

FOR INFORMATION**PUBLIC****OPEN SESSION**

TO: University Affairs Board

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PRESENTER: Sandy Welsh, Vice-Provost, Students
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DATE: April 21, 2016 for April 28, 2016

AGENDA ITEM: 2

ITEM IDENTIFICATION:

Compulsory Non-Academic Incidental Fees – Student Society Fees: Report on Financial Statements and Internal Auditor’s Opinion

JURISDICTIONAL INFORMATION:

Section 5 of the University Affairs Board Terms of Reference lists compulsory non-academic incidental fees among the Board’s areas of responsibility.

Sections 5.2.1 and 5.2.2 provide that compulsory non-academic incidental fees for representative student committees and divisional student societies “are approved by the Board.”

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 31st each year, financial statements audited by a public accountant, or else obtain an exemption from the University’s Internal Auditor as provided in the *Policy*.

Section B.2.b. of the *Policy* provides that fees are withheld from societies failing to meet the December 31st deadline until such time as the auditor’s report is received by the University. Pursuant to the advice of the Internal Audit Department, fees are also withheld from societies if there is a denial of audit opinion, or if there is another element of the audited statements which requires special attention.

GOVERNANCE PATH:

1. **University Affairs Board (April 28, 2016) [For Information]**
2. **Governing Council (May 19, 2016) [For Information]**

PREVIOUS ACTION TAKEN:

The report is presented annually to the Board.

HIGHLIGHTS:

The submission and review of annual financial statements of student societies is considered an important accountability mechanism. (See “Objective and Scope” and “Comparative Summary of Auditors’ Opinions” in the attached item.) External auditors’ comments on the 2014-15 financial statements are available for viewing by Board members through the Office of Vice-Provost, Students.

The following student societies are required to submit audited financial statements or seek an exemption from the audit requirement for the 2014-15 fiscal year:

Student Society	Total 2014-15 Fees
89 Chestnut Residence Council	\$ 20,565
Arts & Science Students’ Union	\$ 488,903
Association of Part-time Undergraduate Students (APUS)	\$ 1,344,115
CFRE Radio Erindale (VIBE)	\$ 53,709
CIUT-FM, University of Toronto Community Radio	\$ 304,969
Dental Student Society	\$ 12,465
Engineering Athletic Association	\$ 43,349
Engineering Society	\$ 1,474,309
Faculty of Music Undergraduate Association	\$ 8,843
Faculty of Nursing Undergraduate Society	\$ 21,519
Graduate Architecture Landscape and Design Student Union	\$ 27,745
Graduate Business Council	\$ 103,598
Graduate House Council	\$ 16,609
Graduate Students’ Union (UTGSU)	\$ 7,665,308
Innis College Student Society	\$ 174,313
Innis College Residence Council	\$ 19,100
Kinesiology and Physical Education Undergraduate Association	\$ 34,821
Master of Information Student Council	\$ 9,231
Master of Management & Professional Accounting Student Council	\$ 10,530
Medical Radiation Sciences Society	\$ 6,438
Medical Society	\$ 112,665
New College Residence Council	\$ 17,490
New College Student Council	\$ 289,664
Occupational Therapy & Physical Therapy Graduate Students Council	\$ 3,755
Scarborough Campus Community Radio	\$ 121,301
Scarborough Campus Students’ Press (The Underground)	\$ 77,105
Scarborough Campus Students’ Union (SCSU)	\$ 3,967,575
Scarborough College Athletic Association	\$ 77,105
Scarborough College Student Village Council (SCRC)	\$ 21,375
Students’ Law Society	\$ 49,235

Report on Student Society Audit Statements

Student Teachers Union	\$	11,655
The Medium	\$	89,937
Undergraduate Pharmaceutical Society	\$	69,138
University College Literary & Athletic Society	\$	125,560
University College Residence Council	\$	10,598
University of Toronto Mississauga Students' Union (UTMSU)	\$	749,123
University of Toronto Mississauga Athletic Council	\$	123,304
University of Toronto Mississauga Residence Council	\$	26,334
University of Toronto Students' Union (UTSU)	\$	16,731,020
Varsity Publications (The Varsity)	\$	240,303
Woodsworth College Residence Council	\$	7,250
Woodsworth College Student Association	\$	126,533

Fee revenues for UTSU (SAC), APUS, GSU, and SCSU include portions designated for health and dental insurance plans.

Respective student affairs and student life offices on each campus will continue to work with student societies to ensure that the requirements of the Policy are met. Fees are withheld from societies until the relevant financial reporting requirements are satisfied.

FINANCIAL AND/OR PLANNING IMPLICATIONS:

There are no direct financial implications for the University's operating budget.

RECOMMENDATION:

The report is presented for information

DOCUMENTATION PROVIDED:

University of Toronto Student Societies – Summary of 2014-15 Auditors' Opinions



To: University Affairs Board

From: Meredith Strong
Director, Office of the Vice-Provost, Students and Student Policy Advisor

Date: April 21, 2016 for April 28, 2016

Re: University of Toronto Student Societies –
Summary of 2014-15 Auditors' Opinions

This report is generated by the Office of the Vice-Provost, Students, in consultation with the Department of Internal Audit. The Internal Audit Department performs 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, 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 member.

Forty-two student societies 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; and
- 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 financial statements or requested an exemption.

The report covers the student societies' fiscal years which ended in 2015. Thirty 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 20, twelve societies (28%) had not submitted their 2014/2015 audited financial statements or had not yet received an audit exemption. Compulsory non-academic incidental fees are not released to the societies until audited financial statements are submitted and reviewed or an exemption to the audit requirement is granted.

SUMMARY OF SIGNIFICANT NOTES TO SELECTED FINANCIAL STATEMENTS

The following summarizes the significant notes to the audited financial statements received.

CIUT – University of Toronto Community Radio Inc.

Note 11. Contingency

In a prior year UTCRI commenced legal action against a former employee. The claim is for damages of approximately \$160,000. The outcome of the claim is not determinable, and as such it has not been reflected in the financial statements.

The same former employee has filed a counter claim against the UTCRI for approximately \$40,000 related to outstanding funds owed. Management believes that the claim is without merit and the organization is not liable, and accordingly, no provision has been made in these financial statements for losses, if any, which may be sustained on the ultimate settlement of the claim.

UTSU – (Legally, Students' Administrative Council of the University of Toronto)

Note 16. Severance

Severance payments include one-time severance, unpaid overtime, vacation, and other associated benefits paid during the year to a legally confidential number of employees upon termination of their employment. The UTSU has retained legal counsel to determine the suitability of these payments.

Scarborough Campus Students' Union

Note 9. Investment and Loans to Related Parties

SCSU's initial investment in the Restaurant included \$100 for 100 common shares together with advances to fund its operations. SCSU Restaurants Inc. has invested in two subsidiary franchises – Hero Burger and KFC Express. The SCSU wholly owns all shares either directly or indirectly in each of the related parties.

SCSU Restaurants Inc. continues to accumulate a deficit, as do the Hero Burger and the KFC Express. Accordingly, the value of the shares have been impaired to reflect management's estimate of the net amount that will be recovered within ten years.

	<u>2015</u>	<u>2014</u>
Advances to 2277345 Ontario Ltd. o/a KFC Express	87,040	90,965
Advances to 2275596 Ontario Ltd. o/a Hero Burger	74,593	44,593
Advances to SCSU Restaurants Inc.	364,343	364,343
Impairment allowance	(203,506)	(203,506)
Share of net loss	<u>(54,825)</u>	<u>(41,485)</u>
Net investment in SCSU Restaurants Inc.	267,645	254,910

COMPARATIVE SUMMARY OF AUDITORS' OPINIONS

The following summarizes the external auditors' opinions and exemptions granted or denied in 2014-15 and 2013-14:

	2014/15 (42* societies)	2013/14 (as of Apr. 29, 2015) (42 societies)
1. Unqualified audit opinions	9	8
2. Qualified Audit opinions	17	18
3. Audit Exemptions granted	4	2
4. Audited Financial statements outstanding at the time of this report	6	8
5. Audit exemptions pending at the time of this report	6	6
Total	42	42

As noted in the 2013-14 report, eight societies (19%) did not submit their financial statements by the date of last year's UAB report and six societies had an audit exemption pending.

Since last year's report, the Office of the Vice-Provost, Students has received financial statements or exemptions for all student societies for the 2013-14 year.

* The Architecture and Visual Studies Student Union began operating as a student society in Fall 2015. They did not collect fees during the 2014-15 year, and are consequently exempt from the audit requirement and not counted in the totals.

2014/15 STUDENT SOCIETY AUDIT TRACKING

UTSC Student Societies	Total Student Fee Revenue for Fiscal Year	2014-15 Audit Submitted	2013-14 Audit Submitted
Scarborough Campus Community Radio	121,301	✓	✓
Scarborough Campus Students' Press	77,105	X	✓
Scarborough Campus Students Union	3,967,575	✓	✓
Scarborough College Athletic Association	77,105	✓	✓
Student Residence Council	21,375	Exemption Pending	Exemption Granted

UTM Student Societies	Total Student Fee Revenue for Fiscal Year	2014-15 Audit Submitted	2013-14 Audit Submitted
CFRE Radio Erindale (VIBE)	53,709	X	✓
Erindale College Students' Union (UTMSU)	749,123	✓	✓
Masters of Management & Professional Accounting Student Council	10,530	Exemption Pending	Exemption Granted
The Medium	89,937	✓	✓
UTM Athletic Council	123,304	✓	✓
UTM Residence Council	26,334	X	✓

2014/15 STUDENT SOCIETY AUDIT TRACKING (cont.)

UTSG Student Societies	Total Student Fee Revenue for Fiscal Year	2014-15 Audit Submitted	2013-14 Audit Submitted
89 Chestnut Residence Council	20,565	Exemption Granted	Exemption Granted
Arts & Science Students' Union	488,903	✓	✓
Dental Student Society	12,465	✓	✓
Engineering Athletic Association	43,349	✓	✓
Engineering Society	1,474,309	✓	✓
Faculty of Music Undergraduate Association	8,843	✓	✓
Faculty of Nursing Undergraduate Society	21,519	✓	✓
Graduate Architecture, Landscape and Design Student Union	27,745	✓	✓
Graduate Business Council	103,598	✓	✓
Graduate House Council	16,608.96	Exemption Granted	Exemption Granted
Innis College Student Society	174,313	✓	Exemption Granted
Innis College Residence Council	19,100	Exemption Granted	Exemption Granted
Kinesiology and Physical Education Undergraduate Association	34,821	✓	✓
Masters' of Information Student Council	9,231	Exemption Pending	Exemption Granted
Medical Radiation Sciences Society	6,438	Exemption Pending	✓
Medical Society	112,665	✓	✓
New College Residence Council	17,490	Exemption Pending	Exemption Granted
New College Student Council	289,664	✓	✓

2014/15 STUDENT SOCIETY AUDIT TRACKING (cont.)

UTSG Student Societies	Total Student Fee Revenue for Fiscal Year	2014-15 Audit Submitted	2013-14 Audit Submitted
Occupational & Physical Therapy Graduate Students' Council	3,755	X	Exemption Granted
Student Teachers' Union	11,655	X	✓
Students' Law Society	49,235	✓	✓
Undergraduate Pharmaceutical Society	69,138	✓	✓
University College Literary & Athletic Society	125,560	✓	✓
University College Residence Council	10,598	Exemption Granted	Exemption Granted
Woodsworth College Residence Council	7,250	Exemption Pending	Exemption Granted
Woodsworth College Student Association	126,533	X	✓

Multi-Campus Student Societies	Total Student Fee Revenue for Fiscal Year	2014-15 Audit Submitted	2013-14 Audit Submitted
Association of Part-time Undergraduate Students (APUS)	1,344,115	✓	✓
CIUT – U of T Community Radio	304,969	✓	✓
Graduate Students' Union (GSU)	7,665,308	✓	✓
University of Toronto Students' Union (UTSU)	16,731,020	✓	✓
Varsity Publications (The Varsity)	240,303	✓	✓