
**UNIVERSITY OF PRINCE EDWARD ISLAND
STUDENT UNION INC.
FINANCIAL STATEMENTS**

APRIL 30, 2001

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 balance sheet of the **University of Prince Edward Island Student Union Inc.** as at April 30, 2001, and the statements of earnings and operating surplus and cash flows 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 Canadian 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 financial statements present fairly, in all material respects, the financial position of the Student Union as at April 30, 2001, and the results of its operations and cash flows for the year then ended, in accordance with Canadian generally accepted accounting principles.

MacPherson Roche Smith & Noonan

Chartered Accountants

October 19, 2001

representing

**Deloitte &
Touche**



UNIVERSITY OF PRINCE EDWARD ISLAND STUDENT UNION INC.
STATEMENT OF EARNINGS AND OPERATING SURPLUS
 YEAR ENDED APRIL 30, 2001

	2001	2000 (Restated - Note 10)
Revenue		
Student Health Plan	\$ 278,381	\$ 267,285
CFS membership fees	20,153	18,920
Lounge operations (Schedule 1)	8,864	19,443
Other revenue (Note 8)	10,376	84,381
Student Center Fund	54,830	51,810
Student fees	287,427	263,636
WUSC fees	<u>11,506</u>	<u>10,846</u>
	<u>671,537</u>	<u>716,321</u>
Operating expenses		
Student Health Plan	278,381	267,285
CFS membership fees	20,153	17,299
Contribution to capital		
Cash transfer - Student Center Fund	54,830	51,810
Student activities (Schedule 2)		
Radio CIMN	-	5,135
Social committee and special events	31,317	6,794
Student Union newspaper	19,286	14,534
Yearbook	26,371	15,968
Student Council activities	4,413	5,346
WUSC fees	<u>11,506</u>	<u>10,846</u>
	<u>446,257</u>	<u>395,017</u>
	225,280	321,304
General and administrative expenses (Schedule 3)	215,718	210,959
Student Center 2002 (Schedule 4)	<u>524</u>	<u>(5,469)</u>
Net earnings	10,086	104,876
Operating surplus, beginning of year	138,761	33,885
Appropriation to capital surplus	<u>(52,726)</u>	<u>-</u>
Operating surplus, end of year	<u>\$ 96,121</u>	<u>\$ 138,761</u>

UNIVERSITY OF PRINCE EDWARD ISLAND STUDENT UNION INC.
BALANCE SHEET
AS AT APRIL 30, 2001

	2001	2000 (Restated - Note 10)
ASSETS		
Current		
Cash and short-term deposits	\$ 59,640	\$ 138,383
Accounts receivable	12,536	18,408
Inventory	5,887	5,172
Prepaid expenses	<u>3,392</u>	<u>4,815</u>
	81,455	166,778
Deferred project costs (Note 3)	22,369	-
Investment (Note 4)	25,500	-
Capital investments (Note 5)	984,968	828,661
Capital assets (Note 6)	<u>41,394</u>	<u>46,912</u>
	<u>\$1,155,686</u>	<u>\$1,042,351</u>
LIABILITIES		
Current		
Accounts payable and accrued liabilities	\$ 5,694	\$ 3,840
Classes and suborganizations	<u>27,509</u>	<u>24,177</u>
Trade		
	<u>33,203</u>	<u>28,017</u>
SURPLUS		
Operating surplus	96,121	138,761
Capital surplus (Note 7)	<u>1,026,362</u>	<u>875,573</u>
	<u>1,122,483</u>	<u>1,014,334</u>
	<u>\$1,155,686</u>	<u>\$1,042,351</u>

On behalf of the Executive

..... President

..... Vice President - Finance

UNIVERSITY OF PRINCE EDWARD ISLAND STUDENT UNION INC.
STATEMENT OF CASH FLOWS
YEAR ENDED APRIL 30, 2001

	2001	2000 (Restated - Note 10)
Net inflow (outflow) of cash related to the following activities:		
Operating		
Net earnings	\$ <u>10,086</u>	\$ <u>104,876</u>
Changes in non-cash operating working capital items		
Accounts receivable	5,872	(2,465)
Inventory	(715)	377
Prepaid expenses	1,423	1,205
Accounts payable and accrued liabilities	<u>5,186</u>	<u>2,486</u>
	<u>11,766</u>	<u>1,603</u>
	<u>21,852</u>	<u>106,479</u>
Financing		
Contribution for Student Center Fund	54,984	54,995
Investment income	46,759	38,690
Bank teller machine revenue	<u>1,839</u>	<u>1,300</u>
	<u>103,582</u>	<u>94,985</u>
Investing		
Increase in capital investments	(156,308)	(94,985)
Increase in investment	(25,500)	-
Deferred project costs	<u>(22,369)</u>	<u>-</u>
	<u>(204,177)</u>	<u>(94,985)</u>
Net cash inflow (outflow)	<u>(78,743)</u>	106,479
Cash position, beginning of year	<u>138,383</u>	<u>31,904</u>
Cash position, end of year	<u>\$ 59,640</u>	<u>\$ 138,383</u>
Represented by:		
Cash	\$ 5,194	\$ 11,263
Short term deposits	<u>54,446</u>	<u>127,120</u>
	<u>\$ 59,640</u>	<u>\$ 138,383</u>

UNIVERSITY OF PRINCE EDWARD ISLAND STUDENT UNION INC.
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED APRIL 30, 2001

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 Canadian generally accepted accounting principles and include the following significant accounting policies:

a) Inventory

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

b) 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 - building	5%
Equipment	10%
Computer equipment	20%

3 DEFERRED PROJECT COSTS

Deferred project costs are related to initial development costs of the UPEI Student Centre. These amounts have been deferred until the completion of the UPEI Student Centre, and will be amortized over the expected useful life of the building, after construction is completed.

UNIVERSITY OF PRINCE EDWARD ISLAND STUDENT UNION INC.
NOTES TO THE FINANCIAL STATEMENTS
 YEAR ENDED APRIL 30, 2001

4 INVESTMENT

During the year, the UPEI Student Union joined The Campus Trust Medical coverage insurance program for the administration of UPEI students' medical claims. The UPEI Student Union was required to make an initial contribution in the amount of \$25,500 to join the program.

	<u>2001</u>	<u>2000</u>
Investment	\$ <u>25,500</u>	\$ <u>-</u>

5. 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>2001</u>	<u>2000</u>
Cash	\$ 493	\$ 493
Capital Savings Fund	404,453	382,133
Student Center Fund	525,571	446,035
Furniture	<u>54,451</u>	<u>-</u>
	<u>\$ 984,968</u>	<u>\$ 828,661</u>

6. CAPITAL ASSETS

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	
			<u>2001</u>	<u>2000</u>
Capital renovations - building	\$ 220,428	\$ 207,979	\$ 12,449	\$ 17,962
Equipment	157,517	135,051	22,466	23,391
Computer equipment	<u>43,780</u>	<u>37,301</u>	<u>6,479</u>	<u>5,559</u>
	<u>\$ 421,725</u>	<u>\$ 380,331</u>	<u>\$ 41,394</u>	<u>\$ 46,912</u>

UNIVERSITY OF PRINCE EDWARD ISLAND STUDENT UNION INC.
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED APRIL 30, 2001

7. CAPITAL SURPLUS

	<u>Student Centre Fund</u>	<u>Capital Savings Fund</u>	<u>2001</u>	<u>2000</u>
Balance, beginning of year	\$ 446,060	\$ 429,512	\$ 875,572	\$ 790,208
Add:				
Contribution from operations				
Revenue collected through Student Union fees	54,984	-	54,984	51,810
Donations				
UPEI Alumni	-	-	-	2,126
Purchase of equipment	-	6,343	6,343	10,885
Investment income	24,438	22,321	46,759	38,690
Bank teller machine income	1,839	-	1,839	1,300
Business Office adjustment	-	-	-	1,059
	<u>81,261</u>	<u>28,664</u>	<u>109,925</u>	<u>105,870</u>
Appropriated from operating surplus	<u>52,726</u>	<u>-</u>	<u>52,726</u>	<u>-</u>
	<u>133,987</u>	<u>28,664</u>	<u>162,651</u>	<u>105,870</u>
Deduct:				
Amortization	-	11,861	11,861	12,877
Loss on disposal of equipment	-	-	-	7,629
	<u>-</u>	<u>11,861</u>	<u>11,861</u>	<u>20,506</u>
Balance, end of year	<u>\$ 580,047</u>	<u>\$ 446,315</u>	<u>\$ 1,026,362</u>	<u>\$ 875,572</u>

8. OTHER REVENUE

	<u>2001</u>	<u>2000</u> (Restated - Note 10)
Interest on short-term deposits	\$ 5,733	\$ 2,986
Sundry	4,643	4,423
Dividend on demutualization	<u>-</u>	<u>76,972</u>
	<u>\$ 10,376</u>	<u>\$ 84,381</u>

UNIVERSITY OF PRINCE EDWARD ISLAND STUDENT UNION INC.
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED APRIL 30, 2001

9. COMMITMENT

The UPEI Student Union Inc. has entered into a commitment for the construction of a new Student Centre for UPEI students. The budgeted project costs are \$5,225,000, with the UPEI Student Union Inc. The UPEI Student Union Inc. will contribute the funds invested in the Capital Savings and Student Centre funds and have agreed to provide a maximum of \$1,000,000, through mortgage proceeds. Construction of the new UPEI Student Centre is expected to be completed by August, 2002.

10. ACCOUNTING ERROR

The prior year's figures have been restated for an accounting error that was discovered during the current year's audit. The accounting error arose when a demutualization dividend was received and invested at a financial institution not normally used by the UPEI Student Union Inc. The restatement resulting from the error increases revenue, net earnings, operating surplus and cash and term deposits reported in 2000 by \$76,972.

SCHEDULE 1

**UNIVERSITY OF PRINCE EDWARD ISLAND STUDENT UNION INC.
LOUNGE OPERATIONS
YEAR ENDED APRIL 30, 2001**

	2001	%	2000	%
		of Sales		of Sales
Sales	\$ <u>121,460</u>	<u>100.0</u>	\$ <u>153,098</u>	<u>100.0</u>
Cost of sales				
Inventory, beginning of year	5,172		5,549	-
Purchases	<u>66,091</u>		<u>77,670</u>	-
	71,263		83,219	-
Inventory, end of year	<u>(5,887)</u>		<u>(5,172)</u>	-
	<u>65,376</u>	<u>53.8</u>	<u>78,047</u>	<u>51.0</u>
Gross margin	<u>56,084</u>	<u>46.2</u>	<u>75,051</u>	<u>49.0</u>
Expenses				
Equipment	1,060		8,988	
Interest and bank charges	-		157	
Licenses	1,496		3,268	
Materials and supplies	5,348		3,454	
Miscellaneous	1,320		1,669	
Movies and entertainment	59		107	
Repairs and maintenance	134		270	
Salaries	37,659		37,116	
Staff clothing	144		429	
Travel	-		150	
	<u>47,220</u>		<u>55,608</u>	
	<u>\$ 8,864</u>		<u>\$ 19,443</u>	

UNIVERSITY OF PRINCE EDWARD ISLAND STUDENT UNION INC.
STUDENT ACTIVITIES
 YEAR ENDED APRIL 30, 2001

	Social Committee and Special Events	Student Union Newspaper	Yearbook
<u>2001</u>			
Revenue	\$ <u>41,536</u>	\$ <u>11,428</u>	\$ <u>4,057</u>
Expenses			
Advertising	2,412	-	-
Dues and licenses	922	550	-
Entertainment	68,668	-	-
Equipment	-	1,989	4,557
Materials and supplies	572	524	369
Miscellaneous	174	(64)	638
Printing	105	14,616	17,969
Salaries	-	8,672	6,592
Telephone	-	303	303
Travel	-	4,124	-
	<u>72,853</u>	<u>30,714</u>	<u>30,428</u>
Excess of expenses over revenue	\$ <u>31,317</u>	\$ <u>19,286</u>	\$ <u>26,371</u>
<u>2000</u>			
Revenues	\$ <u>58,744</u>	\$ <u>10,825</u>	\$ <u>7,836</u>
Expenses			
Advertising	805	-	-
Dues and licenses	1,302	1,310	-
Entertainment	59,541	-	-
Material and supplies	353	515	287
Miscellaneous	439	911	313
Printing	199	13,596	14,845
Salaries	2,271	7,166	8,086
Telephone	-	330	273
Travel	628	1,531	-
	<u>65,538</u>	<u>25,359</u>	<u>23,804</u>
Excess of expenses over revenue	\$ <u>6,794</u>	\$ <u>14,534</u>	\$ <u>15,968</u>

UNIVERSITY OF PRINCE EDWARD ISLAND STUDENT UNION INC.
GENERAL AND ADMINISTRATIVE EXPENSES
YEAR ENDED APRIL 30, 2001

	2001	2000
Bad debts	\$ 4,933	\$ 1,057
Banquet	2,726	-
Cleaning and sanitation	2,763	2,798
Donations and sports awards	4,230	2,642
Equipment	268	1,896
Fuel	7,484	5,063
Handbook	5,547	6,462
Insurance	7,261	10,587
Interest and bank charges	6,855	3,251
Office and miscellaneous	11,665	8,971
Professional fees	10,962	6,068
Repairs and maintenance	3,917	3,906
Salaries and employee benefits	134,105	142,772
Telephone	4,472	3,844
Travel	7,974	11,201
Workers' compensation insurance	<u>556</u>	<u>441</u>
	<u>\$ 215,718</u>	<u>\$ 210,959</u>

UNIVERSITY OF PRINCE EDWARD ISLAND STUDENT UNION INC.
STUDENT CENTER 2002
YEAR ENDED APRIL 30, 2001

	2001	2000
Revenue		
Contribution	\$ <u>681</u>	\$ <u>-</u>
Expenses		
Advertising	-	1,347
Miscellaneous	130	-
Office	27	2,251
Professional fees	<u>-</u>	<u>1,871</u>
	<u>157</u>	<u>5,469</u>
	\$ <u><u>524</u></u>	\$ <u><u>(5,469)</u></u>