969

See accompanying notes to the financial statements

NOTES TO FINANCIAL STATEMENTS

July 31, 2020

1. NATURE OF THE ORGANIZATION

The Students' Union of Vancouver Community College (the "Union") is a not-for-profit organization incorporated in the Province of British Columbia and is exempt from income taxes. The Union was formed to represent students at the campuses of Vancouver Community College.

The purpose of the Union is to organize students on a democratic, co-operative basis to advance students' interest, to advance the interest of the students' community and to share experience, skills and ideas. The Union also organizes and provides a variety of services for its members on campus including a tailored, high-quality health and dental plan that meets the needs of its diverse constituency.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

Use of Estimates

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations 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 amounts of revenues and expenses reported during the year. Significant areas requiring the use of management estimates relate to the determination of deferred revenue, useful lives of capital assets and the health and dental administration expense allocation. Actual results could differ from these estimates.

Revenue Recognition

The Union 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.

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

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

Volunteers contribute their time to assist the Union 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.

NOTES TO FINANCIAL STATEMENTS

July 31, 2020

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Fund Accounting

The operations of the Union are reported in the following funds:

General Fund

Revenues and expenses related to program delivery, administrative activities, and other operations are reported in the general fund. This fund represents unrestricted resources.

The fund also reports the assets, liabilities, revenues and expenses related to the Union's capital assets.

Health Plan Fund

The members of the Union contribute up to \$292 per year for the purposes of offering both extended health plan and dental plan for student members.

The Union internally restricts any excess revenues for future expenses relating to the management, promotion and maintenance of the health plan.

Measurement of Financial Instruments

The Union initially measures its financial assets and financial liabilities at fair value.

The Union subsequently measures all its financial assets and financial liabilities at amortized cost.

Financial assets measured at amortized cost include cash, term deposit, and accounts receivable. Financial liabilities measured at amortized cost includes accounts payable and accruals.

Financial assets measured at amortized 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.

Cash

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

NOTES TO FINANCIAL STATEMENTS

July 31, 2020

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Capital Assets

Capital assets are recorded at cost less accumulated amortization. Capital assets contributed to the Union are recorded at the estimated fair value at the date the contribution was made. Computer equipment and software are amortized on a straight-line basis over three years. Leasehold improvements are being amortized on a straight-line basis over the remaining term of the lease and its first two renewal periods (25 years).

3. CASH AND TERM DEPOSITS

	2020 \$	2019 \$
Cash	715,792	421,714
Term deposits	420,804	417,255
	1,136,596	838,969

Term deposits have interest rate of 0.8 to 1.00% . The Union'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 \$
General Fund		
Membership fees - Vancouver Community College	174,416	215,170
Interest and other	1,111	1,795
Health Plan Fund		
Health and Dental fees - Vancouver Community College	200,480	287,100
	376,007	504,065
Allowance for doubtful accounts	—	—
	376,007	504,065

NOTES TO FINANCIAL STATEMENTS

July 31, 2020

5. CAPITAL ASSETS

	Cost \$	Accumulated Amortization \$	Net Book Value \$
2020			
Computer equipment and software	60,328	56,666	3,662
Office furniture and equipment	54,542	53,379	1,163
Building - leasehold improvements	276,102	99,684	176,418
	390,972	209,729	181,243
2019			
Computer equipment and software	60,328	52,297	8,031
Office furniture and equipment	54,542	51,041	3,501
Building - leasehold improvements	221,846	88,640	133,206
	336,716	191,978	144,738

6. ACCOUNTS PAYABLE AND ACCRUALS

	2020 \$	2019 \$
General Fund		
Wages and vacation payable	45,366	37,670
Other	15,180	10,699
	60,546	48,369

7. FINANCIAL INSTRUMENTS

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

Credit Risk

The Union is exposed to credit risk with respect to its cash, term deposit and accounts receivable. The Union assesses, on a continuous basis, accounts receivable on the basis of amounts it is virtually certain to receive based on their net realizable value. Cash and term deposit are held by a Canadian chartered bank.

NOTES TO FINANCIAL STATEMENTS

July 31, 2020

7. FINANCIAL INSTRUMENTS (CONT'D)

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 Union 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.

Interest Rate Risk Exposure

All of the Union's financial instruments are non-interest bearing except for cash and term deposit that earn interest at variable market rates, as disclosed in note 3.

There has been no change in the Union's risk exposure in the above noted risks since the previous year.

8. RELATED PARTY TRANSACTIONS

For the year ending July 31, 2020, the Union paid stipends to executive board members and other elected personnel in the amount of \$35,860 [2019 - \$37,950] which are included in stipends expense.

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

	2020	2019
	\$	\$
At-Large Broadway Representative	9,620	4,300
At-Large Downtown Representative	3,000	7,300
Board of Governors Representative	—	250
Board of Governors Representative and Chairperson	5,120	3,700
ESL Program Representative and External Coordinator	—	(250)
Director of Accessibility	—	3,850
Director of College Affairs	6,000	3,900
Director of Events	6,000	450
Director of Internal Affairs	—	3,500
Queer Student Representative	6,120	4,950
Women Student Representative	—	6,000
	35,860	37,950

NOTES TO FINANCIAL STATEMENTS

July 31, 2020

9. COMMITMENTS

The Union signed an agreement with Vancouver Community College ("the College") to lease space at the Broadway campus. The initial lease term expires January 31, 2029. Renewal terms are subject to negotiation.

The agreement with the College provides for an annual base rent of \$1 per annum plus operating costs estimated at \$13,697 per annum.

The Union entered into an agreement for extended health and dental benefits which are to be provided to students. The agreement sets the fees at \$292 per student for both benefits.

10. OTHER MEMBERSHIP FEES

The members of the Union are also members of the BC Federation of Students, a provincial organization representing students on collective matters. Membership fees of \$153,664 [2019 - \$168,939] collected during the year on behalf of the BC Federation of Students are not included in these financial statements.

All members participate in a universal transit pass program (U-Pass). Fees of \$1,432,959 [2019 - \$1,928,312] collected during the year for this program are not included in these financial statements.

11. ECONOMIC DEPENDENCE

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

12. DISCLOSURE OF REMUNERATION

Pursuant to the British Columbia Societies Act, the Union is required to disclose remuneration paid to employees and contractors who are paid \$75,000 or more during the fiscal year. Wages and benefits expense includes \$244,798 [2019 - \$156,001] paid to three [2019 - two] employees during the year. No contractor exceeded this threshold.

NOTES TO FINANCIAL STATEMENTS

July 31, 2020

13. OTHER - COVID-19

The recent outbreak of the coronavirus, also known as COVID-19, has spread across the globe and is impacting worldwide economic activity. The extent of the impact of this outbreak and related containment measures on the Union's operations cannot be reliably estimated at this time.

The Union expects a significant decrease in membership revenue for the next fiscal year.

14. RESTATEMENT

During the year, an error was identified in the prior year accounts receivable for Health & Dental fees. This error has been adjusted retroactively and therefore resulted in the following changes to the July 31, 2019 balances:

	Before Restatement \$	After restatement \$	Change \$
Statement of Financial Position			
Accounts receivable	314,065	504,065	190,000
Internally restricted	311,381	501,381	190,000
Balances			
Health plan levies	534,535	724,535	190,000
Excess of revenue for the year	43,478	233,478	190,000
Fund balances, end of year	934,860	1,124,860	190,000