

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

**TO:** University Affairs Board

**SPONSOR:** Sandy Welsh, Vice-Provost, Students

**CONTACT INFO:** Phone (416) 978-3870 / Email [vp.students@utoronto.ca](mailto:vp.students@utoronto.ca)

**PRESENTER:** Sandy Welsh, Vice-Provost, Students

**CONTACT INFO:** Phone (416) 978-3870 / Email [vp.students@utoronto.ca](mailto:vp.students@utoronto.ca)

**DATE:** April 24, 2017 for May 1, 2017

**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."

**GOVERNANCE PATH:**

1. University Affairs Board (May 1, 2017) [For Information]
2. Governing Council (May 18, 2017) [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 2015-16 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 2015-16 fiscal year:

<b>Student Society Name</b>	<b>2015-16 Fees</b>
Architecture and Visual Studies Student Union	\$ 16,010.00
Arts & Science Students' Union	\$ 515,884.00
Association of Part-time Undergraduate Students (APUS)	\$ 1,443,287.88
CFRE Radio Erindale (VIBE)	\$ 51,300.50
Chestnut Residence Council	\$ 21,854.38
CIUT-FM, University of Toronto Community Radio	\$ 310,870.59
Dental Student Society	\$ 12,450.00
Engineering Athletic Association	\$ 41,969.25
Engineering Society	\$ 1,421,307.54
Faculty of Music Undergraduate Association	\$ 8,535.00
Faculty of Nursing Undergraduate Society	\$ 21,438.32
Graduate Architecture Landscape and Design Student Union	\$ 25,355.00
Graduate Business Council	\$ 104,690.00
Graduate House Council	\$ 16,681.35
Innis College Residence Council	\$ 19,931.64
Innis College Student Society	\$ 139,507.85
Kinesiology and Physical Education (KPEUA)	\$ 35,871.50
Master of Information Student Council (MISC)	\$ 9,918.76
Master of Management & Professional Accounting Student Council	\$ 10,920.00
Medical Radiation Sciences Society	\$ 6,450.00
Medical Society	\$ 112,773.06
New College Residence Council	\$ 17,450.00
New College Student Council	\$ 315,005.37
Occupational Therapy & Physical Therapy Graduate Students Council	\$ 3,767.50
Scarborough Campus Community Radio (Fusion)	\$ 125,096.68
Scarborough Campus Students' Press (The Underground)	\$ 79,450.00
Scarborough Campus Students' Union (SCSU)	\$ 4,307,208.46
Scarborough Campus Residence Council (SCRC)	\$ 21,780.00
Scarborough College Athletic Association	\$ 79,450.00
Student Teachers Union	\$ 2,392.00
Students' Law Society	\$ 50,115.00
The Medium	\$ 93,801.39
Undergraduate Pharmaceutical Society	\$ 67,644.00
University College Literary & Athletic Society	\$ 131,452.98
University College Residence Council	\$ 11,040.00
University of Toronto Graduate Students' Union (UTGSU)	\$ 8,532,831.75
University of Toronto Mississauga Athletic Council	\$ 128,551.88
University of Toronto Mississauga Residence Council	\$ 27,467.00
University of Toronto Mississauga Students' Union (UTMSU)	\$ 635,866.81
University of Toronto Students' Union (UTSU)	\$ 17,945,569.76

Varsity Publications (The Varsity)	\$	251,706.76
Woodsworth College Residence Council	\$	7,180.00
Woodsworth College Student Association	\$	130,023.42

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

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**DOCUMENTATION PROVIDED:**

University of Toronto Student Societies – Summary of 2015-16 Auditors' Opinions



**To:** University Affairs Board

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

**Date:** April 24, 2017 for May 1, 2017

**Re:** University of Toronto Student Societies –  
Summary of 2015-16 Auditors' Opinions

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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-three 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 31<sup>st</sup> of each year.

Student societies may receive 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 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 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 2016. Twenty-six 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 21, 2017, 14 societies (33%) had not submitted their 2015-16 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. (UTCRI)

#### 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 – University of Toronto Students' Union (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>2016</u>	<u>2015</u>
Advances to 2277345 Ontario Ltd. o/a KFC Express	102,040	87,040
Advances to 2275596 Ontario Ltd. o/a Hero Burger	94,593	74,593
Advances to SCSU Restaurants Inc.	364,343	364,343
Impairment allowance	(203,506)	(203,506)
Share of net loss	<u>(40,401)</u>	<u>(54,825)</u>
Net investment in SCSU Restaurants Inc.	317,069	254,910

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

The Chartered Professional Accounts of Canada note in their *Guide to Financial Statements of Not-for-Profit Organizations* that an audit opinion can be “unqualified<sup>\*</sup>” or “qualified<sup>†</sup>”; with a “qualified” audit opinion most often due to the auditor's inability to verify cash donations.

Historically, the majority of student societies – owing to cash fundraising activities (e.g. bake-sales, benefit dances, etc.) – have received “qualified” audit opinions.

The following summarizes the external auditors' opinions and exemptions granted or denied in 2015-16 and 2014-15:

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\* An auditor's “unqualified” opinion is their endorsement that an organization observed compliance with generally accepted accounting principles and statutory requirements.

† An auditor's “qualified” audit opinion alludes to a limitation in the scope of the auditor's work. For auditors, the issue must be material or financially worth consideration; but it should not be pervasive, or misrepresent the factual financial position.

	<b>2015-16 (43<sup>‡</sup> societies)</b>	<b>2014-15 (at Apr. 28, 2016) (42 societies)</b>
Unqualified Audit Opinions	9	9
Qualified Audit Opinions	16	17
Audit Exemptions granted	4	4
Audit exemptions pending at the time of this report	9	6
Audited Financial statements outstanding at the time of this report	5	6
<b>Total</b>	<b>43</b>	<b>42</b>

As noted in the 2014-15 report, six societies (14%) did not submit their financial statements by the date of last year's UAB report and six societies had audit exemption requests 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 2014-15 year, with the exception of the Student Teachers' Union. The Office of the Vice-Provost, Students will continue its work with the Student Teachers' Union to ensure that the requirements of the Policy are met.

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<sup>‡</sup> The University of Toronto Mississauga Association of Graduate Students began operating as a student society in Fall 2016. They did not collect fees during the 2015-16 year, and are consequently exempt from the audit requirement and not counted in the totals.

**2015-16 STUDENT SOCIETY AUDIT TRACKING**

**UTM Student Societies**

	Total Student Fee Revenue for Fiscal Year	2015-16 Audit Submitted	2014-15 Audit Submitted
<b>CFRE Radio Erindale (VIBE)</b>	\$51,300.50	Exemption request pending	✓
<b>Masters of Management &amp; Professional Accounting Student Council</b>	\$10,920.00	Exemption request pending	Exemption Granted
<b>The Medium</b>	\$93,801.39	✓	✓
<b>UTM Athletic Council</b>	\$128,551.88	✓	✓
<b>UTM Residence Council</b>	\$27,467.00	Exemption request pending	✓
<b>UTM Students' Union</b>	\$635,866.81	✓	✓

**UTSC Student Societies**

	Total Student Fee Revenue for Fiscal Year	2015-16 Audit Submitted	2014-15 Audit Submitted
<b>Scarborough Campus Community Radio (Fusion)</b>	\$125,096.68	✓	✓
<b>Scarborough Campus Residence Council</b>	\$21,780.00	Exemption request pending	Exemption Granted
<b>Scarborough Campus Students' Press</b>	\$79,450.00	X	✓
<b>Scarborough Campus Students Union</b>	\$4,307,208.46	✓	✓
<b>Scarborough College Athletic Association</b>	\$79,450.00	✓	✓



**2015-16 STUDENT SOCIETY AUDIT TRACKING**

**St. George Student Societies**

	<b>Total Student Fee Revenue for Fiscal Year</b>	<b>2015-16 Audit Submitted</b>	<b>2014-15 Audit Submitted</b>
<b>Architecture and Visual Studies Student Union</b>	\$16,010.00	X	n/a
<b>Arts &amp; Science Students' Union</b>	\$515,884.00	✓	✓
<b>Chestnut Residence Council</b>	\$21,854.38	Exemption Granted	Exemption Granted
<b>Dental Student Society</b>	\$12,450.00	✓	✓
<b>Engineering Athletic Association</b>	\$41,969.25	✓	✓
<b>Engineering Society</b>	\$1,421,307.54	✓	✓
<b>Faculty of Music Undergraduate Association</b>	\$8,535.00	✓	✓
<b>Faculty of Nursing Undergraduate Society</b>	\$21,438.32	✓	✓
<b>Graduate Architecture, Landscape and Design Student Union</b>	\$25,355.00	✓	✓
<b>Graduate Business Council</b>	\$104,690.00	✓	✓
<b>Graduate House Council</b>	\$16,681.35	Exemption request pending	Exemption Granted
<b>Innis College Residence Council</b>	\$19,931.64	Exemption Granted	Exemption Granted
<b>Innis College Student Society</b>	\$139,507.85	✓	✓
<b>Kinesiology and Physical Education Undergraduate Association</b>	\$35,871.50	✓	✓
<b>Masters' of Information Student Council</b>	\$9,918.76	Exemption request pending	Exemption Granted
<b>Medical Radiation Sciences Society</b>	\$6,450.00	Exemption Granted	Exemption Granted
<b>Medical Society</b>	\$112,773.06	✓	✓

**2015-16 STUDENT SOCIETY AUDIT TRACKING**

**St. George Student Societies (cont.)**

	<b>Total Student Fee Revenue for Fiscal Year</b>	<b>2015-16 Audit Submitted</b>	<b>2014-15 Audit Submitted</b>
<b>New College Residence Council</b>	\$17,450.00	Exemption Granted	Exemption Granted
<b>New College Student Council</b>	\$315,005.37	X	✓
<b>Occupational &amp; Physical Therapy Graduate Students' Council</b>	\$3,767.50	X	✓
<b>Students' Law Society</b>	\$50,115.00	✓	✓
<b>Student Teachers' Union</b>	\$2,392.00	X	X
<b>Undergraduate Pharmaceutical Society</b>	\$67,644.00	X	✓
<b>University College Literary &amp; Athletic Society</b>	\$131,452.98	✓	✓
<b>University College Residence Council</b>	\$11,040.00	Exemption request pending	Exemption Granted
<b>Woodsworth College Residence Council</b>	\$7,180.00	Exemption Granted	Exemption Granted
<b>Woodsworth College Student Association</b>	\$130,023.42	✓	✓

**Multi-Campus Student Societies**

	<b>Total Student Fee Revenue for Fiscal Year</b>	<b>2014-15 Audit Submitted</b>	<b>2013-14 Audit Submitted</b>
<b>Association of Part-time Undergraduate Students</b>	\$443,287.88	✓	✓
<b>CIUT – U of T Community Radio</b>	\$310,870.59	✓	✓
<b>University of Toronto Graduate Students' Union</b>	\$8,532,831.75	✓	✓
<b>University of Toronto Students' Union</b>	\$17,945,569.76	✓	✓
<b>Varsity Publications</b>	\$251,706.76	✓	✓