

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

TO: University Affairs Board

SPONSOR: Sandy Welsh, Vice-Provost, Students

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PRESENTER: Sandy Welsh, Vice-Provost, Students

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

DATE: April 23, 2018 for April 30, 2018

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 (April 30, 2018) [For Information]
2. Governing Council (May 17, 2018) [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 2016-17 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 2016-17 fiscal year:

Student Society Name	2016-17 Fees
Architecture and Visual Studies Student Union	\$18,220.00
Arts & Science Students' Union	\$512,620.00
Association of Part-time Undergraduate Students (APUS)	\$1,529,936.61
CFRE Radio Erindale (VIBE)	\$57,401.00
Chestnut Residence Council	\$21,736.59
CIUT-FM, University of Toronto Community Radio	\$310,575.33
Dental Student Society	\$12,915.00
Engineering Athletic Association	\$40,488.75
Engineering Society	\$1,375,214.45
Faculty of Music Undergraduate Association	\$481,250.00
Faculty of Nursing Undergraduate Society	\$21,479.67
Graduate Architecture Landscape and Design Student Union	\$27,115.00
Graduate Business Council	\$106,352.50
Graduate House Council	\$15,382.68
Graduate Students' Union (GSU)	\$10,052,681.17
Innis College Student Society	\$184,874.02
Innis College Residence Council	\$11,958.98
Kinesiology and Physical Education (KPEUA)	\$36,972.25
Master of Information Student Council (MISC)	\$11,799.99
Master of Management & Professional Accounting Student Council	\$12,510.00
Medical Radiation Sciences Society	\$7,225.00
Medical Society	\$113,532.84
New College Residence Council	\$17,550.00
New College Student Council	\$299,717.36
Occupational Therapy & Physical Therapy Graduate Students Council	\$3,685.00
Scarborough Campus Community Radio	\$131,702.26
Scarborough Campus Students' Press (The Underground)	\$82,390.00
Scarborough Campus Students' Union (SCSU)	\$4,786,783.62
Scarborough College Athletic Association	\$82,390.00
Scarborough Campus Residence Council (SCRC)	\$22,350.00
Students' Law Society	\$50,230.00
Student Teachers Union	\$2,060.50
The Medium	\$96,149.85
Undergraduate Pharmaceutical Society	\$67,986.00
University College Literary & Athletic Society	\$243,322.77
University College Residence Council	\$10,845.00
University of Toronto Mississauga Students' Union (UTMSU)	\$840,787.24
University of Toronto Mississauga Athletic Council	\$131,908.41
University of Toronto Mississauga Residence Council	\$26,864.00
University of Toronto Students' Union (UTSU)	\$18,894,697.53

Varsity Publications (The Varsity)	\$258,931.86
Woodsworth College Residence Council	\$7,080.00
Woodsworth College Student Association	\$123,963.75

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 2016-17 Auditors' Opinions



To: University Affairs Board

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

Date: April 23, 2018 for April 30, 2018

Re: University of Toronto Student Societies –
Summary of 2016-17 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-four 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 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 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 2017. Twenty-seven 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, 2018, 15 societies (34%) had not submitted their 2016-17 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.

Scarborough Campus Students' Union

Note 8. 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 –KFC Express. The other franchise, Hero Burger, was dissolved on April 26, 2017.

SCSU Restaurants Inc. continues to accumulate a deficit, as does KFC Express. Accordingly, the value of the investment has 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	102,040
Advances to 2275596 Ontario Ltd. o/a Hero Burger	-	94,593
Advances to SCSU Restaurants Inc.	364,344	364,344
Impairment allowance	(203,507)	(203,506)
Accumulated net loss	(54,900)	(40,401)
Net investment in SCSU Restaurants Inc.	207,977	317,070

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" ¹ or "qualified" ²; 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 pages summarize the external auditors' opinions and exemptions granted or denied in 2016-17 and 2015-16:

	2016-17 (at April 20, 2018) (43³ societies)	2015-16 (at May 1, 2017) (43 societies)
Unqualified Audit Opinions	8	9
Qualified Audit Opinions	16	16
Audit Exemptions granted	4	4
Audit exemptions pending at the time of this report	9	9
Audited Financial statements outstanding at the time of this report	6	5
Total	43	43

¹ An auditor's "unqualified" opinion is their endorsement that an organization observed compliance with generally accepted accounting principles and statutory requirements.

² 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.

³ The University of Toronto Mississauga Association of Graduate Students (UTMAGS) began operating as a student society in Fall 2016. All UTMAGS funds are collected and remitted to the City of Mississauga for a Transit U-Pass. Consequently, UTMAGS is not included in the society numbers for 2016-17.

As noted in the 2015-16 audit report, five societies (21%) did not submit their financial statements by the date of last year's UAB report, and nine 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 2015-16 year, with the exception of the University College Residence Council and the Undergraduate Pharmacy Society. The University College Residence Council currently has an exemption request pending with the Department of Internal Audit. The Office of the Vice-Provost, Students will continue its work with both of these societies to ensure that the requirements of the Policy are met.

2016-17 STUDENT SOCIETY AUDIT TRACKING**UTM Student Societies**

	Total Student Fee Revenue for Fiscal Year	2016-17 Audit Submitted	2015-16 Audit Submitted
CFRE Radio Erindale (VIBE)	\$57,401.00	Exempt	Exempt
Masters of Management & Professional Accounting Student Council	\$12,510.00	Exemption Pending	Exempt
The Medium	\$96,149.85	✓	✓
UTM Athletic Council	\$131,908.41	X	✓
UTM Residence Council	\$26,864.00	✓	✓
UTM Students' Union	\$840,787.24	✓	✓

UTSC Student Societies

	Total Student Fee Revenue for Fiscal Year	2016-17 Audit Submitted	2015-16 Audit Submitted
Scarborough Campus Community Radio (Fusion)	\$131,702.26	✓	✓
Scarborough Campus Residence Council	\$22,350.00	Exemption pending	Exempt
Scarborough Campus Students' Press	\$82,390.00	X	✓
Scarborough Campus Students Union	\$4,786,783.62	✓	✓
Scarborough College Athletic Association	\$82,390.00	✓	✓

2016-17 STUDENT SOCIETY AUDIT TRACKING**St. George Student Societies**

	Total Student Fee Revenue for Fiscal Year	2016-17 Audit Submitted	2015-16 Audit Submitted
Architecture and Visual Studies Student Union	\$18,220.00	Exempt	Exempt
Arts & Science Students' Union	\$512,620.00	✓	✓
Chestnut Residence Council	\$21,736.59	Exemption pending	Exempt
Dental Student Society	\$12,915.00	✓	✓
Engineering Athletic Association	\$40,488.75	✓	✓
Engineering Society	\$1,375,214.45	✓	✓
Faculty of Music Undergraduate Association	\$481,250.00	X	✓
Faculty of Nursing Undergraduate Society	\$21,479.67	✓	✓
Graduate Architecture, Landscape and Design Student Union	\$27,115.00	X	Exempt
Graduate Business Council	\$106,352.50	✓	✓
Graduate House Council	\$15,382.68	Exemption pending	Exempt
Innis College Residence Council	\$11,958.98	Exemption pending	Exempt
Innis College Student Society	\$184,874.02	✓	✓
Kinesiology and Physical Education Undergraduate Association	\$36,972.25	✓	✓
Masters of Information Student Council	\$11,799.99	Exemption pending	Exempt
Medical Radiation Sciences Society	\$7,225.00	Exempt	Exempt
Medical Society	\$113,532.84	✓	✓

2015-16 STUDENT SOCIETY AUDIT TRACKING**St. George Student Societies (cont.)**

	Total Student Fee Revenue for Fiscal Year	2016-17 Audit Submitted	2015-16 Audit Submitted
New College Residence Council	\$17,550.00	Exemption pending	Exempt
New College Student Council	\$299,717.36	✓	✓
Occupational & Physical Therapy Graduate Students' Council	\$3,685.00	X	Exempt
Students' Law Society	\$50,230.00	✓	✓
Student Teachers' Union	\$2,060.50	Exempt	Exempt
Undergraduate Pharmaceutical Society	\$67,986.00	X	X
University College Literary & Athletic Society	\$243,322.77	✓	✓
University College Residence Council	\$10,845.00	Exemption pending	Exemption pending
Woodsworth College Residence Council	\$7,080.00	Exemption pending	Exempt
Woodsworth College Student Association	\$123,963.75	✓	✓

Multi-Campus Student Societies

	Total Student Fee Revenue for Fiscal Year	2016-17 Audit Submitted	2015-16 Audit Submitted
Association of Part-time Undergraduate Students	\$1,529,936.61	✓	✓
CIUT – U of T Community Radio	\$310,575.33	✓	✓
University of Toronto Graduate Students' Union	\$10,052,681.17	✓	✓
University of Toronto Students' Union	\$18,894,697.53	✓	✓
Varsity Publications	\$258,931.86	✓	✓