



TO: University Affairs Board

FROM: David Newman,
Acting Director, Office of the Vice-Provost, Students

DATE: April 24, 2013 for April 30, 2013

SUBJECT: University of Toronto Student Societies – Summary of 2011/2012 Auditor’s Opinions

This report has previously been prepared by the Internal Audit Department, but is now prepared by the Office of the Vice-Provost, Students. The Internal Audit Department continues to perform the duties specified in the *Policy on Compulsory Non-Academic Incidental Fees* and the *Handbook for Student Societies* (published by the Office of the Vice-Provost, Students) concerning the granting of audit exemptions.

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 based on registration in a particular academic division (or residency in a particular residence); and
- the University collects non-academic incidental fees from each student eligible to be a member.

Forty student societies and one affiliate fit the above criteria. Pursuant to the *Policy for Compulsory Non-Academic Incidental Fees*, these societies are required to:

- maintain adequate and proper accounting records; and
- submit financial statements audited or reviewed by an independent auditor, licensed under the *Public Accountancy Act*, to the Office of the Vice Provost, Students by December 31st 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 \$7,500;
- 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 and books of accounts and supporting documentation to the Internal Audit Department for review by December 31st of each year.

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

OBJECTIVE AND SCOPE

This report summarizes the student societies' auditors' opinions, 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 student societies' fiscal years which ended in 2012. 33 societies have submitted their financial statements to the Office of the Vice Provost, Students or have been granted an exemption from the audit requirement by the Internal Audit Department. As of April 9, 2013, 9 societies (21%) had not submitted their 2011/2012 audited financial statements or had incomplete audit exemption documentation. Incidental fees are not released to the societies until audited financial statements are submitted, or an exemption granted.

SUMMARY OF SIGNIFICANT NOTES TO SELECTED FINANCIAL STATEMENTS

The following summarizes the significant note(s) to the audited financial statements received:

UTMSU

Note 7. Write-off Advances

During the year, the Students' Union advanced funds to the Blind Duck [Pub]. On approval by the Board of Directors, the total advances of \$28,500 (2011 - \$Nil) have been written off.

SCSU

Note 5. Due From and Investment in Subsidiary

SCSU's initial investment in the Restaurant was \$100 and related to the purchase of 100 common shares.

The Restaurant is currently in a net deficit, accordingly the value of the investment has been written down from \$100 to a \$1 nominal amount. SCSU has not adjusted its investment to reflect its pro-rata share of the Restaurant deficit as this would result in a negative investment. Negative investments would only be recognized to the extent there was a legal obligation to a third party which does not exist in this circumstance. As a result, the investment has been recorded at a nominal amount. The Restaurant's deficit at April 30, 2012 is \$254,064 (2011 - \$194,431).

SCSU has \$389,612 (2011 - \$341,775) due from the Restaurant and its subsidiary franchises. The total balance owing from the Restaurant is \$212,920 (2011 - \$159,894) of which \$203,507 (2011 - \$159,894) has been allowed for at year end. The balance of \$176,692 (2011- \$13,603) relates to receivables from the two newly acquired franchises which are subsidiaries of the Restaurant.

The following information presents a summary of the consolidated financial position and results of operations of SCSU Restaurant Inc.:

	2012	2011
Other		
Total assets	135,213	173,592
Accounts payable to SCSU	389,612	341,775
Other liabilities	29,565	26,148
Share capital	100	100
Deficit	254,064	194,431
Revenue	306,924	307,633
Expenses	536,557	448,150
Operating subsidy from SCSU	140,000	140,000

During the year, SCSU incurred costs on behalf of subsidiaries wholly owned by the Restaurant. The balance due from these subsidiary franchises is non-interest bearing, and has no set terms of repayment. It is not expected to be repaid within the next fiscal year.

All transactions relating to the use of the facilities space at the Restaurant are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

UTCRI

Note 14. Contingency

During the year, UTCRI used \$35,889, included as part of deferred grants in note 8, obtained from total grant proceeds of \$100,000 received in fiscal 2010 from the Ontario Trillium Foundation to purchase broadcasting equipment. Under the terms of the agreement, the equipment was required to have been purchased by the end of fiscal 2011. The UTCRI has submitted a final report, though they have been given no indication whether the amounts spent in the current fiscal year will

have to be repaid. Should the current year expenditures not be approved, the Organization will have to repay \$35,889 to the Ontario Trillium Foundation.

COMPARATIVE SUMMARY OF AUDITORS’ OPINIONS

The following summarizes the external auditors’ opinions and exemptions granted or denied in 2011/2012 and 2010/2011:

	<u>2011/2012</u> (42 societies)	<u>2010/2011</u> (41 societies)
1. Unqualified audit opinions	16	12
2. Qualified audit opinions	16	21
3. Audit exemptions granted	5	5
4. Audited financial statements outstanding at the time of this report	4	3
5. Audit exemptions pending at the time of this report	<u>1</u>	<u>0</u>
	<u>42</u>	<u>41</u>

As noted in the 2010/2011 Internal Audit report, 9 societies (22%) did not submit their financial statements by the date of that report. Financial statements have since been received or exemptions granted for 6 of the societies.

The Faculty of Music Undergraduate Association has not submitted their 2010/2011 statements as of the date of this report; the Occupational & Physical Therapy Graduate Students Council has not submitted their corrected 2010/2011 statements as of the date of this report; and the Woodsworth College Students Association has not submitted their 2010/2011 statements as of the date of this report.

Faculty of Music Undergraduate Association (FMUA)

The FMUA failed to submit their 2010-11 statements. Significant attempts were made by the current executive of the Council to compile the necessary financial records from this year for the purpose of preparing financial statements. However, the information they were able to locate was insufficient. The president of the FMUA met with the Office of the Vice-Provost, Students to review the methods that they have developed to monitor their financial records and I am satisfied that the society has been diligent both in attempts to find the missing records and in the implementation of a new financial accountability system. The finance office at the Faculty of Music is providing some assistance in this regard.

2010/2011 STUDENT SOCIETY AUDIT TRACKING

UTSC Student Societies	Total Student Fee Revenue for Fiscal Year	2011-2012 Audit Submitted	2010-2011 Audit Submitted
Scarborough Campus Students Union	\$2,772,076.97	✓	✓
Scarborough Campus Community Radio	\$91,935.75	✓	✓
Scarborough Campus Students' Press	\$66,339.00	✓	✓
Scarborough College Athletic Association	\$66,339.00	✓	✓
Scarborough College Student Village Council	\$21,900.00	✓	✓

UTM Student Societies	Total Student Fee Revenue for Fiscal Year	2011-2012 Audit Submitted	2010-2011 Audit Submitted
Association of Erindale Part-Time Undergraduate Students	\$31,709.02	✓	N/A
UTM Athletic Council	\$111,886.47	✓	✓
UTM Residence Council	\$25,560.00	✓	✓
The Medium	\$81,445.31	✓	✓
UTM Student Union	\$528,593.41	✓	✓
VIBE – Radio Erindale	\$48,928.00		✓

UTSG Student Societies	Total Student Fee Revenue for Fiscal Year	2011-12 Audit Submitted	2010-11 Audit Submitted
Arts & Science Students' Union	\$495,046.54	✓	✓
89 Chestnut Residence Council	\$19,157.81	✓	✓
Dental Student Society	\$9,525.00	✓	✓
Engineering Athletic Association	\$39,341.25	✓	✓
Engineering Society	\$1,421,309.13	✓	✓
Masters' of Information Student Council (formerly FISSC)	\$9,593.78	Exemption Granted	Exemption Granted
Graduate Architecture, Landscape and Design Student Union	\$27,680.00	Exemption Granted	✓
Graduate Business Council	\$64,050.00	✓	✓
Graduate House Council	\$16,355.92		Exemption Granted
Innis College Student Society	\$173,556.14	✓	✓
Innis Residence Council	\$12,640.00	Exemption Granted	✓
Students' Law Society	\$52,225.00	✓	✓
Medical Radiation Sciences Society	\$8,381.25	✓	✓
Medical Society	\$55,964.24	✓	✓
Faculty of Music Undergraduate Association	\$7,755.00	✓	

Student Societies – Summary of 2011/2012 Auditors' Opinions

UTSG Student Societies Continued	Total Student Fee Revenue for Fiscal Year	2011-12 Audit Submitted	2010-11 Audit Submitted
New College Residence Council	\$15,810.00	Exemption Pending	Exemption Granted
New College Student Council	\$260,171.00	✓	✓
Faculty of Nursing Undergraduate Society	\$12,717.00	✓	✓
Occupational & Physical Therapy Graduate Students Council	\$3,520.00		Revisions Pending
Physical Education & Health Undergraduate Association	\$25,726.00	✓	✓
Student Teachers Union	\$27,566.50	✓	✓
Undergraduate Pharmaceutical Society	\$67,716.00	✓	✓
University College Literary & Athletic Society	\$121,437.60	✓	✓
University College Residence Council	\$11,130.00	Exemption Granted	Exemption Granted
Woodsworth College Student Association	\$136,263.73		
Woodsworth College Residence Council	\$7,220.00	Exemption Granted	Exemption Granted

Multi-Campus Student Societies	Total Student Fee Revenue for Fiscal Year	2010-11 Audit Submitted	2009-10 Audit Submitted
Association of Part-time Undergraduate Students (APUS)	\$1,176,652.59	✓	✓
Graduate Students Union (GSU)	\$6,123,457.97	✓	✓
Students' Administrative Council (UTSU)	\$13,295,049.30	✓	✓
Varsity Publications (<i>The Varsity</i>)	\$158,122.87	✓	✓
UofT Community Radio (CIUT)	\$295,784.53	✓	✓