
The Alma Mater Society of
The University of
British Columbia Vancouver
Financial Statements
April 30, 2022

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, 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 April 30, 2022, 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.
August 30, 2022





Chartered Professional Accountants

The Alma Mater Society of
The University of British Columbia Vancouver
Statement of Financial Position
April 30, 2022

	2022 \$	2021 \$
Assets		
Current assets		
Cash	3,560,147	8,994,557
Sundry accounts and advances	548,161	515,398
Marketable securities (Note 3)	6,687,110	1,965,980
Inventories	184,017	105,216
Due from clubs and societies (Note 20)	24,609	46,611
Prepaid expenses	<u>396,781</u>	<u>206,667</u>
	11,400,825	11,834,429
Marketable securities (Note 3)	12,286,910	12,013,041
Art collection	678,042	678,042
Property and equipment (Note 4)	<u>98,702,876</u>	<u>100,715,516</u>
	123,068,653	125,241,028
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (Note 6)	2,350,190	1,500,968
Accrued interest payable (Note 7)	50,062	66,068
Due to clubs and societies (Note 20)	5,273,402	5,243,362
Current portion of long-term debt (Note 8)	<u>3,234,467</u>	<u>3,082,171</u>
	10,908,121	9,892,569
Deferred capital contribution (Note 10)	22,105,808	22,563,131
Long-term debt (Note 8)	<u>52,528,000</u>	<u>55,762,467</u>
	<u>85,541,929</u>	<u>88,218,167</u>
Net assets		
Restricted		
- Invested in art collection	678,042	678,042
- Special bursary endowment fund	932,182	917,945
- Endowment fund	2,565,733	2,526,546
- Health and dental fund	7,803,480	8,300,348
- Other funds	5,920,869	5,704,740
- Invested in property and equipment	20,737,963	19,282,272
- Nest debt repayment fund	2,052,446	1,660,878
- Accrued interest on long-term debt (Note 7)	<u>(50,062)</u>	<u>(66,068)</u>
	40,640,653	39,004,703
Internally designated - other special purpose funds	2,236,697	2,000,684
Unrestricted fund - general surplus (deficit)	<u>(5,350,626)</u>	<u>(3,982,526)</u>
	<u>37,526,724</u>	<u>37,022,861</u>
	123,068,653	125,241,028

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, 2022

	2022 \$	2021 \$
Revenue		
Student fees and other	12,153,170	10,956,809
Health and dental fees and interest	11,528,000	11,348,712
Food, beverage and building services, net (Note 12)	(728,437)	(1,324,407)
Student activities and other	1,327,951	601,517
Investment income (Note 13)	(18,282)	1,471,604
Amortization of deferred capital contribution	<u>457,323</u>	<u>457,323</u>
	<u>24,719,725</u>	<u>23,511,558</u>
Expenses		
Health and dental premiums and other (Note 11)	12,024,868	9,545,904
Other funds		
Capital projects	179,705	109,787
CiTR radio	384,614	236,364
Intramural and athletics	1,119,557	12,927
Sexual assault support services	372,538	264,166
Student aid bursary	618,000	618,000
Other	<u>1,272,875</u>	<u>492,617</u>
	3,947,289	1,733,861
Invested in property and equipment		
Amortization of financing fees	28,828	28,828
Amortization of property (Note 4)	2,029,465	2,028,300
Loss on disposal of property and equipment	<u>78,429</u>	<u>40,022</u>
	2,136,722	2,097,150
Interest on long-term debt (Note 8)	1,873,703	1,956,246
Internally designated funds		
Campus culture and performance	99,996	100,000
Other	<u>70,869</u>	<u>248,286</u>
	170,865	348,286
Unrestricted fund		
Administrative and information systems	857,367	571,106
Student activities and government	<u>3,205,048</u>	<u>1,670,579</u>
	<u>4,062,415</u>	<u>2,241,685</u>
	<u>24,215,862</u>	<u>17,923,132</u>
Excess of revenues over expenses	503,863	5,588,426

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, 2022

											2022 \$	2021 \$
	Invested in art collection	Special bursary endowment fund	Endowment fund	Health and dental fund	Other funds	Invested in property and equipment	Net debt repayment fund	Accrued interest on long-term debt	Internally designated funds	Unrestricted fund	Total	Total
Balance, beginning of year	678,042	917,945	2,526,546	8,300,348	5,704,740	19,282,272	1,660,878	(66,068)	2,000,684	(3,982,526)	37,022,861	31,434,435
Excess of revenue over expenses										503,863	503,863	5,588,426
Interest income	-	14,237	39,187	-	-	-	-	-	-	(53,424)	-	-
Transfers and allocations												
Non-discretionary appropriations and contributions	-	-	-	11,528,000	4,014,288	-	5,392,278	-	320,164	(21,254,730)	-	-
Discretionary appropriations and transfers	-	-	-	-	(168,258)	-	-	-	(93,130)	261,388	-	-
Repayment of long-term debt	-	-	-	-	-	3,111,000	(3,111,000)	-	-	-	-	-
Change in accrued interest on long-term debt	-	-	-	-	-	-	-	16,006	-	(16,006)	-	-
Total interest paid on long-term debt	-	-	-	-	-	-	(1,889,710)	-	-	1,889,710	-	-
Restricted fund expenses	-	-	-	(12,024,868)	(3,467,057)	-	-	-	(170,865)	15,662,790	-	-
Acquisition of equipment	-	-	-	-	(162,844)	360,057	-	-	(12,845)	(184,368)	-	-
Loss on removal of equipment	-	-	-	-	-	(78,429)	-	-	-	78,429	-	-
Amortization of property and equipment	-	-	-	-	-	(2,365,432)	-	-	192,689	2,172,743	-	-
Amortization of deferred capital contribution	-	-	-	-	-	457,323	-	-	-	(457,323)	-	-
Amortization of deferred financing fees	-	-	-	-	-	(28,828)	-	-	-	28,828	-	-
Balance, end of year	678,042	932,182	2,565,733	7,803,480	5,920,869	20,737,963	2,052,446	(50,062)	2,236,697	(5,350,626)	37,526,724	37,022,861

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, 2022

	2022 \$	2021 \$
Cash flows from operating activities		
Excess of revenue over expenses	503,863	5,588,426
Items not requiring cash		
Amortization of property and equipment	2,365,432	2,327,036
Amortization of deferred capital contribution	(457,323)	(457,324)
Amortization of deferred financing fees	28,828	28,828
Loss on removal of equipment	78,429	37,626
Unrealized gain on marketable securities	747,905	(1,161,674)
Decrease (increase) in		
Sundry accounts and advances	(32,763)	(33,946)
Inventories	(78,801)	86,413
Prepaid expenses	(190,114)	94,969
Due from clubs and societies	22,002	(26,934)
Increase (decrease) in		
Accounts payable and accrued liabilities	849,222	(3,542,333)
Accrued interest payable	(16,006)	(3,340)
Due to clubs and societies	37,298	1,024,024
	<u>3,857,972</u>	<u>3,961,771</u>
Cash flows from (used in) investing activities		
Net (increase) decrease in marketable securities	(5,821,325)	6,300,138
Acquisition of property and equipment	<u>(360,057)</u>	<u>(633,987)</u>
	<u>(6,181,382)</u>	<u>5,666,151</u>
Cash flows from (used in) financing activity		
Repayment of long-term debt	<u>(3,111,000)</u>	<u>(2,978,000)</u>
Increase (decrease) in cash during the year	(5,434,410)	6,649,922
Cash, beginning of year	<u>8,994,557</u>	<u>2,344,635</u>
Cash, end of year	3,560,147	8,994,557

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, 2022

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.

On March 11, 2020, the World Health Organization declared CoVID-19 a pandemic. Federal, regional, and local authorities in Canada and globally have implemented various measures to mitigate the effects of the virus. These measures, which can change significantly and rapidly in response to emerging trends in the pandemic, may have a significant and potentially negative effect on the global economy for an uncertain period of time. The longer term effects of the pandemic on the Society's 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 \$ 264.63 (2021 - \$ 264.63) 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, 2022

2. Significant accounting policies - continued

Other Funds consists of the following funds:

- § The Athletics and Intramurals Benefit Fund is funded by a \$ 21.00 (2021 - \$ Nil) 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 \$ 8.43 (2021 - \$ 8.36) 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 \$ 1.13 (2021 - \$ 1.12) 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 \$ 5.91 (2021 - \$ 5.86) 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 (2021 - \$ 3.00) 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 \$ 0.30 (2021 - \$ 0.29) 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 \$ 2.66 (2021 - \$ 2.64) 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 \$ 1.14 (2021 - \$ 1.13) 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 \$ 5.78 (2021 - \$ 5.73) 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 \$ 1.78 (2021 - \$ 1.77) 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 \$ 9.58 (2021 - \$ 9.50) 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 (2021 - \$ 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 (2021 - \$ 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, 2022

2. Significant accounting policies - continued

- § The Sustainable Food Access Fund is funded by a \$ 0.39 (2021 - \$ 0.39) per student fee levy. The fund is used to support on-campus sustainable food initiatives.
- § The Indigenous Student Fund is funded by a \$ 0.98 (2021 - \$ 0.97) 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 \$ 0.98 (2021 - \$ 0.97) 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 (2021 - \$ 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 \$ 2.75 (2021 - \$ 2.50) 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 \$ 1.18 (2021 - \$ 1.17) 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 \$ 1.78 (2021 - \$ 1.77) 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 Union Buildings ("SUB") Repairs and Replacement Fund and the Well-Being Fund.

The Unrestricted Fund is funded by a \$ 43.50 (2021 - \$ 43.15) 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, 2022

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 0.58% to 2.85% per annum, maturing on various dates ranging from May 16, 2022 to August 16, 2027.

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 (2021 - \$ 678,042), 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 \$ 3,318,500 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, 2022

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, 2022

3.	Marketable securities	2022	2021	
		\$	\$	
	Government and commercial marketable certificates maturing within twelve months bearing interest at effective annual rates ranging from 0.58% to 1.60% (2021 - 1.15% to 2.25%)			
	- Original cost	6,663,815	1,940,782	
	- Effective accrued interest	<u>23,295</u>	<u>25,198</u>	
	Current marketable securities	<u>6,687,110</u>	<u>1,965,980</u>	
	Government and commercial marketable certificates maturing beyond twelve months bearing interest at effective annual rates ranging from 1.42% to 2.85% (2021 - 1.42% to 2.85%)			
	- Original cost	8,831,111	7,112,424	
	- Effective accrued interest	<u>43,879</u>	<u>214,897</u>	
		8,874,990	7,327,321	
	Mutual funds			
	- Original cost	2,775,153	3,301,048	
	- Unrealized gain	<u>636,767</u>	<u>1,384,672</u>	
		<u>3,411,920</u>	<u>4,685,720</u>	
	Long-term marketable securities	<u>12,286,910</u>	<u>12,013,041</u>	
	Total marketable securities	18,974,020	13,979,021	
4.	Property and equipment		2022	
			\$	
		Cost	Accumulated amortization	
			Net	
	Furniture, fixtures and equipment	6,271,851	5,810,270	461,581
	Computer equipment	534,304	391,043	143,261
	Student Nest Building	104,678,590	12,693,873	91,984,717
	Student Union Building	<u>6,538,080</u>	<u>424,763</u>	<u>6,113,317</u>
		118,022,825	19,319,949	98,702,876

The Alma Mater Society of The University of British Columbia Vancouver

Notes to the Financial Statements

April 30, 2022

4. Property and equipment - continued	2021 \$		
	Cost	Accumulated amortization	Net
Furniture, fixtures and equipment	6,134,555	5,581,559	552,996
Computer equipment	491,249	332,943	158,306
Student Nest Building	104,594,789	10,790,625	93,804,164
Student Union Building	<u>6,498,595</u>	<u>298,545</u>	<u>6,200,050</u>
	117,719,188	17,003,672	100,715,516

During the year, amortization of property and equipment amounted to \$ 2,365,432 (2021 - \$ 2,327,036) of which \$ 2,029,465 (2021 - \$ 2,028,300) is classified on the statement of operations as amortization of property and \$ 335,967 (2021 - \$ 298,736) is classified as follows:

	2022 \$	2021 \$
Food, beverage and building services	107,237	152,758
Administrative and information systems	29,300	27,313
Student activities and government	6,741	4,607
Internally designated funds expense	<u>192,689</u>	<u>114,058</u>
	335,967	298,736

During the year, the Society retired equipment with a net book value of \$ 78,429 (2021 - \$ 40,022) for \$ Nil proceeds. The loss has been designated to the invested in property and equipment 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 (2021 - \$ 1,500,000) under this credit facility. The balance of the line of credit at the end of fiscal 2022 was \$ Nil (2021 - \$ Nil).

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

The Alma Mater Society of The University of British Columbia Vancouver

Notes to the Financial Statements

April 30, 2022

6. Accounts payable and accrued liabilities

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

	2022	2021
	\$	\$
Payroll remittance	50,053	31,583
GST/HST payable	46,953	8,095
PST payable	14,530	2,825
WorkSafe BC premiums	<u>5,063</u>	<u>1,829</u>
	<u>116,599</u>	<u>44,332</u>

7. Accrued interest payable

Interest of \$ 50,062 (2021 - \$ 66,068) on the long-term debt has been accrued up to April 30, 2022. The long-term debt payment, due October 2022, will be funded from the September 2022 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

	2022	2021
	\$	\$
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, 2023 with options to extend annually thereafter.	55,777,000	58,888,000
Unamortized financing fees	(14,533)	(43,361)
Less: Current portion of long-term debt	(3,249,000)	(3,111,000)
Current portion of unamortized financing fees	<u>14,533</u>	<u>28,828</u>
	<u>(3,234,467)</u>	<u>(3,082,172)</u>
	<u>52,528,000</u>	<u>55,762,467</u>

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

	\$
2023	3,249,000
2024	<u>52,528,000</u>

The Alma Mater Society of The University of British Columbia Vancouver

Notes to the Financial Statements

April 30, 2022

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 2022 was \$ Nil (2021 - \$ 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.

	2022 \$		
	Capital contribution	Accumulated amortization	Net
Nest Building - U.B.C. contribution	25,000,000	3,030,303	21,969,697
Nest Building - U.B.C. contribution	<u>150,000</u>	<u>13,889</u>	<u>136,111</u>
	25,150,000	3,044,192	22,105,808
	2021 \$		
	Capital contribution	Accumulated amortization	Net
Nest Building - U.B.C. contribution	25,000,000	2,575,758	22,424,242
Nest Building - U.B.C. contribution	<u>150,000</u>	<u>11,111</u>	<u>138,889</u>
	25,150,000	2,586,869	22,563,131

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 2022 fiscal year, a surplus of \$ 189,867 (2021 - \$ 1,772,950) was refunded to the Society. At the end of the August 31, 2021 policy year, the CFR balance was fully funded at \$ 1,745,756 (August 31, 2020 - \$ 1,524,369).

The Alma Mater Society of
The University of British Columbia Vancouver
Notes to the Financial Statements
April 30, 2022

11. Health and dental plan - continued

As at April 30, 2022, the Society had \$ 4,790,873 of health and dental premiums owing for the coverage period from September 2021 to August 2022.

12. Food, beverage and building services

2022
\$

	<u>Revenue</u>	<u>Expenses</u>	Excess (deficiency) of revenue over expenses
Licensed premises	1,917,413	2,120,000	(202,587)
Food outlets	3,154,209	2,412,895	741,314
Building services	578,352	230,070	348,282
Food and beverage services	88,078	846,157	(758,079)
Administration and information systems	<u>23,780</u>	<u>881,147</u>	<u>(857,367)</u>
	5,761,832	6,490,269	(728,437)

2021
\$

	<u>Revenue</u>	<u>Expenses</u>	Excess (deficiency) of revenue over expenses
Licensed premises	445,601	934,883	(489,282)
Food outlets	742,333	913,091	(170,758)
Building services	591,836	178,827	413,009
Food and beverage services	44,440	550,710	(506,270)
Administration and information systems	<u>109,268</u>	<u>680,374</u>	<u>(571,106)</u>
	1,933,478	3,257,885	(1,324,407)

13. Investment income (loss)

2022
2021
\$ \$

Investment income	164,234	395,050
Management fees	(89,936)	(129,524)
Realized gain (loss) on sale of marketable securities	655,325	44,404
Unrealized gain (loss) on marketable securities	<u>(747,905)</u>	<u>1,161,674</u>
	(18,282)	1,471,604

The Alma Mater Society of The University of British Columbia Vancouver

Notes to the Financial Statements

April 30, 2022

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:

	2022	2021
Number of employees and contractors	6	6
Total remuneration paid	\$ 627,268	\$ 620,268

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:

	2022	2021
	\$	\$
President	39,951	41,735
VP of Finance	39,349	38,586
VP Administration	36,352	38,452
VP External	39,445	38,893
VP Academic and University Affairs	<u>38,991</u>	<u>38,453</u>
	194,088	196,119

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 and accrued liabilities, amounts due to clubs and societies and long-term debt.

Interest rate risk

Marketable securities include investments 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.

The Alma Mater Society of The University of British Columbia Vancouver

Notes to the Financial Statements

April 30, 2022

16. Financial instruments - continued

Market risk

Marketable securities include investments in mutual funds which exposes the Society to price risk as these investments are subject to price changes in an open market due to market movements, global markets and changes in market rates of interest.

17. Interfund transfers and internal restrictions

Amounts of \$ 3,000, \$ 5,000 and \$ 15,000 (2021 - \$ 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 (2021 - \$ Nil) 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 \$ 12,845 (2021 - \$ 63,296) 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 \$ 162,844 (2021 - \$ 212,092) to the Invested in Property and Equipment Fund to fund property and equipment purchased during the year.

§ An amount of \$ 138,258 (2021 - \$ 137,401) to the SUB Repairs and Replacement Fund to purchase, replace or repair the Society's student government furnishings and equipment.

18. Government wage assistance

The Society has made claims to receive subsidies under the Canada Emergency Wage Subsidy ("CEWS") and the Tourism and Hospitality Recovery ("THRP") programs for the subsidization of employee wages due to CoVID-19. The CEWS and THRP relate to current period expenditures. The measurement of CEWS and THRP receivable is subject to uncertainty as the claims are subject to review and possible adjustment by the relevant authorities. During the year ending April 30, 2022, the Society received CEWS and THRP of \$ 955,516 (2021 - \$ 2,090,457). As at April 30, 2022, \$ 220,596 (2021 - \$ 157,216) of CEWS and THRP subsidies are included in sundry accounts and advances.

19. Government rent assistance

The Society has made claims to receive assistance under the Canada Emergency Commercial Rent Assistance ("CECRA") program. This program supplements rent for eligible tenants. During the year ended April 30, 2022, the Society received \$ Nil (2021 - \$ 109,370) in assistance. The assistance was paid by way of a forgivable loan. If the Society and its tenants meet eligibility criteria, the loan will be forgiven. If the Society or tenants are deemed ineligible, the ineligible portion of the loan becomes payable on demand, bearing interest at 5% per annum. The Society believes that all of the eligibility criteria have been met.

The Alma Mater Society of
The University of British Columbia Vancouver
Notes to the Financial Statements
April 30, 2022

20. Due from (to) clubs and societies

Amounts due from (to) clubs and societies are considered amounts due from (to) significantly influenced not-for-profit organizations. Each club and society has their own constitutions and bylaws. All funds received by clubs and societies are held by the Society but are administered by the individual clubs and societies.