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The Alma Mater Society of  
The University of  
British Columbia Vancouver  
Financial Statements  
April 30, 2018

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The Alma Mater Society of  
The University of British Columbia Vancouver  
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April 30, 2018

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## Independent Auditor's Report

To the Members of The Alma Mater Society of the University of British Columbia Vancouver

### Report on the Financial Statements

We have audited the accompanying financial statements of The Alma Mater Society of the University of British Columbia Vancouver, which comprise the statement of financial position as at April 30, 2018 and the statement of operations, statement of changes in net assets and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these 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.

#### *Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

#### *Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of The Alma Mater Society of the University of British Columbia Vancouver as at April 30, 2018, 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.



## Report on Other Legal and Regulatory Requirements

As required by the *Societies Act* (British Columbia), we report that, in our opinion, the accounting principles in the Canadian accounting standards for not-for-profit organizations have been applied on a basis consistent with that of the preceding year.

Vancouver, B.C.  
August 28, 2018

Chartered Professional Accountants

The Alma Mater Society of  
The University of British Columbia Vancouver  
Statement of Financial Position  
April 30, 2018

	2018 \$	2017 \$
<b>Assets</b>		
<b>Current assets</b>		
Cash	276,985	264,662
Sundry accounts and advances	860,144	715,202
Marketable securities (Note 3)	6,281,014	5,500,113
Inventories	206,102	195,163
Due from clubs and societies	16,300	6,483
Prepaid expenses	<u>317,908</u>	<u>165,096</u>
	7,958,453	6,846,719
Marketable securities (Note 3)	7,829,044	10,722,439
Art collection	678,375	678,375
Property and equipment (Note 4)	<u>107,698,303</u>	<u>105,842,487</u>
	124,164,175	124,090,020
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities (Note 6)	2,751,571	2,416,227
Accrued interest payable (Note 7)	25,429	2,049,796
Due to clubs and societies	3,426,443	3,344,403
Current portion of long-term debt (Note 8)	<u>2,694,303</u>	<u>617,332</u>
	8,897,746	8,427,758
Deferred capital contribution (Note 10)	23,787,879	24,242,425
Long-term debt (Note 8)	<u>64,582,423</u>	<u>65,457,573</u>
	97,268,048	98,127,756
Contingency (Note 11)		
<b>Net assets</b>		
<b>Restricted</b>		
- Invested in art collection	678,375	678,375
- Bursary endowment reserve	862,309	845,152
- Endowment reserve	2,124,585	2,124,585
- Health and dental reserve	5,200,790	4,696,866
- Other reserves	4,458,518	4,135,794
- Invested in property and equipment	16,633,778	15,525,237
- Nest debt repayment reserve	692,568	808,865
- Accrued interest on long-term debt (Note 7)	<u>(25,429)</u>	<u>(2,049,796)</u>
	30,625,494	26,765,078
Internally designated - other special purpose reserves and provisions	1,314,941	1,136,416
Unrestricted - general surplus (deficit)	<u>(5,044,308)</u>	<u>(1,939,230)</u>
	26,896,127	25,962,264
	124,164,175	124,090,020

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

Approved by  Vice President, Finance,  Managing Director

The Alma Mater Society of  
The University of British Columbia Vancouver  
Statement of Operations  
Year ended April 30, 2018

	2018 \$	2017 \$
		(Note 19)
Revenue		
Student and other fees	10,500,574	10,044,897
Health and dental fees and other (Note 12)	10,152,639	9,077,841
Food, beverage and building services, net (Note 13)	(90,427)	177,934
Investment income (Note 14)	178,148	322,408
Amortization of deferred capital contribution	<u>454,545</u>	<u>454,545</u>
	<u>21,195,479</u>	<u>20,077,625</u>
Expenses		
Other reserves expenses		
Capital Projects Fund	91,295	229,659
CiTR Radio Reserve	186,434	225,207
Intramural and Athletics Reserve	1,035,993	1,291,309
Sexual Assault Support Services Reserve	295,057	254,369
Student Aid Bursary Fund	618,000	536,452
Other	<u>439,345</u>	<u>448,503</u>
	2,666,124	2,985,499
Internally designated reserves expenses		
Campus Culture and Performance	40,165	39,760
Innovative Projects Fund	-	(10,856)
Nest Building Fund	-	129,516
Other	<u>370,407</u>	<u>446,313</u>
	410,572	604,733
Unrestricted expenses		
Student Activities and Government	1,567,207	1,642,839
Administrative and Information Systems	<u>931,429</u>	<u>850,864</u>
	2,498,636	2,493,703
Invested in property and equipment expenses		
Amortization of property (Note 4)	1,907,027	1,968,632
Amortization of financing fees	<u>29,968</u>	-
	1,936,995	1,968,632
Health and Dental Reserve	9,648,715	8,925,842
Interest on long-term debt (Note 9)	<u>3,117,732</u>	<u>3,807,390</u>
	<u>20,278,774</u>	<u>20,785,799</u>
Excess (deficiency) of revenues over expenses	916,705	(708,174)

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

The Alma Mater Society of  
The University of British Columbia Vancouver

Statement of Changes in Net Assets  
Year ended April 30, 2018

											2018	2017
											\$	\$
	Invested in art collection	Bursary endowment reserve	Endowment reserve	Health and dental reserve	Other reserves	Invested in property and equipment	Nest debt repayment reserve	Accrued interest on long-term debt	Internally designated	Unrestricted	Total	Total
Balance, beginning of year	678,375	845,152	2,124,585	4,696,866	4,135,794	15,525,238	808,865	(2,049,796)	1,136,416	(1,939,230)	25,962,265	26,651,842
Deficiency of revenue over expenses	-	-	-	-	-	-	-	-	-	916,705	916,705	(708,174)
Interest income	-	17,157	-	-	-	-	-	-	-	-	17,157	18,597
Transfers												
Non-discretionary appropriations and contributions	-	-	-	10,152,639	3,118,528	-	-	-	235,659	(13,506,826)	-	-
Discretionary appropriations and transfers	-	-	-	-	(129,680)	-	-	-	144,680	(15,000)	-	-
Nest student fees	-	-	-	-	-	-	4,969,380	-	-	(4,969,380)	-	-
Donation	-	-	-	-	-	-	50,000	-	-	(50,000)	-	-
Long-term debt financing	-	-	-	-	-	(70,150,000)	-	-	-	70,150,000	-	-
Repayment of long-term debt	-	-	-	-	-	68,747,905	-	-	-	(68,747,905)	-	-
Deferred financing fees	-	-	-	-	-	230,242	-	-	-	(230,242)	-	-
Change in accrued interest on long-term debt	-	-	-	-	-	-	-	2,024,367	-	(2,024,367)	-	-
Total interest paid on long-term debt	-	-	-	-	-	-	(5,135,677)	-	-	5,135,677	-	-
Restricted fund expenses	-	-	-	(9,648,715)	(2,666,124)	-	-	-	(410,572)	12,725,411	-	-
Acquisition of equipment	-	-	-	-	-	210,915	-	-	-	(210,915)	-	-
Loss on removal of equipment	-	-	-	-	-	(7,663)	-	-	7,663	-	-	-
Renovations under construction	-	-	-	-	-	4,774,422	-	-	-	(4,774,422)	-	-
Amortization of property and equipment	-	-	-	-	-	(3,121,858)	-	-	201,095	2,920,763	-	-
Amortization of deferred capital contribution	-	-	-	-	-	454,545	-	-	-	(454,545)	-	-
Amortization of deferred financing fees	-	-	-	-	-	(29,968)	-	-	-	29,968	-	-
Balance, end of year	678,375	862,309	2,124,585	5,200,790	4,458,518	16,633,778	692,568	(25,429)	1,314,941	(5,044,308)	26,896,127	25,962,265

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

# The Alma Mater Society of The University of British Columbia Vancouver

Statement of Cash Flows  
Year ended April 30, 2018

	2018 \$	2017 \$
Cash flows from operating activities		
Excess (deficiency) of revenue over expenses	916,705	(708,174)
Items not requiring cash		
Amortization of property and equipment	3,121,858	3,171,983
Amortization of deferred capital contribution	(454,545)	(454,545)
Amortization of deferred financing fees	29,968	-
Loss on removal of equipment	7,663	-
Decrease (increase) in		
Sundry accounts and advances	(144,942)	(51,368)
Inventories	(10,939)	(40,780)
Prepaid expenses	(152,812)	(20,277)
Due from clubs and societies	(9,817)	(2,606)
Increase (decrease) in		
Accounts payable and accrued liabilities	338,557	(192,995)
Accrued interest payable	(2,024,367)	(1,131,372)
Due to clubs and societies	82,040	(35,011)
	<u>1,699,369</u>	<u>534,855</u>
Cash flows from (used in) investing activities		
Net decrease in marketable securities	2,109,281	618,430
Acquisition of property and equipment	(4,985,337)	(1,312,178)
Bursary endowment donations and interest, net of awards	17,157	18,597
	<u>(2,858,899)</u>	<u>(675,151)</u>
Cash flows from financing activities		
Repayment of line of credit	-	(157,000)
Proceeds from long-term debt	70,150,000	931,171
Repayment of long-term debt	(68,747,905)	-
Deferred financing fees	(230,242)	-
	<u>1,171,853</u>	<u>774,171</u>
Increase in cash during the year	12,323	633,875
Cash (cheques issued in excess of funds on deposit), beginning of year	<u>264,662</u>	<u>(369,213)</u>
Cash, end of year	276,985	264,662

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

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# The Alma Mater Society of The University of British Columbia Vancouver

## Notes to the Financial Statements

April 30, 2018

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### 1. Purpose

The Society is the student society of the University of British Columbia Vancouver ("UBC") of which all students are members. The Society's mission is "to improve the quality of the educational, social and personal lives of the students of UBC". The Society is incorporated in the Province of British Columbia under the *Societies Act* and is a tax-exempt body under Section 149 of the *Income Tax Act* as long as certain criteria continue to be met.

### 2. Significant accounting policies

#### Basis of presentation

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO") which necessarily involve the use of estimates. The financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of significant accounting policies summarized below.

#### Fund accounting

Revenues from the sale of art pieces and expenses related to the maintenance of the Society's art collection are recorded in the Invested in Art Collection Reserve.

Bursary endowment contributions are reported in the Bursary Endowment Reserve. Interest income is reported in the Bursary Endowment Reserve.

Endowment contributions are reported in the Endowment Reserve. Interest income is reported in the Endowment Reserve.

Student fees collected and premiums paid for the health and dental plan are recorded in the Health and Dental Reserve.

Student fees collected, inter-fund transfers and disbursements incurred are reported in Other Reserves. Other Reserves includes reserves for capital projects, CiTR Radio, lighter footprint, refugee students, resource group, sexual assault support services, student aid bursary, student legal, management reserve, and ombudsperson.

Invested in Property and Equipment Reserve reports the assets, liabilities, revenues and expenses related to capital assets.

Student fees collected and interest and principal payments on the long term debt related to the Nest Building are recorded in the Nest Debt Repayment Reserve.

Accrued interest on the long term debt is recorded in the Accrued Interest on Long-Term Debt Reserve.

Student fees collected, inter-fund transfers and disbursements incurred are reported in Internally Designated. Internally Designated includes reserves for art collection, childcare, club benefits, constituency aid, impact grant, innovative project, student initiatives, repairs and replacement of furnishings and equipment, intramural and athletics, municipal and provincial elections, and campus culture and performance.

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# The Alma Mater Society of The University of British Columbia Vancouver

## Notes to the Financial Statements

April 30, 2018

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### 2. Significant accounting policies - continued

#### Estimates

The preparation of financial statements in accordance with Canadian ASNPO requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amount of revenues and expenditures during the period. Actual results could differ from these estimates.

Significant estimates made by management include amortization of property and equipment, non-recurring capital items and student facilities.

#### Cash and cash equivalents

Cash and cash equivalents include highly liquid investments with a term to maturity of three months or less at the date of purchase.

#### Marketable securities

Marketable securities include government and commercial marketable certificates and mutual funds.

Government and commercial marketable certificates are initially recorded at fair market value and subsequently measured at amortized cost bearing interest at effective annual rates ranging from 1.15% to 2.75% per annum, maturing on various dates ranging from May 15, 2018 to September 1, 2022.

Marketable securities are initially recorded and subsequently measured at fair value. Changes in fair value are recognized in income as they occur. Transaction costs associated with the acquisition of these marketable securities is recognized in income in the period incurred.

The Society follows the policy of pooling, for investment purposes, monies set aside for specific future use.

#### Inventories

Inventories held for resale, including food and merchandise, are recorded at the lower of cost or net realizable value. Cost is determined on a first-in, first-out basis. Cost includes invoice cost and other costs incurred in bringing the inventories to their present location and condition. Net realizable value is the estimated selling price less the estimated costs necessary to make the sale. Inventories are written down to net realizable value when the cost of inventories is estimated not to be recoverable. When circumstances that previously caused inventories to be written down below cost no longer exist, the amount of write-down previously recorded is reversed.

#### Art collection

The art collection owned by the Society is recorded at the cost of \$ 678,375, with the corresponding equity classified as "Invested in art collection". During the 2016 fiscal year, an appraisal was conducted for insurance purposes by a member of the International Society of Appraisers. The art collection was appraised at \$ 3,918,500 for 72 items.

#### Bursary endowment reserve

Student awards may be granted from this reserve, through the UBC Awards Office, to the extent of interest earned, donations and government subsidies received.

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# The Alma Mater Society of The University of British Columbia Vancouver

Notes to the Financial Statements

April 30, 2018

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## 2. Significant accounting policies - continued

### Property and equipment

Property and equipment are carried at cost less accumulated amortization. The Society amortizes its property and equipment on a straight-line basis commencing within three months of acquisition or project completion, over the following estimated useful life of the asset:

Furniture, fixtures and equipment	-	4 years
Nest Building furniture and equipment	-	5 years
Computer equipment	-	3 years
Nest Building	-	55 years (lease term)

At the end of the lease term, the Nest Building and related leasehold improvements will revert to the University of British Columbia.

### Impairment of long-lived assets

Long-lived assets are assessed for impairment when events and circumstances warrant. The carrying value of long-lived assets is impaired when the carrying amount exceeds the estimated undiscounted net cash flow from use and fair value. In that event, the amount by which the carrying value of an impaired long-lived asset exceeds its fair value is charged to earnings.

### Revenue recognition

Revenue from fees collected is recognized when the services have been provided to the student, and when collection of the fee amount is believed to be reasonably assured.

Revenue from food, beverage and building services is recognized when the goods are received by the purchaser, or when the services have been provided to the purchaser, and when collection of the sale amount is believed to be reasonably assured.

Investment income includes dividend and interest income and is recognized as earned and when collection is believed to be reasonably assured.

### Financing fees

Costs relating to financing have been capitalized as financing fees, netted against long-term debt and amortized on a straight-line basis over the term of the related debt.

### Hedge accounting

The Society holds interest rate swaps to protect against changes in interest rates on floating-rate debt, which it designates as a hedge of an interest-bearing liability and to which it applies hedge accounting.

When hedge accounting is applied, interest rate swaps are not recognized. Net amounts receivable or payable on interest rate swaps are recognized monthly as an adjustment to interest on hedged long-term debt.

The Alma Mater Society of  
The University of British Columbia Vancouver  
Notes to the Financial Statements  
April 30, 2018

3.	Marketable securities	2018 \$	2017 \$
	Government and commercial marketable certificates maturing within twelve months bearing interest at effective annual rates ranging from 1.53% to 2.75% (2017 - 1.15% to 2.45%):		
	- Original cost	6,215,856	5,465,000
	- Effective accrued interest	<u>65,158</u>	<u>35,113</u>
	Current marketable securities	<u>6,281,014</u>	<u>5,500,113</u>
	Government and commercial marketable certificates maturing beyond twelve months bearing interest at effective annual rates ranging from 2.12% to 3.02% (2017 - 2.12% to 3.02%):		
	- Original cost	4,505,492	10,452,828
	- Effective accrued interest	<u>30,760</u>	<u>269,611</u>
		4,536,252	10,722,439
	Mutual funds		
	- Original cost	3,325,364	-
	- Unrealized loss	<u>(32,572)</u>	<u>-</u>
		<u>3,292,792</u>	<u>-</u>
	Long-term marketable securities	<u>7,829,044</u>	<u>10,722,439</u>
	Total marketable securities	14,110,058	16,222,552
4.	Property and equipment		2018 \$
		Cost	Accumulated amortization
			Net
	Furniture, fixtures and equipment	5,980,946	3,454,238
	Computer equipment	423,651	353,241
	Student Nest Building	104,020,962	5,085,405
	SUB renovation in progress	<u>6,165,628</u>	<u>-</u>
		116,591,187	8,892,884
			107,698,303

Included in SUB renovation in progress is \$3,707,689 (2017 - \$525,697) of construction costs and \$2,457,939 (2017 - \$Nil) of prepaid advances for construction costs to be incurred.

# The Alma Mater Society of The University of British Columbia Vancouver

Notes to the Financial Statements

April 30, 2018

4. Property and equipment - continued	2017 \$		
	Cost	Accumulated amortization	Net
Furniture, fixtures and equipment	5,831,231	2,290,389	3,540,842
Computer equipment	380,841	312,987	67,854
Student Nest Building	104,886,472	3,178,378	101,708,094
SUB renovation in progress	<u>525,697</u>	<u>-</u>	<u>525,697</u>
	<u>111,624,241</u>	<u>5,781,754</u>	<u>105,842,487</u>

During the year, amortization of property and equipment amounted to \$ 3,121,858 (2017 - \$ 3,171,982), of which \$ 1,214,831 (2017 - \$ 1,203,350) is classified as follows:

	2018 \$	2017 \$
Food, beverage and building services	982,736	963,552
Other internally designated reserves	202,480	210,734
Student Activities and Government	3,197	2,113
Administrative and Information Systems	<u>26,418</u>	<u>26,951</u>
	<u>1,214,831</u>	<u>1,203,350</u>

During the year, the Society retired equipment with a net book value of \$ 7,663 for \$ Nil proceeds. The loss has been classified as an other internally designated reserves expense.

## 5. Line of credit

The Society has a revolving line of credit that is repayable on demand, which bears interest at the lender's prime rate of interest plus 0.25% and is uncollateralized. The Society may borrow up to \$ 2,500,000 under this credit facility. The balance of the line of credit at the end of fiscal 2018 was \$ Nil (2017 - \$ Nil).

## 6. Accounts payable and accrued liabilities

Included in accounts payable and accrued liabilities are the following amounts due to governments:

	2018 \$	2017 \$
Payroll remittance	46,439	57,374
GST/HST payable	29,516	43,494
PST payable	8,901	9,860
WorkSafe BC premiums	<u>6,005</u>	<u>8,469</u>
	<u>90,861</u>	<u>119,197</u>

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The Alma Mater Society of  
The University of British Columbia Vancouver  
Notes to the Financial Statements  
April 30, 2018

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7. Accrued interest payable

Interest of \$ 25,429 (2017 - \$ 2,049,796) on the long-term debt has been accrued up to April 30, 2018. The long-term debt payment, due October 2018, will be funded from the September 2018 student's special assessment. The deficit at year end relating to the accrued interest, to be funded from fees collected the following September, has been separately classified in net assets.

8. Long-term debt	2018 \$	2017 \$
Requiring annual principal and interest payments of \$ 4,416,639 commencing October 15, 2016, with interest calculated at an annualized interest rate of 7.489% for the first period and 5.75% per annum for each year thereafter, due June 2050	-	66,074,905
Banker's acceptance bearing interest at the bankers acceptance rate currently prime plus 0.25% per annum plus a stamping fee of 0.50%; secured by a general security agreement, a mortgage of the lease and assignment of the rents on the leasehold interest in the Project Lands and an assignment of the student levy collected annually; due December 31, 2020, with options to extend annually thereafter	67,477,000	-
Unamortized financing fees	(200,274)	-
Less: Current portion	<u>(2,694,303)</u>	<u>(617,332)</u>
	<u>64,582,423</u>	<u>65,457,573</u>

The following principal repayments are required in the following fiscal years:

	\$
2019	2,694,303
2020	2,783,120
2021	<u>61,799,303</u>

9. Interest rate swap

The Society has entered into an interest rate swap to which hedge accounting is applied. The swap is used to hedge the Society's exposure to interest rate risk related to the long-term debt. Under the swap arrangement, interest is calculated at 2.73% per annum based on a notional amount equal to the long-term debt amount as described in Note 8 and matures on a basis consistent with the long-term debt repayment schedule.

The Alma Mater Society of  
The University of British Columbia Vancouver  
Notes to the Financial Statements  
April 30, 2018

10. Deferred capital contributions

Contributions that are restricted for capital and have been spent on capital are referred to as deferred capital contributions. Amounts are recognized into revenue as the liability is extinguished over the useful life of the related tangible capital asset.

	Capital contribution	Accumulated amortization	2018 \$ Net
Nest Building - U.B.C. contribution	25,000,000	1,212,121	23,787,879

  

	Capital contribution	Accumulated amortization	2017 \$ Net
Nest Building - U.B.C. contribution	25,000,000	757,575	24,242,425

11. Contingency

In 2009, Canada Revenue Agency ("CRA") conducted a Non-Profit Organization Risk Identification Project ("NPORIP") in which they randomly sampled approximately 1,400 of the 39,000 tax-filing non-profit organizations to see if they met the income tax exemption criteria under the Income Tax Act. Based on the published results of the NPORIP, CRA appears to be applying a restrictive view of the exemption criteria, which does not appear to be supported by existing case law. Accordingly, in CRA's view, a significant portion of incorporated NPOs would fail to meet all of the income tax exemption criteria. At this time CRA is focusing on education within the NPO sector to improve NPO compliance with the Income Tax Act, and has provided a copy of their report to the Department of Finance for consideration of amending the relevant legislation.

Society management believes that all requirements to be a tax-exempt body have been met; however, the ultimate conclusion to this matter is not determinable at this time and no accrual for any potential tax liability has been accrued.

12. Health and dental plan

The Society's health and dental plan is under refund/retention accounting which allows the Society to participate in the financial results of the plan. The plan includes a claims fluctuation reserve ("CFR") that is funded by surpluses in the plan and can be used in future years to cover any deficits. Once the CFR is fully funded, any surpluses in excess are refunded to the Society. The CFR is fully funded at 15% of annual premiums. During the 2018 fiscal year, a surplus of \$ 428,662 was refunded to the Society. During the 2017 fiscal year, the CFR covered a deficit of \$ 42,349. At the end of the August 31, 2017 policy year, the CFR balance was fully funded at \$ 1,364,333 (August 31, 2016 - \$ 1,199,967).

The Alma Mater Society of  
The University of British Columbia Vancouver  
Notes to the Financial Statements  
April 30, 2018

13. Food, beverage and building services	2018 \$		
	<u>Revenue</u>	<u>Expenses</u>	Excess (deficiency) of revenue over expenses
Licensed premises	3,409,284	3,068,774	340,510
Food outlets	5,396,671	4,328,526	1,068,145
Building services	708,260	385,404	322,856
Food and beverage services	79,750	970,260	(890,510)
Administration and information systems	<u>9,678</u>	<u>941,106</u>	<u>(931,428)</u>
	9,603,643	9,694,070	(90,427)
	2017 \$		
	<u>Revenue</u>	<u>Expenses</u>	Excess (deficiency) of revenue over expenses
Licensed premises	3,091,482	3,054,612	36,870
Food outlets	5,572,484	4,357,730	1,214,754
Building services	794,249	168,910	625,339
Food and beverage services	63,628	911,793	(848,165)
Administration and information systems	<u>12,731</u>	<u>863,595</u>	<u>(850,864)</u>
	9,534,574	9,356,640	177,934
	2018 \$		
14. Investment income	2017 \$		2018 \$
Interest income	234,168	322,408	
Realized gain (loss) on sale of investments	(23,448)	-	
Unrealized gain (loss) on sale of investments	<u>(32,572)</u>	<u>-</u>	
	178,148	322,408	

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15. Remuneration paid to employees and contractors

Under the *Societies Act* (British Columbia), the Society is required to disclose the total number of employees and contractors earning over \$ 75,000 and total remuneration paid. The following details the remuneration paid during the fiscal year:

	2018	2017
Number of employees and contractors	7	6
Total remuneration paid	\$ 753,239	\$ 628,129

16. Remuneration paid to directors

Under the *Societies Act* (British Columbia), the Society is required to disclose any remuneration paid to directors. The following details the remuneration paid during the fiscal year:

	2018	2017
	\$	\$
President	37,134	37,134
VP of Finance	37,134	37,134
VP Administration	37,134	37,134
VP External	37,134	37,134
VP Academic and University Affairs	<u>37,134</u>	<u>37,134</u>
	185,670	185,670

17. Financial instruments

The Society's financial instruments consist of cash, sundry accounts and advances, amounts due from clubs and societies, marketable securities, accounts payable and amounts due to clubs and societies.

Interest rate risk

Marketable securities include long-term debt obligations bearing interest at fixed rates. These marketable securities are therefore subject to interest rate risk as fluctuations in market rates of interest may increase or decrease their fair value.

Credit risk

Sundry accounts and advances, amounts due from clubs and societies and marketable securities are exposed to credit risk due to the potential for counterparties to default on their contractual obligations. The maximum potential loss on all financial instruments is equal to the carrying amounts of those items.

Liquidity risk

The Society believes that it has sufficient credit facilities to ensure that funds are available to meet its current and long-term financial needs, at a reasonable cost.

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18. Interfund transfers and internal restrictions

Amounts of \$ 3,000, \$ 5,000 and \$ 15,000 (2017 - \$ 1,500, \$ 5,000, and \$ 15,000) were transferred respectively from Unrestricted to the Art Reserve, the Student Initiatives Reserve and the Municipal, Provincial and Federal Elections Reserves to fund disbursements such as repairing and maintaining art exhibits, student travel and miscellaneous expenses.

In addition, an amount of \$ 100,000 (2017 - \$ 100,000) was transferred from the Capital Projects Reserve to the Child Care Reserve to fund the expansion of child care facilities at the University.

19. Comparative figures

Certain 2017 figures have been reclassified to conform to the presentation used in the current year.