



REPORT TO LONG-TERM PLAN AND BUDGET STANDING COMMITTEE

MEETING DATE: OCTOBER 8TH, 2014

Item:	<i>Executive Summary of Audited Statements</i>
Presenter:	<i>Andrew Lalka, Vice President Finance</i>
Purpose of Report:	<i>For Information</i>
Item #:	<i>5 b</i>

Recommendation:

That the Long-Term Plan and Budget Standing Committee recommend this report and its appendices for inclusion on the Council agenda as an item for information to the Governance and Agendas Standing Committee of Council. Further recommend to Council that no further action is required.

Background:

As a not for profit corporation, the University Students' Council undergoes an annual audit of our financial statements. A financial audit is a process that involves testing and verifying key aspects of a corporation's financial position. The final product is an audited statement and an audit report.

An audited statement represents the auditor's assessment of a corporation's financial position at the time of the report. It differs from an operating budget in that an audited statement is an adjusted snapshot in time whereas an operating budget includes current position and projections of corporate accounts. Audits present financial position based on accrual accounting whereas operating budgets are cash based.

An audit report that precedes an audited statement includes the scope of the audit, the period of the audit, and the standards to which the audit adheres. The report will also include the auditor's opinion on the accuracy of the financial statements and any qualifications that they may apply to their opinion.

For an introductory package on understanding and interpreting financial statements please feel free to consult the following guide produced by the Government of Manitoba.

[Understanding & Interpreting Financial Statements](#)

Report:

The University Students' Council's 2013/14 audit was performed by PWC. Their statements include the financial position of the USC as of May 31, 2014 including major changes in fund balances. PWC rendered an opinion indicating that the financial statements included in the report present fairly, in all material respects, the financial position of the USC in accordance with the Canadian accounting standards for not-for-profit corporations. PWC did not qualify their opinion or recommend any changes to internal control policies. PWC adjusted three items as reported in Appendix B.

The audited statements present an operating surplus of \$342,322 for fiscal 2014 following a deficit of \$549,814 for fiscal 2013. The deficit for fiscal 2013 was exaggerated by a \$405,000 adjustment for health insurance premiums owing. This adjustment resulted from reasonability testing performed by PWC.

In fiscal 2014, it was determined that \$405,000 was not owing to the Campus Trust and as a result the PWC adjustment was reversed. This means that \$405,000 was added into income in 2014. Both the entry in 2013 and that in 2014 were accounting entries, they do not represent cash. They do impact the net financial position on the audited statements however. As a result the surplus in 2014 and the deficit in 2013 were both exaggerated by \$405,000.

In summary, the audited surplus and deficits do not represent the operating position of the USC, but rather its adjusted financial position based on CAS not-for-profit standards. The statements should be considered holistically within the context of previous audited statements produced over the past 5 years taking into account changes to accounting practice in that time period.

Appendices:

- *USC 2014 Audit Reports and Audited Financial Statements*

Legislative History:

- *None*

Action Required:

- *None*

Sign-Offs:

<i>Council Review:</i>	<i>Jack Litchfield, LTPB Chair</i>	
<i>Executive Review:</i>	<i>Matt Helfand, President</i> <i>and</i> <i>Andrew Lalka, Vice President Finance</i>	
<i>USC General Manager Review:</i>	<i>Cathy Clarke, General Manager</i>	
<i>USC Human Resources Review:</i>	<i>Karla Pacheco, Human Resources Manager</i>	
<i>Financial Review:</i>	<i>Carrie Passi, Managing Director Corporate and Financial Resources</i>	
<i>Legislative Review:</i>	<i>Scott Courtice, Managing Director Government Services</i>	