
**The Alma Mater Society of
The University of
British Columbia Vancouver
Financial Statements
April 30, 2020**



Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of The Alma Mater Society of The University of British Columbia Vancouver (the "Society"), which comprise the statement of financial position as at April 30, 2020, 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 April 30, 2020, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

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.

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.

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 Society'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 Society'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 Society 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 *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.
October 1, 2020

Chartered Professional Accountants

**The Alma Mater Society of
The University of British Columbia Vancouver**
Statement of Financial Position
April 30, 2020

	2020	2019
	\$	\$
Assets		
Current assets		
Cash	2,344,635	2,766,153
Sundry accounts and advances	481,452	806,175
Marketable securities (Note 3)	9,290,213	4,896,110
Inventories	191,629	183,502
Due from clubs and societies	19,677	62,825
Prepaid expenses	<u>301,636</u>	<u>339,726</u>
	12,629,242	9,054,491
Marketable securities (Note 3)	9,827,272	8,760,129
Art collection	678,042	678,042
Property and equipment (Note 4)	<u>102,453,449</u>	<u>105,348,431</u>
	125,588,005	123,841,093
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (Note 6)	5,043,302	2,919,705
Accrued interest payable (Note 7)	69,407	18,949
Due to clubs and societies	4,226,596	3,792,923
Current portion of long-term debt (Note 8)	<u>2,949,171</u>	<u>2,776,080</u>
	12,288,476	9,507,657
Deferred capital contribution (Note 10)	23,020,455	23,333,334
Long-term debt (Note 8)	<u>58,844,639</u>	<u>61,816,518</u>
	<u>94,153,570</u>	<u>94,657,509</u>
Net assets		
Restricted		
- Invested in art collection	678,042	678,042
- Special bursary endowment fund	898,765	880,866
- Endowment fund	2,473,853	2,424,585
- Health and dental fund	6,497,540	5,373,061
- Other funds	4,631,181	4,286,218
- Invested in property and equipment	17,608,848	17,247,719
- Nest debt repayment fund	1,221,663	866,033
- Accrued interest on long-term debt (Note 7)	<u>(69,408)</u>	<u>(18,949)</u>
	33,940,484	31,737,575
Internally designated - other special purpose funds	1,741,356	1,465,941
Unrestricted fund - general surplus (deficit)	<u>(4,247,405)</u>	<u>(4,019,932)</u>
	<u>31,434,435</u>	<u>29,183,584</u>
	125,588,005	123,841,093

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, 2020

	2020 \$	2019 \$
Revenue		
Student fees and other	11,554,777	10,718,635
Health and dental fees and interest	11,087,305	10,306,417
Food, beverage and building services, net (Note 12)	(415,835)	286,449
Student activities and other	1,094,994	968,279
Investment income (Note 13)	456,626	626,584
Amortization of deferred capital contribution	<u>457,323</u>	<u>454,545</u>
	<u>24,235,190</u>	<u>23,360,909</u>
Expenses		
Health and dental premiums and other (Note 11)	9,962,827	10,134,146
Other funds		
Capital projects	130,918	91,503
CiTR radio	454,600	439,449
Intramural and athletics	1,071,994	1,047,468
Sexual assault support services	347,947	359,005
Student aid bursary	618,000	618,000
Other	<u>960,238</u>	<u>512,618</u>
	3,583,697	3,068,043
Invested in property and equipment		
Amortization of financing fees	51,212	76,872
Amortization of property (Note 4)	2,020,151	1,955,315
Loss on disposal of property and equipment	<u>33,258</u>	<u>-</u>
	2,104,621	2,032,187
Interest on long-term debt (Note 9)	2,023,750	2,120,891
Internally designated funds		
Campus culture and performance	100,000	113,173
Other	<u>254,004</u>	<u>265,021</u>
	354,004	378,194
Unrestricted fund		
Administrative and information systems	881,048	854,234
Student activities and government	<u>3,074,392</u>	<u>2,803,981</u>
	<u>3,955,440</u>	<u>3,658,215</u>
	<u>21,984,339</u>	<u>21,391,676</u>
Excess of revenues over expenses	2,250,851	1,969,233

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, 2020

											2020	2019
											\$	\$
	Invested in art collection	Special bursary endowment fund	Endowment fund	Health and dental fund	Other funds	Invested in property and equipment	Nest debt repayment fund	Accrued interest on long-term debt	Internally designated funds	Unrestricted fund	Total	Total
Balance, beginning of year	678,042	880,866	2,424,585	5,373,061	4,286,218	17,247,719	866,033	(18,949)	1,465,941	(4,019,932)	29,183,584	26,896,127
Excess of revenue over expenses	-	-	-	-	-	-	-	-	-	2,250,851	2,250,851	1,969,233
Interest income	-	17,899	49,268	-	-	-	-	-	-	(67,167)	-	18,557
Sale of artwork	-	-	-	-	-	-	-	-	-	-	-	299,667
Transfers and allocations												
Non-discretionary appropriations and contributions	-	-	-	11,087,305	3,785,633	-	5,153,921	-	277,342	(20,304,201)	-	-
Discretionary appropriations and transfers	-	-	-	-	(152,583)	-	-	-	170,173	(17,590)	-	-
Donation	-	-	-	-	-	-	25,000	-	-	(25,000)	-	-
Repayment of long-term debt	-	-	-	-	-	2,850,000	(2,850,000)	-	-	-	-	-
Change in accrued interest on long-term debt	-	-	-	-	-	-	-	(50,459)	-	50,459	-	-
Total interest paid on long-term debt	-	-	-	-	-	-	(1,973,291)	-	-	1,973,291	-	-
Restricted fund expenses	-	-	-	(9,962,826)	(3,112,099)	-	-	-	(354,004)	13,428,929	-	-
Acquisition of equipment	-	-	-	-	(175,988)	438,955	-	-	(64,680)	(198,287)	-	-
Loss on removal of equipment	-	-	-	-	-	(33,258)	-	-	-	33,258	-	-
Amortization of property and equipment	-	-	-	-	-	(3,300,679)	-	-	246,584	3,054,095	-	-
Amortization of deferred capital contribution	-	-	-	-	-	457,323	-	-	-	(457,323)	-	-
Amortization of deferred financing fees	-	-	-	-	-	(51,212)	-	-	-	51,212	-	-
Balance, end of year	678,042	898,765	2,473,853	6,497,540	4,631,181	17,608,848	1,221,663	(69,408)	1,741,356	(4,247,405)	31,434,435	29,183,584

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, 2020

	2020 \$	2019 \$
Cash flows from operating activities		
Excess of revenue over expenses	2,250,851	1,969,233
Items not requiring cash		
Amortization of property and equipment	3,300,679	3,178,694
Amortization of deferred capital contribution	(312,879)	(454,545)
Amortization of deferred financing fees	51,212	76,872
Loss on removal of equipment	25,999	5,358
Decrease (increase) in		
Sundry accounts and advances	324,723	53,969
Inventories	(8,127)	22,600
Prepaid expenses	38,090	(21,818)
Due from clubs and societies	43,148	(46,525)
Increase (decrease) in		
Accounts payable and accrued liabilities	2,123,595	(8,900)
Accrued interest payable	50,460	(6,480)
Due to clubs and societies	440,932	368,295
	<u>8,328,683</u>	<u>5,136,753</u>
Cash flows from (used in) investing activities		
Net (increase) decrease in marketable securities	(5,479,145)	453,819
Acquisition of property and equipment	(438,955)	(658,961)
Fund interest income	17,899	18,557
Proceeds on sale of artwork	-	300,000
	<u>(5,900,201)</u>	<u>113,415</u>
Cash flows from (used in) financing activity		
Repayment of long-term debt	<u>(2,850,000)</u>	<u>(2,761,000)</u>
Increase (decrease) in cash during the year	(421,518)	2,489,168
Cash, beginning of year	<u>2,766,153</u>	<u>276,985</u>
Cash, end of year	2,344,635	2,766,153

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

The Alma Mater Society of The University of British Columbia Vancouver

Notes to the Financial Statements

April 30, 2020

1. Purpose

The Alma Mater Society of the University of British Columbia Vancouver (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. As the Society's revenues from student fees and health and dental fees are derived from the UBC student body, the Society is economically dependent upon UBC.

In early 2020, there began a global outbreak of disease, identified as being caused by the novel coronavirus "CoVID-19". On March 11, 2020 the World Health Organization declared a global pandemic. In mid-March 2020, federal, regional, and local authorities in Canada, the United States, and other nations began to significantly restrict the ability of people to travel, leave their homes and carry out normal day-to-day activities. These measures will have a significant, negative effect on the economy of all nations for an uncertain period of time. The Society has implemented safety and physical distancing procedures as recommended by the Canadian and local governments. The duration and impact of the CoVID-19 outbreak is uncertain, and its impact on the Society's future operations and financial position are also uncertain.

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

The cost of the Society's art collection is reported in the Invested in Art Collection Fund.

The Special Bursary Endowment Fund is to provide a large endowed Fund whose interest earnings support Active Members in need of financial assistance, provide maximum publicity exposure for the Society, and complement rather than compete with or replace other financial aid programs. Only the interest earned by the fund can be used by bursaries. The principal of the fund cannot be spent for any reason. Contributions and interest earned are recorded as direct increases to the fund.

The Endowment Fund is administered by council. The principal of the fund cannot be spent for any reason. The interest and other income derived from investment of the principal is used to advance the mission of the Society, including but not limited to funding initiatives in the areas of strategic planning, governance, sustainability, marketing, services, and other programs developed to advance the mission of the Society. Contributions, such as proceeds from the sale of art pieces, and interest and other income earned are recorded as direct increases to the fund.

The Health and Dental Fund is funded by a \$ 256.92 (2019 - \$ 244.69) per student fee levy (opt-outable). The fund is used to provide health and dental insurance for the Active Members.

The Alma Mater Society of The University of British Columbia Vancouver

Notes to the Financial Statements

April 30, 2020

2. Significant accounting policies - continued

Other Funds consists of the following funds:

- The Athletics and Intramurals Benefit Fund is funded by a \$ 21.00 (2019 - \$ 21.00) per student fee levy. The fund is used to benefit the Athletics and Intramurals programs at UBC Vancouver.
- The Capital Project Fund is funded by a \$ 8.19 (2019 - \$ 7.97) per student fee levy. The funds are used for capital projects such as the construction of new day care facilities, the development of athletic facilities in the vicinity of the AMS Student Nest, the developments of on-campus student housing, the AMS Student Nest renovations and expansion and additions and improvements to the Society's software systems.
- The Bike Kitchen Fund is funded by a \$ 1.10 (2019 - \$ 1.07) per student fee levy (opt-outable). The funds are used to improve the services offered to cyclists on campus.
- The CiTR Fund is funded by a \$ 5.74 (2019 - \$ 5.59) per student fee levy (opt-outable). The funds are used to finance the general operations and capital improvements of CiTR.
- The Grad Class Fund is funded by a \$ 3.00 (2019 - \$ 7.00) per student fee levy. The fund is administered jointly by the finance committee and the student life committee, in consultation with graduating students.
- The International Students Fund is funded by a \$ 0.29 (2019 - \$ 0.28) per student fee levy. The funds are used to finance student projects on the UBC Vancouver campus that have an international focus.
- The Lighter Footprint Fund is funded by a \$ 2.59 (2019 - \$ 2.52) per student fee levy. The funds are provided to Active Members for environmental, social, and economic sustainability projects.
- The Ombudsperson Fund is funded by a \$ 1.11 (2019 - \$ 1.08) per student fee levy. The fund is used to provide funding for ombuds services to UBC students.
- The Refugee Student Fund is funded by a \$ 5.61 (2019 - \$ 5.46) per student fee levy. The fund is used to allow two or more refugee students to attend the University each year.
- The Resource Group Fund is funded by a \$ 1.73 (2019 - \$ 1.68) per student fee levy (opt-outable). The fund is used to finance special events and projects, of a non-recurring nature, proposed by any Resource Group or Groups.
- The Sexual Assault Support Services Fund is funded by a \$ 9.30 (2019 - \$ 3.63) per student fee levy. The fund is used to provide sexual assault support services.
- The Student Aid Bursary Fund is funded by a \$ 12.00 (2019 - \$ 12.00) per student fee levy. The fund is used to provide financial aid to students in need.
- The Student Legal Fund is funded by a \$ 1.00 (2019 - \$ 1.00) per student fee levy. The fund is used to finance legal cases brought by and for the Active Members with the purpose of improving education and the accessibility to education at UBC Vancouver.

The Alma Mater Society of The University of British Columbia Vancouver

Notes to the Financial Statements

April 30, 2020

2. Significant accounting policies - continued

- The Sustainable Food Access Fund is funded by a \$ 0.38 (2019 - \$ 0.35) per student fee levy. The fund is used to support on-campus sustainable food initiatives.
- The Indigenous Student Fund is funded by a \$ 0.95 (2019 - \$ Nil) per student fee levy. The fund is used for Indigenous student support and initiatives.
- The Permanent Thrift Shop on Campus Fund is funded by a \$ 0.95 (2019 - \$ Nil) per student fee levy. The fund is used to establish and operate a thrift store on campus until it has become self-sustaining.
- Other Funds also consists of the following funds: the External Lobbying Fund, the Food Bank Fund, and the Management Fund.

The unamortized costs of property and equipment, the unamortized deferred capital contribution and the loan to finance construction of the Nest Building are reported in the Invested in Property and Equipment Fund.

The Nest Debt Repayment Fund is funded by a \$ 100.00 (2019 - \$ 100.00) per student fee levy. The fund is used for interest paid on the loan to finance the construction of the Nest Building.

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

Internally Designated Funds consists of the following funds:

- The Campus Culture and Performance Fund is funded by a \$ 2.25 (2019 - \$ 2.00) per student fee levy. At the beginning of the fiscal year, the fund is split equally amongst the following organizations: UBC Film Society, Blank Vinyl Project, UBC Debate Society, UBC Slam, UBC Jazz Café Club, UBC Players' Club, and UBC Musical Theatre Troupe, or their successors.
- The Child Care Bursary Fund is funded by a \$ 1.15 (2019 - \$ 1.12) per student fee levy. The fund is used to increase the principal amount in the Evelyn Lett Child Care Bursary Endowment Fund and to provide subsidies to Active Members for childcare expenses.
- The Club Benefits Fund is funded by a \$ 1.73 (2019 - \$ 1.68) per student fee levy. The fund is used to assist clubs in completing special projects related to their area of interest, to enable clubs to purchase furnishings and equipment and to fund initiatives that assist or benefit clubs as approved by the Finance Committee.
- Internally Designated Funds also consists of the following funds: the Art Fund, the Competitive Athletics Fund, the Election Fund, the Constituency Aid Fund, the Contingency Fund, the Impact Grant Fund, the Innovative Projects Fund, the Resource Group Event Fund, the Student Initiatives Fund, the Student Services Fund, the Student Union Buildings ("SUB") Repairs and Replacement Fund and the Well-Being Fund.

The Unrestricted Fund is funded by a \$ 42.26 (2019 - \$ 41.15) per student fee levy. In addition to the general student fees, revenues and expenses related to food, beverage and building services, student activities and government, administrative and information systems and investment income are reported in the Unrestricted Fund.

The Alma Mater Society of The University of British Columbia Vancouver

Notes to the Financial Statements

April 30, 2020

2. Significant accounting policies - continued

Estimates

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations 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 expenses during the year. Significant estimates made by management include amortization and impairment of property and equipment, impairment of investments and accrued liabilities. Actual results may differ from those estimates.

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 2.88% per annum, maturing on various dates ranging from May 26, 2020 to February 3, 2025.

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 restaurant supplies, 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 \$ 678,042 (2019 - \$ 678,042), with the corresponding equity classified as "Invested in art collection". During the 2019 fiscal year, the Society sold one piece of artwork with an original cost of \$ 333 for proceeds of \$ 300,000. The proceeds were recorded as a direct increase to the endowment reserve. 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 \$ 3,318,500 for 71 items.

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)
Student Union Building	- 51.9 years (lease term)

The Alma Mater Society of The University of British Columbia Vancouver

Notes to the Financial Statements

April 30, 2020

2. Significant accounting policies - continued

At the end of the lease term, the Nest Building, Student Union 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

The Society follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when they are received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Endowment contributions are recognized as direct increases in net assets in the year.

Revenue from fees collected is recognized in their respective funds 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, 2020

3. Marketable securities	2020	2019	
	\$	\$	
Government and commercial marketable certificates maturing within twelve months bearing interest at effective annual rates ranging from 1.75% to 2.31% (2019 - 1.15% to 2.55%):			
- Original cost	9,192,357	4,835,557	
- Effective accrued interest	<u>97,856</u>	<u>60,553</u>	
Current marketable securities	<u>9,290,213</u>	<u>4,896,110</u>	
Government and commercial marketable certificates maturing beyond twelve months bearing interest at effective annual rates ranging from 1.15% to 2.88% (2019 - 1.15% to 2.88%):			
- Original cost	6,633,171	6,200,860	
- Effective accrued interest	<u>170,055</u>	<u>60,124</u>	
	6,803,226	6,260,984	
Mutual funds			
- Original cost	2,767,648	2,314,140	
- Unrealized gain	<u>256,398</u>	<u>185,005</u>	
	<u>3,024,046</u>	<u>2,499,145</u>	
Long-term marketable securities	<u>9,827,272</u>	<u>8,760,129</u>	
Total marketable securities	19,117,485	13,656,239	
4. Property and equipment		2020	
		\$	
	Cost	Accumulated amortization	Net
Furniture, fixtures and equipment	6,029,269	5,495,170	534,099
Computer equipment	455,953	275,605	180,348
Student Nest Building	104,301,278	8,887,781	95,413,497
Student Union Building	<u>6,498,595</u>	<u>173,090</u>	<u>6,325,505</u>
	117,285,095	14,831,646	102,453,449

**The Alma Mater Society of
The University of British Columbia Vancouver**
Notes to the Financial Statements
April 30, 2020

4. Property and equipment - continued	2019		
	<u>Cost</u>	<u>Accumulated amortization</u>	<u>Net</u>
Furniture, fixtures and equipment	6,277,967	4,625,512	1,652,455
Computer equipment	451,128	388,150	62,978
Student Nest Building	104,244,244	6,992,431	97,251,813
Student Union Building	<u>6,429,473</u>	<u>48,288</u>	<u>6,381,185</u>
	117,402,812	12,054,381	105,348,431

During the year, amortization of property and equipment amounted to \$ 3,300,679 (2019 - \$ 3,178,694) of which \$ 2,020,151 (2019 - \$ 1,955,315) is classified on the statement of operations as amortization of property and \$ 1,280,528 (2019 - \$ 1,223,378) is classified as follows:

	2020	2019
	\$	\$
Food, beverage and building services	1,000,070	992,626
Administrative and information systems	26,896	23,188
Student activities and government	6,978	5,911
Internally designated funds expense	<u>246,584</u>	<u>201,653</u>
	1,280,528	1,223,378

During the year, the Society retired equipment with a net book value of \$ 25,999 (2019 - \$ 5,358) for \$ Nil proceeds. The loss has been classified as an other internally designated fund 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%. The Society may borrow up to \$ 1,500,000 (2019 - \$ 1,500,000) under this credit facility. The balance of the line of credit at the end of fiscal 2020 was \$ Nil (2019 - \$ Nil).

See Note 8 for an additional line of credit that is available to finance annual prepayments on the long-term debt.

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Notes to the Financial Statements

April 30, 2020

6. Accounts payable and accrued liabilities

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

	2020 \$	2019 \$
Payroll remittance	20,051	23,299
GST/HST payable	-	25,575
PST payable	-	11,129
WorkSafe BC premiums	<u>11,952</u>	<u>8,806</u>
	32,003	68,809

7. Accrued interest payable

Interest of \$ 69,409 (2019 - \$ 18,949) on the long-term debt has been accrued up to April 30, 2020. The long-term debt payment, due October 2022, will be funded from the September 2020 student's SUB Renewal Fee. 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

	2020 \$	2019 \$
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 Student Nest Building and an assignment of the student levy collected annually; due October 31, 2022 with options to extend annually thereafter.	61,866,000	64,716,000
Unamortized financing fees	(72,190)	(123,402)
Less: Current portion of long-term debt	(2,978,000)	(2,850,000)
Current portion of unamortized financing fees	<u>28,829</u>	<u>73,920</u>
	<u>(2,949,171)</u>	<u>(2,776,080)</u>
	58,844,639	61,816,518

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

	\$
2021	2,978,000
2022	3,111,000
2023	<u>55,777,000</u>

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Notes to the Financial Statements

April 30, 2020

8. Long-term debt - continued

The Society has a \$ 2,500,000 revolving line of credit that is repayable on demand, which bears interest at the lender's prime rate of interest plus 0.25%. The purpose of the line of credit is to finance annual prepayments of up to \$ 750,000 each year on the long-term debt. The balance of the line of credit at the end of fiscal 2020 was \$ Nil (2019 - \$ Nil).

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.

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.

	2020		
	\$		
	<u>Capital contribution</u>	<u>Accumulated amortization</u>	<u>Net</u>
Nest Building - U.B.C. contribution	25,000,000	2,121,212	22,878,788
Nest Building - U.B.C. contribution	<u>150,000</u>	<u>8,333</u>	<u>141,667</u>
	25,150,000	2,129,545	23,020,455
	2019		
	\$		
	<u>Capital contribution</u>	<u>Accumulated amortization</u>	<u>Net</u>
Nest Building - U.B.C. contribution	25,000,000	1,666,666	23,333,334

11. 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 2020 fiscal year, a surplus of \$ 154,542 (2019 - \$ 37,096) was refunded to the Society. At the end of the August 31, 2019 policy year, the CFR balance was fully funded at \$ 1,526,859 (August 31, 2018 - \$ 1,449,073).

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Notes to the Financial Statements

April 30, 2020

12. Food, beverage and building services	2020		
	\$		
	<u>Revenue</u>	<u>Expenses</u>	Excess (deficiency) of revenue over expenses
Licensed premises	4,041,375	3,507,984	533,391
Food outlets	4,627,918	4,192,378	435,540
Building services	697,548	297,624	399,924
Food and beverage services	47,684	951,333	(903,649)
Administration and information systems	<u>2,447</u>	<u>883,488</u>	<u>(881,041)</u>
	9,416,972	9,832,807	(415,835)
	2019		
	\$		
	<u>Revenue</u>	<u>Expenses</u>	Excess (deficiency) of revenue over expenses
Licensed premises	3,899,597	3,535,327	364,270
Food outlets	5,345,236	4,470,183	875,053
Building services	752,904	264,657	488,247
Food and beverage services	172,468	759,355	(586,887)
Administration and information systems	<u>13,693</u>	<u>867,927</u>	<u>(854,234)</u>
	10,183,898	9,897,449	286,449
13. Investment income	2020		2019
	\$		\$
Interest income	176,601		271,819
Realized gain (loss) on sale of marketable securities	28,975		79,730
Unrealized gain (loss) on marketable securities	<u>251,050</u>		<u>275,035</u>
	456,626		626,584

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Notes to the Financial Statements

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14. 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:

	2020	2019
Number of employees and contractors	9	5
Total remuneration paid	\$ 873,278	\$ 532,991

15. 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:

	2020	2019
	\$	\$
President	38,375	36,139
VP of Finance	38,701	36,139
VP Administration	37,981	36,139
VP External	38,195	36,139
VP Academic and University Affairs	<u>38,297</u>	<u>36,275</u>
	191,549	180,831

16. Financial instruments

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

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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Notes to the Financial Statements
April 30, 2020

17. Interfund transfers and internal restrictions

Amounts of \$ 3,000, \$ 5,000 and \$ 15,000 (2019 - \$ 3,000, \$ 5,000, and \$ 15,000) were transferred respectively from Unrestricted fund to the Art Fund, the Student Initiatives Fund and the Municipal, Provincial and Federal Elections Funds to fund disbursements such as repairing and maintaining art exhibits, student travel and miscellaneous expenses.

An amount of \$ 30,000 (2019 - \$ 30,000) was transferred from the Intramural and Athletics Fund to the Competitive Athletics Fund. The transfer is used to assist clubs competing in special athletic events related to their area of interest and to enable clubs to purchase athletic equipment and gear.

An amount of \$ 64,680 (2019 - \$ Nil) was transferred from the SUB Repairs and Replacement Fund to the Invested in Property and Equipment Fund to fund property and equipment purchased during the year.

In addition, the following transfers were made from the Capital Project Fund:

- An amount of \$ 175,988 (2019 - \$ 417,193) to the Invested in Property and Equipment Fund to fund property and equipment purchased during the year.
- An amount of \$ 122,583 (2019 - \$ 122,583) to the SUB Repairs and Replacement Fund to purchase, replace or repair the Society's student government furnishings and equipment.

18. Government assistance

Included in expenses is \$ 248,719 (2019 - \$ Nil) in government assistance from the Canada Emergency Wage Subsidy and the Temporal Wage Subsidy for Employers programs.