

FOR INFORMATION

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TO: University Affairs Board

SPONSOR: Professor Sandy Welsh, Vice-Provost, Students
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PRESENTER: See Sponsor
CONTACT INFO:

DATE: April 15, 2021 for April 22, 2021

AGENDA ITEM: 4

ITEM IDENTIFICATION:

Student Societies: 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 Approval] (April 22, 2021)**
2. Governing Council [For Information] (May 13, 2021)

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 2019-20 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 2019-20 fiscal year:

Student Society Name	2019-20 Student Fees
Architecture and Visual Studies Student Union	\$29,694.51
Arts and Science Students' Union	\$585,498.71
Association of Part-time Undergraduate Students (APUS)	\$1,852,489.87
CFRE 91.9 FM	\$51,943.00
Chestnut Residence Council	\$15,942.99
CIUT 89.5 FM (University of Toronto Community Radio)	\$266,055.40
Dental Students' Society	\$12,495.00
Engineering Athletic Association	\$36,278.55
Engineering Society	\$793,451.19
Faculty of Music Undergraduate Association	\$343,947.15
Graduate Architecture, Landscape and Design Student Union	\$24,440.00
Graduate Business Council	\$108,622.94
Graduate House Council	\$8,721.67
Innis College Student Society	\$167,020.85
Innis Residence Council	\$16,018.68
Kinesiology and Physical Education Undergraduate Association	\$34,877.98
Master of Information Student Council	\$15,918.75
Master of Management and Professional Accounting Student Council	\$9,516.00
Medical Radiation Sciences Society	\$6,062.50
Medical Society	\$108,696.09
The Medium	\$86,972.78
New College Residence Council	\$16,610.00
New College Student Council	\$178,480.32
Nursing Undergraduate Society	\$20,640.43
Occupational Therapy & Physical Therapy Graduate Students Council	\$4,730.00
Radio FWD (Scarborough Campus Community Radio)	\$244,439.48
Scarborough Campus Residence Council	\$13,440.00
Scarborough Campus Students' Union (SCSU)	\$5,509,103.46
Scarborough College Athletic Association	\$232,221.85
Students' Law Society	\$46,845.00
Undergraduate Pharmacy Society	\$68,272.75
The Underground (Scarborough Campus Students' Press)	\$63,331.00
University College Literary & Athletic Society	\$248,917.34
University College Residence Council	\$9,547.50
University of Toronto Graduate Students' Union (UTGSU)	\$12,954,559.41
University of Toronto Mississauga Athletic Council	\$123,413.19
University of Toronto Mississauga Residence Council	\$27,324.00
University of Toronto Mississauga Students' Union (UTMSU)	\$7,145,329.89
University of Toronto Students' Union (UTSU)	\$16,737,949.96
Varsity Publications	\$358,747.20
Woodsworth College Students' Association	\$101,451.76
Woodsworth Residence Council	\$6,230.00

Fee revenues for APUS, the SCSU, the UTMSU, 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 2019-20 Auditors' Opinions

To: Members of the University Affairs Board

From: Melinda Scott, Director, Office of the Vice-Provost, Students and Student Policy Advisor

Date: April 13, 2021

Re: University of Toronto Student Societies – Summary of 2019-20 Auditors' Opinions

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

Student 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 2020. Twenty-four 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 1, 2021, 18 societies (40%) had not submitted their 2019-20 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.

Multiple Societies

Several student societies' audited financial statements included notes pertaining to the World Health Organization's declaration of a global pandemic in March 2020. The notes expressed uncertainties regarding the societies' ability to deliver services, the length of the pandemic, and how domestic and international economies would be affected, and how these uncertainties may have unknown financial impacts on the societies.

Scarborough Campus Students' Union

Note 5. Investment and Loans to Related Parties

SCSU's initial investment in SCSU Restaurant Inc. included \$100 for 100 common shares together with advances to fund its operations.

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>2020</u>	<u>2019</u>
Advances to 2277345 Ontario Ltd. o/a KFC Express	\$ -	\$ 129,375
Advances to SCSU Restaurants Inc.	373,307	366,307
Impairment allowance	(203,507)	(203,507)
Accumulated net loss	(89,806)	(54,103)
Net investment in SCSU Restaurants Inc.	<u>\$ 79,994</u>	<u>\$ 238,072</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 2019-20 and 2018-19:

	2019-20 (at April 1, 2021) (42³ societies)	2018-19 (at April 7, 2020) (42⁴ societies)
Unqualified audit opinions	13	12
Qualified audit opinions	11	14
Audit exemptions granted	0	2
Audit exemptions pending at the time of this report	11	7
Audited financial statements outstanding at the time of this report	7	7
Total	42	42

As noted in the 2018-19 audit report, seven student societies did not submit their financial statements by the date of last year's UAB report, and seven 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 Kinesiology & Physical Education Undergraduate Association, the Medical Radiation Sciences Society, the Undergraduate Pharmacy Society, and the Woodsworth Residence Council. 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.

2019-20 STUDENT SOCIETY AUDIT TRACKING

Multi-Campus Student Societies

Student Society	Total Student Fee Revenue for Fiscal Year	2019-20 Audit Submitted	2018-19 Audit Submitted
Association of Part-time Undergraduate Students	\$1,852,489.87	✓	✓
CIUT 89.5 FM (U of T Community Radio)	\$266,055.40	✓	✓
University of Toronto Graduate Students' Union	\$12,954,559.41	✓	✓
Varsity Publications	\$358,747.20	✓	✓

UTM Student Societies

Student Society	Total Student Fee Revenue for Fiscal Year	2019-20 Audit Submitted	2018-19 Audit Submitted
CFRE 91.9 FM	\$51,943.00	✓	Exempt
Master of Management and Professional Accounting Student Council	\$9,516.00	Exemption pending	Exempt
The Medium	\$86,972.78	✓	✓
UTM Athletic Council	\$123,413.19	✓	✓
UTM Residence Council	\$27,324.00	Exemption pending	✓
UTM Students' Union	\$7,145,329.89	✓	✓

UTSC Student Societies

Student Society	Total Student Fee Revenue for Fiscal Year	2019-20 Audit Submitted	2018-19 Audit Submitted
Radio FWD (Scarborough Campus Community Radio)	\$244,439.48	X	✓
Scarborough Campus Residence Council	\$13,440.00	Exemption pending	Exempt
Scarborough Campus Students' Union	\$5,509,103.46	✓	✓
Scarborough College Athletic Association	\$232,221.85	✓	✓
The Underground (Scarborough Campus Students' Press)	\$68,272.75	✓	✓

2019-20 STUDENT SOCIETY AUDIT TRACKING

St. George Student Societies

Student Society	Total Student Fee Revenue for Fiscal Year	2019-20 Audit Submitted	2018-19 Audit Submitted
Architecture and Visual Studies Student Union	\$29,694.51	✓	✓
Arts and Science Students' Union	\$585,498.71	✓	✓
Chestnut Residence Council	\$15,942.99	Exemption pending	Exempt
Dental Students' Society	\$12,495.00	✓	✓
Engineering Athletic Association	\$36,278.55	✓	✓
Engineering Society	\$793,451.19	✓	✓
Faculty of Music Undergraduate Association	\$343,947.15	X	✓
Graduate Architecture, Landscape and Design Student Union	\$24,440.00	X	✓
Graduate Business Council	\$108,622.94	✓	✓
Graduate House Council	\$8,721.67	Exemption pending	Exempt
Innis College Student Society	\$167,020.85	✓	✓
Innis Residence Council	\$16,018.68	Exemption pending	Exempt
Kinesiology and Physical Education Undergraduate Association	\$34,877.98	X	X
Master of Information Student Council	\$15,918.75	Exemption pending	Exempt
Medical Radiation Sciences Society	\$6,062.50	Exemption pending	Exemption pending
Medical Society	\$108,696.09	✓	✓
New College Residence Council	\$16,610.00	Exemption pending	Exempt
New College Student Council	\$178,480.32	✓	✓
Nursing Undergraduate Society	\$20,640.43	X	✓

2019-20 STUDENT SOCIETY AUDIT TRACKING

St. George Student Societies (continued)

Student Society	Total Student Fee Revenue for Fiscal Year	2019-20 Audit Submitted	2018-19 Audit Submitted
Occupational & Physical Therapy Graduate Students Council	\$4,730.00	X	X
Students' Law Society	\$46,845.00	✓	✓
Undergraduate Pharmacy Society	\$63,331.00	X	X
University College Literary & Athletic Society	\$248,917.34	✓	✓
University College Residence Council	\$9,547.50	Exemption pending	Exempt
University of Toronto Students' Union	\$16,737,949.96	✓	✓
Woodsworth College Students' Association	\$101,451.76	✓	✓
Woodsworth Residence Council	\$6,230.00	Exemption pending	Exemption pending