Richard Ivey School of Business
The University of Western Ontario
IVEY

| | |
|---|---|
| **To:** | University Secretariat Office, Property & Finance Committee, Board of Governors |
| **From:** | Deep Dhillon, MBAA President, Ivey Business School |
| | Derrick Wong, Vice-President Finance, Ivey Business School |
| **Date:** | March 6, 2013 |
| **Subject:** | Request for MBA Student Activity Fee Collection on Tuition Invoices |

**Proposals and Motions**

1. MBA Student Activity Fee: Effective for the MBA program starting April 2014, continue to have the MBA student activity fee for regular MBA and AMBA (Accelerated MBA) students collected by the Registrar's Office on the Western tuition invoice.
2. MBA Student Activity Fees: Effective for the MBA program starting April 2014, the MBA student activity fee will be $600; effective for the AMBA program starting in July 2014, the AMBA student activity fee will be $450.

**MBAA Student Activity Fees**:
In the one-year MBA program, it is a challenge for the graduating class to collect the student activity fees from the incoming class because there is no overlap in the program. As a result, the MBAA requests the continuation of the collection of the MBA student activity fee on the tuition invoice generated by the Registrar's Office to help facilitate the collection of fees. The Registrar's Office started collecting the MBA student activity fees in 2013 for the MBA program starting in April 2013 and for the Accelerated MBA program starting in July 2013.

**Supporting Documents**
Supporting documents include:

- A review engagement report from NPT Chartered Accountants for the preceding 2011-2012 fiscal year outlining how the MBAA student activity fee was spent.
- A proposed MBAA budget for 2014-2015 fiscal year, including a projected balance sheet.
- Proposed MBA student activity fee of $600 (same as in 2013) and AMBA student activity fee of $450 (same as in 2013) for the MBA programs starting in April 2014 and July 2014.

We assume that 130 – 140 regular MBA and 20 AMBA students will typically enroll in the MBA and AMBA programs each year.

The MBA student activity fees are higher than the activity fees charged by the other professional programs at Western. The reason for the higher MBA student activity fee is that the MBA Association covers the majority of the costs of events and activities as listed in the projected income statement. Some of these items include audit fees ($10,900), liability insurance ($1,500), competitions and conferences ($7,500), business cards/yearbook/speaker series ($11,000), and social events ($41,300).

We understand the current MBAA executive must request annually to the Property and Finance Committee to have the University collect the MBA and AMBA student activity fees on their behalf. If no report is submitted annually, then no MBA and AMBA activity fees will be collected and funds will not be available for use by the MBAA.

If you have any questions or need further information, feel free to contact us.
Thank you.

Regards,

Deep Dhillon, MBAA President. ddhillon.mba2013@ivey.ca

Derrick Wong, MBAA Vice-President Finance. dewong.mba2013@ivey.ca

**To:** University Secretariat Office, Property & Finance Committee, Board of Governors
**From:** Deep Dhillon, MBAA President, Ivey Business School
Derrick Wong, Vice-President Finance, Ivey Business School
**Date:** March 8, 2013
**Subject:** MBA and USC Health Plan Coverage
Addendum to MBA Association Proposal sent on March 6, 2013

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**Background**

In Spring 2012, the MBA Association submitted a proposal to the Property and Finance Committee and the Board of Governors proposing that the administration of the health plan and the collection of the health plan fees for MBA students and Accelerated MBA students (AMBA) be moved to the USC effective with the MBA and AMBA programs starting in 2013. The health plan coverage for the MBA students will be similar to the undergraduate health plan coverage because the MBA students are not part of SOGS. The amount of the health plan fee for the MBA and AMBA students was to be determined at a later date. MBA and AMBA students may opt out of the USC health plan if students provide proof of alternate medical coverage.

**Proposed**

1. Health plan fees will be collected by the University on behalf of the MBA and AMBA students and will be remitted directly to the USC to administer health plan coverage.
2. That the health plan fee for the MBA and AMBA students does not exceed $120 per student.

If you have any questions or need further information, feel free to contact us.
Thank you.

Regards,

Deep Dhillon, MBAA President. ddhillon.mba2013@ivey.ca

Derrick Wong, MBAA Vice-President Finance. dewong.mba2013@ivey.ca

# IVEY MBA STUDENT ASSOCIATION (IVEY MBAA) INC.

## Financial Statements

## Years Ended April 30, 2012 and 2011

*(Unaudited)*

**IVEY MBA STUDENT ASSOCIATION (IVEY MBAA) INC.**
**Index to Financial Statements**
**Years Ended April 30, 2012 and 2011**
*(Unaudited)*

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# REVIEW ENGAGEMENT REPORT

To the Members of Ivey MBA Student Association (Ivey MBAA) Inc.

We have reviewed the statements of financial positions of Ivey MBA Student Association (Ivey MBAA) Inc. as at April 30, 2012, April 30, 2011 and May 1, 2010 and the statements of revenues and expenditures, changes in net assets and cash flows for the years ended April 30, 2012 and April 30, 2011. Our review was made in accordance with Canadian generally accepted standards for review engagements and, accordingly, consisted primarily of enquiry, analytical procedures and discussion related to information supplied to us by the association.

A review does not constitute an audit and, consequently, we do not express an audit opinion on these financial statements.

The Association derives revenue in part from events, the completeness of which is not susceptible for satisfactory review verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Association and we were not able to determine whether any adjustments might be necessary to revenues, excess of revenues over expenditures, current assets and net assets.

Except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of revenue, as described in the preceding paragraph, nothing has come to our attention that causes us to believe that these financial statements are not, in all material respects, in accordance with Canadian accounting standards for not-for-profit organizations.

NPT LLP

London, Canada

NPT LLP
Chartered Accountants
Licensed Public Accountants

**IVEY MBA STUDENT ASSOCIATION (IVEY MBAA) INC.**

**Statements of Financial Position**

**April 30, 2012 and 2011 and May 1, 2010**

*(Unaudited)*

| | *April 30* **2012** | *April 30* 2011 | *May 1* 2010 |
|---|---|---|---|
| **ASSETS** | | | |
| CURRENT | | | |
| Cash | **$ 111,347** | $ 1,421 | $ 112,027 |
| Accounts receivable | **-** | 5,000 | - |
| Prepaid expenses | **1,415** | - | - |
| | **112,762** | 6,421 | 112,027 |
| Capital assets *(Note 4)* | **1,142** | 1,522 | 1,902 |
| | **$ 113,904** | $ 7,943 | $ 113,929 |
| **LIABILITIES AND NET ASSETS** | | | |
| CURRENT | | | |
| Accounts payable and accrued liabilities | **$ 6,320** | $ 14,153 | $ 13,682 |
| Deferred revenue | **90,000** | 1,500 | 111,751 |
| | **96,320** | 15,653 | 125,433 |
| NET ASSETS | | | |
| General fund | **17,584** | (7,710) | (11,504) |
| | **$ 113,904** | $ 7,943 | $ 113,929 |

See accompanying notes to the financial statements.

**IVEY MBA STUDENT ASSOCIATION (IVEY MBAA) INC.**
**Statements of Changes in Net Assets**
**Years Ended April 30, 2012 and 2011**
*(Unaudited)*

| | | **2012** | | 2011 |
|---|---|---|---|---|
| **NET ASSETS - BEGINNING OF YEAR** | **$** | **(7,710)** | $ | (11,504) |
| Excess of revenues over expenditures | | **25,294** | | 3,794 |
| **NET ASSETS - END OF YEAR** | **$** | **17,584** | $ | (7,710) |

See accompanying notes to the financial statements.

**IVEY MBA STUDENT ASSOCIATION (IVEY MBAA) INC.**

**Statements of Revenues and Expenditures**

**Years Ended April 30, 2012 and 2011**

*(Unaudited)*

| | 2012 | 2011 |
|---|---|---|
| **REVENUES** | | |
| Student fees | $ 94,057 | $ 130,112 |
| Events and other revenue | 24,893 | 43,215 |
| Contributions | 14,010 | 12,507 |
| | 132,960 | 185,834 |
| **EXPENDITURES** | | |
| Events | 38,546 | 59,160 |
| Sponsorships | 26,002 | 49,808 |
| Health fees | 24,894 | 39,351 |
| Business competitions | 6,761 | 10,532 |
| Student business cards | 4,460 | 4,679 |
| Legal and accounting | 4,012 | 8,094 |
| Insurance | 1,415 | 1,415 |
| Bank fees | 981 | 387 |
| Amortization | 380 | 380 |
| Office and general | 215 | 375 |
| Clothing and other merchandise | - | 2,483 |
| Section funds | - | 5,376 |
| | 107,666 | 182,040 |
| **EXCESS OF REVENUES OVER EXPENDITURES FOR THE YEAR** | $ 25,294 | $ 3,794 |

See accompanying notes to the financial statements.

**IVEY MBA STUDENT ASSOCIATION (IVEY MBAA) INC.**

**Statements of Cash Flows**

**Years Ended April 30, 2012 and 2011**

*(Unaudited)*

| | 2012 | 2011 |
|---|---|---|
| **OPERATING ACTIVITIES** | | |
| Excess of revenues over expenditures for the year | **$ 25,294** | $ 3,794 |
| Item not affecting cash: | | |
| Amortization of capital assets | **380** | 380 |
| | **25,674** | 4,174 |
| Changes in non-cash working capital: | | |
| Accounts receivable | **5,000** | (5,000) |
| Prepaid expenses | **(1,415)** | - |
| Accounts payable and accrued liabilities | **(7,833)** | 471 |
| Deferred revenue | **88,500** | (110,251) |
| | **84,252** | (114,780) |
| **INCREASE (DECREASE) IN CASH** | **109,926** | (110,606) |
| Cash - beginning of year | **1,421** | 112,027 |
| **CASH - END OF YEAR** | **$ 111,347** | $ 1,421 |

See accompanying notes to the financial statements.

# IVEY MBA STUDENT ASSOCIATION (IVEY MBAA) INC.

## Notes to Financial Statements

## Years Ended April 30, 2012 and 2011

*(Unaudited)*

1. NATURE OF THE ASSOCIATION

The association was incorporated pursuant to the Ontario Corporations Act, without share capital, on March 7, 2003. The association was organized to provide support to MBA students of the Richard Ivey School of Business at Western University. As a not-for-profit organization, the association is exempt from tax under Section 149(1) of the Income Tax Act.

2. BASIS OF PRESENTATION

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO). ASNPO are part of Canadian generally accepted accounting principles (GAAP).

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Revenue Recognition

Revenue from student fees is recognized as earned. Revenue from events is recognized when the events take place. Interest income is recorded as earned.

Capital assets

Capital assets are stated at cost less accumulated amortization. Capital assets are amortized over their estimated useful lives as per the following method and rate:

| | | |
|---|---|---|
| Furniture and fixtures | 10 years | straight-line method |

When capital assets are retired or otherwise disposed of, the assets and related accumulated amortization thereon are removed from the accounts and the resulting gain or loss is credited or charged to income.

Financial instruments policy

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

Measurement uncertainty

The preparation of financial statements in conformity with Canadian ASNPO requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in operations in the period in which they become known. Actual results could differ from these estimates.

*(continues)*

**IVEY MBA STUDENT ASSOCIATION (IVEY MBAA) INC.**

**Notes to Financial Statements**

**Years Ended April 30, 2012 and 2011**

*(Unaudited)*

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Changes in accounting policies - Accounting standards for not-for-profit organizations

With regard to the association's transition from former Canadian GAAP to ASNPO, the association has made the following elections available under Canadian Institute of Chartered Accountants (CICA) Handbook Section 1501 of ASNPO:

Financial instruments

The association has applied Handbook Section 3856, "Financial instruments", to the opening statement of financial position for the first year presented in the financial statements for the year of adoption of ASNPO. Any difference between the recognition and measurement of financial instruments at that date, in accordance with Handbook Section 3856, and the prior year's closing statement of financial position is recorded as an adjustment to opening net assets at the date of transition to ASNPO.

Related party transactions

Handbook Section 3840, "Related party transactions", specifies that certain related party transactions shall be measured at the carrying amount and some at the exchange amount. However, under Handbook Section 1501 of ASNPO, the association is not required to restate assets or liabilities related to transactions with related parties when the related party transaction occurred prior to the date of transition to ASNPO. The association has used this election.

4. CAPITAL ASSETS

| | Cost | Accumulated amortization | **2012 Net book value** |
|---|---|---|---|
| Furniture and fixtures | $ 3,804 | $ 2,662 | **$ 1,142** |

| | Cost | Accumulated amortization | 2011 Net book value |
|---|---|---|---|
| Furniture and fixtures | $ 3,804 | $ 2,282 | $ 1,522 |

5. SIGNIFICANT TRANSACTIONS WITH RELATED ORGANIZATIONS

The University of Western Ontario collected MBA student fees on behalf of the association, which are submitted periodically to the association. MBA student fees received in the current year were in the amount of $198,500 (2011 - $35,471). Some of the MBA student fees received in the current year relate to the fiscal 2013 year and have been advanced early.

**IVEY MBA STUDENT ASSOCIATION (IVEY MBAA) INC.**

**Notes to Financial Statements**

**Years Ended April 30, 2012 and 2011**

*(Unaudited)*

6. FINANCIAL INSTRUMENTS

The association is exposed to various risks through its financial instruments. The following analysis provides information about the association's risk exposure and concentration.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The association is not exposed to significant credit risk.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The association manages its liquidity risk by forecasting its cash needs on a regular basis and seeking additional information based on those forecasts.

Currency risk

Currency risk is the risk to the company's earnings that arise from fluctuations of foreign exchange rates. The company is not exposed to significant currency risk.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The association is not exposed to significant interest rate risk as it has no interest bearing financial instruments.

7. FIRST TIME ADOPTION OF ACCOUNTING STANDARDS FOR NOT-FOR-PROFIT ORGANIZATIONS

Effective May 1, 2011, the association adopted the requirements of the CICA Handbook - Accounting, electing to adopt the new accounting framework: ASNPO. These are the association's first financial statements prepared in accordance with ASNPO which has been applied retrospectively. The accounting policies set out in the significant accounting policies note have been applied in preparing the financial statements for the year ended April 30, 2012, the comparative information for the year ended April 30, 2011 and in the preparation of the opening ASNPO statement of financial position at May 1, 2010 (the association's date of transition).

The association issued financial statements for the year ended April 30, 2011 using generally accepted accounting principles prescribed by CICA Handbook - Accounting. The adoption of ASNPO has no impact on previously reported assets, liabilities and net assets of the association, and accordingly, no adjustments have been recorded in the comparative statement of financial position, statement of revenues and expenditures, statement of net assets and the cash flow statement. Certain of the association's disclosures included in these financial statements reflect the new disclosure requirements of ASNPO.

**IVEY MBA STUDENT ASSOCIATION (IVEY MBAA) INC.**
**Statements of Financial Position**

| | | April 30 2014 | April 30 2013 | April 30 2012 | April 30 2011 |
|---|---|---|---|---|---|
| | | Projected | Projected | Actual | Actual |
| **ASSETS** | | | | | |
| Current | | | | | |
| | Cash | 93,000 | 93,000 | 111,347 | 1,421 |
| | Accounts receivable | | | | 5,000 |
| | Prepaid expenses | 1,500 | 1,500 | 1,415 | |
| | | 94,500 | 94,500 | 112,762 | 6,421 |
| Capital Assets | | 1,000 | 700 | 1,142 | 1,522 |
| | | 95,500 | 95,200 | 113,904 | 7,943 |
| **LIABILITIES AND NET ASSETS** | | | | | |
| Current | | | | | |
| | Accounts payable and accrued liabilities | 4,500 | 4,500 | 6,320 | 14,153 |
| | Deferred revenue | - | - | 90,000 | 1,500 |
| | | 4,500 | 4,500 | 96,320 | 15,653 |
| Net Assets | | | | | |
| | General Fund | 91,000 | 90,700 | 17,584 | - 7,710 |
| | | 95,500 | 95,200 | 113,904 | 7,943 |

# *Ivey MBA Association Budget*

| | | Budget 2015 |
|---|---|---|
| | | C |
| **Operating Income** | | |
| Revenue | | |
| Fees - AMBA 2013 | $ | 9,000 |
| Fees - MBA 2013 | $ | 84,000 |
| Total Revenue | **$** | **93,000** |
| | | |
| **Operating Expenses** | | |
| Administrative Expenses | | |
| Audit Fees | $ | 8,500 |
| Bank Service Charges | $ | 100 |
| Director Liability Insurance | $ | 1,500 |
| Miscellaneous MBAA Exec. Funds | $ | 200 |
| Office Supplies | $ | 100 |
| Total Administrative Expenses | **$** | **10,400** |
| | | |
| Case Competitions | | |
| CDN MBA Leadership Conference | $ | 3,000 |
| MBA Games | $ | 5,000 |
| IBK Business Case Competition | $ | 2,500 |
| Other Case Competitions | $ | 5,000 |
| Total Case Competitions | **$** | **15,500** |
| | | |
| Other | | |
| Yearbook | $ | 4,500 |
| Ivey Speaker Series | $ | 1,200 |
| Total Other | **$** | **5,700** |
| | | |
| Initiative Spending | | |
| JD/MBA Program | $ | 500 |
| LEADER | $ | 3,000 |
| CTP | $ | 1,500 |
| Miscellaneous Initiatives - Other | $ | 1,000 |
| Total Initiative Spending | **$** | **6,000** |
| | | |
| Senator Expenses | | |
| Corporate Social Responsibility | $ | 1,000 |
| Games | $ | 1,500 |
| Gifts for Speakers | $ | 500 |
| International Events | $ | 1,000 |
| Total Senator Expenses | **$** | **4,000** |
| | | |
| Social Events | | |
| Buddy Events | $ | - |
| Dis-Orientation Week | $ | 6,000 |

| | | |
|---|---|---|
| Formal | $ | 25,000 |
| Ivey Circle | $ | 300 |
| AMBA Orientation | $ | 1,500 |
| Orientation Week - For next class | $ | 3,000 |
| Social Events | $ | 5,000 |
| Career Networking Events | $ | 500 |
| Total Social Events | **$** | **41,300** |
| | | |
| Sporting Events | | |
| Ivey Cup | $ | 5,000 |
| Rugby | $ | - |
| Dragonboat | $ | - |
| Total Sporting Events | **$** | **5,000** |
| | | |
| Student Expenses | | |
| Student Business Cards | $ | 5,000 |
| Total Student Expenses | **$** | **5,000** |
| | | |
| **Total Operating Expenses** | **$** | **92,900** |
| | | |
| **Net Ordinary Income** | **$** | **100** |
| | | |
| **Other Income** | | |
| Other Income | | |
| Endowment Interest | $ | - |
| Family Health Plan - Add'n Fees | $ | - |
| CRA Refund Interest | $ | - |
| Prior Year Fundraising | $ | - |
| IBK Sponsorship Flowthrough | $ | - |
| Yearbook Advertising Revenue | $ | - |
| Other Income - Other | $ | - |
| Total Other Income | **$** | **-** |
| | | |
| **Other Expense** | | |
| Other Expenses | | |
| Placeholder | $ | - |
| Total Other Expenses | **$** | **-** |
| | | |
| **Net Other Income** | **$** | **-** |
| **Net Income** | **$** | **100** |