

FOR INFORMATION

PUBLIC

OPEN SESSION

TO: University Affairs Board

SPONSOR: Professor Sandy Welsh, Vice-Provost, Students
CONTACT INFO: Phone: 416-978-3870 / Email: vp.students@utoronto.ca

PRESENTER: See Sponsor
CONTACT INFO:

DATE: April 7, 2022 for April 20, 2022

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 Information] (April 20, 2022)**

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 2020-21 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 2020-21 fiscal year:

Student Societies: Report on Financial Statements and Internal Auditor's Opinion

Student Society Name	2020-21 Student Fees
Architecture and Visual Studies Student Union	\$21,671.95
Arts and Science Students' Union	\$421,523.17
Association of Part-time Undergraduate Students (APUS)	\$2,026,743.02
CFRE 91.9 FM	\$64,472.00
Chestnut Residence Council	\$6,448.31
CIUT 89.5 FM (University of Toronto Community Radio)	\$336,470.43
Dental Students' Society	\$12,870.00
Engineering Athletic Association	\$36,725.30
Engineering Society	\$1,021,736.70
Faculty of Music Undergraduate Association	\$187,087.45
Graduate Architecture, Landscape and Design Student Union	\$28,750.00
Graduate Business Council	\$116,945.00
Graduate House Council	\$9,066.71
Innis College Student Society	\$107,263.86
Innis Residence Council	\$7,917.63
Kinesiology and Physical Education Undergraduate Association	\$30,513.53
Master of Information Student Council	\$5,727.34
Master of Management and Professional Accounting Student Council	\$12,996.00
Medical Radiation Sciences Society	\$6,862.50
Medical Society	\$69,333.51
The Medium	\$167,084.42
New College Residence Council	\$4,820.00
New College Student Council	\$160,051.28
Nursing Undergraduate Society	\$18,109.76
Occupational Therapy & Physical Therapy Graduate Students Council	\$4,870.00
Radio FWD (Scarborough Campus Community Radio)	\$393,511.13
Scarborough Campus Residence Council	\$4,921.00
Scarborough Campus Students' Union (SCSU)	\$5,790,980.85
Scarborough College Athletic Association	\$87,662.75
Students' Law Society	\$48,272.50
Undergraduate Pharmacy Society	\$68,706.00
The Underground (Scarborough Campus Students' Press)	\$87,662.75
University College Literary & Athletic Society	\$188,511.01
University College Residence Council	\$4,125.00
University of Toronto Graduate Students' Union (UTGSU)	\$14,213,248.07
University of Toronto Mississauga Athletic Council	\$147,742.68
University of Toronto Mississauga Residence Council	\$13,189.00
University of Toronto Mississauga Students' Union (UTMSU)	\$7,423,393.25
University of Toronto Students' Union (UTSU)	\$19,042,705.47
Varsity Publications	\$454,069.78
Woodsworth College Students' Association	\$116,040.12
Woodsworth Residence Council	\$2,690.00

Fee revenues for APUS, the SCSU, the UTGSU, the UTMSU, and the UTSU (SAC) include portions designated for health and dental insurance plans.

Respective 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 2020-21 Auditors' Opinions



To: Members of the University Affairs Board

From: Melinda Scott, Executive Director, Office of the Vice-Provost, Students

Date: April 7, 2022

Re: University of Toronto Student Societies – Summary of 2020-21 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 2021. Twenty-three 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 March 31, 2022, 22 societies (49%) had not submitted their 2021-22 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.

CIUT 89.5 FM

Note 7. Canada Emergency Business Account Loan

The Organization received \$60,000 under the Canada Emergency Business Account loan program, in response to the COVID-19 pandemic. This interest-free loan is due on or before December 31, 2022 (the "termination date". Additionally, \$20,000 of the total loan will be forgiven if the remaining balance is paid on or before the termination date. If the loan is not paid by the termination date, the remaining balance will automatically be converted into a three year term loan (the "extension period"), bearing interest at a fixed rate of 5% per year. During this extension period, interest is calculated daily and compounded monthly. The Organization intends to repay the non-forgivable portion by the termination date and has therefore recognized \$20,000 as revenue in the year.

Note 11. Government Assistance

As part of the Government of Canada's COVID-19 relief efforts, the Organization was eligible to receive assistance in the form of subsidies relating to payroll costs. The Organization received \$63,337 (2020 - \$24,637) under the Canada Emergency Wage Subsidy ("CEWS"), which was included as a reduction of salaries and benefits.

Scarborough Campus Students' Union

Note 5. Investment and Loans to Related Parties

SCSU's initial investment in SCSU Restaurant Inc. (o/a Rex's Den). included \$100 for 100 common shares together with advances to fund its operations.

SCSU Restaurant Inc. was historically in a deficit position, in the 2021 year it was profitable due to the operating subsidy received and operations being suspended for the year due to COVID. 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>2021</u>	<u>2020</u>
Advances to SCSU Restaurants Inc.	373,307	373,307
Impairment allowance	(203,507)	(203,507)
Accumulated net loss	40,437	(89,806)
Net investment in SCSU Restaurants Inc.	<u>\$ 214,237</u>	<u>\$ 79,994</u>

Note 8. Government Loan Payable

\$60,000 Interest free Canada Emergency Business Account (CEBA) loan, payable to the Government of Canada, received as part of COVID-19 relief efforts. Repayment in full before December 31, 2022 will result in loan forgiveness of \$20,000. Unpaid loan balance at December 31, 2022 will convert into a three year term loan bearing interest at 5% per annum. It is the intention of SCSU to repay the loan in 2022, as such the forgivable portion of the loan has been recognized as income in the year.

Note 11. Government Assistance

As part of the Government of Canada's COVID-19 relief efforts for Canadian organizations, SCSU received assistance in the form of subsidies related to payroll costs, rent forgiveness and forgivable loans. During the year, SCSU received \$389,629, under the Canada Emergency Wage Subsidy program. This assistance was recorded in the statement of operations as reduction of wages and benefits expense.

SCSU also received assistance as part of the Canada Emergency Commercial Rent Assistance program. As a condition of receiving the government assistance, SCSU reduced the monthly rent recovered by 25% for one tenant for the period from April to September 2020. The reduction to rent was \$78,936. This assistance was included in the rental and leasing income reported in the statement of operations.

SCSU also received the CEBA loan, discussed in (note 8). SCSU expects to repay the loan and has recorded the loan forgiveness of \$20,000 in the statement of operations.

University of Toronto Mississauga Students' Union

Note 4. Inventory

Inventory represents products for sale at the Student Unions' convenience store. For the 2021 fiscal year, the convenience store was operational for only September and part of October 2020. Due to Covid-19, the store closed by Mid-October 2020. By April 2021, all of the inventory (snacks, drinks, chocolates etc) were expired. As a result, no inventory was recorded.

Note 9. COVID-19

...UPASS is the student transit pass. Students do not have the option to opt out of obtaining a UPASS, for which a fee is automatically included on their invoice each semester. Due to COVID-19, in-person classes were cancelled. This resulted in the lack of use of the UPASS, as the students no longer required transportation to campus. To help provide student relief, University of Toronto Mississauga negotiated with MiWay and was successful in obtaining a refund. This allowed for Spring 2021 students to receive a refund and Fall 2020 students to receive a rebate on their UPASS.

University of Toronto Students' Union

Note 11. Government Assistance

Effective April 11, 2020, the Canada Emergency Wage Subsidy ("CEWS") came into force providing a wage subsidy to eligible Canadian employers to enable them to continue to pay their Canadian employees through their own payroll during the March 15th to December 31st program period. In order to take advantage of the CEWS, employers had to satisfy certain eligibility criteria. In addition, the federal government offered the 10% Temporary Wage Subsidy ("TWS") for a three-month period to eligible employers. During the year, the Organization received a total of \$26,771 (2020 - \$14,773) for CEWS and TWS. This amount is included as reduction of salary expenses on statement of operations.

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.

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.

The following pages summarize the external auditors' opinions and exemptions granted or denied in 2020-21 and 2019-20:

	2020-21 (at March 31, 2022) (42³ societies)	2019-20 (at April 1, 2021) (42⁴ societies)
Unqualified audit opinions	12	13
Qualified audit opinions	8	11
Audit exemptions granted	0	0
Audit exemptions pending at the time of this report	13	11
Audited financial statements outstanding at the time of this report	9	7
Total	42	42

As noted in the 2019-20 audit report, seven student societies did not submit their financial statements by the date of last year's UAB report, and 11 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 2019-20 year, with the exception of the Faculty of Music Undergraduate Association, the Graduate House Council, the Master of Management & Professional Accounting Student Council, the Nursing Undergraduate Society, and the Undergraduate Pharmacy Society. The Office of the Vice-Provost, Students will continue its work with these societies to ensure that the requirements of the *Policy* are met.

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.

2020-21 STUDENT SOCIETY AUDIT TRACKING

Multi-Campus Student Societies

Student Society	Total Student Fee Revenue for Fiscal Year	2020-21 Audit Submitted	2019-20 Audit Submitted
Association of Part-time Undergraduate Students	\$2,026,743.02	✓	✓
CIUT 89.5 FM (U of T Community Radio)	\$336,470.43	✓	✓
University of Toronto Graduate Students' Union	\$14,213,248.07	✓	✓
Varsity Publications	\$454,069.78	✓	✓

UTM Student Societies

Student Society	Total Student Fee Revenue for Fiscal Year	2020-21 Audit Submitted	2019-20 Audit Submitted
CFRE 91.9 FM	\$64,472.00	X	✓
Master of Management and Professional Accounting Student Council	\$12,996.00	Exemption pending	Exemption pending
The Medium	\$167,084.42	✓	✓
UTM Athletic Council	\$147,742.68	X	✓
UTM Residence Council	\$13,189.00	Exemption pending	Exempt
UTM Students' Union	\$7,423,393.25	✓	✓

UTSC Student Societies

Student Society	Total Student Fee Revenue for Fiscal Year	2020-21 Audit Submitted	2019-20 Audit Submitted
Radio FWD (Scarborough Campus Community Radio)	\$393,511.13	✓	✓
Scarborough Campus Residence Council	\$4,921.00	Exemption pending	Exempt
Scarborough Campus Students' Union	\$5,790,980.85	✓	✓
Scarborough College Athletic Association	\$87,662.75	✓	✓
The Underground (Scarborough Campus Students' Press)	\$87,662.75	✓	✓

2020-21 STUDENT SOCIETY AUDIT TRACKING

St. George Student Societies

Student Society	Total Student Fee Revenue for Fiscal Year	2020-21 Audit Submitted	2019-20 Audit Submitted
Architecture and Visual Studies Student Union	\$21,671.95	Exemption pending	✓
Arts and Science Students' Union	\$421,523.17	✓	✓
Chestnut Residence Council	\$6,448.31	Exemption pending	Exempt
Dental Students' Society	\$12,870.00	✓	✓
Engineering Athletic Association	\$36,725.30	✓	✓
Engineering Society	\$1,021,736.70	✓	✓
Faculty of Music Undergraduate Association	\$187,087.45	X	X
Graduate Architecture, Landscape and Design Student Union	\$28,750.00	Exemption pending	Exempt
Graduate Business Council	\$116,945.00	✓	✓
Graduate House Council	\$9,066.71	Exemption pending	Exemption pending
Innis College Student Society	\$107,263.86	X	✓
Innis Residence Council	\$7,917.63	Exemption pending	Exempt
Kinesiology and Physical Education Undergraduate Association	\$30,513.53	X	✓
Master of Information Student Council	\$5,727.34	Exemption pending	Exempt
Medical Radiation Sciences Society	\$6,862.50	Exemption pending	Exempt
Medical Society	\$69,333.51	✓	✓
New College Residence Council	\$4,820.00	Exemption pending	Exempt
New College Student Council	\$160,051.28	✓	✓
Nursing Undergraduate Society	\$18,109.76	X	X

2020-21 STUDENT SOCIETY AUDIT TRACKING

St. George Student Societies (continued)

Student Society	Total Student Fee Revenue for Fiscal Year	2020-21 Audit Submitted	2019-20 Audit Submitted
Occupational & Physical Therapy Graduate Students Council	\$4,870.00	X	✓
Students' Law Society	\$48,272.50	✓	✓
Undergraduate Pharmacy Society	\$68,706.00	X	X
University College Literary & Athletic Society	\$188,511.01	✓	✓
University College Residence Council	\$4,125.00	Exemption pending	Exempt
University of Toronto Students' Union	\$19,042,705.47	✓	✓
Woodsworth College Students' Association	\$116,040.12	X	✓
Woodsworth Residence Council	\$2,690.00	Exemption pending	Exempt