



# University of Toronto TORONTO ONTARIO M5S 1A1

---

## MEMORANDUM

DATE: March 13, 2002

TO: **Members of the University Affairs Board**

ITEM IDENTIFICATION: **Student Societies: Financial Statements 2000-01 and Summary of Auditors' Reports**

SPONSOR: Ian Orchard, Vice-Provost, Students  
Phone (416) 978-3870 / Email <ian.orchard@utoronto.ca>

---

### Jurisdictional Information:

- The *Policy for Compulsory Non-Academic Incidental Fees* requires each student society that receives the proceeds of a compulsory non-academic incidental fee to submit, by December 31<sup>st</sup> each year, financial statements audited by a public accountant, or else obtain from the University's Internal Auditor an exemption as provided in the *Policy*.

### Previous Action Taken:

- The report is presented annually to the Board.

### Action Sought:

- The Report is for information.

### Highlights:

- The submission and review of annual financial statements of student societies is considered an important accountability mechanism.
- Members of the Board may find this report helpful with respect to requests for increases to student society fees anticipated to be under consideration at upcoming meetings.
- See "Objective and Scope" and "Summary of Auditors' Reports" for the highlights of the Internal Auditor's report.
- Comments on the 2000-01 financial statements are available for viewing by Board members through the Office of Student Affairs.
- See the attached memorandum from Jim Delaney concerning matters arising out of the report.

### Financial Implications:

- There are no direct financial implications.

IO/jd



**UNIVERSITY OF TORONTO**

**UNIVERSITY OF TORONTO STUDENT SOCIETIES  
SUMMARY OF 2000/2001 AUDITORS' REPORTS**

**SUBMITTED BY THE INTERNAL AUDIT DEPARTMENT**

**Recipients:**

Ms S. Addario - Director, Student Affairs  
Mr. J. Delaney - Assistant Director, Student Affairs  
Professor I. Orchard - Vice-Provost, Students  
Professor A.S. Sedra - Vice-President and Provost  
Dr. R.J. Birgeneau - President  
Mr. L. Charpentier - Secretary of the Governing Council

**AUDIT TEAM**

Nina Seahra, Assistant Auditor  
Cheryl Wessel, Manager  
Mark L. Britt, Director

AU02040  
March 12, 2002

## TABLE OF CONTENTS

	<b>Page</b>
<b>INTRODUCTION</b>	<b>3</b>
<b>OBJECTIVE AND SCOPE</b>	<b>4</b>
<b>SUMMARY OF AUDITORS' REPORTS</b>	<b>4</b>
<b>SIGNIFICANT NOTES TO AUDITED FINANCIAL STATEMENTS</b>	<b>5</b>
<b>COMPARATIVE SUMMARY OF AUDITORS' OPINIONS</b>	<b>6</b>
<b>ACKNOWLEDGEMENT</b>	<b>8</b>

## INTRODUCTION

Student societies within the University of Toronto vary widely in size, range of interest and level of activity. However, the recognized student societies have at least three things in common:

- they represent and are responsible to given “constituencies”;
- membership is automatic;
- the University collects non-academic incidental fees from each student eligible to be a member.

Thirty-six student societies, one affiliate and one ancillary fit the above criteria. These societies, affiliate and ancillary are required by Governing Council Policy to:

- maintain adequate and proper accounting records;
- submit financial statements audited by an independent auditor, licensed under the Public Accountancy Act, to the Internal Audit Department of the University by December 31<sup>st</sup> of each year.

Student societies may apply for an exemption from the audit requirement if the following conditions are met:

- incidental fees collected on behalf of the student society amount to less than \$30,000 in the fiscal year, and “other revenues” amount to less than \$5,000;
- the request for exemption is made prior to the midpoint of the fiscal year concerned and is supported by at least two-thirds of the full membership of the Council or Board of Directors of the society;
- the Internal Audit Department is satisfied that the society is maintaining proper books of account and supporting documentation.

Societies seeking audit exemptions are required to submit their unaudited financial statements to the Internal Audit Department by December 31<sup>st</sup> of each year.

Regulations and policies relating to student societies are outlined in the *Handbook for Student Societies*, published by the Office of Student Affairs.

## OBJECTIVE AND SCOPE

This report summarizes the student societies' Auditors' Reports, noting societies that have been granted an exemption from the audit requirement, as well as societies that have not submitted audited statements or requested an exemption.

The report covers the twelve months, September 1, 2000 to August 31, 2001. Thirty-one societies, the affiliate and the ancillary have submitted their financial statements to the Internal Audit Department or were granted an exemption from the audit requirement. As at March 12, 2002, five societies had not submitted audited financial statements.

As stated in the 1999/2000 report, eight societies failed to submit their financial statements by the reporting date. Financial statements have since been received for seven of the eight societies. The Landscape Architecture Student Society has not submitted audited financial statements for the years ended April 30, 2000 and 2001. The total fee revenue for this two-year period is \$7,008. This society ceased operation as of April 2001 and a new society (Graduate Architecture, Landscape and Design Student Union) was formed in September 2001.

## SUMMARY OF AUDITORS' REPORTS

The ancillary, affiliate and nine societies received unqualified audit opinions. A description of audit opinions for the remaining 22 is set out below:

- a) Sixteen societies received qualified audit opinions relating to verification of revenue. The 16 societies are:

	<u>QUALIFIED REVENUE</u>	<u>TOTAL REPORTED REVENUE</u>
	\$	\$
1. Arts & Science Students' Union	10,889	201,088
2. Engineering Society and Store	299,000	501,899
3. Erindale College Student Union	59,912	238,367
4. Graduate Business Council**	28,588	28,588
5. Innis College Student Society	NETTED	63,593
6. Medical Society	NETTED	81,591
7. Faculty of Music Undergraduate Association	8,155	15,048
8. New College Student Council	217,634	217,634
9. Physical and Health Education Undergraduate Association	17,849	25,809
10. Physical and Occupational Therapy Undergraduate Assn.	58,674	66,412
11. Scarborough Campus Community Radio Inc.	995	18,399
12. Scarborough College Athletic Association	26,931	63,899
13. Scarborough Student Village Council	NETTED	13,043
14. Student Teachers Union	1,263	58,238
15. Undergraduate Pharmaceutical Society	79,968	101,282
16. Woodsworth College Students' Association	NETTED	114,725

\*\*Note that the Graduate Business Council also received a qualification for the use of the cash basis of accounting.

b. Six societies received audit exemptions. The societies are:

	<u>REPORTED FEE REVENUE</u>	<u>OTHER REVENUE</u>
	\$	\$
1. Graduate House Council***	20,351	3,952
2. Innis Residence Council	12,820	6,382
3. New College Residence Council****	13,090	2,882
4. Faculty of Nursing Undergraduate Society	2,325	3,721
5. Transitional Year Programme Student Assoc.	1,560	59
6. University College Residence Council	7,762	497

\*\*\*Revenue reported for 17 month period from August 2000 to December 2001 (new Society formed Summer 2000).

\*\*\*\*Statements include 13 months of activity as the council changed its year-end from April 30<sup>th</sup> to May 31<sup>st</sup>.

## **SIGNIFICANT NOTES TO AUDITED FINANCIAL STATEMENTS**

### UNIVERSITY OF TORONTO AT MISSISSAUGA ATHLETIC COUNCIL

Beginning in April 1999, Erindale College Athletic and Recreation Association (ECARA) ceased operation and the activities continued under the University of Toronto at Mississauga, Centre for Physical Education, Athletics and Recreation (Centre). On May 23, 2000, the University Affairs Board approved the collection of a new compulsory non-academic fee for the Centre and approved a reduction of the ECARA fee (from \$62 to \$8.60 per full-time student). In approximately October 2000, a new student society was formed under the name University of Toronto at Mississauga Athletic Council (Council). Of the \$99,738 total fee revenue collected from students during the period May 1, 2000 to April 30, 2001, \$44,501 was paid by the Council to the University to cover the summer period during which the Centre administered student activities.

### SCARBOROUGH CAMPUS STUDENTS' COUNCIL

Note 4 of The Scarborough Campus Students' Council (Council) audited financial statements indicates that the Council is currently involved in a number of lawsuits. There is a material lawsuit in which Brian Toll Inc. is suing the Council for breach of contract and is seeking damages in the amount of \$100,000. At the present time, the outcome of the lawsuits and their financial result cannot be determined.

### STUDENTS ADMINISTRATIVE COUNCIL

The Council has guaranteed the bank indebtedness of the University of Toronto Community Radio Inc. (CIUT), to a maximum of \$150,000.

The Council is a co-defendant to a claim for damages in the amount of \$450,000. The outcome of this claim cannot yet be determined and therefore, no provision has been made in the financial statements for losses which may be sustained on the ultimate settlement of the claim.

### ERINDALE COLLEGE STUDENT UNION

The Erindale College Student Union (ECSU) reported a net loss of \$7,689 for the year ended April 30, 2001. This loss was due mainly to the write-off of a \$34,932 advance due from the Blind Duck Pub. The Blind Duck Pub reported a loss of \$30,682 for the year ended April 30, 2001 (before write-off of the \$34,932 payable to ECSU). The April 30, 2001 audited financial statements for the Blind Duck Pub included a note indicating that continuation of the Pub as a 'Going Concern' is dependent on receipt of funding from the Student Union.

### **COMPARATIVE SUMMARY OF AUDITORS' OPINIONS**

The following summarizes the external auditors' opinions received in 2000/2001 and 1999/2000:

	<u>2000/2001</u> (36 societies, 1 affiliate & 1 ancillary)	<u>1999/2000</u> (36 societies, 1 affiliate & & 1 ancillary)
1. Unqualified audit opinions	11	10
2. Qualified audit opinions	16	14
3. Financial Statements prepared without audit	<u>6</u>	<u>4</u>
Submitted and reported on by Internal Audit	33	28
4. Audited financial statements outstanding at the time of this report	@5	%8
6. Exemptions denied (Transitional Year Programme)	0	1
7. Audit waivers granted (Architecture Students' Union)	<u>0</u>	<u>1</u>
	<u>38</u>	<u>38</u>

@ See Table I (Page 7)

% See Table II (page 7)

Table I: Societies that have not submitted their 2000/2001 audited financial statements as at March 12, 2002

NAME	FEE REVENUE \$	YEAR-END
Architecture Students' Union	3,145	July 31, 2001
Dental Students' Society	9,960	April 30, 2001
Landscape Architecture Student Society	2,628	April 30, 2001
Students' Law Society	58,905	August 31, 2001
University College Literary & Athletic Society	93,770	June 30, 2001

Table II: Societies that have submitted their 1999/2000 financial statements subsequent to the prior year's Internal Audit Report

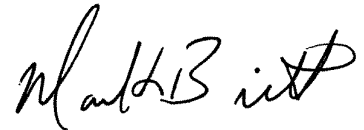
NAME	FEE REVENUE \$	YEAR-END	AUDIT OPINION
Dental Students' Society	9,690	April 30, 2000	Qualified Revenue
Graduate Business Council	16,640	April 30, 2000	Qualified Revenue (and Cash basis)
New College Student Council	179,517	March 31, 2000	Qualified Revenue
Physical & Health Education Undergraduate Association	8,060	May 31, 2000	Qualified Revenue
Scarborough Campus Students' Press (The Underground)	21,214	April 30, 2000	Unqualified
Student Teacher's Union	52,300	April 30, 2000	Qualified Revenue
University College Literary & Athletic Society	93,604	June 30, 2000	Qualified Revenue



**ACKNOWLEDGEMENT**

The Internal Audit Department would like to thank Mr. Jim Delaney of the Office of Student Affairs for his assistance.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Mark L. Britt". The signature is written in a cursive style with a large initial "M" and a stylized "L" and "B".

Mark L. Britt  
Director  
Internal Audit



# University of Toronto

Jim Delaney  
Assistant Director, Student Affairs  
Office of the Vice-President & Provost

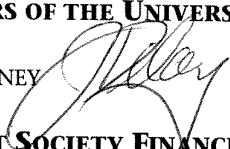
Toronto, Ontario  
M5T 2Z9

Phone (416) 978-4027 / Fax (416) 971-2037  
Email <jim.delaney@utoronto.ca>  
Web <<http://www.sa.utoronto.ca>>

March 13, 2002

## MEMORANDUM

TO: **MEMBERS OF THE UNIVERSITY AFFAIRS BOARD**

FROM: JIM DELANEY 

SUBJECT: **STUDENT SOCIETY FINANCIAL STATEMENTS 2000-01 AND  
SUMMARY OF AUDITORS' REPORTS: MATTERS ARISING FROM THE  
REPORT**

Further to the report of the Internal Audit Department concerning the 2000-01 financial statements of student societies, I am writing to advise the Board on issues concerning a number of student societies.

To put these matters into context, it is important to understand the nature of the University's relationship with student societies. Essentially, the following characterize such organizations within the University of Toronto community:

1. Student societies are representative of and accountable to students.
2. Membership in a society is automatic and determined by registration.
3. Student societies are independent from the University.
4. Societies receive compulsory non-academic incidental fees which are collected by the University in trust for the society.

The University in turn has a fiduciary responsibility to the students that pay these fees. In accordance with the *Policy on Compulsory Non-Academic Incidental Fees*, if we believe a society is not acting in an open and accountable fashion, or if a society is not acting within its by-laws and/or constitution, the University must withhold payments of fee revenue to the society. Ultimately, the University has the power to stop collecting a fee if a society cannot or will not meet the requirements of the *Policy*.

The submission of annual financial statements to the University is considered to be a very important accountability mechanism in the life of the student society.

