March 12, 2013

Ms. Irene Birrell
University Secretary
The University of Western Ontario

Dear Ms. Birrell,

The following are the proposed University Students' Council fees for the 2013/2014 school year. These fees were presented to the USC general assembly on February 27, 2013 and will be approved by Council no later than March 13, 2013, as presented herein. Please note that for the upcoming year, the USC has entered into an agreement with the affiliates. As a result, we now have two separate fee schedules. Both are outlined below and are based on full time equivalent enrollment at main and at the affiliates respectively.

The USC has entered into an agreement with the Society of Graduate Students (SOGS) in regards to the collection of student fees. We have agreed to collect the following fees from graduate students for the 2013/2014 school year:

| | |
|---|---|
| Ombudsperson | $ 3.09 |
| Community Legal Service | 5.06 |
| UCC Fee | 28.63 |
| **Total Graduate Fee** | **$ 36.78** |

## Main Campus

**GENERAL FEES**

| | 2012/2013 | 2013/2014 | |
|---|---|---|---|
| USC Base Fee | $ 73.26 | $ 77.46 | |
| Gazette Fee | 15.89 | 16.35 | Note 4 |
| OUSA | 2.85 | 2.87 | Note 2 |
| Faculty Council Grants/Transfers Out | 9.10 | 9.38 | Note 3 |
| Ombudsperson | 3.00 | 3.09 | |
| Community Legal Service | 4.91 | 5.06 | |
| UCC Fee | 55.05 | 56.70 | |
| USC Day Care Fee | 1.55 | 1.60 | |
| CHRW | 12.46 | 12.83 | |
| UCC Renovation levy | 28.69 | 29.55 | Note 1 |
| WUSC Fee | 0.52 | 0.82 | |
| **Sub Total USC Student Fees** | **$ 207.28** | **$215.70** | |

**FEES FOR SERVICE**

| | | | |
|---|---|---|---|
| Health Plan Fee | $ 113.75 | $117.12 | Note 7 |
| Student Endowment Fee | 50.00 | 50.00 | |
| LTC 12 month Bus Pass | 190.96 | 200.43 | Note 5, 6 |
| Late Night Bus | 12.93 | 12.93 | |
| Dental Plan | 114.00 | 117.38 | Note 8 |
| **Sub Total USC Fees for Service** | **$ 481.64** | **$497.86** | |

Note 1: Fee approved by referendum in February 2010. Increase consists of a 3.0% inflation increase.

Note 2: Fee set as per OUSA by-law.

Note 3: Fee increased by 3.0% inflation.

Note 4: Fee increased by 3.0% inflation.

Note 5: The contract with the LTC required the fee to increase by 5%.

Note 6: Bus pass fee is a 12 month bus pass for all students as per the referendum held on March 16, 2011.

Note 7: Health plan fee to increase by $10 as per referendum in 2012.

Note 8: Dental plan set at $114 as per referendum. This fee is an opt out option fee for all students.

To conclude, the USC has increased student fees for main campus students by $24.64 or 3.6%.

## Affiliate Campuses

**GENERAL FEES**

| | 2012/2013 | 2013/2014 | |
|---|---|---|---|
| USC Base Fee | $ 27.84 | $ 30.68 | Note 1 |
| Gazette Fee | 15.39 | 15.85 | |
| OUSA | 2.85 | 2.87 | |
| Faculty Council Grants/Transfers Out | 9.10 | 9.38 | |
| Ombudsperson | 3.00 | 3.09 | |
| Community Legal Service | 4.91 | 5.06 | |
| UCC Fee | 31.46 | 32.40 | Note 2 |
| USC Day Care Fee | 1.55 | 1.60 | |
| CHRW | 12.46 | 12.83 | |
| UCC Renovation levy | 28.69 | 29.55 | |
| WUSC Fee | 0.52 | 0.82 | |
| **Sub Total USC Student Fees** | **$ 137.77** | **$144.62** | |

**FEES FOR SERVICE**

| | | |
|---|---|---|
| Health Plan Fee | $ 113.75 | $117.12 |
| Student Endowment Fee | 50.00 | 50.00 |
| LTC 12 month Bus Pass | 190.96 | 200.43 |
| Late Night Bus | 12.93 | 12.93 |
| Dental Plan | 114.00 | 117.38 |
| **Sub Total USC Fees for Service** | **$481.64** | **$497.86** |

Note 1: Per the affiliate agreement, affiliate students now pay 38% of base student fee.

Note 2: Per the affiliate agreement, affiliate students now pay 38% of $33.33 plus 18.79 for the UCC fee plus any adjustment for inflation.

If there are any questions, please do not hesitate to contact me at 519.661.3574 extension 82606.

Sincerely,

Carrie Passi
USC Senior Manager, Finance

Enclosures:
1. USC 2013/2014 Budget and Fee Schedules
2. USC Estimated Balance Sheet
3. USC Fiscal Year 2011/2012 draft Audited Financial Statements

c.c. Gitta Kulczycki, UWO Vice President Resources and Operations
Rick Campbell,UWO Manager, Financial Analysis and Budget Administration
Sharon Farnell, UWO Internal Audit
Lynn Logan, UWO Associate Vice-President Financial Services
Cathy Clarke, USC General Manager
Andrew Forgione, USC President
Jennifer Valadao, USC Vice President Finance
Carrie Passi, USC Senior Manager Financial Services

## CONFIDENTIAL - Draft #1

**Student Fees Main - Budget 2013/2014**

| Type | 2012/2013 Rate | 2013/2014 Rate | | 2013/2014 Budget Fees Winter | Summer | Grad | Total |
|---|---|---|---|---|---|---|---|
| Base Student Fee (Note 2,9) | 73.26 | 77.46 | | 1,858,987 | 35,897 | | 1,894,884 |
| Gazette | 15.39 | 15.85 | | 380,340 | 7,539 | | 387,879 |
| OUSA (Note 2) | 2.85 | 2.87 | **T** | 68,880 | 1,398 | | 70,278 |
| Faculty Council (Note 2) | 3.63 | 3.74 | **T** | 89,717 | 1,778 | | 91,496 |
| CASA (Note 2) | 1.88 | 1.94 | **T** | 39,440 | 782 | | 40,222 |
| Grants Committee (Note 2) | 3.59 | 3.70 | **T** | 88,695 | 1,758 | | 90,453 |
| Ombudsperson | 3.00 | 3.09 | **T** | 74,160 | 1,470 | 19,158 | 94,788 |
| Community Legal Services (Note 2) | 4.91 | 5.06 | **T** | 121,412 | 2,407 | 31,365 | 155,184 |
| UCC Fee (Note 2) | 55.05 | 56.70 | | 1,360,836 | 26,975 | 165,844 | 1,553,655 |
| USC Day Care Levy (note 2) | 1.55 | 1.60 | **T** | 38,341 | 760 | | 39,101 |
| USC Capital/Facility fee (note 2) | 28.69 | 29.55 | **FT** | 709,303 | 14,060 | | 723,363 |
| CHRW (Note 2, 7) | 12.46 | 12.83 | **T** | 308,004 | 6,105 | | 314,109 |
| Multimedia Capital Fee (note 5) | 0.50 | 0.50 | | 12,000 | 245 | | 12,245 |
| WUSC (note 6) | 0.52 | 0.82 | **T** | 19,680 | 255 | | 19,935 |
| Late Night Busing (note 2) | 12.93 | 12.93 | **T** | 310,200 | 6,333 | | 316,533 |
| | 220.21 | 228.63 | | 5,479,995 | 107,762 | 216,367 | 5,804,125 |
| Health and Dental Plan (Note 1,8) | 227.75 | 234.50 | **T** | 5,628,000 | | | 5,628,000 |
| Bus Pass (Note 3) | 190.96 | 200.43 | **T** | 4,926,569 | | | 4,926,569 |
| | 638.92 | 663.56 | | 16,034,564 | 107,762 | 216,367 | **16,358,694** |

**T: Transfers out**

**FT: Fund transfer**

Note 1: Health Plan projection and budget based on 24,000 main campus students.

Note 2: Cost of Living increase estimated at 3.0%.

Note 3: Increase for Bus Pass 5.0% as per contract with LTC

Note 4: Grad Students pay $8.00 per term in 2012/2013, with inflation increase in 2013/2014 of 3.0%.

Note 5: Fee is to be split equally between Gazette and BPC.

Note 6: Per referendum passed in March 2011, fee is to increaseto 0.82 in 2013/2014 fiscal year

Note 7: Student fee calculated as total budget expenses divided by total expected students

Note 8: Health plan is $117.12 and dental plan is $117.38

Note 9: $2 fee increase to cover service provisions

| | |
|---|---|
| Rate of Inflation | 3.0% |
| Fee Increase - Internal | 2.9% |
| Fee Increase - all | 3.6% |

## CONFIDENTIAL - Draft #1

**Student Fees Affiliate - Budget 2013/2014**

| Type | 2012/2013 Rate | 2013/2014 Rate | | 2013/2014 Budget Fees Winter | Summer | Grad | Total |
|---|---|---|---|---|---|---|---|
| Base Student Fee (Note 2,4) | 27.84 | 30.68 | | 184,051 | 0 | | 184,051 |
| Gazette | 15.39 | 15.85 | | 95,085 | 0 | | 95,085 |
| OUSA (Note 2) | 2.85 | 2.87 | T | 17,220 | 0 | | 17,220 |
| Faculty Council (Note 2) | 3.63 | 3.74 | T | 22,429 | 0 | | 22,429 |
| CASA (Note 2) | 1.88 | 1.94 | T | 9,860 | 0 | | 9,860 |
| Grants Committee (Note 2) | 3.59 | 3.70 | T | 22,174 | 0 | | 22,174 |
| Ombudsperson | 3.00 | 3.09 | T | 18,540 | 0 | 0 | 18,540 |
| Community Legal Services (Note 2) | 4.91 | 5.06 | T | 30,353 | 0 | 0 | 30,353 |
| UCC Fee (Note 2) | 31.46 | 32.40 | | 194,423 | 0 | 0 | 194,423 |
| USC Day Care Levy (note 2) | 1.55 | 1.60 | T | 9,585 | 0 | | 9,585 |
| USC Capital/Facility fee (note 2) | 28.69 | 29.55 | FT | 177,326 | 0 | | 177,326 |
| CHRW (Note 2, 7) | 12.46 | 12.83 | T | 77,001 | 0 | | 77,001 |
| Multimedia Capital Fee (note 5) | 0.50 | 0.50 | | 3,000 | 0 | | 3,000 |
| WUSC (note 6) | 0.52 | 0.82 | T | 4,920 | 0 | | 4,920 |
| Late Night Busing (note 2) | 12.93 | 12.93 | T | 77,550 | 0 | | 77,550 |
| | 151.20 | 157.55 | | 943,517 | 0 | 0 | 943,517 |
| Health and Dental Plan (Note 1,8) | 227.75 | 234.50 | T | 1,407,000 | | | 1,407,000 |
| Bus Pass (Note 3) | 190.96 | 200.43 | T | 1,202,580 | | | 1,202,580 |
| | 569.91 | 592.48 | | 3,553,097 | 0 | 0 | **3,553,097** |

**T: Transfers out**

**FT: Fund transfer**

Note 1: Health Plan projection and budget based on 6,000 affiliate campus students.

Note 2: Cost of Living increase estimated at 3.0%.

Note 3: Increase for Bus Pass 5.0% as per contract with LTC

Note 4: $2 fee increase included to ensure high level service provision

Note 5: Fee is to be split equally between Gazette and BPC.

Note 6: Per referendum passed in March 2011, fee is to increaseto 0.82 in 2013/2014 fiscal year

Note 7: Student fee calculated as total budget expenses divided by total expected students

Note 8: Health plan is $117.12 and dental plan is $117.38

**University Students' Council**
**Financial Statements from Statement of Earnings**

**Summary - CHRW**

| | Actual 2011-2012 | Projected 2012-2013 (as of Nov 29, 2012) |
|---|---|---|
| CHRW Student Fees | 405,127.08 | 342,000 |
| CHRW Fundraising Revenue | 4,743.27 | 6,394 |
| USC Marketing Dept Revenue | 10,336.80 | 1,046 |
| CHRW Target Revenue | 2,483.80 | 2,000 |
| CHRW Misc. Revenue | 65.00 | 0 |
| CHRW Bank Interest | 2,632.37 | 1,277 |
| TOTAL REVENUE | 425,388.32 | 352,716 |
| | | |
| CHRW FULL TIME SALARIES | 164,940.88 | 171,636 |
| CHRW PART TIME SALARIES | 51.00 | -2,113 |
| CHRW HONORARIA | 2,128.60 | 1,525 |
| CHRW TRAVEL | 5,912.42 | 6,887 |
| CHRW PROFESSIONAL DEVELOPMENT | 0.00 | 19 |
| CHRW STAFF BENEFITS | 26,887.45 | 30,803 |
| CHRW CONFERENCE/MEETINGS | 3,280.01 | 1,932 |
| CHRW OPERATING SUPPLIES | 141.51 | 696 |
| CHRW OCCUPANCY | 26,386.84 | 28,339 |
| CHRW DEPRECIATION | 9,411.42 | 14,100 |
| CHRW ADVERTISING/PROMOTIONS | 5,062.29 | 4,642 |
| CHRW CONTRACTED SERVICES | 0.00 | 0 |
| CHRW SERVICES/MAINTENANCE | 1,734.76 | 1,400 |
| CHRW EQUIPMENT NON CAPITAL | 7,451.70 | 5,713 |
| CHRW EQUIP. RENTAL OF USC ASSETS | 13,518.52 | 10,553 |
| CHRW TELEPHONE | 10,116.75 | 10,554 |
| CHRW POSTAGE/COURIER | 178.34 | 168 |
| CHRW COPYING/PRINTING | 2,336.29 | 1,926 |
| CHRW OFFICE SUPPLIES | 457.64 | 534 |
| CHRW SUBSCRIPTIONS | 1,768.85 | 2,252 |
| CHRW VOLUNTEER RECOGNITION/ENT. | 1,254.00 | 1,500 |
| CHRW ASSOCIATION FEES | 1,112.00 | 1,410 |
| CHRW MISCELLANEOUS | 14.80 | -37 |
| CHRW INSURANCE | 9,219.96 | 9,220 |
| CHRW AUDIT FEES | 8,432.25 | 8,330 |
| CHRW ADMINISTRATION FEES | 6,300.00 | 6,300 |
| CHRW GRAPHIC CHARGES | | 68 |
| CHRW COPYRIGHTS | 6,754.88 | 7,000 |
| CHRW TRANSMITTER OPERATIONS | 12,674.74 | 11,687 |
| CHRW TECHNICAL EXPENSE | 7,755.31 | 7,685 |
| CHRW BANK FEES AND CHARGES | 249.89 | 322 |
| Total General Expenses | 335,533.10 | 345,048 |
| | | |
| Net CHRW | 89,855.22 | 7,668 |

| Budget 2013-2014 |
|---|
| 348,880 |
| 7,000 |
| 3,500 |
| 3,500 |
| 0 |
| 0 |
| 362,880 |
| 176,710 |
| 3,000 |
| 2,400 |
| 6,250 |
| 0 |
| 35,342 |
| 4,080 |
| 800 |
| 29,472 |
| 0 |
| 6,500 |
| 0 |
| 2,400 |
| 2,400 |
| 7,341 |
| 10,920 |
| 400 |
| 2,400 |
| 180 |
| 2,470 |
| 1,500 |
| 1,420 |
| 0 |
| 9,500 |
| 9,412 |
| 6,300 |
| 0 |
| 7,413 |
| 13,800 |
| 8,400 |
| 343 |
| 351,153 |
| 11,727 |

# Balance Sheet

| | Actual 2012 | As At May 31 Projected 2013 | Budget 2013 |
|---|---|---|---|
| **Assets** | | | |
| **Current Assets** | | | |
| Cash | 6,390,175 | 6,174,220 | 5,949,220 |
| Accounts Receivable | 448,831 | 443,500 | 450,000 |
| Inventories | 154,494 | 125,000 | 150,000 |
| Prepaids | 1,560,216 | 1,575,000 | 1,618,729 |
| | 8,553,716 | 8,317,720 | 8,167,948 |
| **Health Plan insurance deposit** | 124,493 | 124,493 | 124,493 |
| **Capital Assets** | 7,329,466 | 6,977,781 | 7,246,223 |
| **Total Assets** | 16,007,675 | 15,419,994 | 15,538,664 |

| | Actual 2012 | As At May 31 Projected 2013 | Budget 2013 |
|---|---|---|---|
| **Liabilities** | | | |
| **Current liabilities** | | | |
| Accounts Payable and accrued liabilities | 1,506,047 | 1,500,000 | 1,500,000 |
| Due to campus organizations and associations | 327,802 | 345,000 | 350,000 |
| Due to affiliated councils | 170,530 | 168,500 | 160,000 |
| Due to Radio Western | 144,943 | 148,000 | 145,000 |
| Current portion of long term debt | 503,269 | 503,269 | 503,269 |
| Post retirement benefit obligation | 1,181,800 | 1,182,000 | 1,185,000 |
| Deferred revenue | 1,996,790 | 1,900,000 | 2,000,000 |
| | 5,831,181 | 5,746,769 | 5,843,269 |
| **Long Term Debt** | 3,992,060 | 3,488,791 | 3,500,000 |
| **Fund balances (deficit)** | 6,184,434 | 6,184,434 | 6,195,395 |
| **Total Liabilities and Equity** | 16,007,675 | 15,419,994 | 15,538,664 |

**Draft Budget - Property and Finance**
**2013-2014 Budget**

| | 2012/2013 Budget | 2012/2013 Projected | 2013/2014 Budget | |
|---|---|---|---|---|
| Student Fees | 17,726,677 | 17,726,677 | 19,911,791 | 1 |
| Transfers Out (note 3) | (12,934,935) | (12,934,935) | (14,685,880) | 2 |
| Fund transfers | (831,362) | (831,362) | (900,689) | 2 |
| **Net Student Fees** | **3,960,380** | **3,960,380** | **4,325,222** | |
| | | | | |
| Miscellaneous General Revenue | 40,000 | 160,000 | 150,000 | |
| Total Corporate Revenue | 4,000,380 | 4,120,380 | 4,475,222 | |
| | | | | |
| General Corporate Expense | (367,200) | (382,627) | (587,000) | 3 |
| Corporate General Building Exp | (289,546) | (440,736) | (443,542) | |
| Corporate Office Expense | (87,040) | (88,400) | (105,000) | 4 |
| Corporate Salaries/Benefits | (1,552,940) | (1,673,443) | (1,994,985) | 5 |
| Biz Inc One time Grant | | | (45,000) | |
| Production Expense | | | (40,000) | |
| Total CorporateExpenses | (2,296,726) | (2,585,206) | (3,175,526) | |
| **Total Corporate** | **1,703,654** | **1,535,174** | **1,299,696** | |
| | | | | |
| **PVPs** | | | | |
| President | (189,613) | - | (186,985) | |
| VP Communications | (70,777) | - | (72,823) | |
| VP Finance | (63,922) | - | (75,588) | |
| VP Student Events | (95,312) | - | (92,308) | |
| VP University Affairs | (93,362) | - | (101,588) | |
| VP Campus Issues | (123,537) | - | (119,180) | |
| Council | (9,900) | - | (10,000) | |
| Elections | (24,360) | - | (25,000) | |
| **Total PVP's** | **(670,783)** | **(663,283)** | **(683,472)** | 6 |
| | | | | |
| **Media** | | | | |
| Gazette Advertising | 66,356 | 65,913 | 61,990 | 11 |
| Composing | (156,968) | (153,730) | (159,077) | |
| Editorial | (314,502) | (296,861) | (316,584) | |
| Total Gazette | (405,114) | (384,678) | (413,671) | |
| **Total Media** | **(405,114)** | **(384,678)** | **(413,671)** | |

| | 2012/2013 Budget | 2012/2013 Projected | 2013/2014 Budget | |
|---|---|---|---|---|
| **Facilities and Operations** | | | | |
| Rental Properties | 302,242 | 359,076 | 428,223 | 7 |
| Day Care | (68,051) | (64,000) | (67,500) | |
| Info Source | (30,593) | (22,562) | - | 8 |
| Reservations | (647,786) | (301,916) | - | 8 |
| Western Connections | | | (318,394) | 8 |
| Technical Services | - | (224,502) | (320,218) | 8 |
| Mustang Central | - | (60,543) | (67,001) | 8 |
| **Total Facilities and Operations** | **(444,188)** | **(314,448)** | **(344,889)** | |
| **Student Life** | | | | |
| Speakers | - | - | - | |
| Events | - | - | - | |
| General Student Life | (321,628) | (276,372) | - | |
| **Total Student Life** | **(321,628)** | **(276,372)** | **-** | 9 |
| **Food & Beverage** | | | | |
| Wave | (47,458) | 10,758 | 200 | |
| Spoke | 56,803 | 147,557 | 105,616 | |
| **Total Food and Beverage** | **9,346** | **158,314** | **105,816** | |
| **Service Operations** | | | | |
| InPrint | 18,043 | (46,902) | - | |
| Purple Store | 6,779 | 13,107 | 17,292 | |
| Purple Door Promos | 27,850 | 5,486 | - | |
| Post Office | (19,197) | (33,843) | - | |
| Western Film | (15,186) | (16,405) | 315 | |
| Creative Services | - | - | (196,275) | 10 |
| **Total Service Operations** | **18,288** | **(78,557)** | **(178,668)** | |
| Total Operations | (738,183) | (511,063) | (417,741) | |
| **Operational Stabilization Fund remaining from approved amount from Council in March 2012** | | | **101,150** | |
| **Operational Stabilization Fund (approved to be used)** | **125,000** | **23,850** | **-** | |
| **Operational Stabilization Fund (pending approval by Council 2013)** | | | **125,000** | |
| **Total USC** | **14,575** | **0** | **10,961** | |

**Reconciliation of Stabilization Fund**

| | |
|---|---|
| | 125,000.00 |
| used for prior year | 23,850.00 |
| remaining | 101,150.00 |

**Notes**

1. Assumes 24,000 main campus students and 6,000 affiliate students - figure confirmed by Doerkson
2. Includes all transfers out and the fund transfers.
3. Now includes cost of Mustang Express
4. Now includes cost of accomodation and per diem food expenses for conferences in addition to conference expenses

5. Includes all managing directors, rich, former SL staff, new IT person, all interns (10 for Creative Services and 5 for exec plus doubled gov officer alottment) all final payments for Pat W. Includes PD and staff appreciation as well as staff courses etc
6. Based on actual submissions by PVP
7. Includes ATM revenue, all tenant revenue, booster juice % and base, bookstore and UBS
8. Western Connections represents the former Reservations and InfoSource. Base fee increased by $2 to allow a "fireman" in Western Connections. $20K sits in WC and the rest is in corporate as a production/execution expense. Budget relies on need for planning before events to ensure adequate staff on hand.
9. Now included in corp as SL does not exist - now programming and grants/clubs support functions as well as Fund Development.
10. Based on figures submitted from individual budget pieces with assumption of 65% revenue from PDP as now 1 person
11. Gazette advertising maintains the ability to sell advertising for the Gazette with the exception of classified ads and some local ads. The administrator position at Gazette Advertising will be eliminated as it has become a redudant position.

# University Students' Council of The University of Western Ontario

Financial Statements
**May 31, 2012**

October 30, 2012

## Independent Auditor's Report

**To the Members of**
**University Students' Council of The University of Western Ontario**

We have audited the accompanying financial statements of University Students' Council of The University of Western Ontario (the USC), which comprise the statement of financial position as at May 31, 2012 and the statements of operations, fund balances and cash flows for the year then ended, and the related notes, including a summary of significant accounting policies.

**Management's responsibility for the financial statements**
Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, 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 entity'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 entity'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.

*PricewaterhouseCoopers LLP*
*465 Richmond Street, Suite 300, London, Ontario, Canada N6A 5P4*
*T: +1 519 640 8000, F: +1 519 640 8015*

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 University Students' Council of The University of Western Ontario as at May 31, 2012 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

PricewaterhouseCoopers LLP

**Chartered Accountants, Licensed Public Accountants**

# University Students' Council of The University of Western Ontario

Statement of Financial Position

**As at May 31, 2012**

| | 2012<br>$ | 2011<br>$ |
|---|---|---|
| **Assets** | | |
| **Current assets** | | |
| Cash and cash equivalents (note 2) | 6,390,175 | 7,017,930 |
| Accounts receivable | 448,831 | 448,404 |
| Inventories | 154,494 | 120,397 |
| Prepaid expenses | 1,560,216 | 136,259 |
| | 8,553,716 | 7,722,990 |
| **Health plan insurance deposit** (note 3) | 124,493 | 124,493 |
| **Capital assets** (note 4) | 7,329,466 | 5,930,234 |
| | 16,007,675 | 13,777,717 |
| **Liabilities** | | |
| **Current liabilities** | | |
| Accounts payable and accrued liabilities | 1,506,047 | 5,033,258 |
| Deferred contributions for campus organizations and associations (note 13) | 327,802 | 274,124 |
| Due to affiliated councils (note 13) | 170,530 | 259,386 |
| Due to Radio Western (notes 6 and 13) | 144,943 | 70,331 |
| Current portion of long-term debt (note 5) | 503,269 | 203,269 |
| Deferred revenue (note 2) | 1,996,790 | 1,040,672 |
| | 4,649,381 | 6,881,040 |
| **Post-retirement benefit obligation** (note 2 and 14) | 1,181,800 | 1,153,500 |
| **Long-term debt** (note 5) | 3,992,060 | 406,537 |
| | 9,823,241 | 8,441,077 |
| **Fund balances** | | |
| Operating fund - unrestricted | 2,661,289 | 1,813,495 |
| Reserve - internally restricted | 3,523,145 | 3,523,145 |
| | 6,184,434 | 5,336,640 |
| | 16,007,675 | 13,777,717 |

**Commitments** (note 11)

**Approved by the Board of Directors**

_____ Director _____ Director

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

# University Students' Council of The University of Western Ontario

Statement of Operations

**For the year ended May 31, 2012**

| | 2012<br>$ | 2011<br>$ |
|---|---|---|
| **Revenue** | | |
| Student fees | 12,280,743 | 11,219,848 |
| Transfers (note 6) | (7,624,748) | (7,430,560) |
| Net student fees | 4,655,995 | 3,789,288 |
| Building services and student life | 4,129,137 | 2,529,349 |
| Food and beverage services (note 9) | 3,273,331 | 2,606,325 |
| Media | 405,976 | 369,210 |
| President and Vice-President programs | 395,889 | 387,947 |
| Retail service operations (note 7) | 2,653,383 | 2,927,424 |
| Interest income | 36,780 | 211,118 |
| Other income | 725,703 | 407,517 |
| | 16,276,194 | 13,228,178 |
| **Expenses** | | |
| Building services and student life | 4,766,453 | 3,185,938 |
| Food and beverage services (note 9) | 3,157,974 | 2,522,652 |
| Media | 696,093 | 731,199 |
| President and Vice-President programs | 908,315 | 812,810 |
| Retail service operations (note 7) | 2,735,946 | 2,871,646 |
| Corporate (note 8) | 3,163,619 | 2,035,855 |
| | 15,428,400 | 12,160,100 |
| **Excess of revenue over expenses for the year** | 847,794 | 1,068,078 |

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

# University Students' Council of The University of Western Ontario

Statement of Fund Balances

**For the year ended May 31, 2012**

| | Operating fund- unrestricted $ | Reserve - internally restricted $ | 2012 Total $ | 2011 Total $ |
|---|---|---|---|---|
| **Balance - Beginning of year** | 1,813,495 | 3,523,145 | 5,336,640 | 4,268,562 |
| Excess of revenue over expenses for the year | 847,794 | - | 847,794 | 1,068,078 |
| **Balance - End of year** | 2,661,289 | 3,523,145 | 6,184,434 | 5,336,640 |

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

# University Students' Council of The University of Western Ontario

Statement of Cash Flows

**For the year ended May 31, 2012**

| | 2012<br>$ | 2011<br>$ |
|---|---|---|
| **Cash generated from (used in)** | | |
| **Operating activities** | | |
| Excess of revenue over expenses for the year | 847,794 | 1,068,078 |
| Items not affecting cash | | |
| Amortization | 793,563 | 292,548 |
| Post retirement benefit obligation | 37,200 | 32,100 |
| Loss on disposal | - | 2,773 |
| | 1,678,557 | 1,395,499 |
| Net change in non-cash working capital balances (note 10) | (3,990,140) | 4,178,707 |
| | (2,311,583) | 5,574,206 |
| **Financing activities** | | |
| Net increase in long-term debt | 3,885,523 | (203,269) |
| Post retirement benefits paid | (8,900) | (11,541) |
| | 3,876,623 | (214,810) |
| **Investing activities** | | |
| Purchase of capital assets | (2,192,795) | (4,568,289) |
| **(Decrease) increase in cash and cash equivalents** | (627,755) | 791,107 |
| **Cash and cash equivalents - Beginning of year** | 7,017,930 | 6,226,823 |
| **Cash and cash equivalents - End of year** | 6,390,175 | 7,017,930 |
| **Cash and cash equivalents are comprised of:** | | |
| Cash | 3,290,905 | 3,854,625 |
| Short-term investments | 3,099,270 | 3,163,305 |
| | 6,390,175 | 7,017,930 |
| Cash interest paid during the year | 119,782 | 32,060 |

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

# University Students' Council of The University of Western Ontario

Notes to Financial Statements

**For the year ended May 31, 2012**

## 1 Purpose of the organization

The University Students' Council of the University of Western Ontario (the USC) is a student representative body incorporated under the statutes of the province of Ontario. The USC shall work to enhance the quality of life of students while attending the University of Western Ontario (UWO) and to reinforce the best possible educational experience by:

- positively enhancing the contributions made by students to both the university and the community at large.
- developing and maintaining responsible student government to act as the representative of all undergraduate students in all issues affecting the student body.
- programming to enhance the social, intellectual, recreational, cultural, athletic and educational experiences of all undergraduate students.
- promoting unity and communication amongst students and providing a link to the university community and all levels of government.
- providing cost effective services that meet the needs of students.

## 2 Significant accounting policies

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles and include the following significant accounting policies.

### Revenue recognition

The USC follows the deferral method of accounting for contributions. Revenue from organizations and programs is recognized when the services have been performed and programs have been made available.

Student fee revenue is derived from a levy collected from each student by UWO. The fees are recorded as revenue in the year in which the fees relate.

### Management estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Management believes its estimates to be appropriate and are not expected to change materially in the short-term; however actual results could differ from the amounts estimated.

# University Students' Council of The University of Western Ontario

Notes to Financial Statements

**For the year ended May 31, 2012**

## Fund balances

The financial statements disclose the activities of the following funds maintained by the USC:

*Operating fund*

The operating fund represents the results of the ongoing programs and activities.

*Capital renewal fund*

The capital renewal fund represents funds to be used to renovate the occupied space in the USC student centre.

*Reserve fund*

The reserve fund represents internally restricted funds that are to be used to finance operations during periods of reduced funding and to fund the post-retirement benefit obligation. The fund also represents the USC's investment in capital assets.

## Deferred revenue

The UWO administration collects a fee from all full-time undergraduate students and remits this to the USC throughout the academic year. Deferred revenue of $1,996,790 (2011 - $1,040,672) includes amounts received pertaining to the Health Care Plan for the months of June to August 2012 totalling $509,341 (2011 - $514,300) and amounts pertaining to the London Transit Commission bus passes for the months of June to August 2012 totalling $1,262,313 (2011 - $Nil) that will be recognized as revenue in fiscal 2013.

## Capital assets

Capital assets are recorded at cost. Normal maintenance and repair expenditures are expensed as incurred.

Amortization is provided on the declining balance and straight-line basis calculated monthly at the rates set out below, commencing in the month of purchase. It is expected that the amortization policies will charge activities with the total cost of the assets over their estimated useful lives. Gains or losses on disposal of individual assets are recognized in income in the year of disposal.

| | |
|---|---|
| Declining balance basis: | |
| Office furniture and equipment | 20% to 30% |
| Data processing equipment | 30% |
| Typesetting equipment | 20% |
| Musical instruments | 20% |
| Entertainment equipment | 25% |
| Radio equipment | 25% |
| Straight-line basis: | |
| Leasehold improvements | 6 to 10 years |

# University Students' Council of The University of Western Ontario

Notes to Financial Statements

**For the year ended May 31, 2012**

### Cash and cash equivalents

Cash and cash equivalents are comprised of cash and short-term investments, which include liquid, high-interest investment and savings accounts.

### Financial instruments

The Canadian Institute of Chartered Accountants (CICA) Handbook Section 3855 establishes standards for recognizing and measuring financial assets, financial liabilities and derivatives. This standard prescribes when to recognize a financial instrument in the statement of financial position and at what amount. Depending on the balance sheet classification, fair value or cost based measures are used. The standard also prescribes the basis of presentation for gains and losses on financial instruments. Based on financial instrument classification, gains and losses on financial instruments are recognized in the statement of operations or in the statement of changes in net assets.

The USC has made the following classifications:

i) Cash and cash equivalents are classified as "held for trading". They are measured at fair value and any gains or losses resulting from the re-measurement at the end of each period are recognized in net income. The carrying value of these instruments approximates fair value, due to their short-term maturity.

ii) Accounts receivable are classified as "loans and receivables". They are recorded at cost, which upon their initial measurement is equal to their fair value. The carrying value of these instruments approximates fair value, due to their short-term maturity.

iii) Accounts payable and accrued liabilities are classified as "other financial liabilities". They are recorded at their cost which upon their initial measurement is equal to their fair value. The carrying value of these instruments approximates fair value, due to their short-term maturity.

iv) Long-term debt is classified as "other financial liabilities". It is initially recorded at cost, which upon its initial measurement, is equal to its fair value. The carrying value of this instrument approximates its fair value due to the floating interest rate associated with the instrument (note 5).

*Foreign exchange risk*

The USC had no revenue or operating expenses during the years presented, nor monetary assets or liabilities at year-end dates, that were denominated in a foreign currency.

*Credit risk*

Credit risk arises from the potential that a counterparty will fail to perform it obligations. The USC is exposed to credit risk from members and customers and manages this risk through evaluation and monitoring.

# University Students' Council of The University of Western Ontario

Notes to Financial Statements

**For the year ended May 31, 2012**

*Interest rate risk*

The USC is exposed to market interest rate fluctuations with respect to its long-term debt at May 31, 2012.

**Accounting standards for not-for-profit organizations**

In December 2010, the Canadian Accounting Standards Board issued a comprehensive set of accounting standards applicable to not-for-profit organizations. The standards are effective for fiscal years beginning on or after January 1, 2012 and require retrospective application, except for certain assumptions and exemptions contained within the standards. The USC is currently considering the impact of the adoption of these standards, but does not expect any material impact on the financial statements as a result of this change.

## 3 Health plan insurance deposit

In fiscal 1998, the USC contributed $124,493 as a reserve to a health plan trust which provides health coverage to participating students. The USC collects and remits student fees to the trust which has an August 31 year-end.

## 4 Capital assets

| | | | 2012 |
|---|---|---|---|
| | Cost<br>$ | Accumulated amortization<br>$ | Net<br>$ |
| Office furniture & equipment | 2,630,271 | 1,682,367 | 947,904 |
| Leasehold improvements | 7,031,877 | 939,520 | 6,092,357 |
| Data processing equipment | 1,310,424 | 1,187,291 | 123,133 |
| Entertainment equipment | 305,415 | 200,894 | 104,521 |
| Radio equipment | 449,703 | 388,152 | 61,551 |
| | 11,727,690 | 4,398,224 | 7,329,466 |

| | | | 2011 |
|---|---|---|---|
| | Cost<br>$ | Accumulated amortization<br>$ | Net<br>$ |
| Office furniture & equipment | 3,555,884 | 3,076,268 | 479,616 |
| Leasehold improvements | 5,494,335 | 4,077,380 | 1,416,955 |
| Construction in progress | 3,798,683 | - | 3,798,683 |
| Data processing equipment | 1,759,128 | 1,631,438 | 127,690 |
| Typesetting equipment | 54,975 | 54,975 | - |
| Musical instruments | 15,515 | 15,515 | - |
| Entertainment equipment | 226,288 | 190,350 | 35,938 |
| Radio equipment | 469,300 | 397,948 | 71,352 |
| | 15,374,108 | 9,443,874 | 5,930,234 |

# University Students' Council of The University of Western Ontario

Notes to Financial Statements

**For the year ended May 31, 2012**

## 5 Long-term debt

| | 2012<br>$ | 2011<br>$ |
|---|---|---|
| Non-revolving term loan, interest payable monthly at prime plus 1.25%, principal payable in annual instalments, maturing March 31, 2014 | 406,538 | 609,806 |
| Non-revolving term loan, interest payable monthly at prime plus 1.25%, principal payable in monthly instalments of $25,000 | 4,088,791 | - |
| Less: Current portion | (503,269) | (203,269) |
| | 3,992,060 | 406,537 |

Principal payments required over the next five years and thereafter are as follows:

| | $ |
|---|---|
| 2013 | 503,269 |
| 2014 | 503,269 |
| 2015 | 300,000 |
| 2016 | 300,000 |
| 2017 and thereafter | 2,888,791 |
| | 4,495,329 |

An operating credit facility exists in the amount of $300,000, and bears interest at prime rate plus 1%. No amounts have been drawn on this facility as at May 31, 2012.

Security for borrowings and all other obligations to the bank include the following:

a) Letter of Undertaking signed by the USC to direct up to $240,000 plus interest annually for the next five years of funding from UWO to the bank.

b) Letter of Direction from the USC to direct up to $240,000 plus interest annually for the next five years of UWO's funding to the bank.

# University Students' Council of The University of Western Ontario

Notes to Financial Statements

**For the year ended May 31, 2012**

## 6 Transfers

The USC collects student fees on behalf of various organizations and programs. These student fees are transferred to these organizations and programs throughout the year. As at year end, $209,075 (2011 - $158,000) of these student fees are receivable from UWO and $144,943 (2011 - $70,331) are due to Radio Western.

| | 2012<br>$ | 2011<br>$ |
|---|---|---|
| Association fees | 163,733 | 115,655 |
| Community Legal Services | 159,697 | 140,643 |
| Daycare subsidy | 50,431 | 41,110 |
| Radio Western | 405,127 | 330,248 |
| Ombudsperson | 100,862 | 88,827 |
| Council grants | 93,863 | 81,989 |
| Allocable funds / transfer to campus groups | 83,867 | 91,571 |
| Health plan | 2,780,216 | 2,600,407 |
| London Transit Commission bus passes | 3,786,952 | 3,940,110 |
| | 7,624,748 | 7,430,560 |

## 7 Retail service operations

| | 2012 | | Excess (deficiency) of revenue over expenses | |
|---|---|---|---|---|
| | Revenue<br>$ | Expenses<br>$ | 2012<br>$ | 2011<br>$ |
| Inprint | 1,432,263 | 1,517,956 | (85,693) | 58,293 |
| Purple Store | 366,778 | 361,077 | 5,701 | (64,320) |
| Used Book Store | - | - | - | 29,471 |
| Postal office | 273,924 | 287,566 | (13,642) | (6,686) |
| The Info Source | - | 6,197 | (6,197) | - |
| Purple Door Promotions | 580,418 | 563,150 | 17,268 | 39,020 |
| | 2,653,383 | 2,735,946 | (82,563) | 55,778 |

# University Students' Council of The University of Western Ontario

Notes to Financial Statements

**For the year ended May 31, 2012**

## 8 Corporate expenses

| | 2012<br>$ | 2011<br>$ |
|---|---|---|
| Salaries and benefits | 1,234,924 | 1,187,267 |
| Office | 388,859 | (25,840) |
| Insurance | 119,581 | 118,566 |
| Amortization | 793,820 | 292,548 |
| Legal and audit | 70,198 | 58,609 |
| Security | 38,065 | 39,224 |
| Occupancy | 353,395 | 266,422 |
| Interest & bank charges | 162,699 | 66,937 |
| Bad debts | 131 | 31,251 |
| Information technology | 1,947 | 871 |
| | 3,163,619 | 2,035,855 |

## 9 Food and beverage services

| | 2012 | | Excess (deficiency) of revenue over expenses | |
|---|---|---|---|---|
| | Revenue<br>$ | Expenses<br>$ | 2012<br>$ | 2011<br>$ |
| The Spoke | 1,891,163 | 1,778,334 | 112,829 | 73,805 |
| The Wave | 1,382,168 | 1,379,640 | 2,528 | 9,868 |
| | 3,273,331 | 3,157,974 | 115,357 | 83,673 |

Included in this revenue is the management fee and grant relating to the administration of liquor sales for The Wave and The Spoke operations (note 13).

# University Students' Council of The University of Western Ontario

Notes to Financial Statements

**For the year ended May 31, 2012**

## 10 Statement of cash flows

The net change in non-cash working capital balances consists of the following:

| | 2012<br>$ | 2011<br>$ |
|---|---|---|
| Accounts receivable | (427) | (67,069) |
| Due from Radio Western | - | 210,262 |
| Due to Radio Western | 74,612 | (295,006) |
| Inventories | (34,097) | 4,071 |
| Prepaid expenses | (1,423,957) | (10,600) |
| Accounts payable and accrued liabilities | (3,527,211) | 3,984,894 |
| Due to campus organizations and associations | 53,678 | 64,743 |
| Due to affiliated councils | (88,856) | 9,968 |
| Deferred revenue | 956,118 | 277,444 |
| | (3,990,140) | 4,178,707 |

## 11 Commitments

### Occupancy costs

The USC has an occupancy agreement with UWO that became effective on May 1, 2010 and continues for a 5-year term. Under the occupancy agreement, the USC will pay an annual base charge, which will be updated and communicated annually in accordance with rates set by UWO. Additionally, a base occupancy credit will be deducted from the total occupancy charges in lieu of an allowance for USC offices and common areas. These credits will be indexed annually by the percentage change in the base occupancy rates and caretaking rates applied to calculate all campus occupancy charges. The base occupancy charge net of the base occupancy credit for the period of May 1, 2012 to May 1, 2013 is $1,302,446 and is payable in monthly instalments of $108,537.

### Lease obligations

Future minimum payments under operating leases, exclusive of occupancy costs are as follows:

| | $ |
|---|---|
| 2013 | 52,272 |
| 2014 | 25,486 |
| 2015 | - |
| 2016 | - |
| 2017 and thereafter | - |
| | 77,758 |

# University Students' Council of The University of Western Ontario

Notes to Financial Statements

**For the year ended May 31, 2012**

## 12 Taxation

Under the provisions of the Income Tax Act, Canada and the Corporations Tax Act, Ontario, the USC is exempt from federal and provincial income taxes. The USC is subject to the Harmonized Sales Tax on its commercial activities pursuant to provisions of the Excise Tax Act.

## 13 Transactions with University based organizations

### The University of Western Ontario

The USC occupies office space owned by UWO. Occupancy charges during fiscal 2012 were $1,139,410 (2011 - $1,254,057). In consideration of student levies paid to the UWO, certain of the office space is provided free of occupancy charges.

Pursuant to the memorandum of understanding between UWO and the USC dated March 1, 2004 results of operations relating to liquor sales for the Wave and the Spoke are not included in the financial statements of the USC and are recorded in the financial records of UWO. As compensation for the management and operation of the facilities UWO paid the USC a management fee and grant which amounted to $348,381 for the year ended May 31, 2012 (2011 - $306,751).

Revenue, cost of sales and gross profit associated with liquor sales at the Wave and the Spoke included by UWO in their financial records are as follows:

| | 2012<br>$ | 2011<br>$ |
|---|---|---|
| Revenue | 615,405 | 570,341 |
| Cost of sales | (267,024) | (263,590) |
| Gross profit | 348,381 | 306,751 |

### Clubs, organizations and affiliated councils

Appropriations allotted to clubs, organizations and affiliated councils are only recoverable by the USC where there has been no activity in the particular clubs, organization or affiliated council during the year. All other appropriations remain a liability of the USC until the funds are expended by the respective organization. Disbursements made in excess of total expendable funds are recoverable through the following year's appropriations.

# University Students' Council of The University of Western Ontario

Notes to Financial Statements

**For the year ended May 31, 2012**

### Radio Western

During the year, the USC transferred $405,127 (2011 - $330,248) of student fees to Radio Western, which were collected on Radio Western's behalf.

In addition, Radio Western leases certain equipment from the USC for an amount equal to the depreciation charged against this equipment by the USC. The amount of these lease payments for fiscal 2012 was $12,511 (2011 - $15,230). During the year, Radio Western was also charged $24,642 (2011 - $22,918) for occupancy plus an administration fee of $5,775 (2011 - $8,500) and $191,879 (2011 - $185,300) for salaries and benefits.

## 14 Post-retirement benefit obligation

The USC has an un funded post-retirement health and dental benefit plan available to full-time employees. Employees that retire with the USC will receive full health and dental benefits to a maximum age of 65. Employees must have 10 years of service in order to become eligible for the benefits, and no benefits will be received if retirement occurs prior to the age of 55. As at May 31, 2012, 53 (2011 - 53) members were active in the plan, and of these, 3 (2011 - 3) are retired.

As at May 31, 2011 the actuarial valuation of the post-retirement benefit obligation was $1,181,800 (2011 - $1,153,500) and during the year, $37,200 (2011 - $32,100) was recorded as an expense.

In determining the post-retirement benefit obligation, the following significant assumptions were used:

| | 2012 | 2011 |
|---|---|---|
| Discount rate | 4.90% | 5.30% |
| Annual withdrawal rates for each of the following age categories are expected to be as follows: | | |
| 20 | 20.0% | 20.0% |
| 30 | 11.2% | 11.2% |
| 40 | 3.4% | 3.4% |
| 50 | 1.2% | 1.2% |
| 55 | 0.0% | 0.0% |

Health claim costs for the year are estimated to be $1,835 (2011 - $1,835) and dental claim costs for the year are estimated to be $600 (2011 - $600). Health care costs are expected to increase at the following rates:

| | |
|---|---|
| Medical | 4.50% per annum |
| Prescription drugs | 9.00% per annum in 2011 grading down to 4.50% per annum in and after 2031 |
| Other medical | 4.50% per annum |
| Vision care | 4.50% per annum |
| Dental | 4.50% per annum |

# University Students' Council of The University of Western Ontario

Notes to Financial Statements

**For the year ended May 31, 2012**

## 15 Capital management

The USC's objective, when managing capital, is to safeguard its ability to continue as a going concern in order to pursue the delivery of a variety of services to the students of UWO.

In managing its capital, the USC considers the fund balances, as well as cash and cash equivalents. The USC manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the USC may attempt to raise additional funds or reduce expenses.

In order to facilitate the management of its capital requirements, the USC prepares annual expenditure budgets that are updated as necessary depending on various factors, including student fees, fundraising campaigns and general governmental conditions. The annual and updated budgets are approved by the Board of Directors.

The USC has not changed its approach to capital management during the current year, and does not use specific quantitative measures to manage capital. As at May 31, 2012, the USC has a surplus of cash over long-term debt. The USC is not subject to any external capital restrictions.

## 16 Comparative figures

Certain prior period figures have been amended to conform to the current period presentation.

# Radio Western

Financial Statements
**May 31, 2012**

November 8, 2012

## Independent Auditor's Report

**To the Members of**
**Radio Western**

We have audited the accompanying financial statements of Radio Western (the Organization), which comprise the statement of financial position as at May 31, 2012 and the statements of operations and members' capital and cash flows for the year then ended, and the related notes, including a summary of significant accounting policies.

**Management's responsibility for the financial statements**
Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, 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 entity'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 entity'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.

*PricewaterhouseCoopers LLP*
*465 Richmond Street, Suite 300, London, Ontario, Canada N6A 5P4*
*T: +1 519 640 8000, F: +1 519 640 8015*

**Opinion**

In our opinion, the financial statements present fairly, in all material respects, the financial position of Radio Western as at May 31, 2012 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

PricewaterhouseCoopers LLP

**Chartered Accountants, Licensed Public Accountants**

# Radio Western

Statement of Financial Position

**As at May 31, 2012**

| | 2012<br>$ | 2011<br>$ |
|---|---|---|
| **Assets** | | |
| **Current assets** | | |
| Cash | 262,809 | 247,637 |
| Accounts receivable | 5,092 | 12,796 |
| Prepaid expenses | 4,652 | 6,388 |
| Due from the University Students' Council of The University of Western Ontario (note 4) | 124,032 | 47,425 |
| | 396,585 | 314,246 |
| **Equipment** (note 5) | 43,722 | 32,311 |
| | 440,307 | 346,557 |
| **Liabilities** | | |
| **Current liabilities** | | |
| Accounts payable and accrued liabilities | 11,441 | 7,547 |
| **Members' capital** | 428,866 | 339,010 |
| | 440,307 | 346,557 |

**Approved by the Board of Directors**

_____ Director _____ Director

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

# Radio Western

## Statement of Operations and Members' Capital

**For the year ended May 31, 2012**

| | 2012<br>$ | 2011<br>$ |
|---|---|---|
| **Revenue** | | |
| Student fees (note 4) | 405,127 | 330,248 |
| Advertising | 10,337 | 6,637 |
| Fundraising | 4,743 | 6,916 |
| Other | 5,183 | 13,227 |
| | 425,390 | 357,028 |
| **Expenses** | | |
| Salaries and commissions (note 4) | 191,879 | 185,300 |
| Technical and broadcast | 22,165 | 22,311 |
| Equipment and supplies (note 4) | 20,970 | 20,412 |
| Amortization | 9,411 | 6,874 |
| USC administration fee (note 4) | 6,300 | 8,500 |
| Travel and promotion | 10,975 | 12,375 |
| Telephone | 10,117 | 9,871 |
| Occupancy | 26,387 | 22,918 |
| Office | 25,166 | 29,411 |
| Service, maintenance and equipment | 10,035 | 6,664 |
| Honoraria | 2,129 | 4,027 |
| | 335,534 | 328,663 |
| **Excess of revenue over expenses for the year** | 89,856 | 28,365 |
| **Members' capital - Beginning of year** | 339,010 | 310,645 |
| **Members' capital - End of year** | 428,866 | 339,010 |

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

# Radio Western

Statement of Cash Flows

**For the year ended May 31, 2012**

| | 2012<br>$ | 2011<br>$ |
|---|---|---|
| **Cash generated from (used in)** | | |
| **Operating activities** | | |
| Excess of revenue over expenses for the year | 89,856 | 28,365 |
| Items not affecting cash | | |
| Amortization | 9,411 | 6,874 |
| | 99,267 | 35,239 |
| Changes in non-cash working capital balances: | | |
| Accounts receivable | 7,704 | (7,212) |
| Prepaid expenses | 1,736 | (1,820) |
| Due from the University Students' Council of The University of Western Ontario | (76,607) | 253,043 |
| Accounts payable and accrued liabilities | 3,894 | (4,929) |
| Due to the University Students' Council of The University of Western Ontario | - | (145,393) |
| | 35,994 | 128,928 |
| **Investing activities** | | |
| Purchase of equipment | (20,822) | (9,894) |
| **Increase in cash** | 15,172 | 119,034 |
| **Cash - Beginning of year** | 247,637 | 128,603 |
| **Cash - End of year** | 262,809 | 247,637 |

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

# Radio Western

Notes to Financial Statements

**May 31, 2012**

## 1 Purpose of the organization

Radio Western (the Organization) is a community-based campus radio station. The Organization is affiliated with the University Students' Council of The University of Western Ontario (the USC) and is incorporated under the statutes of the province of Ontario. The Organization is a not-for-profit organization under the Income Tax Act.

## 2 Significant accounting policies

The financial statements have been prepared in accordance with the Canadian generally accepted accounting principles and include the following significant accounting policies.

### Revenue recognition

The Organization follows the deferral method of accounting for contributions. The most significant revenue stream is derived from student fees collected by the USC on behalf of the Organization. These student fees are recognized in the year in which they relate.

### Equipment

Fixtures and equipment are recorded at cost. Normal maintenance and repair expenditures are expensed as incurred. Amortization is provided on the declining balance basis calculated monthly at the rates set out below, commencing in the month of purchase. It is expected that the amortization policies will charge activities with the total cost of the assets over their estimated useful lives. Gains or losses on disposal of individual assets are recognized in income in the year of disposal.

| Declining balance basis: | |
|---|---|
| Computer equipment | 33% |
| Radio equipment | 20% |

### Financial instruments

The Organization has made the following classifications for its financial instruments:

i) Cash is classified as "held for trading". It is measured at fair value and any gains or losses resulting from the re-measurement at the end of each period are recognized in net income. The carrying value of this instrument approximates fair value, due to its short-term nature.

ii) Accounts receivable and amounts due from the USC are classified as "loans and receivables". They are recorded at cost, which upon their initial measurement is equal to their fair value. The carrying value of these instruments approximates fair value, due to their short-term maturity.

iii) Accounts payable and accrued liabilities are classified as "other financial liabilities". They are recorded at their cost which upon their initial measurement is equal to their fair value. The carrying value of these instruments approximates fair value, due to their short-term maturity.

# Radio Western

Notes to Financial Statements

**May 31, 2012**

*Foreign exchange risk*

The Organization had no revenue or operating expenses during the years presented, nor monetary assets or liabilities at year-end dates that were denominated in a foreign currency.

*Credit risk*

Credit risk arises from the potential that a counterparty will fail to perform it obligations. The Organization is exposed to credit risk from members and customers and manages this risk through evaluation and monitoring.

*Interest rate risk*

The Organization is exposed to market interest rate fluctuations with respect to its cash at May 31, 2012 and May 31, 2011.

### Accounting standards for not-for-profit organizations

In December 2010, the Canadian Accounting Standards Board issued a comprehensive set of accounting standards applicable to not-for-profit organizations. The standards are effective for fiscal years beginning on or after January 1, 2012 and require retrospective application, except for certain exemptions and exceptions contained within the standards. The Organization is currently considering the impact of the adoption of these standards.

## 3 Taxation

Under the provisions of the Income Tax Act, Canada and the Corporations Tax Act, Ontario, the Organization is exempt from federal and provincial income taxes.

## 4 Transactions with The University of Western Ontario and University Students' Council

### The University of Western Ontario

The Organization occupies office space owned by the University of Western Ontario (UWO). In consideration of student levies paid to the University certain space is provided rent free.

### University Students' Council

During fiscal 2011, the USC transferred $405,127 (2011 - $330,248) of student fees collected on the Organization's behalf.

Under the terms of its operations, the Organization has leased certain equipment from the USC for an amount equal to the annual amortization charged against this equipment by the USC in accordance with the accounting policies followed by the USC. The amount of these lease payments for fiscal 2012 was $12,511 (2011 - $15,230). During the year, the Organization was charged $5,775 (2011 - $8,500) for administrative services and $191,879 (2011 - $185,300) for salaries and benefits.

## USC Gazette Fee Proposal 2013-2014

In the Board of Governors meeting on May 3, 2007, a statement in response to the March 30, 2007 issue of the Gazette was approved. That statement said in part:

"Henceforth, before approving the collection of USC fees, the Board will receive from the Vice-President (Academic) and the Vice-President (Resources & Operations),

1. A report on the Gazette's Journalist Code of Ethics and its application during the period since fees were last approved, the operations of the Advisory Board, and any other material relevant to the Board's decision, and a report from the USC President and the editor of the Gazette;

2. A recommendation on whether or not the collection of Gazette fees should be approved."

The reports from both the USC President **(Annex 2)** and the Editor of the Gazette **(Annex 3)** are appended. Both reports reference the commitments that were made in follow up to the controversy following the 2007 Spoof issue. No issues came to our attention this year.

Overall, it is our opinion that the Gazette staff have complied with their commitments.

It is the recommendation of both the Vice-Presidents (Academic) and (Resources & Operations) that the collection of the Gazette fee be recommended for approval to the Board.

Submitted by:

Janice Deakin
Vice-President (Academic)

Gitta Kulczycki
Vice-President (Resources & Operations)

**UNIVERSITY STUDENTS' COUNCIL REPORT ON THE GAZETTE**

Submitted by: Adam Fearnall, USC President
April 4th 2013

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**The University Students' Council recommends that the Board of Governors approve the collection of *The Gazette* student fee for the 2013/2014 academic and publishing year.**

**Background:**
Since September of 2008, *The Gazette* has been operating under a Journalistic Code of Ethics and with the support of an Advisory Board of industry leaders. The USC President and *The Gazette* Editor-in-Chief have also been required to deliver an annual progress report to the Board of Governors.

**Report:**
The Gazette continues to be an important part of the USC's media operations. With the appropriate guidance and oversight, the paper has the potential to be a unique and significant incubator of student talent. The 2012/13 Gazette team met the expectations of this year's Executive Board and has committed to working with the USC to develop further supports to improve the paper in the future. The USC remains committed to providing all of its staff members, including Gazette staff and volunteers, with meaningful opportunities to grow and develop in their chosen fields. The USC will continue to work with Gazette professional and student staff to develop the volunteer experience, strengthen internal governance structures and to provide meaningful support to the paper.

The financial challenges facing the entire media industry, namely declining advertising revenues for traditional print media, have continued to impact *The Gazette*. This year, the USC struck an independent Strategic Review Committee that made recommendations about the Gazette's business operations. One of these recommendations was for the USC to provide increased business management support to the Gazette's student editors. We are confident this can be accomplished by maximizing the skill set of existing staff resources. The committee also made a number of recommendations for the USC's Executive Board to consider.

The publishing relationship between the Gazette and the USC requires constant vigilance by both parties to ensure its success. As such, it has been identified that work must be done to ensure that the USC is meeting its legal obligations as a publisher and the oversight expectations of Western's Board of Governors. Due to the often complex political relationship between the USC Executive Board and the Gazette, significant work is being done to ensure that there continues to be strong oversight over the spending of the Gazette fee and the application of the Journalistic Code of Ethics. The Gazette Editor-in-Chief and the outgoing/incoming USC President are working to strengthen advisory and oversight functions to ensure that they continue to meet the expectations set out by the Board of Governors.

Sincerely,

**Adam Fearnall**
President
University Students' Council

# Report to the Board of Governors
## The Gazette, Volume 106

### Introduction

This report will outline, in detail, our adherence to *The Gazette*'s Code of Ethics for Volume 106, as well as speak to major events and/or changes to the paper this year.

### Code of Ethics

*Inclusiveness*
This year, *The Gazette* saw a greater diversity in its volunteers, and many students who came to our office said before this year they hadn't felt comfortable volunteering. I also received several positive emails from our readership regarding our inclusivity. One writer noted, "I have never felt so connected to my school newspaper."

*Independence*
During elections season, we strictly enforced our "no campaign materials" in the office rule. Any volunteer or intern involved in a campaign was not allowed to write during the duration of the campaign, nor visit the office.

In mid-January, when we felt our independence and future as Canada's only daily student newspaper was under threat from the University Students' Council, we contacted Scott Colby, one of the members of the advisory board, and sought his input. Eventually, we decided to launch a media campaign to draw attention to the issue and many prominent Western alumni offered their support.

*Discrimination*
There have not been any issues of race, colour or religion brought to my attention this year. Indeed, we have had a great deal of interaction with the multi-faith community and worked very hard to ensure they were fairly and justly represented. No complaints were received.

Following the release of our annual sex survey for the 2013 Sex Issue, I received an email from WIN and V-day with a few recommendations to make the survey more inclusive for future years, such as putting less effort on the importance of virginity and acknowledging its fluid meaning across genders. I have printed off this email and included it in my year-end report for future years to reference.

Upon the release of Sex Issue, we received one complaint regarding the comparison of circumcision to non-circumcision, and our failure to mention genital mutilation in the piece.

*Accuracy*
*The Gazette* staff receives training at the beginning of the year regarding accuracy and bias. In addition, the three senior front office members oversee story assignment, and the final drafts. If we feel one author holds a particular bias which conflicts with the story they are covering, he or she will be removed from the story. Additionally, all stories will be fact-checked three times.

*Fairness*
All *Gazette* staff and writers are told they must introduce themselves as a reporter for *The Gazette*, and I did not receive any complaints about undercover reporting this year.

We preserve a section on page six of the newspaper for larger mistakes when they occur, and other, smaller mistakes are posted on our 'Corrections' page on our website.

*Balance*
When the situation arises that a reporter is unable to reach two opposing sides for a contentious story, the story will not be published until we are able to get both sides. Often, we'll wait on the story for a couple of days in hopes the other source will reply. If, however, we still haven't received a response, or the source does not wish to comment, we will note they could not/would not be reached for comment.

*Impartiality*
When *The Gazette* received complaints this year, it often pertained to readers misunderstanding editorial opinions from news stories. One such instance was the editorial "Harry Potter and the bird course?" where our editors posited the question as to whether or not the course would have academic merit. I wrote an online response article explaining the nature of a column authored by the '*The Gazette Editorial Board*' and our stance on the issue. All opinion pieces include a byline photo, are located on page six, or are tagged with ***—The Gazette Editorial Board***.

*Privacy*
The primary issue we faced regarding privacy this year involved a Western student who had been photographing methadone users—in hopes of using the photos as blackmail material—to prevent a methadone clinic being built near her home residence. This person willingly provided her own testament at the beginning of the year and gave us her name. A month later, when writing a story regarding a study that found no link between methadone and crime, one of our writers sought to interview the student again. She told him she did not want to be interviewed or mentioned by name.

Instead, we referenced the situation as follows:

"Recently, a London resident and Western student led a protest against a methadone clinic opening near their place of residence. The protest included

photographing those entering the clinic, and was viewed with considerable disdain by clinic visitors and employees."

*The Gazette* was within its right to reference public knowledge, despite the student's reaction.

All other questions regarding privacy, such as off-the-record situations, were fielded by Scott Colby on *The Gazette*'s advisory board.

*Conflict of Interest*
As covered under bias, if I felt there was a conflict of interest in a story—such as a member of Foot Patrol writing a story on Foot Patrol, or a Jewish student writing a story on SPHR—they would be removed from the story and replaced with an impartial writer.

*Affiliations and Organizations*
I fielded several questions from editors this year hoping to get involved with faculty political parties and referred to the Code of Ethics for each of these requests. As such, they were barred from involvement with an executive of a political party and organizing events.

While some editorial staff were involved with other clubs and societies on campus, none of them held elected or paid positions. Furthermore, if I felt their involvement in such a group could influence their reporting on an issue, they were removed from the story.

*Sources*
For Volume 106, I sought to resort to anonymous sources as little as possible. Indeed, we always value on-the-record sources above all others and in situations where it appeared as though we were going to lose the source, we tried to find a compromise, such as full name in paper, only first name online. As such, our Sex Issue this year had no anonymous sources. The two instances that come to mind of anonymous sources used were a student who had used Adderall to get ahead in her studies, and Marcia, the methadone photographer, who we referenced only by her first name for her protection.

In the case of these anonymous references, interviews were conducted in person both times.

Once more, Scott Colby fielded many questions regarding source anonymity, and was especially helpful during the reporting of an undisclosed lawsuit against London Rocket from Greyhound Canada.

## The Gazette Advisory Board

The advisory board, formed several years ago, is comprised of media lawyer Iain McKinnon, *Toronto Star* assignment editor Scott Colby and journalism professor Mary Doyle. However, I believe Doyle has since retired and her position on the Board should be replaced.

We invited Scott Colby down for our editorial board's training day in September, and he imparted much his knowledge of media ethics on our editors. Colby has also proven a valuable resource throughout the year and has provided excellent consultation. Colby often handles unpublishing requests in reference to our policy on the issue, and provides advice to *The Gazette*'s front office regarding media ethics and libel.

## Gazette Strategic Review Committee

In the fall semester, the University Students' Council and *The Gazette* partnered to create a strategic review of the newspaper. An ad-hoc committee was struck consisting of David Brebner, a former vice-president finance for the USC and principal of Magnus Associates, Stuart Thompson, editor-in-chief of *The Gazette*, volume 104, and multimedia editor at *The Globe and Mail*, Neil Bendle, assistant marketing professor at the Richard Ivey School of Business, and Paul Benedetti, coordinator of Western's journalism program.

This committee provided an external review of the newspaper's finances and operations from their positions as media and financial experts. Their resulting recommendations have neither been endorsed nor approved by the University Students' Council, nor *The Gazette*. Currently, there is no framework in place for any changes and both groups will complete an in-depth analysis of the recommendations, and their feasibility, before any endorsement.

## Conclusion

*The Gazette* is Canada's largest and only daily student newspaper—a fact *Gazette* editors are immensely proud of. In a survey of *Gazette* staff, 77 per cent responded they felt their experience here had helped them to obtain outside work and opportunities.

While many people understand the paper's mandate on the surface—to provide students with the information they need to be active, knowledgeable citizens—it's easy to overlook *The Gazette*'s second purpose—to teach.

By allowing anyone to volunteer, we have given students with zero experience the opportunity to be published.

Overall, our goal is to maintain an open-door policy to student volunteers, while upholding the newspaper's quality to a high degree, as seen through our adherence to the Code of Ethics.

I would like to extend my thanks to the Board of Governors for their support of the paper, and recommend the student fee for the 2013–14 academic year be approved.

Sincerely,

**Gloria Dickie**
Editor-in-Chief, Volume 106
The Gazette