
**UNIVERSITY OF PRINCE EDWARD ISLAND
STUDENT UNION INC.
CONSOLIDATED FINANCIAL STATEMENTS
APRIL 30, 1999**

MacPherson Roche Smith & Noonan

CHARTERED ACCOUNTANTS AND MANAGEMENT CONSULTANTS

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AUDITORS' REPORT

To the Members of
The University Of Prince Edward Island Student Union Inc.

We have audited the consolidated balance sheet of the University Of Prince Edward Island Student Union Inc. as at April 30, 1999, and the consolidated statements of earnings and operating surplus and cash flow for the year then ended. These financial statements are the responsibility of the organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as explained in the following paragraph, we conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

The Student Union derives revenue from student activities and events, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Student Union and we were not able to determine whether any adjustments might be necessary to revenues, net earnings, assets or surplus.

In our opinion, except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of revenue referred to in the preceding paragraph, these consolidated financial statements present fairly, in all material respects, the financial position of the Student Union as at April 30, 1999, and the results of its operations and changes in its financial position for the year then ended, in accordance with generally accepted accounting principles.

MacPherson Roche Smith & Noonan

Chartered Accountants

July 21, 1999

representing

**Deloitte &
Touche**



UNIVERSITY OF PRINCE EDWARD ISLAND STUDENT UNION INC.
CONSOLIDATED STATEMENT OF EARNINGS
AND OPERATING SURPLUS
 YEAR ENDED APRIL 30, 1999

	1999	1998
Revenue		
Student Health Plan	\$ 208,893	\$ 196,692
CFS membership fees	17,708	17,623
Other revenue (Note 5)	9,871	5,678
Student Center Fund	48,700	48,460
Student fees	246,835	244,121
WUSC fees	<u>10,140</u>	<u>10,098</u>
	<u>542,147</u>	<u>522,672</u>
Operating expenses		
Student Health Plan	208,893	196,692
CFS membership fees	15,007	15,264
Contribution to capital		
Cash transfer - Student Center Fund	48,700	48,460
Student activities (Schedule 2)		
Radio CIMN	2,124	3,655
Social committee and special events	16,630	19,459
Student Union newspaper	11,184	18,412
Yearbook	17,458	18,862
Lounge operations (Schedule 1)	5,044	4,724
Student Council activities	4,668	2,682
WUSC fees	<u>10,140</u>	<u>10,098</u>
	<u>339,848</u>	<u>338,308</u>
	202,299	184,364
General and administrative expenses (Schedule 3)	180,931	187,268
Student Center 2000 (Schedule 4)	<u>1,505</u>	<u>653</u>
Net earnings (loss)	19,863	(3,557)
Operating surplus, beginning of year	<u>14,021</u>	<u>17,578</u>
Operating surplus, end of year	<u>\$ 33,884</u>	<u>\$ 14,021</u>

**UNIVERSITY OF PRINCE EDWARD ISLAND STUDENT UNION INC.
CONSOLIDATED BALANCE SHEET**

AS AT APRIL 30, 1999

	1999	1998
ASSETS		
Current		
Cash and short-term deposits	\$ 31,904	\$ 16,821
Accounts receivable	15,943	11,044
Inventory	5,549	8,231
Prepaid expenses	<u>6,020</u>	<u>4,812</u>
	59,416	40,908
Capital		
Cash	493	493
Capital investments (Note 3)	733,182	647,945
Capital assets (Note 4)	<u>56,534</u>	<u>66,000</u>
	<u>\$ 849,625</u>	<u>\$ 755,346</u>
LIABILITIES		
Current		
Accounts payable and accrued liabilities		
Classes and suborganizations	\$ 3,840	\$ 3,840
Trade	<u>21,693</u>	<u>23,047</u>
	<u>25,533</u>	<u>26,887</u>
SURPLUS		
Operating surplus	33,884	14,021
Capital surplus (Note 6)	<u>790,208</u>	<u>714,438</u>
	<u>824,092</u>	<u>728,459</u>
	<u>\$ 849,625</u>	<u>\$ 755,346</u>

On behalf of the Executive

..... President

..... Vice President - Finance

UNIVERSITY OF PRINCE EDWARD ISLAND STUDENT UNION INC.
CONSOLIDATED STATEMENT OF CASH FLOW
 YEAR ENDED APRIL 30, 1999

	1999	1998
Net inflow (outflow) of cash related to the following activities:		
Operating		
Net earnings (loss)	\$ <u>19,863</u>	\$ <u>(3,557)</u>
Changes in non-cash operating working capital items		
Accounts receivable	(4,899)	3,875
Inventory	2,682	(302)
Prepaid expenses	(1,208)	53
Accounts payable and accrued liabilities	<u>(1,355)</u>	<u>1,670</u>
	<u>(4,780)</u>	<u>5,296</u>
	<u>15,083</u>	<u>1,739</u>
Financing		
Members' contribution to Student Center Fund	48,700	48,460
Investment income	35,226	39,950
Bank teller machine revenue	1,200	1,200
Payment to Student Center 2000	<u>-</u>	<u>(12,329)</u>
	<u>85,126</u>	<u>77,281</u>
Investing		
Increase in capital investments	<u>(85,126)</u>	<u>(77,281)</u>
Net cash inflow	15,083	1,739
Cash position, beginning of year	<u>16,821</u>	<u>15,082</u>
Cash position, end of year	<u>\$ 31,904</u>	<u>\$ 16,821</u>
Represented by:		
Cash	\$ (69,477)	\$ (37,802)
Short term deposits	<u>101,381</u>	<u>54,623</u>
	<u>\$ 31,904</u>	<u>\$ 16,821</u>

UNIVERSITY OF PRINCE EDWARD ISLAND STUDENT UNION INC.
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED APRIL 30, 1999

1. DESCRIPTION OF ORGANIZATION

The University of Prince Edward Island Student Union Inc. is a student organization whose purpose is to act as the official organization of the students of the University of Prince Edward Island and co-ordinate and promote the group activities of the students. The University of Prince Edward Island Student Union Inc. is incorporated under the Companies Act of Prince Edward Island as a not-for-profit organization and is considered the same under the Income Tax Act.

2. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with generally accepted accounting principles and include the following significant accounting policies:

a) Principles of Consolidation

The consolidated financial statements include the accounts of a wholly-owned subsidiary, U.P.E.I. Student Radio Inc.

b) Inventory

Inventory is valued at the lower of cost and net realizable value.

c) Capital Assets

Capital asset additions funded from current operations are recorded as operating expenses. Capital assets are recorded at cost. Amortization is computed using the straight-line method at the following annual rates:

Capital renovations - buildings	5%
CIMN radio facilities and equipment	7.5%
Other equipment	10%
Computer equipment	20%

3. CAPITAL INVESTMENTS

In accordance with agreements between the University of Prince Edward Island Student Union Inc. and the Board of Governors of the University of Prince Edward Island, certain investments are under joint administration and provide funds for capital projects as follows:

	<u>1999</u>	<u>1998</u>
Capital Savings Fund	\$ 362,774	\$ 344,868
Student Center Fund	<u>370,408</u>	<u>303,077</u>
	<u>\$ 733,182</u>	<u>\$ 647,945</u>

UNIVERSITY OF PRINCE EDWARD ISLAND STUDENT UNION INC.
NOTES TO THE FINANCIAL STATEMENTS
 YEAR ENDED APRIL 30, 1999

4. CAPITAL ASSETS

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	
			<u>1999</u>	<u>1998</u>
Capital renovations - buildings	\$ 220,428	\$ 196,953	\$ 23,475	\$ 28,988
CIMN radio facilities and equipment	43,844	36,214	7,630	8,188
Other equipment	144,703	127,141	17,562	21,880
Computer equipment	<u>39,366</u>	<u>31,499</u>	<u>7,867</u>	<u>6,944</u>
	<u>\$ 448,341</u>	<u>\$ 391,807</u>	<u>\$ 56,534</u>	<u>\$ 66,000</u>

5. OTHER REVENUE

	<u>1999</u>	<u>1998</u>
Interest on short-term deposits	\$ 3,823	\$ 1,133
Sundry	5,814	4,545
Videos and games	<u>234</u>	<u>-</u>
	<u>\$ 9,871</u>	<u>\$ 5,678</u>

6. CAPITAL SURPLUS

	<u>Student Centre Fund</u>	<u>Capital Savings Fund</u>	<u>1999</u>	<u>1998</u>
Balance, beginning of year	\$ 303,102	\$ 411,336	\$ 714,438	\$ 643,458
Add:				
Contribution from operations				
Revenue collected through Student Union fees	48,700	-	48,700	48,460
Donations				
UPEI Alumni	110	-	110	-
Purchase of equipment	-	5,545	5,545	9,394
Investment income	17,321	17,905	35,226	39,950
Bank teller machine income	<u>1,200</u>	<u>-</u>	<u>1,200</u>	<u>1,200</u>
	<u>67,331</u>	<u>23,450</u>	<u>90,781</u>	<u>99,004</u>
Deduct:				
Amortization	-	14,589	14,589	15,695
Payment to Student Center 2000	-	-	-	12,329
Loss on sale of equipment	<u>-</u>	<u>422</u>	<u>422</u>	<u>-</u>
	<u>-</u>	<u>15,011</u>	<u>15,011</u>	<u>28,024</u>
Balance, end of year	<u>\$ 370,433</u>	<u>\$ 419,775</u>	<u>\$ 790,208</u>	<u>\$ 714,438</u>

UNIVERSITY OF PRINCE EDWARD ISLAND STUDENT UNION INC.
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED APRIL 30, 1999

7. UNCERTAINTY DUE TO THE YEAR 2000 ISSUE

The Year 2000 Issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date.

The effects of the Year 2000 Issue may be experienced before, on, or after January 1, 2000, and, if not addressed, the impact on operations and financial reporting may range from minor errors to significant systems failure, which could affect an entity's ability to conduct normal business operations. It is not possible to be certain that all aspects of the Year 2000 issue affecting the entity, including those related to the efforts of customers, suppliers, or other third parties, will be fully resolved.

UNIVERSITY OF PRINCE EDWARD ISLAND STUDENT UNION INC.
LOUNGE OPERATIONS
 YEAR ENDED APRIL 30, 1999

	1999	%	1998	%
		of Sales		of Sales
Sales	\$ <u>99,944</u>	<u>100.0</u>	\$ <u>106,216</u>	<u>100.0</u>
Cost of sales				
Inventory, beginning of year	8,231		7,929	-
Purchases	<u>54,441</u>		<u>57,932</u>	-
	62,672		65,861	-
Inventory, end of year	<u>(5,549)</u>		<u>(8,231)</u>	-
	<u>57,123</u>	<u>57.2</u>	<u>57,630</u>	<u>54.3</u>
Gross margin	<u>42,821</u>	<u>42.8</u>	<u>48,586</u>	<u>45.7</u>
Expenses				
Advertising	-		119	
Equipment	774		2,240	
Interest and bank charges	520		1,058	
Licenses	2,644		2,495	
Materials and supplies	868		690	
Miscellaneous	783		810	
Repairs and maintenance	2,168		1,319	
Salaries	40,108		43,027	
Staff clothing	-		792	
Staff training	-		110	
Travel	-		650	
	<u>47,865</u>		<u>53,310</u>	
	<u>\$ (5,044)</u>		<u>\$ (4,724)</u>	

UNIVERSITY OF PRINCE EDWARD ISLAND STUDENT UNION INC.
STUDENT ACTIVITIES
 YEAR ENDED APRIL 30, 1999

	Radio CIMN	Social Committee and Special Events	Student Union Newspaper	Yearbook
<u>1999</u>				
Revenue	\$ <u>-</u>	\$ <u>39,950</u>	\$ <u>11,902</u>	\$ <u>6,020</u>
Expenses				
Advertising	-	610	-	-
Dues and licenses	50	989	500	-
Entertainment	-	52,400	-	-
Equipment	498	-	-	1,273
Materials and supplies	166	865	1,229	303
Miscellaneous	-	925	665	-
Printing	-	-	12,035	15,251
Salaries	-	-	7,329	6,321
Telephone	1,220	-	370	330
Travel	190	791	958	-
	<u>2,124</u>	<u>56,580</u>	<u>23,086</u>	<u>23,478</u>
Excess of expenses over revenue	\$ <u>2,124</u>	\$ <u>16,630</u>	\$ <u>11,184</u>	\$ <u>17,458</u>
<u>1998</u>				
Revenues	\$ <u>-</u>	\$ <u>28,312</u>	\$ <u>7,505</u>	\$ <u>5,715</u>
Expenses				
Advertising	-	-	1,882	-
Dues and licenses	50	2,042	3,276	-
Entertainment	-	44,587	-	-
Equipment	2,492	-	1,605	-
Material and supplies	91	630	436	692
Miscellaneous	153	402	172	189
Printing	-	110	10,431	15,806
Salaries	-	-	7,348	7,560
Telephone	869	-	330	330
Travel	-	-	437	-
	<u>3,655</u>	<u>47,771</u>	<u>25,917</u>	<u>24,577</u>
Excess of expenses over revenue	\$ <u>3,655</u>	\$ <u>19,459</u>	\$ <u>18,412</u>	\$ <u>18,862</u>

UNIVERSITY OF PRINCE EDWARD ISLAND STUDENT UNION INC.
GENERAL AND ADMINISTRATIVE EXPENSES
YEAR ENDED APRIL 30, 1999

	1999	1998
Bad debts	\$ 1,027	\$ 1,941
Banquet	2,043	2,720
Cleaning and sanitation	3,122	2,631
Donations and sports awards	3,560	2,570
Equipment	3,000	3,055
Fuel	3,731	3,749
Handbook	3,731	3,917
Insurance	8,886	8,933
Interest and bank charges	2,136	1,429
Office and miscellaneous	10,373	12,053
Professional fees	5,994	6,019
Repairs and maintenance	6,950	3,150
Salaries and employee benefits	117,196	122,467
Telephone	3,645	5,127
Travel	5,196	7,177
Workers' compensation insurance	<u>341</u>	<u>330</u>
	<u>\$ 180,931</u>	<u>\$ 187,268</u>

UNIVERSITY OF PRINCE EDWARD ISLAND STUDENT UNION INC.
STUDENT CENTER 2000
YEAR ENDED APRIL 30, 1999

	1999	1998
Revenue		
Contribution by Student Center Fund	\$ <u> -</u>	\$ <u>12,329</u>
Expenses		
Advertising	-	720
Miscellaneous	-	112
Professional fees	-	12,150
Travel	793	-
Office	<u>712</u>	<u> -</u>
	<u>1,505</u>	<u>12,982</u>
	\$ <u>(1,505)</u>	\$ <u>(653)</u>
