



FOR INFORMATION

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TO: University Affairs Board

SPONSOR: Sandy Welsh, Vice-Provost, Students

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

PRESENTER: See Sponsor

CONTACT INFO:

DATE: April 14, 2020 for April 27, 2020

AGENDA ITEM: 5

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 [For Information] (April 27, 2020)**

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 2018-19 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 2018-19 fiscal year:

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

Student Society Name	2018-19 Student Fees
Architecture and Visual Studies Student Union	\$33,197.75
Arts and Science Students’ Union	\$521,889.25
Association of Part-time Undergraduate Students (APUS)	\$1,763,076.06
CFRE 91.9 FM	\$59,888.00
Chestnut Residence Council	\$21,660.94
CIUT 89.5 FM (University of Toronto Community Radio)	\$313,248.20
Dental Students’ Society	\$13,695.00
Engineering Athletic Association	\$37,885.50
Engineering Society	\$911,680.23
Faculty of Music Undergraduate Association	\$364,100.00
Graduate Architecture, Landscape and Design Student Union	\$29,315.00
Graduate Business Council	\$103,942.50
Graduate House Council	\$15,619.02
Innis College Student Society	\$198,033.61
Innis Residence Council	\$19,350.81
Kinesiology and Physical Education Undergraduate Association	\$37,222.00
Master of Information Student Council	\$13,887.51
Master of Management and Professional Accounting Student Council	\$12,120.00
Medical Radiation Sciences Society	\$7,162.50
Medical Society	\$112,718.80
The Medium	\$100,849.97
New College Residence Council	\$17,580.00
New College Student Council	\$182,354.00
Nursing Undergraduate Society	\$21,317.32
Occupational Therapy & Physical Therapy Graduate Students Council	\$4,285.00
Radio FWD (Scarborough Campus Community Radio)	\$334,622.79
Scarborough Campus Residence Council	\$23,805.00
Scarborough Campus Students’ Union (SCSU)	\$5,341,434.09
Scarborough College Athletic Association	\$85,909.25
Students’ Law Society	\$51,080.00
Undergraduate Pharmacy Society	\$67,626.00
The Underground (Scarborough Campus Students’ Press)	\$85,909.25
University College Literary & Athletic Society	\$260,293.31
University College Residence Council	\$10,777.50
University of Toronto Graduate Students’ Union (UTGSU)	\$12,421,920.45
University of Toronto Mississauga Athletic Council	\$137,555.07
University of Toronto Mississauga Residence Council	\$30,283.00
University of Toronto Mississauga Students’ Union (UTMSU)	\$976,203.76
University of Toronto Students’ Union (UTSU)	\$21,202,518.79
Varsity Publications	\$397,124.88
Woodsworth College Students’ Association	\$115,728.79
Woodsworth Residence Council	\$7,290.00

Fee revenues for APUS, the 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 for Compulsory Non-Academic Incidental Fees* 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 2018-19 Auditors' Opinions



To: University Affairs Board

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

Date: April 14, 2020 for April 27, 2020

Re: University of Toronto Student Societies –
Summary of 2018-19 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-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 2019. Twenty-eight 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 7, 2020, 14 societies (31%) had not submitted their 2018-19 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 12. Contingency

In a prior year the Organization 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.

Radio FWD (Scarborough Campus Community Radio)

Note 5. Other Receivable

On August 10, 2018, an employee was found accessing the equipment room and removed the equipment from the premise of the organization. A further review by the Board discovered unauthorized purchases and unauthorized funds were withdrawn from the bank account by the general manager who was terminated on September 25, 2018. The Board of Directors considers such unauthorized purchases, funds withdrawals and removing of the equipment of the organization as misappropriation of assets of the organization and might take actions to collect such amount from the accused persons.

An allowance is established and updated in the amount considered to be appropriate based on the managements continuous review of the circumstances of the case.

	2019	2018
Other receivables	\$ 195,766	\$ 204,796
Allowance for doubtful account	(195,766)	(204,796)
	<u>\$ -</u>	<u>\$ -</u>

Note 7. Subsequent Events

On July 18, 2019, forensic audit was completed related to unauthorized transactions. Such unauthorized transactions made during the year and past year has been adjusted as other receivable as mentioned in note 5.

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 and indirectly in its subsidiary franchise - KFC Express.

KFC Express was dissolved on March 26, 2018. The balance of the advance was repaid in May 2019.

SCSU Restaurants Inc. continues to be in a deficit position. 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>2019</u>	<u>2018</u>
Advances to 2277345 Ontario Ltd. o/a KFC Express	\$ 129,375	\$ 129,375
Advances to SCSU Restaurants Inc.	366,307	366,307
Impairment allowance	(203,507)	(203,507)
Accumulated net loss	(54,103)	(49,219)
Net investment in SCSU Restaurants Inc.	<u>\$ 238,072</u>	<u>\$ 242,956</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 unqualified¹ or qualified²; 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 2018-19 and 2017-18:

	2018-19 (at April 7, 2020) (42³ societies)	2017-18 (at April 22, 2019) (42⁴ societies)
Unqualified audit opinions	12	9
Qualified audit opinions	14	14
Audit exemptions granted	2	4
Audit exemptions pending at the time of this report	7	6
Audited financial statements outstanding at the time of this report	7	9
Total	42	42

As noted in the 2017-18 audit report, nine societies 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 2017-18 year, with the exception of the Medical Radiation Sciences Society, the Undergraduate Pharmacy Society, and The Underground. The Office of the Vice-Provost, Students will continue its work with these societies to ensure that the requirements of the *Policy* are met.

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 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.

⁴ See note 3.

2018-19 STUDENT SOCIETY AUDIT TRACKING

UTM Student Societies

	Total Student Fee Revenue for Fiscal Year	2018-19 Audit Submitted	2017-18 Audit Submitted
CFRE 91.9 FM	\$59,888.00	X	Exempt
Master of Management and Professional Accounting Student Council	\$12,120.00	Exemption pending	Exempt
The Medium	\$100,849.97	✓	✓
UTM Athletic Council	\$137,555.07	✓	✓
UTM Residence Council	\$30,283.00	✓	✓
UTM Students' Union	\$976,203.76	✓	✓

UTSC Student Societies

	Total Student Fee Revenue for Fiscal Year	2018-19 Audit Submitted	2017-18 Audit Submitted
Radio FWD (Scarborough Campus Community Radio)	\$334,622.79	✓	✓
Scarborough Campus Residence Council	\$10,777.50	Exemption pending	Exempt
Scarborough Campus Students' Union	\$5,341,434.09	✓	✓
Scarborough College Athletic Association	\$85,909.25	✓	✓
The Underground (Scarborough Campus Students' Press)	\$85,909.25	✓	X

2018-19 STUDENT SOCIETY AUDIT TRACKING

St. George Student Societies

	Total Student Fee Revenue for Fiscal Year	2018-19 Audit Submitted	2017-18 Audit Submitted
Architecture and Visual Studies Student Union	\$33,197.75	✓	✓
Arts and Science Students' Union	\$521,889.25	✓	✓
Chestnut Residence Council	\$21,660.94	Exempt	Exempt
Dental Students' Society	\$13,695.00	✓	✓
Engineering Athletic Association	\$37,885.50	X	✓
Engineering Society	\$911,680.23	✓	✓
Faculty of Music Undergraduate Association	\$364,100.00	✓	✓
Graduate Architecture, Landscape and Design Student Union	\$29,315.00	X	✓
Graduate Business Council	\$103,942.50	✓	✓
Graduate House Council	\$15,619.02	Exemption pending	Exempt
Innis College Student Society	\$198,033.61	✓	✓
Innis Residence Council	\$19,350.81	Exemption pending	Exempt
Kinesiology and Physical Education Undergraduate Association	\$37,222.00	X	✓
Master of Information Student Council	\$13,887.51	Exempt	Exempt
Medical Radiation Sciences Society	\$7,162.50	X	Exemption pending
Medical Society	\$112,718.80	✓	✓

2018-19 STUDENT SOCIETY AUDIT TRACKING

St. George Student Societies (continued)

	Total Student Fee Revenue for Fiscal Year	2018-19 Audit Submitted	2017-18 Audit Submitted
New College Residence Council	\$17,580.00	Exemption pending	Exempt
New College Student Council	\$182,354.00	✓	✓
Nursing Undergraduate Society	\$21,317.32	✓	✓
Occupational & Physical Therapy Graduate Students Council	\$4,285.00	X	✓
Students' Law Society	\$51,080.00	✓	✓
Undergraduate Pharmacy Society	\$67,626.00	X	X
University College Literary & Athletic Society	\$260,293.31	✓	✓
University College Residence Council	\$10,777.50	Exemption pending	Exempt
Woodsworth College Students' Association	\$115,728.79	✓	✓
Woodsworth Residence Council	\$7,290.00	Exemption pending	Exempt

Multi-Campus Student Societies

	Total Student Fee Revenue for Fiscal Year	2018-19 Audit Submitted	2017-18 Audit Submitted
Association of Part-time Undergraduate Students	\$1,763,076.06	✓	✓
CIUT 89.5 FM (U of T Community Radio)	\$313,248.20	✓	✓
University of Toronto Graduate Students' Union	\$12,421,920.45	✓	✓
University of Toronto Students' Union	\$21,202,518.79	✓	✓
Varsity Publications	\$397,124.88	✓	✓