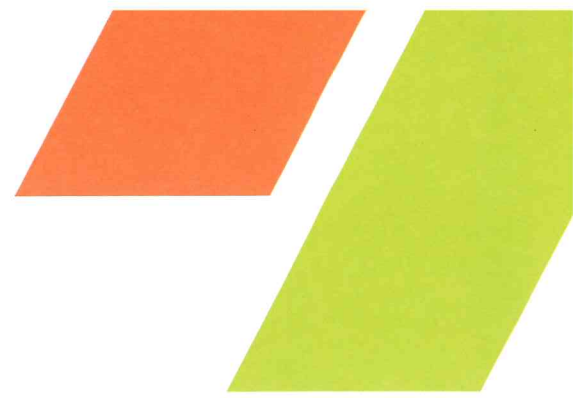


UNBC NORTHERN UNDERGRADUATE STUDENT SOCIETY

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT**

JUNE 30, 2022



INDEPENDENT AUDITOR'S REPORT

To the Members of
UNBC Northern Undergraduate Student Society

Opinion

We have audited the financial statements of UNBC Northern Undergraduate Student Society (the "Society"), which comprise the statement of financial position as at June 30, 2022, and the statement of operations, statement of changes in net assets and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Society as at June 30, 2022, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for non profit organizations. (ASNPO).

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 are independent of the Society in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

See accompanying notes to these financial statements

INDEPENDENT AUDITOR'S REPORT, continued

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 ASNPO, 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.

In preparing the financial statements, management is responsible for assessing the Society'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 Society or to cease operations, or has no realistic alternative but to do so.

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

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 company's internal control.
- ♦ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

See accompanying notes to these financial statements

INDEPENDENT AUDITOR'S REPORT, continued

- 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 company'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 company 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.

Report on Other Legal and Regulatory Requirements

As required by the Society Act of British Columbia, we report that, in our opinion, these accounting principles have been applied on a basis consistent with that of the proceeding year.

Prince George, B.C.
November 22, 2022

DMC Chartered Professional
Accountants Inc.

See accompanying notes to these financial statements

UNBC NORTHERN UNDERGRADUATE STUDENT SOCIETY
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2022

	2022	2021
ASSETS		
CURRENT ASSETS		
Cash (Note 2)	\$ 514,271	\$ 441,875
Accounts receivable	31,389	-
Government subsidy receivable	170	4,093
Due from University of Northern British Columbia	-	251
Inventory (Note 3)	12,523	11,831
Prepaid expenses	21,993	13,853
	<u>580,346</u>	<u>471,903</u>
TANGIBLE CAPITAL ASSETS (Note 4)	<u>2,178,186</u>	<u>2,206,298</u>
	<u>\$ 2,758,532</u>	<u>\$ 2,678,201</u>

See accompanying notes to these financial statements

UNBC NORTHERN UNDERGRADUATE STUDENT SOCIETY
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2022

	2022	2021
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities (Note 5)	\$ 85,679	\$ 36,630
Government remittances	-	3,839
Current portion of long term debt (Note 6)	<u>73,340</u>	<u>71,878</u>
	<u>159,019</u>	<u>112,347</u>
 LONG-TERM DEBT (Note 6)	 <u>1,381,731</u>	 <u>1,453,985</u>
	<u>1,540,750</u>	<u>1,566,332</u>
FUND BALANCES		
BUILDING FUND	741,115	611,385
CAPITAL FUND	588,372	654,959
GENERAL FUND	<u>(111,705)</u>	<u>(154,475)</u>
	<u>1,217,782</u>	<u>1,111,869</u>
	<u>\$ 2,758,532</u>	<u>\$ 2,678,201</u>

Approved on behalf of the board of directors


 _____ Director


 _____ Director

UNBC NORTHERN UNDERGRADUATE STUDENT SOCIETY
STATEMENT OF OPERATIONS
YEAR ENDED JUNE 30, 2022

	General Fund 2022	Building Fund 2022	Capital Fund 2022	2022	2021
REVENUE					
Health and dental plan	\$ 375,283	\$ -	\$ -	\$ 375,283	\$ 337,381
Student fees	259,068	-	-	259,068	287,042
Student building fees	-	194,085	-	194,085	26,139
Degrees Coffee Shop (Schedule 1)	158,380	-	-	158,380	74,808
Thirsty Moose Pub (Schedule 2)	96,426	-	-	96,426	-
Miscellaneous income	53,379	-	-	53,379	27,043
Studentcare services	9,000	-	-	9,000	4,500
TOTAL REVENUE	951,536	194,085	-	1,145,621	756,913
COST OF SALES					
Degrees Coffee Shop (Schedule 1)	66,716	-	-	66,716	27,561
Thirsty Moose Pub (Schedule 2)	36,975	-	-	36,975	263
TOTAL COST OF SALES	103,691	-	-	103,691	27,824
GROSS MARGIN	847,845	194,085	-	1,041,930	729,089

See accompanying notes to these financial statements

UNBC NORTHERN UNDERGRADUATE STUDENT SOCIETY
STATEMENT OF OPERATIONS
YEAR ENDED JUNE 30, 2022

	General Fund 2022	Building Fund 2022	Capital Fund 2022	2022	2021
EXPENSES					
Amortization	-	-	66,587	66,587	66,505
Communication	2,146	-	-	2,146	2,513
Degrees Coffee Shop (Schedule 1)	94,448	-	-	94,448	71,430
Health & Dental Plan	390,718	-	-	390,718	285,713
Honorariums	7,150	-	-	7,150	4,950
Interest and bank charges	1,769	-	-	1,769	2,093
Interest on long-term debt	-	64,059	-	64,059	65,093
Operational	44,091	-	-	44,091	47,635
Building Costs	-	295	-	295	159
Professional fees	20,881	-	-	20,881	26,977
SLO and Student Support	10,500	-	-	10,500	9,650
Student Related Expenses	8,398	-	-	8,398	2,930
Thirsty Moose Pub (Schedule 2)	99,002	-	-	99,002	4,428
Wages and benefits	154,885	-	-	154,885	124,326
TOTAL EXPENSES	833,988	64,354	66,587	964,929	714,402
OTHER INCOME					
Government Subsidy (Note 7)	28,912	-	-	28,912	99,313
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ 42,769	\$ 129,731	\$ (66,587)	\$ 105,913	\$ 114,000

See accompanying notes to these financial statements

UNBC Northern Undergraduate Student Society
Statement of Changes In Fund Balances
For the year ended June 30, 2022

	General Fund	Building Fund	Capital Fund	June 30 2022	June 30 2021
Balance, beginning of year	\$ (154,475)	\$ 611,384	\$ 654,959	\$ 1,111,869	\$ 997,869
Excess (deficiency) of revenue over expenditures	42,769	129,731	(66,587)	105,913	114,000
Repayment of term loan	-	(70,792)	70,792	-	-
Purchase of capital assets	(38,476)	-	38,476	-	-
Balance, ending of year	\$ (150,182)	\$ 670,323	\$ 697,640	\$ 1,217,782	\$ 1,111,869

See accompanying notes to these financial statements

UNBC Northern Undergraduate Student Society
Statement of Cash Flows
For the year ended June 30, 2022

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Excess of revenue over expenditures	\$ 105,913	\$ 114,000
Adjustments for		
Amortization	<u>66,587</u>	66,505
Change in non-cash working capital items		
Accounts receivable	(27,466)	6,750
Prepaid expenses	(8,140)	(5,334)
Inventory	(692)	2,486
Accounts payable and accrued liabilities	49,301	(37,216)
Government remittances	<u>(3,839)</u>	1,669
	<u>181,664</u>	148,860
CASH FLOWS FROM INVESTING ACTIVITY		
Purchase of capital assets	(38,476)	(2,146)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of long term debt	(70,792)	(68,928)
Repayment of callable debt	<u>-</u>	(9,167)
	<u>(70,792)</u>	(78,095)
INCREASE IN CASH	72,396	68,619
CASH, BEGINNING OF YEAR	<u>441,875</u>	<u>373,256</u>
CASH, END OF YEAR	<u><u>\$ 514,271</u></u>	<u><u>\$ 441,875</u></u>

See accompanying notes to these financial statements

UNBC NORTHERN UNDERGRADUATE STUDENT SOCIETY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

NATURE OF OPERATIONS

UNBC Northern Undergraduate Student Society (the "Society") works to facilitate an awareness of the rights and views of its members by acting in a fair and democratic manner through the promotion, education and representation of undergraduate students at the University of Northern British Columbia ("UNBC").

The Society is incorporated under the Societies Act (British Columbia), and is a non-profit organization pursuant to section 149(1) (l) of the Income Tax Act.

1. SIGNIFICANT ACCOUNTING POLICIES

These financial statements are prepared in accordance with Canadian Standards for Non-Profit Organizations. The significant policies are detailed as follows:

(a) Fund accounting

The Society follows the restricted fund method of accounting for contributions.

The Society classifies revenue and expenditures for accounting and reporting purposes into funds according to the activity or objective specified.

The General fund accounts for the operating and administrative revenues and expenditures related to the day-to-day operations of the Society.

The Capital fund accounts for the acquisition and disposal of tangible capital assets.

The Building fund accounts for revenues and expenses related to the financing of the student centre.

(b) Revenue recognition

Contributions related to general operations are recognized as revenue of the General fund in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue of the General fund or Building fund when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Restricted contributions are recognized as revenue of the appropriate fund.

Revenue from the sale of goods in Degree Coffee Shops and Thrifty Moose Pub are recognized when the goods have been accepted by the customer and reasonable assurance exists regarding the consideration to be received and ultimate collection.

UNBC NORTHERN UNDERGRADUATE STUDENT SOCIETY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(c) Tangible capital assets

Assets costing more than \$250 acquired by the Society for use in operations are capitalized at their respective cost. Amortization of tangible capital assets is reported in the Capital fund and has been provided on the following basis and rates:

Student Centre	Declining balance	30%
Office furniture and equipment	Declining balance	20%
Student Centre-leasehold improvements	Straight-line	50 years

Tangible capital assets are reviewed for impairment whenever events or changes in the circumstances indicate that the carrying value may not be recoverable. If the total of the estimated undiscounted future cash flows is less than the carrying value of the asset, an impairment loss is recognized for the excess of the carrying value over the fair value of the asset during the year the impairment occurs.

(d) Inventory

Inventory is measured at the lower of cost and net realizable value, with cost being determined using the purchase cost method. Net realizable value is the estimated selling price in the ordinary course of business, less any applicable variable selling costs.

Inventory is written down to net realizable value when the cost of inventory is not estimated to be recoverable. When the circumstances that previously caused inventory to be written down below cost no longer exists or when there is clear evidence of an increase in net realizable value because of changed economic circumstances, the amount of the write-down is reversed (the reversal is limited to the amount of the original write-down).

(e) Donations

Donations of consumable goods and services are recorded as revenue at their estimated fair market value and offset by a charge to the appropriate expenditures, with the exception of the lease agreement the Society has with UNBC, see Note 9.

(f) Government assistance

Government assistance is accounted for as revenue when received or receivable when the amount to be received can be reasonably estimated and collection is reasonably assured.

UNBC NORTHERN UNDERGRADUATE STUDENT SOCIETY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(g) Use of estimates

The preparation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenditures during the period. Accounts subject to such estimates and assumptions include the carrying amounts of accounts receivable and tangible capital assets. Actual results could differ from management's best estimates as additional information becomes available in the future.

(h) Financial instruments

Financial instruments originating in an arm's length transaction are recorded at fair value on initial recognition. Financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the effective interest rate method.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Society determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the higher of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Society expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

UNBC NORTHERN UNDERGRADUATE STUDENT SOCIETY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

2. CASH

	2022	2021
General account	\$ 282,429	\$ 225,388
Health and dental account	231,842	216,487
	<u>\$ 514,271</u>	<u>\$ 441,875</u>

3. INVENTORY

	2022	2021
Degrees Coffee Shop food	\$ 6,855	\$ 3,766
Thirsty Moose Pub liquor	3,247	3,855
Thirsty Moose Pub Food	2,421	4,210
	<u>\$ 12,523</u>	<u>\$ 11,831</u>

	Degrees Coffee Shop	Thirsty Moose	2022	2021
Inventory, beginning of year	\$ 3,766	\$ 8,065	\$ 11,831	\$ 14,317
Purchases	66,717	24,833	91,550	27,824
Inventory, end of year	<u>(6,855)</u>	<u>(5,668)</u>	<u>(12,523)</u>	<u>(11,831)</u>
Inventory expense during the year	<u>\$ 63,628</u>	<u>\$ 27,230</u>	<u>\$ 90,858</u>	<u>\$ 30,310</u>

UNBC NORTHERN UNDERGRADUATE STUDENT SOCIETY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

4. TANGIBLE CAPITAL ASSETS

	Cost	Accumulated Amortization	2022 Net Book Value	2021 Net Book Value
Computer equipment	\$ 68,769	\$ 66,785	\$ 1,984	\$ 2,835
Office equipment	578,112	534,212	43,900	36,829
Student Centre	2,849,557	717,255	2,132,302	2,166,634
	<u>\$ 3,496,438</u>	<u>\$ 1,318,252</u>	<u>\$ 2,178,186</u>	<u>\$ 2,206,298</u>

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2022	2021
Accrued liabilities	\$ 15,000	\$ 15,000
BMO Mastercard	18,750	3,622
Other payables	6,013	3,082
UPASS liability	39,314	8,526
Vacation pay payable	4,003	4,209
Wages and benefits payable	2,599	2,191
	<u>\$ 85,679</u>	<u>\$ 36,630</u>

UNBC NORTHERN UNDERGRADUATE STUDENT SOCIETY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

6. LONG TERM DEBT

	2022	2021
Bank of Montreal - term loan, bearing interest of 4.41% per annum, repayable in monthly payments of \$11,334 including interest. The loan is secured by a general security agreement including an assignment of student fees, commercial income and rents from operation of the Student Centre.	<u>\$ 1,455,071</u>	<u>\$ 1,525,863</u>
Less current portion	<u>1,455,071</u> <u>73,340</u>	<u>1,525,863</u> <u>71,878</u>
Due beyond one year	<u><u>\$ 1,381,731</u></u>	<u><u>\$ 1,453,985</u></u>

Principle repayments in the next five years are estimated to be as follows:

	June 30 2022
2023	\$ 73,340
2024	76,640
2025	80,089
2026	83,694
2027	<u>87,460</u>
Subsequent	<u>401,223</u> <u>980,508</u>
	<u><u>\$ 1,381,731</u></u>

7. GOVERNMENT SUBSIDY

The Society was eligible for the Canadian Emergency Wage Subsidy (CEWS) offered to employers facing hardship as a result of COVID-19. The Society received a subsidy for each employee up to a maximum of \$847 per week or 75% of employee wages. The amount received totaled \$28,912 (2021 \$99,313) and is disclosed in other income.

UNBC NORTHERN UNDERGRADUATE STUDENT SOCIETY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

8. FINANCIAL INSTRUMENTS

The Society's financial instruments consist of cash, accounts receivable, accounts payable and accrued liabilities and long-term debt.

(a) **Market risk**

The current challenging economic climate may lead to adverse changes in cash flows and working capital levels, which may also potentially have a direct impact on the operating results and financial position of the Society in the future.

(b) **Credit risk**

The Society does not normally provide credit in the normal course of business; therefore, the credit risk minimal.

(c) **Concentration risk**

The Society is affected by student enrolment at University of Northern British Columbia. A decline in enrolment or other adverse conditions could lead to reduced revenue.

(d) **Liquidity risk**

Liquidity risk is the risk that the Society will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Society manages its liquidity risk by monitoring its operating requirements. There has been no change to risk exposures from 2022.

UNBC NORTHERN UNDERGRADUATE STUDENT SOCIETY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

9. STUDENT CENTRE FACILITY

The Society and UNBC have entered into a lease agreement for the student centre facility. The agreement provides for an initial term of 25 years, two renewal terms of 25 years each and a final renewal term of 24 years. Rent under the lease is \$1 per term plus a portion of certain operating costs related to the facility. As at June 30, 2022, the fair value of these contributed services is not readily available; therefore, the Society has elected to recognize these services at cost.

10. DIRECTOR REMUNERATION

For the fiscal year ending June 30, 2022, the Society paid total remuneration including honorariums and source deductions as follows:

	2022	2021
President	\$ 1,600	\$ 1,100
Vice- President	1,400	1,100
Director	1,200	1,100
Director	1,200	550
Director	600	550
CEDI Councillor	550	550
CEDI Councillor	300	-
CEDI Councillor	300	-
	<u>\$ 7,150</u>	<u>\$ 4,950</u>

11. SALARIES

As required by the Societies Act, the Society must disclose the amount, in aggregate, of salaries and number of employees whose salaries are over \$75,000 per annum. There are no employees whose salaries are over \$75,000 per annum.

12. ECONOMIC DEPENDENCE

UNBC Northern Undergraduate Student Society generates the majority of its revenues from student fees of University of Northern British Columbia. There is an economic dependence between UNBC NUGSS and Students of UNBC.

UNBC NORTHERN UNDERGRADUATE STUDENT SOCIETY
ENTERPRISE OPERATIONS-DEGREES COFFEE SHOP
JUNE 30, 2022
Schedule 1

	2022	2021
REVENUE	\$ 158,380	\$ 74,808
COST OF SALES		
Purchases- food	<u>66,716</u>	<u>27,561</u>
GROSS PROFIT	<u>91,664</u>	<u>47,247</u>
EXPENSES		
Advertising and promotions	2,405	879
Bank charges and interest	3,407	1,873
Insurance	1,655	2,000
Maintenance and repairs	1,418	484
Materials and supplies	4,507	5,380
Parking fees	257	-
Property taxes and licenses	1,301	2,267
Wages and benefits	<u>79,498</u>	<u>58,547</u>
	<u>94,448</u>	<u>71,430</u>
OPERATING LOSS	<u>\$ (2,784)</u>	<u>\$ (24,183)</u>

See accompanying notes to these financial statements

UNBC NORTHERN UNDERGRADUATE STUDENT SOCIETY
ENTERPRISE OPERATIONS- THIRSTY MOOSE PUB
JUNE 30, 2022
Schedule 2

	2022	2021
REVENUE	\$ 96,426	\$ -
COST OF SALES		
Purchases- drinks	12,142	626
Purchases- food (recovery)	24,833	(363)
	<u>36,975</u>	<u>263</u>
GROSS PROFIT	<u>59,451</u>	<u>(263)</u>
EXPENSES		
Advertising	1,096	-
Bank charges and interest	2,097	-
Insurance	8,020	384
Materials and supplies	4,227	158
Office	4,081	1,298
Repairs and maintenance	7,421	2,798
Utilities (recovery)	3,695	(210)
Wages and benefits	68,365	-
	<u>99,002</u>	<u>4,428</u>
OPERATING LOSS	<u>\$ (39,551)</u>	<u>\$ (4,691)</u>

See accompanying notes to these financial statements