

**The Students' Union,  
The University of Calgary**

**Financial Statements  
June 30, 2021**



## Independent auditor's report

To the Members of The Students' Union, The University of Calgary

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### Our opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of The Students' Union, The University of Calgary (the Organization) as at June 30, 2021 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

#### What we have audited

The Organization's financial statements comprise:

- the balance sheet as at June 30, 2021;
- the statement of operations and changes in fund balances for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

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### Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Independence

We are independent of the Organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

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### Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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\*PwC\* refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership

In preparing the financial statements, management is responsible for assessing the Organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization's financial reporting process.

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### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

*PricewaterhouseCoopers LLP*

Chartered Professional Accountants

Calgary, Alberta  
November 30, 2021

# The Students' Union, The University of Calgary

## Balance Sheet

As at June 30, 2021

			2021	2020
	Operating \$	Capital \$	Total \$	Total \$
<b>Assets</b>				
<b>Current assets</b>				
Cash and cash equivalents	9,549,489	-	9,549,489	6,761,177
Short-term investments (note 7)	4,350,000	-	4,350,000	5,000,000
Funds held in trust	41,480	-	41,480	41,480
Accounts receivable	242,137	-	242,137	2,024,321
Inventories	84,596	-	84,596	200,586
Prepaid expenses	38,860	-	38,860	57,253
Due (from) to other funds	(6,465,812)	6,465,812	-	-
	7,840,750	6,465,812	14,306,562	14,084,817
<b>Interest in MacEwan Hall and MacEwan Student Centre (note 3)</b>	-	16,748,903	16,748,903	16,867,815
<b>Capital assets (note 4)</b>	-	331,174	331,174	505,954
	7,840,750	23,545,889	31,386,639	31,458,586
<b>Liabilities</b>				
<b>Current liabilities</b>				
Accounts payable and accrued charges (note 10)	657,424	-	657,424	1,439,525
Liability for funds held in trust	41,480	-	41,480	41,480
Deferred revenue	988,569	-	988,569	955,315
Long-term debt (note 5)	-	1,261,013	1,261,013	1,413,511
	1,687,473	1,261,013	2,948,486	3,849,831
<b>Tenant deposits</b>	85,541	-	85,541	100,879
<b>Deferred contributions (note 6)</b>	3,243,836	5,242,524	8,486,360	8,003,255
<b>Long-term debt (note 5)</b>	-	-	-	-
	5,016,850	6,503,537	11,520,386	11,953,965
<b>Fund Balances</b>				
<b>Unrestricted</b>	(3,302,037)	-	(3,302,037)	(2,993,758)
<b>Internally restricted (note 7)</b>	3,773,308	-	3,773,308	3,812,587
<b>Restricted for endowment purposes (note 8)</b>	2,352,629	-	2,352,629	2,239,617
<b>Internally restricted net assets invested in capital assets and interest in MacEwan Hall and MacEwan Student Centre</b>	-	17,042,353	17,042,353	16,446,176
	2,823,900	17,042,353	19,866,253	19,504,622
	7,840,750	23,545,889	31,386,639	31,458,587

Commitments (note 11)

Approved by the Board of Directors

Mickail Hendi Executive

Rob Pitt Executive

The accompanying notes are an integral part of these financial statements.

# The Students' Union, The University of Calgary

## Statement of Operations and Changes in Fund Balances

For the year ended June 30, 2021

			2021	2020
	Operating \$	Capital \$	Total \$	Total \$
<b>Revenue</b>				
Operating	4,094,136	-	4,094,136	8,967,584
Student fees (note 9)	5,263,218	-	5,263,218	5,096,899
Amortization of deferred contributions (note 6)	1,149,432	157,142	1,306,574	375,712
Interest	62,169	-	62,169	253,922
Donations	70,519	-	70,519	70,757
	<u>10,639,474</u>	<u>157,142</u>	<u>10,796,616</u>	<u>14,764,874</u>
<b>Expenditures</b>				
Cost of providing services	3,586,057	-	3,586,057	4,972,932
Salaries	3,026,348	-	3,026,348	5,067,028
Operating	1,251,596	-	1,251,596	2,511,144
Amortization	-	841,629	841,629	810,182
Building operation	244,723	-	244,723	230,802
Interest	-	29,902	29,902	90,501
Student services	1,377,890	-	1,377,890	732,892
Donations from restricted funds	189,851	-	189,851	226,577
	<u>9,676,465</u>	<u>871,531</u>	<u>10,547,996</u>	<u>14,642,058</u>
<b>Excess (deficiency) of revenue over expenditures for the year</b>	<u>963,008</u>	<u>(714,388)</u>	<u>248,620</u>	<u>122,816</u>
<b>Fund balances – Beginning of year</b>	<u>3,058,446</u>	<u>16,446,176</u>	<u>19,504,620</u>	<u>19,275,569</u>
<b>Interfund transfers</b>				
Repayment of long-term debt	(152,498)	152,498	-	-
Capital and MacHall additions – net	(1,128,165)	1,128,165	-	-
Interest expense	(29,902)	29,902	-	-
	<u>(1,310,565)</u>	<u>1,310,565</u>	<u>-</u>	<u>-</u>
<b>Endowment contributions (note 8)</b>	<u>113,012</u>	<u>-</u>	<u>113,012</u>	<u>106,235</u>
<b>Fund balances – End of year</b>	<u>2,823,901</u>	<u>17,042,353</u>	<u>19,866,254</u>	<u>19,504,620</u>

The accompanying notes are an integral part of these financial statements.

# The Students' Union, The University of Calgary

## Statement of Cash Flows

For the year ended June 30, 2021

	2021 \$	2020 \$
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
Excess of revenue over expenditures for the year	248,620	122,817
Items not affecting cash		
Amortization	841,629	810,182
Amortization of deferred contributions	(1,306,574)	(375,712)
	(216,325)	557,287
Change in non-cash operating working capital items	1,817,720	(2,596,347)
	1,601,395	(2,039,060)
<b>Investing activities</b>		
Repayment of long-term debt	(152,498)	(1,874,711)
Additions to capital assets	(13,561)	(37,146)
Additions to interest in MacEwan Hall and MacEwan Student Centre	(534,377)	(198,793)
Endowment contributions	113,012	106,235
	(587,424)	(2,004,415)
<b>Financing activities</b>		
Increase in deferred contributions	1,789,679	1,663,628
(Decrease) increase in tenant deposits	(15,338)	68
	1,774,341	1,663,696
<b>Increase (decrease) in cash and cash equivalents during the year</b>	2,788,312	(2,379,779)
<b>Cash and cash equivalents – Beginning of year</b>	6,761,177	9,140,956
<b>Cash and cash equivalents – End of year</b>	9,549,489	6,761,177

Interest paid during the year was \$29,902 (2020 – \$90,501).

The accompanying notes are an integral part of these financial statements.

# The Students' Union, The University of Calgary

## Notes to Financial Statements

June 30, 2021

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### 1 Authority

The Students' Union, The University of Calgary (the Students' Union) is a corporate body created pursuant to the Post-Secondary Learning Act of the Province of Alberta, S.A. 2003, and Chapter 19.5. The Students' Union is a not-for-profit organization as defined in the Income Tax Act and therefore is not subject to income tax.

The Students' Union's mission is to provide for the administration of the affairs of the undergraduate students of The University of Calgary (the University). Under its by-laws, the members of the Students' Union annually elect The Student Executive Cabinet, which is responsible for, inter alia, managing the affairs of the Students' Union consistent with the decisions of the Students' Legislative Council, managing the Students' Union's personnel and preparing the annual budget.

The Students' Union has an economic relationship with the University through the MacEwan Student Centre (note 3) but operates as an independent, autonomous body separate and distinct from the University.

#### COVID-19 impact

The COVID-19 pandemic developed rapidly in 2020 and continues through 2021. The resulting impact of the virus on the operations and measures taken by various governments to contain the virus have negatively affected the Students' Union. As students continued with online classes for the Summer, Fall, Winter and Spring semesters, the reduced campus population resulted in reduced revenues in our Business leasing, Retail, Food & Beverage and Events areas. Management identified areas to reduce the overall financial impact of the pandemic and has determined that these actions were sufficient to mitigate the uncertainty, as well as optimizing government funding opportunities (CEWS \$1,058,702 and CERCA \$426,322). The outbreak continues to adversely affect the operations of the Students' Union, but as 60% of classes for Fall 2021 are being delivered in person, we are optimistic the overall financial impact will be reduced as students/staff return to campus.

### 2 Summary of significant accounting policies

#### Basis of accounting

The financial statements of the Students' Union have been prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO) as issued by the Canadian Accounting Standards Board.

#### Use of estimates

The preparation of financial statements in conformity with ASNPO requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities as at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.



# The Students' Union, The University of Calgary

## Notes to Financial Statements

June 30, 2021

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### **Fund accounting**

The Operating Fund consists of assets, liabilities, revenue and expenditures related to the Students' Union's student government and commercial activities. In addition, the Operating Fund reports activities related to endowment funds as well as funds internally restricted by the Students' Union.

The Capital Fund consists of assets, liabilities, revenue and expenditures related to the Students' Union's capital assets and interest in MacHall.

### **Revenue recognition**

The Students' Union follows the deferral method of accounting for contributions.

Restricted contributions, other than those related to capital assets or interest in MacHall, are recognized as revenue in the year in which the related expenses are incurred in the Operating Fund. Restricted contributions related to capital assets or interest in MacHall that are reported in the Capital Fund are recognized as revenue as the related capital assets or interest in MacHall are amortized.

Unrestricted contributions are recognized as revenue of the appropriate fund in the year received or receivable if the amount can be reasonably estimated and collection is reasonably assured.

Endowment contributions that are reported in the Operating Fund are recognized as direct increases in fund balances restricted for endowment purposes in the period in which they are received. Investment income from endowment funds that is restricted for use for library expenses is initially recorded as deferred revenue then recognized as revenue in the year in which the related library expenses are incurred.

Student fees are recognized as revenue over the period for which services are delivered.

Operating revenue, consisting of commercial services, is recognized as revenue when products delivered or services sold are substantially provided.

### **Cash and cash equivalents**

Cash and cash equivalents include cash on hand, cash on deposit in interest bearing bank accounts and short-term guaranteed investment certificates with original maturities of less than 90 days held with reputable financial institutions.

# The Students' Union, The University of Calgary

## Notes to Financial Statements

June 30, 2021

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### Short-term investments

Short-term investments consist of guaranteed investment certificates with a term to maturity of less than one year. The guaranteed investment certificates are held by RBC and ATB bearing interest from 0.40% to 0.45% per annum (2020 – 0.85% to 1.8%).

### Inventories

Inventories are valued at the lower of cost and net realizable value.

### Interest in MacHall

The Students' Union's interest in the student-occupied areas within MacHall is recorded at cost. Amortization is computed on a straight-line basis over the estimated useful lives of the asset at the following rates:

Building	40 years
Fixed equipment	10 – 20 years
IT & Network Infrastructure	10 years

No amortization is provided on construction-in-progress included in interest in MacHall until the assets are put in use.

### Capital assets

Capital assets are recorded at cost less accumulated amortization and any provision for impairment. The cost for contributed capital assets is considered to be fair value at the date of contribution. Amortization is computed on the straight-line basis over the estimated useful lives of the assets at the following rates:

Furniture and equipment	5 years
Kitchen equipment	10 years

No amortization is provided on construction-in-progress until the assets are put in use.

### Impairment of MacHall and capital assets

The interest in MacHall and capital assets are tested for impairment when conditions indicate that the future economic benefit of the assets does not exceed their carrying value. When conditions indicate that an asset is impaired, the net carrying amount of the asset is written down to the asset's fair value or replacement cost. The write-downs of assets are recognized as expenditures in the statement of operations and changes in fund balances. Write-downs are subsequently reversed.

### Funds held in trust and liability for funds held in trust

Funds held in trust represent monies managed by the Students' Union on behalf of other organizations. The Students' Union does not report the revenue and expenses related to these funds.

# The Students' Union, The University of Calgary

## Notes to Financial Statements

June 30, 2021

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### Financial instruments

The Students' Union initially measures financial assets and financial liabilities at fair value. It subsequently measures its investments at fair value. The financial assets subsequently measured at amortized cost include cash and cash equivalents, funds held in trust and accounts receivable. The financial liabilities subsequently recorded at amortized cost include accounts payable and accrued charges, liability for funds held in trust and long-term debt.

It is the opinion of management that the Students' Union is not subject to significant credit, interest rate, price, liquidity or currency risk related to these financial instruments.

### 3 Interest in MacHall

The Students' Union operates under a Stakeholders' Rights Agreement and MacEwan Building Management and Use of Space Agreement (MUSA) with the Governors of the University of Calgary. The primary term of MUSA is ten years. The agreement provides the Students' Union the appointment of a building manager, the right to occupy space in MacHall rent free, the right to retain the revenue from the use of such space for commercial activities and the right to provide management services in consideration for contributions the Students' Union made towards the cost of construction of the buildings.

Under MUSA, the Students' Union continues to record its investment in the interest in MacHall as a long-term asset as management believes the Students' Union has the beneficial risks and rewards of ownership of these assets.

	2021 \$	2020 \$
Redevelopment costs	28,575,218	28,040,841
Less: Accumulated amortization	11,826,314	11,173,026
Interest in MacHall	<u>16,748,904</u>	<u>16,867,815</u>

Amortization provided for in the current year totalled \$653,289 (2020 – \$573,045).

Included in redevelopment costs are construction-in-progress amounts of \$16,876 (2020 – \$62,728) that relate to assets not yet in use.

# The Students' Union, The University of Calgary

## Notes to Financial Statements

June 30, 2021

### 4 Capital assets

			2021	2020
	Cost	Accumulated	Net	Net
	\$	amortization	\$	\$
		\$		
Kitchen equipment	162,383	140,429	21,954	35,031
Furniture and equipment	1,024,654	715,434	309,220	470,923
	1,187,037	855,863	331,174	505,954

### 5 Long-term debt

	2021	2020
	\$	\$
ATB		
Non-revolving term facility, bearing interest at 2.13% per annum, maturing November 30, 2021 with blended payments on the last day of each month, collateralized with \$1.5 million GIC held through ATB	1,261,013	1,413,511
Less: Amounts due within one year	1,261,013	1,413,511
	-	-

### 6 Deferred contributions

Deferred contributions of the Operating Fund comprise contributions received that were restricted by the contributor and remain unspent as at year-end.

Deferred contributions of the Capital Fund comprise a student levy imposed January 1, 1996 and other funds which have been designated for the purpose of the redevelopment project to the MacEwan Student Centre.

Changes in deferred contributions are as follows:

			2021	2020
	Operating	Capital	Net	Net
	Fund	Fund	\$	\$
	\$	\$		
<b>Balance – Beginning of year</b>	2,615,056	5,388,199	8,003,255	6,715,339
Add: Amounts recorded for future expenditures	1,778,212	11,466	1,789,678	1,663,628
Less: Amount amortized to revenue	1,149,432	157,142	1,306,574	375,712
<b>Balance – End of year</b>	3,243,836	5,242,523	8,486,360	8,003,255

# The Students' Union, The University of Calgary

## Notes to Financial Statements

June 30, 2021

### 7 Internally restricted reserve funds

Certain funds have been restricted for use by the Students' Union for the following purposes. These restricted funds are invested in the guaranteed investment certificate and included in short-term investments.

	2021 \$	2020 \$
Student Health Plan	3,155,083	3,336,439
Refugee students	434,391	355,941
Food bank	173,368	109,619
Students for Literacy	611	636
Food Court Reserve	8,338	8,338
Committee 10,000	1,212	1,310
Tutor referral	305	305
	<u>3,773,308</u>	<u>3,812,588</u>

### 8 Endowment funds

Funds contributed through a special Students' Union levy are designated to assist the University of Calgary Library. 50% of all funds contributed through the special levy must be permanently maintained for the University of Calgary Library and are classified as endowment funds. The 2021 endowment fund contribution of \$113,012 (2020 – \$106,235) represents 50% of the 2021 special student levy of \$226,024 (2020 – \$212,471) (note 9).

### 9 Student fees

	2021 \$	2020 \$
Total student fees received through the University of Calgary	6,322,548	6,134,953
Add: Other fees	28,990	9,115
Add: Prior-year deferral (Health & Dental)	590,301	610,855
Add: Accrual less prior year accrual (Spring)	32,080	-
Less: Allocations to Library Endowment Fund	113,012	106,235
Less: Health & Dental fees (deferred)	560,704	590,301
Less: Amounts received on behalf of others		
Legal aid	99,951	94,618
Gauntlet	278,782	260,936
NUTV	306,527	282,832
CJSW	351,726	323,100
	<u>5,263,218</u>	<u>5,096,901</u>

Included in total student fees is \$226,024 (2020 – \$212,471) designated for the University of Calgary Library. 50% of the funds contributed or \$113,012 (2020 – \$106,235) are recorded as contributions to endowment funds (note 8) as these contributions must be permanently maintained.

# The Students' Union, The University of Calgary

## Notes to Financial Statements

June 30, 2021

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### 10 Government remittances

Accounts payable and accrued charges include government remittances payable of \$4,262 (2020 – \$4,633).

### 11 Commitments

Minimum payments in respect of operating leases for photocopy equipment and dishwasher are as follows:

	\$
2022	36,454
2023	30,274
Thereafter	<u>7,568</u>
	<u>74,296</u>

**The Students' Union, The University of Calgary**  
 Schedule of Operating Revenue and Expenditures  
 (Unaudited)

For the year ended June 30, 2021

	Student government		Student activities		Commercial services (Schedule 2)		Reserve		Total	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
<b>Revenue</b>										
Operating	-	-	44,938	128,176	4,049,198	8,839,407	-	-	4,094,136	8,967,583
Student fees (note 9)	1,751,294	1,616,139	-	-	-	-	3,511,924	3,480,761	5,263,218	5,096,900
Amortization of deferred contributions	-	-	1,149,432	209,176	-	-	-	-	1,149,432	209,176
Interest	-	-	-	-	62,169	253,922	-	-	62,169	253,922
Donations	-	-	6,795	31,099	-	-	63,723	39,658	70,518	70,757
	<b>1,751,294</b>	<b>1,616,139</b>	<b>1,201,165</b>	<b>368,451</b>	<b>4,111,367</b>	<b>9,093,329</b>	<b>3,575,647</b>	<b>3,520,419</b>	<b>10,639,473</b>	<b>14,598,338</b>
<b>Expenditures</b>										
Cost of providing services	-	-	6,820	33,851	181,111	1,700,556	3,398,126	3,238,525	3,586,057	4,972,932
Salaries	-	-	1,095,674	1,225,356	1,930,674	3,841,672	-	-	3,026,348	5,067,028
Operating	-	-	-	-	1,224,647	2,472,044	26,949	38,100	1,251,596	2,510,144
Building operation	-	-	-	-	244,723	230,802	-	-	244,723	230,802
Student services	-	-	1,377,890	732,892	-	-	-	-	1,377,890	732,892
Donations from restricted funds	-	-	-	-	-	-	189,851	226,577	189,851	226,577
	<b>-</b>	<b>-</b>	<b>2,480,384</b>	<b>1,992,099</b>	<b>3,581,155</b>	<b>8,245,074</b>	<b>3,614,926</b>	<b>3,503,202</b>	<b>9,676,465</b>	<b>13,740,375</b>
<b>Excess (deficiency) of revenue over expenditures for the year</b>	<b>1,751,294</b>	<b>1,616,139</b>	<b>(1,279,219)</b>	<b>(1,623,648)</b>	<b>530,211</b>	<b>848,255</b>	<b>(39,279)</b>	<b>17,217</b>	<b>963,008</b>	<b>857,963</b>

**The Students' Union, The University of Calgary**  
 Schedule of Commercial Services Revenue and Expenditures  
 (Unaudited)

For the year ended June 30, 2021

	Business leasing		Retail		Food/beverage/events		Total	
	2021	2020	2021	2020	2021	2020	2021	2020
Revenue	\$ 3,640,387	\$ 3,977,936	\$ 191,130	\$ 1,366,757	\$ 279,849	\$ 3,748,636	\$ 4,111,366	\$ 9,093,329
<b>Expenditures</b>								
Cost of providing services	-	-	119,725	843,595	61,386	856,960	181,111	1,700,555
Salaries	1,002,848	1,182,416	194,699	266,874	733,127	2,392,382	1,930,674	3,841,672
Operating	1,028,682	1,542,981	59,566	65,594	136,400	864,469	1,224,648	2,473,044
Building operation	191,335	177,983	5,381	5290	48,007	47,529	244,723	230,802
	2,222,865	2,903,380	379,371	1,181,353	978,920	4,161,340	3,581,155	8,246,073
<b>Excess (deficiency) of revenue over expenditures for the year</b>	1,417,522	1,074,556	(188,240)	185,404	(699,071)	(412,704)	530,211	847,256