

**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:** See Sponsor

**CONTACT INFO:**

**DATE:** April 22, 2019 for April 29, 2019

**AGENDA ITEM:** 3

**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 29, 2019) [For Information]**
2. **Governing Council (May 16, 2019) [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 2017-18 financial statements are available for viewing by Board members through the Office of Vice-Provost, Students.

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

The following student societies are required to submit audited financial statements or seek an exemption from the audit requirement for the 2017-18 fiscal year:

Student Society Name	2017-18 Student Fees
Architecture and Visual Studies Student Union	\$20,272.50
Arts and Science Students' Union	\$520,158.25
Association of Part-time Undergraduate Students (APUS)	\$1,635,778.18
CFRE 91.9 FM	\$57,821.00
Chestnut Residence Council	\$21,545.62
CIUT 89.5 FM (University of Toronto Community Radio)	\$314,016.84
Dental Students' Society	\$14,355.00
Engineering Athletic Association	\$39,323.25
Engineering Society	\$444,712.59
Faculty of Music Undergraduate Association	\$375,285.00
Graduate Architecture, Landscape and Design Student Union	\$28,760.00
Graduate Business Council	\$103,407.50
Graduate House Council	\$15,867.56
Innis College Student Society	\$199,199.83
Innis Residence Council	\$19,625.93
Kinesiology and Physical Education Undergraduate Association	\$36,611.50
Master of Information Student Council	\$12,993.76
Master of Management and Professional Accounting Student Council	\$12,180.00
Medical Radiation Sciences Society	\$7,150.00
Medical Society	\$112,718.83
The Medium	\$97,043.43
New College Residence Council	\$17,580.00
New College Student Council	\$305,940.62
Nursing Undergraduate Society	\$21,437.34
Occupational Therapy & Physical Therapy Graduate Students Council	\$3,810.00
Scarborough Campus Community Radio	\$360,369.68
Scarborough Campus Residence Council	\$22,080.00
Scarborough Campus Students' Union (SCSU)	\$5,229,509.81
Scarborough College Athletic Association	\$84,617.75
Students' Law Society	\$51,475.00
Undergraduate Pharmacy Society	\$67,158.00
The Underground (Scarborough Campus Students' Press)	\$84,617.75
University College Literary & Athletic Society	\$255,737.09
University College Residence Council	\$11,145.00
University of Toronto Graduate Students' Union (UTGSU)	\$11,046,435.47
University of Toronto Mississauga Athletic Council	\$132,303.96
University of Toronto Mississauga Residence Council	\$27,896.00
University of Toronto Mississauga Students' Union	\$877,207.48
University of Toronto Students' Union (UTSU)	\$20,239,458.97
Varsity Publications	\$267,798.77

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

Woodsworth College Students’ Association	\$119,126.21
Woodsworth Residence Council	\$7,070.00

Fee revenues for APUS, SCSU, the UTGSU, and the UTSU (SAC) 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 2017-18 Auditors’ Opinions



**To:** University Affairs Board

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

**Date:** April 22, 2019 for April 29, 2019

**Re:** University of Toronto Student Societies –  
Summary of 2017-18 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-five 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 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 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 2018. 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 22, 2019, 15 societies (33%) had not submitted their 2017-18 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 89.5 FM (University of Toronto Community Radio)

##### 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 Organization 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 and wholly owns all shares either directly or indirectly in its subsidiary franchise – KFC Express.

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>2018</u>	<u>2017</u>
Advances to 2277345 Ontario Ltd. o/a KFC Express	\$ 129,375	\$ 102,040
Advances to SCSU Restaurants Inc.	366,307	364,344
Impairment allowance	(203,507)	(203,507)
Accumulated net loss	(49,219)	(54,900)
Net investment in SCSU Restaurants Inc.	<u>\$ 242,956</u>	<u>\$ 207,977</u>

#### Note 11. Discontinued Operations

Discontinued operations include the results from KFC Express.

On August 31, 2016 the business of 2275996 Ontario Ltd, (the Hero Burger franchise) was discontinued. The assets of the business were sold for \$50,000, resulting in a loss of \$41,423. Subsequently, 2275996 Ontario Ltd was dissolved by Articles of Dissolution dated April 26, 2017.

On October 3, 2017 the business of 2277435 Ontario Inc. (KFC Express) was sold by way of an asset sale for proceeds of \$110,000. This sale has resulted in a loss of \$27,362.

	<u>2018</u>	<u>2017</u>
<b>Hero Burger</b>		
Sales	\$ -	\$ 24,357
Cost of sales	-	12,276
Gross profit	-	12,081
Operating expenses	-	50,713
Loss on sale of assets	-	2,791
Net loss	-	(41,423)
<b>KFC Express</b>		
Sales	38,552	274,383
Cost of sales	15,558	111,805
Gross profit	22,994	162,578
Operating expenses	50,356	142,542
	<u>(27,362)</u>	<u>20,036</u>
Discontinued operations	<u>\$ (27,362)</u>	<u>\$ (21,387)</u>

## 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>1</sup> or qualified<sup>2</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 pages summarize the external auditors' opinions and exemptions granted or denied in 2017-18 and 2016-17:

	<b>2017-18 (at April 22, 2019) (42<sup>3</sup> societies)</b>	<b>2016-17 (at April 20, 2018) (42<sup>4</sup> societies)</b>
Unqualified audit opinions	9	9
Qualified audit opinions	14	16
Audit exemptions granted	4	4
Audit exemptions pending at the time of this report <sup>5</sup>	6	8
Audited financial statements outstanding at the time of this report	9	5
<b>Total</b>	<b>42</b>	<b>42</b>

As noted in the 2016-17 audit report, five societies did not submit their financial statements by the date of last year's UAB report, and eight 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 2016-17 year, with the exception of the Undergraduate Pharmacy Society and the Underground. The Office of the Vice-Provost, Students will continue its work with this society to ensure that the requirements of the Policy are met.

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

<sup>2</sup> 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.

<sup>3</sup> All fees collected on behalf of the Museum Studies Student Association (MUSSA) are remitted to the iSchool Student Tech Fund. All fees collected by the Transitional Year Program Student Association (TYP SA) are disbursed to a University account that is administered by a Transitional Year Program staff member as directed by the TYP SA, as per the TYP SA referendum held in 2004-05. All fees collected on behalf of the University of Toronto Mississauga Association of Graduate Students (UTMAGS) are remitted to the City of Mississauga for the Mississauga Transit U-Pass. Consequently, MUSSA, TYP SA, and UTMAGS are not included in this student society number.

<sup>4</sup> See note 3.

<sup>5</sup> This number includes the Chestnut Residence Council, the Master of Management and Professional Accounting Student Council, the Scarborough Campus Residence Council, and the University College Residence Council. While the previously mentioned societies did not meet the requirements for an audit exemption owing to incomplete documentation, all will be required to comply with conditions related to their audits prior to any release of funds.

**2017-18 STUDENT SOCIETY AUDIT TRACKING**

**UTM Student Societies**

	Total Student Fee Revenue for Fiscal Year	2017-18 Audit Submitted	2016-17 Audit Submitted
<b>CFRE 91.9 FM</b>	\$57,821.00	Exempt	Exempt
<b>Master of Management and Professional Accounting Student Council</b>	\$12,180.00	Exemption pending	Exemption pending
<b>The Medium</b>	\$97,043.43	✓	✓
<b>UTM Athletic Council</b>	\$132,303.96	✓	✓
<b>UTM Residence Council</b>	\$27,896.00	✓	✓
<b>UTM Students' Union</b>	\$877,207.48	✓	✓

**UTSC Student Societies**

	Total Student Fee Revenue for Fiscal Year	2017-18 Audit Submitted	2016-17 Audit Submitted
<b>Scarborough Campus Community Radio</b>	\$360,369.68	X	✓
<b>Scarborough Campus Residence Council</b>	\$22,080.00	Exemption pending	Exemption pending
<b>Scarborough Campus Students' Union</b>	\$5,229,509.81	✓	✓
<b>Scarborough College Athletic Association</b>	\$84,617.75	✓	✓
<b>The Underground (Scarborough Campus Students' Press)</b>	\$84,617.75	X	X



**2017-18 STUDENT SOCIETY AUDIT TRACKING**

**St. George Student Societies**

	Total Student Fee Revenue for Fiscal Year	2017-18 Audit Submitted	2016-17 Audit Submitted
<b>Architecture and Visual Studies Student Union</b>	\$20,272.50	X	Exempt
<b>Arts and Science Students' Union</b>	\$520,158.25	✓	✓
<b>Chestnut Residence Council</b>	\$21,545.62	Exemption pending	Exemption pending
<b>Dental Students' Society</b>	\$14,355.00	✓	✓
<b>Engineering Athletic Association</b>	\$39,323.25	✓	✓
<b>Engineering Society</b>	\$444,712.59	✓	✓
<b>Faculty of Music Undergraduate Association</b>	\$375,285.00	✓	✓
<b>Graduate Architecture, Landscape and Design Student Union</b>	\$28,760.00	✓	✓
<b>Graduate Business Council</b>	\$103,407.50	✓	✓
<b>Graduate House Council</b>	\$15,867.56	Exemption pending	Exempt
<b>Innis College Student Society</b>	\$199,199.83	X	✓
<b>Innis Residence Council</b>	\$19,625.93	Exempt	Exempt
<b>Kinesiology and Physical Education Undergraduate Association</b>	\$36,611.50	X	✓
<b>Master of Information Student Council</b>	\$12,993.76	Exempt	Exempt
<b>Medical Radiation Sciences Society</b>	\$7,150.00	X	Exempt
<b>Medical Society</b>	\$112,718.83	✓	✓

## 2017-18 STUDENT SOCIETY AUDIT TRACKING

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

	Total Student Fee Revenue for Fiscal Year	2017-18 Audit Submitted	2016-17 Audit Submitted
<b>New College Residence Council</b>	\$17,580.00	Exempt	Exempt
<b>New College Student Council</b>	\$305,940.62	✓	✓
<b>Nursing Undergraduate Society</b>	\$21,437.34	X	✓
<b>Occupational &amp; Physical Therapy Graduate Students Council</b>	\$3,810.00	X	✓
<b>Students' Law Society</b>	\$51,475.00	✓	✓
<b>Undergraduate Pharmacy Society</b>	\$67,158.00	X	X
<b>University College Literary &amp; Athletic Society</b>	\$255,737.09	✓	✓
<b>University College Residence Council</b>	\$11,145.00	Exemption pending	Exempt
<b>Woodsworth College Students' Association</b>	\$119,126.21	✓	✓
<b>Woodsworth Residence Council</b>	\$7,070.00	Exemption pending	Exemption pending

### Multi-Campus Student Societies

	Total Student Fee Revenue for Fiscal Year	2017-18 Audit Submitted	2016-17 Audit Submitted
<b>Association of Part-time Undergraduate Students</b>	\$1,635,778.18	✓	✓
<b>CIUT 89.5 FM (U of T Community Radio)</b>	\$314,016.84	✓	✓
<b>University of Toronto Graduate Students' Union</b>	\$11,046,435.47	✓	✓
<b>University of Toronto Students' Union</b>	\$20,239,458.97	✓	✓
<b>Varsity Publications</b>	\$267,798.77	✓	✓