

University of Toronto Engineering Society
Financial Statements
For the year ended May 31, 2023

**University of Toronto
Engineering Society
Financial Statements
For the year ended May 31, 2023**

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Independent Auditor's Report

To the Members of the University of Toronto Engineering Society

Qualified Opinion

We have audited the financial statements of the University of Toronto Engineering Society (the "Organization"), which comprise the statement of financial position as at May 31, 2023, and the statement of operations, changes in fund balances, and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at May 31, 2023 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 Qualified Opinion

In common with many not-for-profit organizations, the Organization derives revenue from UTSU revenue, Locker income, Alumni funding, Store and Cafe revenue, Advertising, Graduation ball, Orientation, Pub-SUDS and The Cannon Ball, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Organization. Therefore, we were not able to determine whether any adjustments might be necessary to revenue, excess of revenue over expenses, and cash flows from operations for the years ended May 31, 2023 and 2022, current assets as at May 31, 2023 and 2022, and net assets as at June 1 and May 31 for both the 2023 and 2022 years. Our audit opinion on the financial statements for the year ended May 31, 2022 was modified accordingly because of the possible effects of this limitation in scope.

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 Organization 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 qualified opinion.

Other Matters

We have not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the supplementary schedules attached to the Organization's financial statements.

Responsibilities of Management and Those Charged with Governance 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.

In preparing the financial statements, management is responsible for assessing the Organization'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 Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization's financial reporting process.

Independent Auditor's Report

(continued)

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 Organization'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 Organization'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 Organization 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.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

Toronto, Ontario

October 17, 2023

University of Toronto Engineering Society Statement of Financial Position

May 31

	Operating	Store	General Fund Total	Restricted Funds	2023 Total	2022 Total
Assets						
Current						
Cash and cash equivalents (Note 2)	\$ 952,991	\$ 192,392	\$ 1,145,383	\$ 69,813	\$ 1,215,196	\$ 1,352,631
Accounts receivable	-	-	-	-	-	843
Inventory	-	22,033	22,033	-	22,033	42,802
Prepaid expenses and deposits	449	-	449	-	449	449
	953,440	214,425	1,167,865	69,813	1,237,678	1,396,725
Other assets						
Property and equipment (Note 3)	309	159	468	-	468	616
	\$ 953,749	\$ 214,584	\$ 1,168,333	\$ 69,813	\$ 1,238,146	\$ 1,397,341

Liabilities and Fund Balances

Current						
Accounts payable and accrued liabilities (Note 4)	\$ 72	\$ 2,720	\$ 2,792	\$ -	\$ 2,792	\$ 1,902
Fund Balances (Note 5)	953,677	211,864	1,165,541	69,813	1,235,354	1,395,439
	\$ 953,749	\$ 214,584	\$ 1,168,333	\$ 69,813	\$ 1,238,146	\$ 1,397,341

On behalf of the Board:

_____ President

_____ V. P. Finance

University of Toronto Engineering Society Statement of Operations

For the year ended May 31

	Operating	Store	General Fund Total	Restricted Funds	2023 Total	2022 Total
Fee, Collection and Other Revenue						
Fee revenue (Note 7)	\$ 351,885	\$ -	\$ 351,885	\$ -	\$ 351,885	\$ 321,990
UTSU revenue	98,313	-	98,313	-	98,313	106,700
Interest and sundry income	12,569	-	12,569	-	12,569	13,344
Locker income	1,816	-	1,816	-	1,816	2,135
Alumni funding	40,000	-	40,000	-	40,000	40,000
Store and cafe revenue	-	276,146	276,146	-	276,146	170,365
	504,583	276,146	780,729	-	780,729	654,534
Committee Revenue						
Advertising	18,215	-	18,215	-	18,215	12,868
Graduation ball	41,049	-	41,049	-	41,049	30,684
Orientation	148,078	-	148,078	-	148,078	111,352
Pub-SUDS	33,544	-	33,544	-	33,544	19,919
The Cannon Ball	45,105	-	45,105	-	45,105	52,161
	285,991	-	285,991	-	285,991	226,984
	790,574	276,146	1,066,720	-	1,066,720	881,518
Expenses						
General	298,828	54,990	353,818	84	353,902	172,245
Committee costs	638,013	-	638,013	-	638,013	367,257
Store and cafe cost of sales	-	234,890	234,890	-	234,890	124,652
	936,841	289,880	1,226,721	84	1,226,805	664,154
Excess (deficiency) of revenue over expenses	\$ (146,267)	\$ (13,734)	\$ (160,001)	\$ (84)	\$ (160,085)	\$ 217,364

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

University of Toronto Engineering Society Statement of Changes in Fund Balances

For the year ended May 31, 2023

	General Fund	Restricted Funds	Total
Balance, beginning of year	\$ 1,352,997	\$ 42,442	\$ 1,395,439
Net transfer from general funds to restricted funds	(27,455)	27,455	-
Deficiency of revenue over expenses	(160,001)	(84)	(160,085)
Balance, end of year	\$ 1,165,541	\$ 69,813	\$ 1,235,354

For the year ended May 31, 2022

	General Fund	Restricted Funds	Total
Balance, beginning of year	\$ 1,154,569	\$ 23,506	\$ 1,178,075
Net transfer from general funds to restricted funds	(18,938)	18,938	-
Excess (deficiency) of revenue over expenses	217,366	(2)	217,364
Balance, end of year	\$ 1,352,997	\$ 42,442	\$ 1,395,439

University of Toronto Engineering Society Statement of Cash Flows

For the year ended May 31, 2023	2023	2022
Cash was provided by (used in)		
Operating activities		
Excess (deficiency) of revenue over expenses for the year	\$ (160,085)	\$ 217,364
Adjustments to reconcile excess of revenue over expenses for the year		
Amortization of property and equipment	148	199
Changes in non-cash operating balances		
Accounts receivable	843	1,972
Inventory	20,769	(11,995)
Accounts payable and accrued liabilities	890	1,279
	(137,435)	208,819
Net increase (decrease) in cash and cash equivalents during the year	(137,435)	208,819
Cash and cash equivalents, beginning of year	1,352,631	1,143,812
Cash and cash equivalents, end of year	\$ 1,215,196	\$ 1,352,631

University of Toronto Engineering Society

Notes to Financial Statements

May 31, 2023

1. Significant Accounting Policies

(a) Purpose of the Organization

The University of Toronto Engineering Society (the "Society") serves to provide student services to the undergraduate members of The University of Toronto Faculty of Applied Science and Engineering. Pursuant to the provisions of section 149 of the Income Tax Act, the entity qualifies as a non-profit organization and is exempt from income tax.

(b) Basis of Accounting

The financial statements have been prepared using Canadian accounting standards for not-for-profit organizations.

(c) Fund Accounting

The General Fund accounts for the Society's student service delivery expenses, committee costs, administrative activities and store operations.

The Restricted Funds report resources restricted as to use at the time of contribution and amounts established for future key initiatives as established by the Society members. These future initiatives are fully described in Note 5 to these financial statements and are summarized as follows: Reserve Fund - Internally restricted fund established to support the Skule Endowment Fund.

(d) Revenue Recognition

The Society follows the restricted fund method of accounting for revenues and contributions.

Restricted contributions are recognized as revenue of the Restricted Funds when amounts are received. Unrestricted contributions are recognized as revenue of the General Fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Student fees are recognized as revenue in the General Fund in the year to which the student fees relate on a straight line basis. The Society operates a retail store and cafe and revenue is recognized as cash is received from customers upon delivery of merchandise. Revenue from events and functions are recognized as the events and functions occur.

Investment income is recognized as revenue of the appropriate fund on an accrual basis.

University of Toronto Engineering Society

Notes to Financial Statements

May 31, 2023

1. Significant Accounting Policies - (Continued)

(e) Financial Instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, equities traded in an active market and derivatives are reported at fair value, with any unrealized gains and losses reported in operations. All bonds and guaranteed investment certificates are subsequently measured at amortized cost less impairment, if applicable. Financial assets are tested for impairment when changes in circumstances indicate the asset could be impaired. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items remeasured at fair value at each statement of financial position date and charged to the financial instrument for those measured at amortized cost.

Unless otherwise noted, the Society initially measures its financial assets and liabilities at fair value and subsequently measures its financial assets and liabilities at amortized cost.

(f) Cash and Cash Equivalents

Cash and cash equivalents include highly liquid investments with maturities of three months or less from the date of purchase.

(g) Inventory

Inventory is valued at the lower of cost (as determined on a first-in, first-out basis) and net realizable value.

(h) Property and Equipment

Property and equipment are recorded at cost less accumulated amortization. Amortization is provided on a declining balance basis at the following rates:

Computer equipment	30%
Furniture and fixtures	20%

(i) Use of 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 reported amounts of assets and liabilities, and the reported amount of revenue and expenses during the year. Actual results could differ from those estimates.

University of Toronto Engineering Society Notes to Financial Statements

May 31, 2023

2. Cash and Cash Equivalents

	2023	2022
Cash - general fund	\$ 1,145,383	\$ 1,310,189
Reserve Fund (Note 5)	69,813	42,442
	\$ 1,215,196	\$ 1,352,631

3. Property and Equipment

	2023		2022	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Computer equipment	\$ 36,446	\$ 36,273	\$ 36,446	\$ 36,199
Furniture and fixtures	110,336	110,041	110,336	109,967
	146,782	146,314	146,782	146,166
Net carrying amount		\$ 468		\$ 616

4. Government Remittances

Included in accounts payable is government remittances owing of \$2,792 (2022 - \$1,902).

University of Toronto Engineering Society Notes to Financial Statements

May 31, 2023

5. Restricted Funds

The Restricted Funds balance consists of the Reserve Fund. The Reserve Fund represents student fees internally restricted by the Society as a reserve fund to support the Skule Endowment Fund.

6. Skule Endowment Fund

The Society has donated funds to the University of Toronto ("University") for the creation of the Skule Endowment Fund for the benefit of students of the Faculty of Applied Science and Engineering. The specific uses of the Skule Endowment Fund will be mutually determined by the Society and the University at a later date. The University is responsible for the management of the Skule Endowment Fund. During the year, the Society remitted \$500,000 (2022 - \$475,000) to the Skule Endowment Fund.

7. Fee Revenue

Student fee revenue is reflected in the financial statements as follows:

	2023	2022
Total fees	\$ 1,085,608	\$ 1,023,194
Amounts collected for specific trusts, net ^(a)		
Skule Endowment Fund fee revenue (Note 6)	(500,000)	(475,000)
University of Toronto Aerospace Team	(31,157)	(29,869)
Blue Sky Solar Car Team	(30,677)	(29,410)
Formula SAE	(26,363)	(25,274)
University of Toronto Robotics Association	(23,967)	(22,976)
Skule Nite	(20,132)	(17,922)
Human Powered Vehicle Design Team	(19,173)	(22,792)
Robotics for Space Exploration	(17,735)	(18,506)
Engineers Without Borders	(14,380)	(13,786)
Concrete Toboggan	(14,380)	(11,388)
Concrete Canoe	(13,230)	(12,683)
University of Toronto Hyperloop Team	(12,942)	(12,407)
Engineers in Action	(9,587)	(9,191)
	\$ 351,885	\$ 321,990
Society Fees	\$ 351,885	\$ 321,990
Comprising:		
Operating Fund - Fee revenue	\$ 351,885	\$ 321,990

(a) The Society collects funds on behalf of certain trust accounts pursuant to Student referendums and as mandated by University of Toronto Administrative policy. These are not funds nor disbursements of the Society and are therefore not reflected in these financial statements.

University of Toronto Engineering Society

Notes to Financial Statements

May 31, 2023

8. Financial Instrument Risk Exposure and Management

The Society has policies relating to the identification, measurement, monitoring, mitigating and controlling of risks associated with financial instruments. The key risks related to financial instruments are market risk, credit risk and liquidity risk. The below sections describe how the Society manages each of these risks.

Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market factors. Market risk comprises interest rate risk.

Interest rate risk is the risk that the fair value of future cash flows of an investment will fluctuate because of changes in market interest rates. It arises when the Society invests in interest-sensitive investments such as GICs. To manage interest rate exposure, the Society invests in fixed income vehicles or cash.

Credit Risk

Financial instruments potentially exposed to credit risk include cash and cash equivalents and accounts receivable. Management considers its exposure to credit risk over cash and cash equivalents to be remote as the Society holds cash deposits at one major Canadian bank. Accounts receivable are not concentrated significantly and therefore the carrying amount of accounts receivable represents the maximum credit risk exposure.

Liquidity Risk

Liquidity risk is the risk the Society will not be able to meet its financial obligations as they fall due. The Society maintains its working capital at a sufficient level to ensure it always has cash available to pay accounts payable and accrued liabilities, all of which fall due within twelve months of the balance sheet date.

**University of Toronto Engineering Society
Schedule of Store Operations
(Unaudited)**

For the year ended May 31

	Bookstore	Cafeteria	2023 Total	2022 Total
Revenue	\$ 174,578	\$ 101,568	\$ 276,146	\$ 170,365
Cost of sales	163,329	71,561	234,890	124,652
	11,249	30,007	41,256	45,713
Expenses				
Wages and benefits	13,852	16,847	30,699	19,003
Rent	-	13,600	13,600	10,200
Credit card charges	-	-	-	561
Office and general	7,798	2,853	10,651	7,229
Amortization - office equipment	40	-	40	50
	21,690	33,300	54,990	37,043
Excess (deficiency) of revenue over expenses	\$ (10,441)	\$ (3,293)	\$ (13,734)	\$ 8,670

**University of Toronto Engineering Society
Schedule of Operating Fund General Expenses
and Committee Costs
(Unaudited)**

For the year ended May 31	2023	2022
General expenses		
Office wages and employee benefits	\$ 239,954	\$ 84,667
Professional fees	24,529	20,303
Insurance	14,690	13,233
Executive and council	6,831	3,844
Office printing, stationery and general	5,094	5,241
Gifts, donations and awards	2,781	2,652
Interest and bank charges	1,786	1,749
Miscellaneous	1,742	765
Repairs and maintenance	820	239
Computer systems	368	1,724
Elections	125	634
Amortization - property and equipment	108	149
	\$ 298,828	\$ 135,200
Committee costs		
Communications		
Handbook	\$ 18,969	\$ 14,736
Skule planner	17,751	16,879
Yearbook	11,865	8,307
Toike oike	10,209	10,699
The Cannon	5,017	4,839
	63,811	55,460
Social		
Cannon ball	84,687	65,383
Affiliates		
Club grants	78,907	57,506
Carried forward	\$ 227,405	\$ 178,349

**University of Toronto Engineering Society
Schedule of Operating Fund General Expenses
and Committee Costs
(Unaudited)**

For the year ended May 31, 2023

2023

2022

Committee costs - (Continued)

Brought forward	\$ 227,405	\$ 178,349
Culture Committees		
Pride float & bus trips (recovery)	25,569	(67)
Cannon guard	7,488	1,815
LGMB	2,833	2,250
Godiva week	2,440	-
	38,330	3,998
Fourth year		
Grad Ball	62,371	40,049
Kipling ritual	15,598	26,831
Fourth year general	367	420
	78,336	67,300
Professional development		
Miscellaneous conferences	14,081	2,000
OEC	6,430	1,050
CELC	7,351	-
CFES	4,204	7,213
Sustainable Engineering	3,952	-
UTEK (recovery)	3,121	(3,280)
CEC	1,535	-
ESSCO	1,423	999
CFES President	906	-
ESSCO FYIC	872	146
CALE	870	-
ESSCO President	316	20
	45,061	8,148
Events		
Orientation and first year events	134,308	79,292
Sundry events and special projects	79,365	13,093
SUDS	31,520	16,744
Student issues (recovery)	2,378	(15)
Skule Kup	1,259	707
Student council (recovery)	469	(329)
Environmental sustainability	120	-
High school liaison (recovery)	(538)	(30)
	248,881	109,462
	\$ 638,013	\$ 367,257