

**RED RIVER COLLEGE STUDENTS'  
ASSOCIATION INC.**

FINANCIAL STATEMENTS

June 30, 2019

**RED RIVER COLLEGE STUDENTS' ASSOCIATION INC.**  
**CONTENTS**

**June 30, 2019**

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## INDEPENDENT AUDITOR'S REPORT

To the Members of  
Red River College Students' Association Inc.

We have audited the accompanying financial statements of Red River College Students' Association Inc., which comprise the statement of financial position as at June 30, 2019, and the statements of general and fund operations and , changes in net assets and 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 organization'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 organization'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 Red River College Students' Association Inc. as at June 30, 2019, 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.

*FPLS Accounting Group*

**FPLS ACCOUNTING GROUP  
CHARTERED PROFESSIONAL ACCOUNTANTS**

Winnipeg, Manitoba  
November 22, 2019

**RED RIVER COLLEGE STUDENTS' ASSOCIATION INC.**  
**STATEMENT OF GENERAL OPERATIONS**

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For the year ended June 30, 2019

	2019	2018
<b>Revenue</b>		
Amortization of deferred capital contributions	\$ 157,799	\$ 113,748
Commissions, exclusive rights and other income	75,597	78,053
Communications	59,638	79,446
Investment income	16,347	12,083
Programming	13,485	10,678
Student fees	589,919	643,267
Students' Retail Stores - Page 10	(58,423)	31,497
	854,362	968,772
<b>Expenditures</b>		
Administrative - Page 11	726,337	610,749
Communications	59,558	61,003
Programming	123,159	117,419
	909,054	789,171
<b>(Deficiency) excess of revenue over expenditures for the year</b>	<b>\$ (54,692)</b>	<b>\$ 179,601</b>

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

**FPLS ACCOUNTING GROUP**

**RED RIVER COLLEGE STUDENTS' ASSOCIATION INC.**

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**STATEMENT OF FUND OPERATIONS**

For the year ended June 30, 2019

	<b>Health Fund</b>	<b>Building Fund</b>	<b>2019</b>	<b>2018</b>
<b>Revenue</b>				
Student fees	\$ 2,270,364	\$ 146,799	\$ 2,417,163	\$ 1,540,862
Family plan fees	88,164	-	88,164	-
Investment income	20,685	292	20,977	10,637
	<b>2,379,213</b>	<b>147,091</b>	<b>2,526,304</b>	<b>1,551,499</b>
<b>Expenditures</b>				
Health premiums	1,737,956	-	1,737,956	1,315,628
Health coordinator	39,223	-	39,223	35,984
Health Events	12,500	-	12,500	-
Assistance fund	53,094	-	53,094	54,982
Other	23,341	37,284	60,625	27,112
	<b>1,866,114</b>	<b>37,284</b>	<b>1,903,398</b>	<b>1,433,706</b>
<b>Excess of revenue over expenditures for the year</b>	<b>\$ 513,099</b>	<b>\$ 109,807</b>	<b>\$ 622,906</b>	<b>\$ 117,793</b>

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

**FPLS ACCOUNTING GROUP**

**RED RIVER COLLEGE STUDENTS' ASSOCIATION INC.**  
**STATEMENT OF CHANGES IN NET ASSETS**

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For the year ended June 30, 2019

	<b>General</b>	<b>Health Fund</b>	<b>Building Fund</b>	<b>Total 2019</b>	<b>Total 2018</b>
<b>Balance, beginning of year</b>	\$ 1,093,860	\$ 1,013,092	\$ 114,278	\$ 2,221,230	\$ 2,039,285
<b>Excess (deficiency) of revenue over expenditures</b>	(54,692)	513,099	109,807	568,214	297,394
<b>Contributions to capital accounts</b>	-	(99,990)	(36,572)	(136,562)	(115,449)
<b>Balance, end of year</b>	<b>\$ 1,039,168</b>	<b>\$ 1,426,201</b>	<b>\$ 187,513</b>	<b>\$ 2,652,882</b>	<b>\$ 2,221,230</b>

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

**FPLS ACCOUNTING GROUP**

**RED RIVER COLLEGE STUDENTS' ASSOCIATION INC.**  
**STATEMENT OF FINANCIAL POSITION**

June 30, 2019

	2019	2018
<b>ASSETS</b>		
<b>Current</b>		
Cash	\$ 396,895	\$ 393,924
Accounts receivable	190,849	11,338
Inventory - note 4	42,414	36,910
Prepaid expenses	1,284	6,652
Short term investments	2,020,489	1,785,439
	2,651,931	2,234,263
<b>Property, plant and equipment - note 5</b>	<b>378,833</b>	<b>388,218</b>
	<b>\$ 3,030,764</b>	<b>\$ 2,622,481</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	\$ 42,786	\$ 42,938
Unearned revenue	120	2,100
	42,906	45,038
<b>Deferred capital contributions - note 6</b>	<b>334,976</b>	<b>356,213</b>
	<b>377,882</b>	<b>401,251</b>
<b>Net assets</b>		
Net assets - building fund	187,513	114,278
Net assets - health fund	1,426,201	1,013,092
Net assets - invested in property, plant and equipment	43,857	32,005
Net assets - unrestricted	995,311	1,061,855
	2,652,882	2,221,230
	<b>\$ 3,030,764</b>	<b>\$ 2,622,481</b>

Approved on behalf of the board:

\_\_\_\_\_ Member

\_\_\_\_\_ Member

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

**FPLS ACCOUNTING GROUP**

**RED RIVER COLLEGE STUDENTS' ASSOCIATION INC.**  
**STATEMENT OF CASH FLOWS**

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For the year ended June 30, 2019

	2019	2018
<b>Operating activities</b>		
(Deficiency) excess of revenue over expenditures	\$ (54,692)	\$ 179,601
Adjustments for		
Amortization - deferred capital contributions	(157,799)	(113,748)
Amortization - administration	117,155	100,292
Amortization - Students' Retail Store	36,759	6,916
	(58,577)	173,061
Change in non-cash working capital items		
(Increase) decrease in accounts receivable	(179,511)	41,560
(Increase) decrease in inventory	(5,504)	6,035
Decrease in prepaid expenses	5,368	2,981
Decrease in accounts payable and accrued liabilities	(152)	(3,353)
(Decrease) increase in unearned revenue	(1,980)	2,100
	(240,356)	222,384
<b>Investing activities</b>		
Purchase of property, plant and equipment	(144,528)	(119,094)
Capital contributions received	136,561	115,449
	(7,967)	(3,645)
<b>Financing activities</b>		
Net assets - building fund	73,235	(3,986)
Net assets - health fund	413,109	6,330
	486,344	2,344
<b>Increase in cash</b>	<b>238,021</b>	<b>221,083</b>
<b>Cash, beginning of year</b>	<b>2,179,363</b>	<b>1,958,280</b>
<b>Cash, end of year</b>	<b>\$ 2,417,384</b>	<b>\$ 2,179,363</b>
<b>Cash consists of:</b>		
Cash	\$ 396,895	\$ 393,924
Short term investments	2,020,489	1,785,439
	<b>\$ 2,417,384</b>	<b>\$ 2,179,363</b>
<b>Other information</b>		
Interest received - General operations	\$ 16,347	\$ 12,083
Interest received - Fund operations	20,977	10,637

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

**FPLS ACCOUNTING GROUP**



June 30, 2019

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**1. INCORPORATION**

On January 17, 1975, Red River College Students' Association Inc. was incorporated as a non-profit organization without share capital under the Corporations Act of Manitoba.

**2. PURPOSE OF THE ASSOCIATION**

The association has been established to serve and protect the interests of RRC students by providing services and programs that best meet their needs and to deliver these programs and services in a responsible, courteous and cost-effective manner.

**3. SIGNIFICANT ACCOUNTING POLICIES**

**(a) Revenue recognition**

The association has several sources of income that are recognized as follows:

A portion of the student fees collected by Red River College are allocated to the Red River College Students' Association Inc. Student fee revenue is recognized over the period of instruction.

Contracts for commissions and exclusive rights are recognized over the term of the contract. The unearned portion of revenue is recorded in the liability section of the balance sheet.

Communications and programming income is recognized on a fees billed basis.

Store revenue is recognized on a point of sale basis.

Capital contributions are recognized in revenue on a deferred basis and are amortized based on the underlying amortization period of the assets for which the contributions were made. Deferred capital contributions are recorded in the liability section of the balance sheet.

**(b) Financial instruments**

The organization's financial instruments consist of cash, short term investments, accounts receivable, accounts payable and accrued liabilities, and funds held in trust. Unless otherwise noted it is management's opinion that the organization is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair values of these financial instruments approximate their carrying values, unless otherwise noted.

**(c) Short-term investments**

Short term investments are recorded at cost plus accumulated earnings.

**(d) Accounting estimates**

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the amounts recorded in the financial statements and notes to the financial statements. These estimates are based on management's best knowledge of current events and actions that the organization may undertake in the future. Actual results could differ from those estimates.

June 30, 2019

**3. SIGNIFICANT ACCOUNTING POLICIES, continued**

(e) **Inventory**

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

(f) **Property, plant and equipment**

The property, plant and equipment are recorded at cost. Amortization is provided by using the straight-line method. Computer equipment is amortized over a three year period. All other property, plant and equipment are amortized over a five year period with the exception of the building that is amortized over ten years.

(g) **Students' Retail Store**

The financial statements combine the students' retail stores' assets, liabilities and operations with those of the Association. Sales made by the store to the Association have not been eliminated on combining the results of operations since the profit after discounts is immaterial.

**4. INVENTORY**

	<b>2019</b>	<b>2018</b>
Bus passes	\$ 2,155	\$ 425
Confectionery	21,567	19,251
Lottery and stamps	3,381	1,860
School supplies	1,026	1,198
Tobacco	12,778	14,176
Liquor	1,507	-
	<b>\$ 42,414</b>	<b>\$ 36,910</b>

**5. PROPERTY, PLANT AND EQUIPMENT**

	<b>2019</b>		<b>2018</b>	
	<b>Cost</b>	<b>Accumulated amortization</b>	<b>Net</b>	<b>Net</b>
Building	\$ 75,145	\$ 37,572	\$ 37,573	\$ 45,087
Equipment	207,487	62,262	145,225	154,835
Furniture	97,606	81,878	15,728	35,249
Leasehold improvements	398,036	227,378	170,658	150,275
Computer hardware and software	17,322	7,673	9,649	2,772
	<b>\$ 795,596</b>	<b>\$ 416,763</b>	<b>\$ 378,833</b>	<b>\$ 388,218</b>

June 30, 2019

**6. DEFERRED CAPITAL CONTRIBUTIONS**

Deferred capital contributions represent the unamortized amount of contributions received from R.R.C. Students' Association Building Fund Inc. for the purchase of capital assets. The amortization of capital contributions is recorded as revenue in the statement of revenue in proportion to amortization of the property, plant and equipment to which the contributions apply.

	<b>2019</b>	<b>2018</b>
Balance, beginning of year	\$ 356,213	\$ 354,512
Capital contributions received	136,562	115,449
Less: Amount amortized as revenue	(157,799)	(113,748)
	<b>\$ 334,976</b>	<b>\$ 356,213</b>

**7. R.R.C. STUDENTS' ASSOCIATION BUILDING FUND INC.**

In 1984 a corporation was set up for the purpose of soliciting and administering funds to be used for construction or renovation of a student centre for benefit of the student body or Red River College by providing spaces for educational, cultural, social and fraternal activities.

Effective July 1, 2016 the corporation that was set up to hold the building fund was dissolved and the building fund was made a special committee under the students' association with a separate trust fund. The net assets of the building fund are included in these financial statements.

**8. TRUST FUNDS - CAMPUS CLUBS**

The Association has agreements with a number of clubs to hold funds and make deposits and disbursements on their behalf. At June 30, 2019 the Association held \$109,566 (\$105,183 in 2018) on deposit at Assiniboine Credit Union on behalf of the clubs. These funds are not reflected in these financial statements.

**9. LEASE COMMITMENTS**

The organization's total commitments are as follows:

2020	\$ 11,880
2021	9,450

**10. COMPARATIVE FIGURES**

Certain comparative figures have been reclassified from those previously presented to conform to the presentation of the 2019 financial statements.

**RED RIVER COLLEGE STUDENTS' ASSOCIATION INC.**  
**SCHEDULE OF STUDENTS' RETAIL STORES**

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For the year ended June 30, 2019

	2019	2018
<b>Revenue</b>		
Sales	\$ 653,552	\$ 626,298
Commissions and miscellaneous	56,774	61,865
	710,326	688,163
<b>Cost of sales</b>	491,885	454,545
<b>Gross margin</b>	218,441	233,618
<b>Expenditures</b>		
Bank charges	20,259	16,682
Amortization	36,759	6,916
Bad debts (recovery)	381	(1,262)
Conferencing & programming	283	640
Equipment rental and service	173	246
Insurance	6,555	5,535
Memberships	461	1,296
Mileage	30	51
Office and store	4,418	3,714
Postage and courier	3,363	3,063
Repairs & maintenance	207	-
Telephone	898	557
Wages and benefits	203,077	164,683
	276,864	202,121
<b>(Deficiency) excess of revenue over expenditures</b>	<b>\$ (58,423)</b>	<b>\$ 31,497</b>

**RED RIVER COLLEGE STUDENTS' ASSOCIATION INC.**  
**SCHEDULE OF EXPENDITURES**

**For the year ended June 30, 2019**

	<b>2019</b>	<b>2018</b>
<b>Administrative</b>		
Administrative - repairs & maintenance	\$ 3,486	\$ 2,110
Amortization	117,155	100,292
Athletic contributions	10,000	10,097
Bank charges	363	365
Conference and meetings	18,264	23,865
Donations, bursaries and scholarships	14,503	17,252
Duplicating and printing	7,386	4,980
Election expenses	3,148	2,447
Equipment rental	4,937	3,487
Food bank	2,362	4,839
Honorariums	2,061	2,901
Insurance	6,291	7,045
Meals and entertainment	5,479	5,116
Memberships	23,774	26,477
Office and supplies	11,844	7,833
Peer tutoring	20,000	20,000
Postage	515	-
Professional fees	16,000	14,040
Promotion	7,014	5,580
Special projects	84,507	5,177
Staff training and recognition	2,320	3,398
Student advocate service	225	-
Telephone	3,057	3,279
Vehicle operating	14,888	1,374
Wages and benefits - executive	95,313	97,436
Wages and benefits - staff	251,445	241,359
	<b>\$ 726,337</b>	<b>\$ 610,749</b>