

UNIVERSITY OF VICTORIA STUDENTS' SOCIETY

FINANCIAL STATEMENTS

APRIL 30, 2011

INDEPENDENT AUDITORS' REPORT

To the Members of
University of Victoria Students' Society

Report on the financial statements

We have audited the accompanying financial statements of University of Victoria Students' Society, which comprise the statement of financial position as at April 30, 2011 and the statements of operations, changes in fund balances, and cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors responsibility

Our responsibility is to express an opinion on these financial statements based upon our audit. We conducted our audit in accordance with Canadian 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 judgement, 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.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the society as at April 30, 2011 and the results of its operations, changes in fund balances, and cash flow for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Report on other legal requirements

As required by the Society Act of British Columbia, we report that in our opinion, these principles have been applied on a basis consistent with that of the preceding year.

Victoria, BC

October 12, 2011

Allen & Krauel Inc.

Chartered Accountants

UNIVERSITY OF VICTORIA STUDENTS' SOCIETY

STATEMENT OF FINANCIAL POSITION APRIL 30, 2011

	Operating Fund	Tangible Capital Asset Fund	Dr. Ewing Memorial Trust Fund	Major Capital Fund	2011	2010
Current assets						
Cash	\$ 1,529,748	\$ -	\$ 2,653	\$ 584,387	\$ 2,116,788	\$ 1,651,909
Investments (note 3)	2,198	-	-	-	2,198	2,198
Accounts receivable	102,607	-	-	-	102,607	85,088
Inventory	149,487	-	-	-	149,487	144,146
Prepaid expenses	224,302	-	-	-	224,302	5,354
Interfund balances receivable (note 4)	197,952	-	360,707	-	558,659	365,701
	2,206,294	-	363,360	584,387	3,154,041	2,254,396
Tangible capital assets (note 5)		931,248	-	-	931,248	912,433
	\$ 2,206,294	\$ 931,248	\$ 363,360	\$ 584,387	\$ 4,085,289	\$ 3,166,829

Approved by the directors

Director

Director

UNIVERSITY OF VICTORIA STUDENTS' SOCIETY

STATEMENT OF FINANCIAL POSITION APRIL 30, 2011

	Operating Fund	Tangible Capital Asset Fund	Dr. Ewing Memorial Trust Fund	Major Capital Fund	2011	2010
Current liabilities						
Accounts payable and accrued liabilities (note 6)	\$ 794,570	\$ -	\$ -	\$ -	\$ 794,570	\$ 410,108
Deferred revenue	935,320	-	-	-	935,320	869,532
Funds held in trust	732,324	-	-	-	732,324	664,130
Interfund balances payable (note 4)	-	-	-	558,659	558,659	365,701
	<u>2,462,214</u>	<u>-</u>	<u>-</u>	<u>558,659</u>	<u>3,020,873</u>	<u>2,309,471</u>
Fund balances						
Invested in tangible capital assets	-	931,248	-	-	931,248	912,433
Internally restricted						
Dr. Ewing Memorial Trust Fund (note 7)	-	-	363,360	-	363,360	270,372
Major Capital Fund (note 8)	-	-	-	25,728	25,728	43,626
Unrestricted	(255,920)	-	-	-	(255,920)	(369,073)
	<u>(255,920)</u>	<u>931,248</u>	<u>363,360</u>	<u>25,728</u>	<u>1,064,416</u>	<u>857,358</u>
	<u>\$ 2,206,294</u>	<u>\$ 931,248</u>	<u>\$ 363,360</u>	<u>\$ 584,387</u>	<u>\$ 4,085,289</u>	<u>\$ 3,166,829</u>

UNIVERSITY OF VICTORIA STUDENTS' SOCIETY

STATEMENT OF CHANGES IN FUND BALANCES YEAR ENDED APRIL 30, 2011

	Operating Fund	Tangible Capital Asset Fund	Dr. Ewing Memorial Trust Fund	Major Capital Fund	2011	2010
Fund balances, beginning of year	\$ (369,073)	\$ 912,433	\$ 270,372	\$ 43,626	\$ 857,358	\$ 790,253
Excess (deficiency) of revenues over expenses	459,715	(252,657)	-	-	207,058	67,105
Interfund transfers						
Allocate interest	(3,558)	-	-	3,558	-	-
Allocation to funds	(343,004)	-	171,502	171,502	-	-
Tangible capital assets acquired	-	271,472	(78,514)	(192,958)	-	-
Fund balances, end of year	\$ (255,920)	\$ 931,248	\$ 363,360	\$ 25,728	\$ 1,064,416	\$ 857,358

UNIVERSITY OF VICTORIA STUDENTS' SOCIETY

STATEMENT OF OPERATIONS YEAR ENDED APRIL 30, 2011

	Operating Fund	Tangible Capital Asset Fund	Dr. Ewing Memorial Trust Fund	Major Capital Fund	2011	2010
Revenue						
Membership fees	\$ 2,202,375	\$ -	\$ -	\$ -	\$ 2,202,375	\$ 2,103,563
Support and administration	222,287	-	-	-	222,287	226,871
Board of Directors	9,872	-	-	-	9,872	43,719
Other contributions	98,728	-	-	-	98,728	79,472
	<u>2,533,262</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,533,262</u>	<u>2,453,625</u>
Food and beverage sales	2,351,568	-	-	-	2,351,568	2,304,523
Food and beverage cost of sales	858,987	-	-	-	858,987	874,689
	<u>1,492,581</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,492,581</u>	<u>1,429,834</u>
Business operations sales	7,303,228	-	-	-	7,303,228	6,661,705
Business operations cost of sales	6,119,620	-	-	-	6,119,620	5,635,666
	<u>1,183,608</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,183,608</u>	<u>1,026,039</u>
	<u>5,209,451</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,209,451</u>	<u>4,909,498</u>
Expenses						
Food and beverage	1,357,253	-	-	-	1,357,253	1,374,537
Business operations	636,844	-	-	-	636,844	632,263
Support and administration	1,051,156	-	-	-	1,051,156	1,071,328
Board of Directors	424,552	-	-	-	424,552	327,879
Amortization of tangible capital assets (note 9)	-	252,657	-	-	252,657	220,640
Loss on disposal of tangible capital assets	-	-	-	-	-	8,122
Other	300	-	-	-	300	772
	<u>3,470,105</u>	<u>252,657</u>	<u>-</u>	<u>-</u>	<u>3,722,762</u>	<u>3,635,541</u>
Committed expenditure (note 10)	1,279,631	-	-	-	1,279,631	1,206,852
Excess (deficiency) of revenues over expenses	\$ 459,715	\$ (252,657)	\$ -	\$ -	\$ 207,058	\$ 67,105

UNIVERSITY OF VICTORIA STUDENTS' SOCIETY

STATEMENT OF CASH FLOW YEAR ENDED APRIL 30, 2011

	Operating Fund	Tangible Capital Asset Fund	Dr. Ewing Memorial Trust Fund	Major Capital Fund	2011	2010
Sources of cash						
Membership fees	\$ 2,202,375	\$ -	\$ -	\$ -	\$ 2,202,375	\$ 2,103,563
Operations, Board of Directors and support and administration	9,935,224	-	-	-	9,935,224	9,318,137
Proceeds on disposal of tangible capital assets	-	-	-	-	-	1,600
Change in trust balances	68,194	-	-	-	68,194	82,017
Other contributions	98,728	-	-	-	98,728	79,472
	12,304,521	-	-	-	12,304,521	11,584,789
Uses of cash						
Expenses	(10,288,539)	-	-	-	(10,288,539)	(10,880,763)
Committed expenditure	(1,279,631)	-	-	-	(1,279,631)	(1,206,852)
Tangible capital assets acquired	-	(271,472)	-	-	(271,472)	(482,002)
	(11,568,170)	(271,472)	-	-	(11,839,642)	(12,569,617)
Interfund transfers						
Tangible capital assets acquired	-	271,472	(78,514)	(192,958)	-	-
Interfund transfers	(346,562)	-	171,502	175,060	-	-
	(346,562)	271,472	92,988	(17,898)	-	-
Net increase (decrease) in cash during the year	389,789	-	92,988	(17,898)	464,879	(984,828)
Cash position, beginning of year	1,340,109	-	270,372	43,626	1,654,107	2,638,935
Cash position, end of year	\$ 1,729,898	\$ -	\$ 363,360	\$ 25,728	\$ 2,118,986	\$ 1,654,107
Cash position consists of:						
Cash	\$ 1,529,748	\$ -	\$ 2,653	\$ 584,387	\$ 2,116,788	\$ 1,651,909
Investments	2,198	-	-	-	2,198	2,198
Interfund balances (note 4)	197,952	-	360,707	(558,659)	-	-
	\$ 1,729,898	\$ -	\$ 363,360	\$ 25,728	\$ 2,118,986	\$ 1,654,107

UNIVERSITY OF VICTORIA STUDENTS' SOCIETY

FOOD AND BEVERAGE OPERATIONS YEAR ENDED APRIL 30, 2011

Schedule 1

	Food Services	Felicita's	Catering and Conferences	2011	2010
Sales	\$ 1,396,422	\$ 676,874	\$ 278,272	\$ 2,351,568	\$ 2,304,523
Cost of sales	586,353	228,690	43,944	858,987	874,689
Gross profit	810,069	448,184	234,328	1,492,581	1,429,834
Expenses					
Salaries, wages and benefits	735,663	263,174	121,603	1,120,440	1,142,628
Other operating expenses	81,944	87,150	16,835	185,929	181,913
Entertainment	-	31,219	-	31,219	30,527
Interest and finance charges	10,681	8,984	-	19,665	19,469
	828,288	390,527	138,438	1,357,253	1,374,537
Net (loss) income	\$ (18,219)	\$ 57,657	\$ 95,890	\$ 135,328	\$ 55,297

UNIVERSITY OF VICTORIA STUDENTS' SOCIETY

BUSINESS OPERATIONS
YEAR ENDED APRIL 30, 2011

Schedule 2

	Info Booth	Cinecenta	Munchie Bar	Zap	SUBtext	2011	2010
Sales	\$ 18,589	\$ 319,376	\$ 337,922	\$ 349,580	\$ 604,059	\$ 1,629,526	\$ 1,413,430
Cost of sales	12	109,063	159,290	70,992	409,701	749,058	628,601
Gross profit	18,577	210,313	178,632	278,588	194,358	880,468	784,829
Health Plan							
Fees	2,540,919	-	-	-	-	2,540,919	2,412,725
Insurance premium	2,282,480	-	-	-	-	2,282,480	2,213,455
U-Pass	258,439	-	-	-	-	258,439	199,270
Revenue	3,131,313	-	-	-	-	3,131,313	2,834,425
Cost of sales	3,088,082	-	-	-	-	3,088,082	2,793,610
	43,231	-	-	-	-	43,231	40,815
Other revenue							
Bus pass commissions	-	-	-	-	1,470	1,470	1,125
	320,247	210,313	178,632	278,588	195,828	1,183,608	1,026,039
Expenses							
Salaries, wages and benefits	29,296	157,374	109,354	110,549	94,856	501,429	486,502
Other operating expenses	2,937	53,782	10,001	49,221	5,898	121,839	133,802
Interest and finance charges	1,877	2,397	-	3,539	5,763	13,576	11,959
	34,110	213,553	119,355	163,309	106,517	636,844	632,263
Net income (loss)	\$ 286,137	\$ (3,240)	\$ 59,277	\$ 115,279	\$ 89,311	\$ 546,764	\$ 393,776

UNIVERSITY OF VICTORIA STUDENTS' SOCIETY

SUPPORT AND ADMINISTRATION
YEAR ENDED APRIL 30, 2011

Schedule 3

	General Office	Accounting Services	Building Operations	Society Administration & Services	2011	2010
Other revenue						
Space rentals	\$ 2,309	\$ -	\$ 210,342	\$ -	\$ 212,651	\$ 220,882
Interest income	-	5,367	-	-	5,367	3,383
Fees for services	-	-	-	-	-	1,800
Sales	4,269	-	-	-	4,269	806
	4,269	5,367	210,342	-	222,287	226,871
Expenses						
Salaries, wages and benefits	75,823	124,637	17,047	266,212	527,014	535,291
Janitorial	-	-	185,486	-	185,486	191,308
Utilities	-	-	104,587	-	104,587	84,832
Insurance	-	-	65,694	-	65,694	65,694
Interest and finance charges	-	26,100	-	-	26,100	22,459
Repairs and maintenance	-	-	32,537	-	32,537	46,740
Professional fees	-	36,622	-	18,537	55,159	86,191
Office and miscellaneous	5,994	12,728	22,198	7,962	54,579	38,813
	81,817	48,992	427,549	292,711	1,051,156	1,071,328
Net loss	\$ (77,548)	\$ (194,720)	\$ (217,207)	\$ (292,711)	\$ (828,869)	\$ (844,457)

UNIVERSITY OF VICTORIA STUDENTS' SOCIETY

BOARD OF DIRECTORS
YEAR ENDED APRIL 30, 2011

Schedule 4

	Chairperson	Board of Directors				2011	2010
		Director of Finance	Director of Academic	Director of Services	Operations General		
Special events revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 31,918	
Other revenue	-	-	-	9,872	9,872	11,801	
	-	-	-	9,872	9,872	43,719	
Expenses							
Salaries, wages and benefits	28,581	28,470	27,788	28,191	58,486	171,516	
Special events expenses	-	-	-	5,601	-	5,601	
Conference, travel and office	338	1,163	1,446	1,832	83,833	88,612	
Handbook costs	-	-	-	-	33,834	33,544	
Elections	121,702	-	-	-	-	121,702	
Campaigns	-	-	-	-	3,287	3,287	
	150,621	29,633	29,234	35,624	179,440	424,552	
Net loss	\$ (150,621)	\$ (29,633)	\$ (29,234)	\$ (35,624)	\$ (169,568)	\$ (284,160)	

UNIVERSITY OF VICTORIA STUDENTS' SOCIETY

CHANGES TO SELECTED TRUST FUND BALANCES YEAR ENDED APRIL 30, 2011

Schedule 5

	Balance, beginning of year	Revenue	Wages and benefits	Other	Balance, end of year 2011	2010
Constituency control	\$ 18,332	\$ 72,527	-	\$ 63,772	\$ 27,087	\$ 18,332
Ombudsperson	26,542	72,043	57,464	9,861	31,260	26,542
Emergency food program	18,442	18,684	-	13,106	24,020	18,442
Native students society	44,457	33,939	-	40,621	37,775	44,457
Anti-violence project	162,913	71,832	55,567	16,318	162,860	162,913
Pride - Trust	17,028	28,432	-	11,346	34,114	17,028
Students of colour	14,823	13,608	7,876	1,254	19,301	14,823
WUSC refugee	53,125	83,498	-	97,026	39,597	53,125
Women's centre	9,971	54,382	51,247	8,619	4,487	9,971
Clubs - Control	87,075	49,974	-	66,010	71,039	87,075
Course unions - Control	26,544	32,048	-	35,581	23,011	26,544
Course unions - Travel pool	560	7,634	-	8,189	5	560
UVic sustainability project	26,808	17,627	-	14,945	29,490	26,808
Disability advocacy	34,034	112,373	-	51,543	94,864	34,034
Elections	-	13,158	-	13,158	-	-
Events	-	35,161	2,929	29,275	2,957	-
	\$ 540,654	\$ 716,920	\$ 175,083	\$ 480,624	\$ 601,867	\$ 540,654

UNIVERSITY OF VICTORIA STUDENTS' SOCIETY

NOTES TO THE FINANCIAL STATEMENTS APRIL 30, 2011

1. Purpose of the organization

The University of Victoria Students' Society is an organization which provides undergraduate University of Victoria students with services and advocacy. The University of Victoria Students' Society is incorporated under the Society Act of British Columbia as a not-for-profit society.

2. Significant accounting policies

The financial statements of the society have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. Because a precise determination of many assets and liabilities is dependent upon future events, the preparation of financial statements for a period necessarily involves the use of estimates which have been made using careful judgement.

The financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of the significant accounting policies summarized below:

Fund accounting

The society follows the restricted fund method of accounting for contributions.

The Operating Fund reports membership fees, revenue and expenses related to the society's business and operating activities.

The Tangible Capital Asset Fund reports the ownership and equity related to the society's tangible capital assets.

The Dr. Ewing Memorial Trust Fund and Major Capital Fund each report the assets and liabilities related to the internally restricted fund activities.

Inventory

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

Tangible capital assets

Tangible capital assets are recorded at cost. Amortization is provided on a straight-line basis over the estimated useful life of the asset, as set out in note 5. Amortization expense is reported in the Tangible Capital Asset Fund.

Deferred revenue

The deferred revenue reported in the Operating Fund represents operating revenue received in the current period that is related to the subsequent period.

Revenue and expenditure

Revenue and expenditure are recorded according to the accrual basis of accounting.

Contributed assets are recorded at fair value at the date of contribution.

3. Investments

Investments consist of funds held in various portfolio marketable securities and are recorded at cost. As at April 30, 2011 investments in the Operating Fund have a market value of \$4,862 (April 30, 2010 - \$4,690).

UNIVERSITY OF VICTORIA STUDENTS' SOCIETY

NOTES TO THE FINANCIAL STATEMENTS APRIL 30, 2011

4. Interfund balances

To bring the funds to the required amounts, transfers are required as noted by the interfund balances receivable and payable.

5. Tangible capital assets

	Cost	Accumulated Amortization	Net Book Value		Amortiz Rate
			2011	2010	
Computer equipment and software	\$ 189,436	\$ 170,228	\$ 19,208	\$ 21,719	2 to 4 years
Furniture and fixtures	96,828	94,544	2,284	6,394	10 years
Leasehold improvements	1,257,623	615,771	641,852	683,935	5 to 10 years
Miscellaneous equipment	64,084	59,694	4,390	7,209	5 to 10 years
Retail business operations equipment	739,617	476,103	263,514	193,176	5 to 10 years
	<u>\$ 2,347,588</u>	<u>\$ 1,416,340</u>	<u>\$ 931,248</u>	<u>\$ 912,433</u>	

6. Due to Student Radio Society

The accounting and financial system of the society is utilized by the Student Radio Society. The accounts payable balance includes \$5,619 (April 30, 2010 - \$3,842) due to the Student Radio Society, which represents cash receipts on behalf of that society in excess of outlays.

7. Dr. Ewing Memorial Trust Fund

The Dr. Ewing Memorial Trust Fund is funded by a \$4.50 (2010 - \$6.50) per student per term fee. The internally restricted fund is used to meet expenses incurred in the major renovation or expansion of the Student Union Building or in the provision of additional physical plant facilities intended to meet the extracurricular needs of the membership of the society. Expenditures from the fund are reflected as transfers to the Operating or Tangible Capital Asset Fund as applicable.

Fees are collected by the University of Victoria and transferred to the society. Interest income earned is recorded as income to the society and a transfer to the fund.

8. Major Capital Fund

The Major Capital Fund is funded by a \$4.50 (2010 - \$6.50) per student per term fee. The internally restricted fund is used to cover the cost of all Student Union Building fixtures and physical renovations including adaptations to restructure space or provide for revenue generating society businesses or tenants, non-fixtures including replacements of equipment essential to basic operations of a business, work which represents an investment in the building and which reduce maintenance costs, major furnishing acquisitions or replacements and premature maintenance. Expenditures from the fund are reflected as transfers to the Operating or Tangible Capital Asset Fund as applicable.

Fees are collected by the University of Victoria and transferred to the society. Interest income earned is recorded as income to the society and a transfer to the fund.

UNIVERSITY OF VICTORIA STUDENTS' SOCIETY

NOTES TO THE FINANCIAL STATEMENTS APRIL 30, 2011

9. Amortization

Amortization expense charged to the Tangible Capital Asset Fund consists of:

	2011	2010
Amortization on assets purchased from the Dr. Ewing Memorial Trust Fund	\$ 45,777	\$ 31,411
Amortization on assets purchased from the Major Capital Fund	206,880	189,229
	\$ 252,657	\$ 220,640

10. Committed expenditure

Allocations and appropriations from revenue are required each year as a result of referendum for items in addition to amounts required by the society's constitution. Student activity fees in the amount of \$56.18 per student per term, which increased during the year to \$56.22 per student per term, and again to \$62.97 per student per term, are paid to the society, of which \$19.00 and \$23.40 per student per term respectively is directed to the cost of society operations. The balance of \$37.18, \$37.22 or \$39.57 respectively, is distributed as follows:

	Per student per term		Total	
	2011	2010	2011	2010
Canadian Federation of Students	\$ 8.02	\$ 7.98	\$ 250,601	\$ 242,853
Student Radio Society	5.00	5.00	156,309	152,485
Martlet Publishing Society	3.75	3.75	117,232	114,364
Vancouver Island Public Interest Research Group	3.00	3.00	93,785	91,491
Disability Advocacy	3.00	3.00	93,785	85,780
Anti Violence Project	2.00	2.00	62,524	60,994
Clubs and course unions	2.00	2.00	62,524	60,994
Constituency groups	2.00	2.00	62,524	60,994
Ombudsperson's office	1.50	1.50	46,893	45,746
World University Service of Canada Bursary (WUSC)	1.50	1.50	46,893	45,746
University of Victoria Day Care	1.00	1.00	31,261	30,496
Native students' union	1.00	1.00	31,261	30,496
Women's Centre	0.95	0.95	29,699	28,972
Pride	0.95	-	13,889	-
Elections	0.90	-	13,158	-
Daniel Jacobs Memorial Fund	0.50	0.50	15,631	15,249
International Students' Bursary Fund	0.50	0.50	15,631	15,249
Food Bank	0.50	0.50	15,631	15,249
Sustainability Project	0.50	0.50	15,631	15,249
Course Unions Special	0.50	0.50	15,631	15,249
Events	0.50	-	7,310	-
	39.57	37.18	1,197,803	1,127,656

UNIVERSITY OF VICTORIA STUDENTS' SOCIETY

NOTES TO THE FINANCIAL STATEMENTS APRIL 30, 2011

10. Committed expenditure (continued)

	Per student per term		Total	
	2011	2010	2011	2010
In addition to the above allocations, the society received fees from the Graduate Student Society in the amount of \$44,828 (April 30, 2010 - \$42,196) to be allocated to the following groups:				
Ombudsperson's office	1.00	1.00	8,151	7,672
Clubs	0.50	0.50	4,075	3,836
Constituency groups	1.00	1.00	8,151	7,672
Anti Violence Project	1.00	1.00	8,151	7,672
World University Service of Canada Bursary (WUSC)	2.00	2.00	16,300	15,344
	<u>5.50</u>	<u>5.50</u>	<u>44,828</u>	<u>42,196</u>
The society also received \$37,000 (April 30, 2010 - \$37,000) from the University of Victoria for allocation to:				
Ombudsperson's office			17,000	17,000
WUSC Refugee Fund			20,000	20,000
Total allocations	<u>\$ 45.07</u>	<u>\$ 42.68</u>	<u>\$ 1,279,631</u>	<u>\$ 1,206,852</u>

11. Letters of guarantee

The society has the a letter of guarantee at \$10,000 face value in conjunction with the Royal Bank of Canada in favour of Brewers Distributor Ltd.

Due to the revolving nature of this guarantee, the society can be liable at any point in time for up to double the amount indicated.

12. Land and building

The land and building utilized by the society is owned by the University of Victoria. Student fees of \$8,211,215 from 1957 to 2010, and \$171,502 in 2011 have been donated to the University to be used for the original building and furnishings and subsequent Student Union Building expansion.

UNIVERSITY OF VICTORIA STUDENTS' SOCIETY

NOTES TO THE FINANCIAL STATEMENTS APRIL 30, 2011

13. Financial instruments

The society's financial instruments consist of cash, investments, accounts receivable, accounts payable and accrued liabilities, and funds held in trust. It is management's opinion that the society is not exposed to significant interest, currency or credit risks arising from these financial instruments.

Fair Value

The fair value of the society's cash, accounts receivable, accounts payable and accrued liabilities, and funds held in trust are approximately equal to their carrying value due to their relatively short terms to maturity. The fair value of the society's investments is as disclosed in note 3.

14. Contingency

The society is a defendant in a legal action resulting from a physical altercation between two Felicita's patrons that occurred in the vicinity of the Student Union Building shortly after the pub closed in October 2006. The society received a Writ of Summons in November 2008. Damages sought by the plaintiff are unknown at this time. The society has made a claim to its liability insurance provider who has undertaken the defence. The litigation is in its preliminary stages, and the amount of insurance deductible and/or damages payable by the society, if any, cannot be reasonably determined at this time.

A referendum of the undergraduate students of the University of Victoria was held in March 2011 and the result was that students voted to end membership in the Canadian Federation of Students ("CFS"). The CFS has refused to acknowledge that the UVSS is no longer a member and has, instead, taken the position that the termination of UVSS's membership is contingent on the UVSS paying the CFS approximately \$120,000 in membership fees which the CFS says results from underpayments in the mid-1990's. The CFS has not advanced a claim against the UVSS for this alleged debt. The UVSS is seeking a court order that its membership in the CFS ceased as of June 2011.

The UVSS has advised the Canadian Federation of Students –British Columbia ("CFS-BC") of its position that its membership in the CFS-BC terminated automatically with the termination of the UVSS's membership in the CFS. The CFS-BC has taken the position that the UVSS continues to be a member of the CFS-BC. At this time, no claim has been advanced by the UVSS against the CFS-BC and the CFS-BC has not advanced any claim against the UVSS. CFS-BC membership fees are being collected in trust by the University of Victoria until the status of the UVSS's membership in the CFS-BC has been resolved.