University of Toronto Engineering Society
Financial Statements
For the year ended May 31, 2012
University of Toronto
Engineering Society
Financial Statements
For the year ended May 31, 2012

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Independent Auditor's Report

To the Members of the University of Toronto Engineering Society

We have audited the accompanying financial statements of the University of Toronto Engineering Society, which comprise the statement of financial position as at May 31, 2012 and the statements of operations, changes in fund balances and cash flows 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 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 presentation of the overall financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.
Basis for Qualified Opinion
In common with many not-for-profit organizations, the Society derives revenue from Locker income, Alumni funding, Orientation, Advertising, Pub-SUDS, Graduation ball, Cannon ball, Store and Cafe revenue, SkuleNite and Career fair revenues, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to amounts recorded in the records of the Society. Therefore, we were not able to determine whether any adjustments might be necessary to revenues, excess of revenue over expenses, and cash flows from operations for the year ended May 31, 2012, current assets as at May 31, 2012, and net assets as at June 1, 2011 and May 31, 2012. The predecessor auditor’s opinion on the financial statements for the year ended May 31, 2011 was modified because of the possible effects of a similar limitation in scope.

Qualified Opinion
In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the Society 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.

Other Matters
The financial statements of the Society for the year ended May 31, 2011 were audited by another auditor who expressed a qualified opinion on those financial statements on October 11, 2011 for the reasons described in the Basis for Qualified Opinion paragraph.

We have not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the schedules or exhibits on pages 16 through 18 of the Society’s Financial Statements.

Chartered Accountants, Licensed Public Accountants

October 25, 2012
Toronto, Ontario
University of Toronto Engineering Society
Statement of Financial Position

May 31, 2012

<table>
<thead>
<tr>
<th></th>
<th>General Fund</th>
<th>Internally Restricted Funds</th>
<th>2012 Total</th>
<th>2011 Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Operating</td>
<td>Store</td>
<td>Total</td>
<td>Total</td>
</tr>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Current</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash</td>
<td>$ 280,227</td>
<td>$ 113,862</td>
<td>$ 394,089</td>
<td>$ 6,960</td>
</tr>
<tr>
<td>equivalents (Note 3)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Short term investments (Note 4)</td>
<td>$ 11,996</td>
<td>-</td>
<td>$ 11,996</td>
<td>-</td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>9,642</td>
<td>14,278</td>
<td>23,920</td>
<td>-</td>
</tr>
<tr>
<td>Inventory</td>
<td>-</td>
<td>14,099</td>
<td>14,099</td>
<td>-</td>
</tr>
<tr>
<td>Prepaid expenses and</td>
<td>449</td>
<td>-</td>
<td>-</td>
<td>449</td>
</tr>
<tr>
<td>sundry deposits</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Due from operating</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>9,783</td>
</tr>
<tr>
<td>fund (Note 6)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total Current</strong></td>
<td>302,314</td>
<td>142,239</td>
<td>444,553</td>
<td>16,743</td>
</tr>
<tr>
<td><strong>Other assets</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Long term investments (Note 4)</td>
<td>30,348</td>
<td>-</td>
<td>30,348</td>
<td>-</td>
</tr>
<tr>
<td>Property and</td>
<td>3,134</td>
<td>6,214</td>
<td>9,348</td>
<td>-</td>
</tr>
<tr>
<td>equipment (Note 5)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total Other assets</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td>$ 335,796</td>
<td>$ 148,453</td>
<td>$ 484,249</td>
<td>$ 16,743</td>
</tr>
<tr>
<td><strong>Liabilities and Fund Balances</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Current</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable and</td>
<td>$ 112,200</td>
<td>$ 11,284</td>
<td>$ 123,484</td>
<td>-</td>
</tr>
<tr>
<td>accrued liabilities</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Due to internally</td>
<td>9,783</td>
<td>-</td>
<td>9,783</td>
<td>-</td>
</tr>
<tr>
<td>restricted fund (Note 6)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total Current</strong></td>
<td>121,983</td>
<td>11,284</td>
<td>133,267</td>
<td>-</td>
</tr>
<tr>
<td><strong>Fund Balances</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Note 8)</td>
<td>213,813</td>
<td>137,169</td>
<td>350,982</td>
<td>16,743</td>
</tr>
<tr>
<td><strong>Total Fund Balances</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$ 335,796</td>
<td>$ 148,453</td>
<td>$ 484,249</td>
<td>$ 16,743</td>
</tr>
</tbody>
</table>

On behalf of the Board:

__________________________________________
President

__________________________________________
V. P. Finance

The accompanying notes are an integral part of these financial statements.
## University of Toronto Engineering Society
### Statement of Operations

For the year ended May 31, 2012

<table>
<thead>
<tr>
<th></th>
<th>General Fund</th>
<th>Internally Restricted Funds</th>
<th>2012 Total</th>
<th>2011 Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Operating</td>
<td>Store</td>
<td>Total</td>
<td>Total</td>
</tr>
<tr>
<td><strong>Fee, Collection and Other Revenue</strong> (Note 13)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fee revenue (Note 9)</td>
<td>$ 720,857</td>
<td>-</td>
<td>$ 720,857</td>
<td>$ 611,713</td>
</tr>
<tr>
<td>Interest and sundry income</td>
<td>2,677</td>
<td>-</td>
<td>2,677</td>
<td>2,677</td>
</tr>
<tr>
<td>Locker income</td>
<td>10,857</td>
<td>-</td>
<td>10,857</td>
<td>10,857</td>
</tr>
<tr>
<td>Alumni funding</td>
<td>40,000</td>
<td>-</td>
<td>40,000</td>
<td>40,000</td>
</tr>
<tr>
<td>Engineering Career Office funding (Note 8)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Store and cafe revenue</td>
<td>-</td>
<td>384,030</td>
<td>384,030</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Committee Revenue</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Advertising</td>
<td>25,920</td>
<td>-</td>
<td>25,920</td>
<td>-</td>
</tr>
<tr>
<td>Career fair</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Graduation ball</td>
<td>30,563</td>
<td>-</td>
<td>30,563</td>
<td>-</td>
</tr>
<tr>
<td>Orientation</td>
<td>122,765</td>
<td>-</td>
<td>122,765</td>
<td>-</td>
</tr>
<tr>
<td>SkuleNite</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>The Cannon Ball</td>
<td>15,618</td>
<td>-</td>
<td>15,618</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>248,749</td>
<td>-</td>
<td>248,749</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>1,023,140</td>
<td>384,030</td>
<td>1,407,170</td>
<td>611,713</td>
</tr>
<tr>
<td><strong>Expenses</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General</td>
<td>133,264</td>
<td>42,084</td>
<td>175,348</td>
<td>-</td>
</tr>
<tr>
<td>Committee costs</td>
<td>370,966</td>
<td>-</td>
<td>370,966</td>
<td>-</td>
</tr>
<tr>
<td>Career office</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Levy fund disbursements</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Contribution to Skule Endowment Fund (Note 7)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Store and cafe cost of sales</td>
<td>-</td>
<td>326,260</td>
<td>326,260</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>966,891</td>
<td>368,344</td>
<td>1,335,235</td>
<td>604,970</td>
</tr>
<tr>
<td><strong>Excess (deficiency) of revenue over expenses</strong></td>
<td>$ 56,249</td>
<td>$ 15,686</td>
<td>$ 71,935</td>
<td>$ 6,743</td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of these financial statements.
# University of Toronto Engineering Society
## Statement of Changes in Fund Balances

For the year ended May 31, 2012

<table>
<thead>
<tr>
<th></th>
<th>General Fund (Note 8)</th>
<th>Internally Restricted (Note 8)</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Balance, beginning of year</strong></td>
<td>$ 203,531</td>
<td>$ 85,516</td>
<td>$ 289,047</td>
</tr>
<tr>
<td><strong>Engineering career office</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>closure (Note 8)</td>
<td>75,516</td>
<td>(75,516)</td>
<td>-</td>
</tr>
<tr>
<td><strong>Excess (deficiency) of revenue over expenses</strong></td>
<td>71,935</td>
<td>6,743</td>
<td>78,678</td>
</tr>
<tr>
<td><strong>Balance, end of year</strong></td>
<td>$ 350,982</td>
<td>$ 16,743</td>
<td>$ 367,725</td>
</tr>
</tbody>
</table>

For the year ended May 31, 2011

<table>
<thead>
<tr>
<th></th>
<th>General Fund (Note 8)</th>
<th>Internally Restricted (Note 8)</th>
<th>Total (Note 13)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Balance, beginning of year</strong></td>
<td>$ 202,768</td>
<td>114,255</td>
<td>$ 317,023</td>
</tr>
<tr>
<td>Grad Ball net withdrawals</td>
<td>-</td>
<td>(4,256)</td>
<td>(4,256)</td>
</tr>
<tr>
<td>Tutoring fund (Note 8)</td>
<td>-</td>
<td>10,000</td>
<td>10,000</td>
</tr>
<tr>
<td><strong>Excess (deficiency) of revenue over expenses</strong></td>
<td>763</td>
<td>(34,483)</td>
<td>(33,720)</td>
</tr>
<tr>
<td><strong>Balance, end of year</strong></td>
<td>$ 203,531</td>
<td>85,516</td>
<td>$ 289,047</td>
</tr>
</tbody>
</table>
University of Toronto Engineering Society
Statement of Cash Flows

For the year ended May 31

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Operating activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Excess (deficiency) of revenue over expenses for the year</td>
<td>$78,678</td>
<td>$(33,720)</td>
</tr>
<tr>
<td>Adjustments to reconcile excess (deficiency) of revenue over expenses for the year</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Amortization of property and equipment</td>
<td>2,431</td>
<td>2,786</td>
</tr>
<tr>
<td>Changes in non-cash operating balances</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>12,310</td>
<td>(30,424)</td>
</tr>
<tr>
<td>Inventory</td>
<td>(2,895)</td>
<td>-</td>
</tr>
<tr>
<td>Prepaid expenses and sundry deposits</td>
<td>12,765</td>
<td>(11,305)</td>
</tr>
<tr>
<td>Accounts payable and accrued liabilities</td>
<td>29,805</td>
<td>33,193</td>
</tr>
</tbody>
</table>

| Operating activities total | 133,094 | (39,470) |

| **Investing activities** |       |       |
| Redemption of investments | 19,981 | 9,843 |
| Purchase of property and equipment | (1,470) | (872) |
| Purchase of investments | (31,981) | (20,344) |

| Investing activities total | (13,470) | (11,373) |

| **Financing activities** |       |       |
| Grad ball, net expenditures | - | (4,256) |
| Tutoring fund proceeds | - | 10,000 |

| Financing activities total | - | 5,744 |

| **Net increase (decrease) in cash and cash equivalents during the year** | 119,624 | (45,099) |

| **Cash and cash equivalents, beginning of year** | 281,425 | 326,524 |
| **Cash and cash equivalents, end of year** | $401,049 | $281,425 |

(Note 13)

The accompanying notes are an integral part of these financial statements.
University of Toronto Engineering Society
Notes to Financial Statements

May 31, 2012

1. Purpose of the Organization

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

2. Significant Accounting Policies

(a) Fund Accounting

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

The Restricted Funds report resources restricted as to use at the time of contribution and amounts established for future key initiatives as established by the Society members. These future initiatives are fully described in Note 8 to these financial statements and are summarized as follows: Levy Fund - Fund portion specifically restricted to cover distribution costs; ECO Fund - Fund established to fund future Career office requirements; and Tutoring Fund - Fund established to provide high quality tutoring programs to eligible students.

(b) Revenue Recognition

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

Restricted contributions are recognized as revenue of the Restricted Funds when amounts are received. Unrestricted contributions are recognized as revenue of the General Fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. The Society operates a retail store and revenue is recognized as cash is received from customers upon delivery of merchandise.

Investment income is recognized as revenue of the appropriate fund on an accrual basis.
2. Significant Accounting Policies - (Continued)

(c) Financial Instruments

All financial instruments are measured based on the classification adopted for the financial instrument: held-to-maturity, loans and receivables, held-for-trading, available-for-sale or other liability, as described as follows:

(i) Financial Assets

Held-for-trading assets are initially measured at fair value and are subsequently measured at fair value with the change in the fair value recognized in net income during the period.

Held-to-maturity assets are initially measured at fair value and are subsequently measured at amortized cost using the effective interest rate method.

Loans and receivables are initially measured at fair value and are subsequently measured at amortized cost using the effective interest rate method.

Available-for-sale assets are initially measured at fair value and are subsequently measured at fair value with the changes in fair value recorded in the statement of changes in fund balances, except for equity instruments without a quoted market price which are measured at cost.

(ii) Financial Liabilities

Held-for trading liabilities are initially measured at fair value and are subsequently measured at fair value with the change in the fair value recognized in net income during the period.

Other liabilities are initially measured at fair value and are subsequently measured at amortized cost using the effective interest rate method.

<table>
<thead>
<tr>
<th>Financial Instrument</th>
<th>Classification</th>
<th>Measurement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>Held-for-trading</td>
<td>Fair value</td>
</tr>
<tr>
<td>Investments</td>
<td>Held-to-maturity</td>
<td>Amortized cost</td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>Loans and receivables</td>
<td>Amortized cost</td>
</tr>
<tr>
<td>Accounts payable and accrued liabilities</td>
<td>Other liabilities</td>
<td>Amortized cost</td>
</tr>
</tbody>
</table>

(d) Cash and Cash Equivalents

Cash and cash equivalents include highly liquid investments with maturities of three months or less from the date of purchase.
2. Significant Accounting Policies - (Continued)

(e) Investments

Guaranteed investment certificates (GIC) that are non-redeemable before maturities and have maturity dates greater than one year are recorded as investments at cost plus accrued interest which approximates fair value.

(f) Inventory

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

(g) Property and Equipment

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

<table>
<thead>
<tr>
<th>Asset Type</th>
<th>Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Computer equipment</td>
<td>30%</td>
</tr>
<tr>
<td>Furniture and fixtures</td>
<td>20%</td>
</tr>
</tbody>
</table>

(h) Use of Estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and the reported amount of revenue and expenses during the year. Actual results could differ from those estimates.

Significant areas requiring the use of management estimates relate to the determination of the useful lives of property and equipment for amortization purposes, amounts recorded as accrued liabilities and valuation of inventory and accounts receivable.
May 31, 2012

3. Cash and Cash Equivalents

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash - unrestricted operating funds</td>
<td>$ 394,089</td>
<td>$ 215,053</td>
</tr>
<tr>
<td>Levy Fund trust account (Note 8)</td>
<td>6,960</td>
<td>-</td>
</tr>
<tr>
<td>Career Office trust account (Note 8)</td>
<td>-</td>
<td>66,372</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$ 401,049</strong></td>
<td><strong>$ 281,425</strong></td>
</tr>
</tbody>
</table>

4. Investments

Investments are comprised of non-redeemable guaranteed investment certificates which have interest rates between 1.45% and 2.45%. These investments will mature between March 2013 and February 2015.

5. Property and Equipment

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Cost</td>
<td>Accumulated Amortization</td>
</tr>
<tr>
<td>Computer equipment</td>
<td>$ 30,507</td>
<td>$ 28,956</td>
</tr>
<tr>
<td>Furniture and fixtures</td>
<td>$ 110,336</td>
<td>$ 102,539</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$ 140,843</strong></td>
<td><strong>$ 131,495</strong></td>
</tr>
</tbody>
</table>

6. Interfund Balances

Interfund balances are non-interest bearing and have no specific terms of repayment.

7. Skule Endowment Fund

The Society has donated funds to the University of Toronto ("University") for the creation of the Skule Endowment Fund for the benefit of students of the Faculty of Applied Science and Engineering. The specific uses of the Fund will be mutually determined by the Society and the University at a later date. The University is responsible for the management of the Fund. In 2012, the Society donated $407,809 from the collection of student fees and $54,852 from the closing of the ECO fund bank account.
8. Internally Restricted Funds and Fund Balances

The Internally Restricted Funds balance is made up of the following:

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Levy Fund (a)</td>
<td>$6,743</td>
<td>-</td>
</tr>
<tr>
<td>Engineering Career Office Fund (b)</td>
<td>-</td>
<td>$75,516</td>
</tr>
<tr>
<td>Tutoring Fund (c)</td>
<td>$10,000</td>
<td>$10,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$16,743</strong></td>
<td><strong>$85,516</strong></td>
</tr>
</tbody>
</table>

(a) Levy Fund

The Levy Fund was established to enhance the quality of undergraduate education pursuant to Student referendums that are passed at commencement of a new fiscal year. These funds are required to be used at the Society’s discretion for projects within the Faculty of Applied Science and Engineering (being engineering departments within the Faculty of Applied Science and Engineering, namely Civil, Chemical, Mechanical and Industrial, Electrical and Computer, Materials and Engineering science). Up to a maximum of 10% of the Levy Fund collections may be designated for other Society purposes. During the year, the Society had received, through student fees, $611,713 (2011 - $634,533), and disbursed amounts totaling $604,970 (2011 - $636,886) resulting in net collections of $6,743 (2011 - $2,353 net disbursements). The balance in the Levy Fund was $6,743 (2011 - $Nil) at the end of the year.

(b) Engineering Career Office Fund (ECO)

The ECO fund was established in 2003 to fund future career office programs. In subsequent years, members voted to continue to fund the ECO programs through collections from students. Pursuant to a referendum held in 2006, Council Members increased ECO fee collection at the rate of approximately $25 per student. The fund was not renewed in the current year and as a result the internal restriction on this fund balance was removed.

(c) Tutoring Fund (TF)

Pursuant to a referendum and a resolution passed by the Society’s committee, it was approved that a TF be established in 2011. The TF was funded through a transfer from the Levy fund and its purpose was to provide high quality tutoring programs made available to the Faculty of Applied Science and Engineering students. These funds will be distributed to support Tutoring programs for the eligible students at the discretion of the Society. No amounts were restricted to or spent from the TF during 2012.
9. Fee Revenue

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

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total fees</td>
<td>$1,421,309</td>
<td>$1,035,937</td>
</tr>
<tr>
<td>Deduct amounts flowed out for specific trusts (a)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Solar Car Project</td>
<td>$(22,429)</td>
<td>$(23,266)</td>
</tr>
<tr>
<td>Formula SAE</td>
<td>$(22,429)</td>
<td>$(19,036)</td>
</tr>
<tr>
<td>Human Powered Vehicle Design Team</td>
<td>$(10,195)</td>
<td>$(10,576)</td>
</tr>
<tr>
<td>Engineers Without Borders</td>
<td>$(10,195)</td>
<td>$(10,576)</td>
</tr>
<tr>
<td>Concrete Canoe</td>
<td>$(13,296)</td>
<td>$(13,790)</td>
</tr>
<tr>
<td>University of Toronto Robotics Association</td>
<td>$(10,195)</td>
<td>-</td>
</tr>
<tr>
<td>Society Fees</td>
<td>$1,332,570</td>
<td>$958,693</td>
</tr>
<tr>
<td>Comprised of:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating Fund</td>
<td>$720,857</td>
<td>$218,405</td>
</tr>
<tr>
<td>Levy Fund (Note 8)</td>
<td>611,713</td>
<td>634,533</td>
</tr>
<tr>
<td>Engineering Career Office Fund (Note 8)</td>
<td>-</td>
<td>105,755</td>
</tr>
<tr>
<td></td>
<td>$1,332,570</td>
<td>$958,693</td>
</tr>
</tbody>
</table>

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

In common with other organizations, the Society is exposed to risks that arise from its use of financial instruments. This note describes the Society's objectives, policies and processes for managing those risks and the methods used to measure them.

There have been no substantive changes in the Society's exposure to financial instrument risks, its objectives, policies and processes for managing these risks or the methods used to measure them from previous periods unless otherwise stated in these financial statements. Management has established policies and procedures to manage risks related to financial instruments, with the objective of minimizing any adverse effects on financial performance.

Market Risk

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

Interest rate risk is the risk that the fair value of future cash flows of an investment will fluctuate because of changes in market interest rates. It arises when the Society invests in interest-sensitive investments such as GICs. To manage interest rate exposure, the Society invests in fixed income vehicles or cash, upon advise from an investment advisor. To further manage interest rate risk, the Society has established a laddering program whereby investment maturities are staggering over the long term.

Credit Risk

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

Liquidity Risk

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

In managing capital (defined as working capital (current assets less current liabilities) plus long term assets), the Society carefully focuses on liquid resources available for operations. The Society manages the finance structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. The Society's objective is met by retaining adequate net asset resources to provide for the possibility that cash flows from revenues will not be sufficient to meet future cash flow requirements and to provide it with the flexibility to take advantage of opportunities that will advance its purposes. The need for sufficient liquid resources is considered in the preparation of an annual budget and in the monitoring of cash flows and actual operating results compared to the budget.

12. Comparative Figures

The comparative amounts presented in the financial statements have been restated to conform with current year presentation.

13. Adjustment of Government Remittances

The financial statements for the year ended May 31, 2011 have been amended for an adjustment to accounts payable to reflect additional government remittances owing. The adjustment has been reflected on a retroactive basis, resulting in the following changes to the prior comparative figures from those previously reported:

<table>
<thead>
<tr>
<th></th>
<th>As Previously Reported</th>
<th>Adjustment</th>
<th>As Restated</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts payable and accrued liabilities</td>
<td>$29,279</td>
<td>$64,400</td>
<td>$93,679</td>
</tr>
<tr>
<td>Fund balance, beginning of year</td>
<td>352,223</td>
<td>(35,200)</td>
<td>317,023</td>
</tr>
<tr>
<td>Excess (deficiency) of revenue over expenses</td>
<td>(4,520)</td>
<td>(29,200)</td>
<td>(33,720)</td>
</tr>
</tbody>
</table>
University of Toronto Engineering Society  
Schedule of Store Operations  
(Unaudited)  

For the year ended May 31  

<table>
<thead>
<tr>
<th></th>
<th>Bookstore</th>
<th>Cafeteria</th>
<th>2012 Total</th>
<th>2011 Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>$301,589</td>
<td>$82,441</td>
<td>$384,030</td>
<td>$420,539</td>
</tr>
<tr>
<td>Cost of sales</td>
<td>281,207</td>
<td>45,053</td>
<td>326,260</td>
<td>370,198</td>
</tr>
<tr>
<td></td>
<td>20,382</td>
<td>37,388</td>
<td>57,770</td>
<td>50,341</td>
</tr>
<tr>
<td>Expenses</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Wages and benefits</td>
<td>8,911</td>
<td>12,014</td>
<td>20,925</td>
<td>21,523</td>
</tr>
<tr>
<td>Office and general</td>
<td>4,163</td>
<td>1,196</td>
<td>5,358</td>
<td>3,323</td>
</tr>
<tr>
<td>Credit card charges</td>
<td>5,161</td>
<td>-</td>
<td>5,161</td>
<td>5,866</td>
</tr>
<tr>
<td>Rent</td>
<td>-</td>
<td>9,270</td>
<td>9,270</td>
<td>9,000</td>
</tr>
<tr>
<td>Amortization - office equipment</td>
<td>1,220</td>
<td>150</td>
<td>1,370</td>
<td>1,529</td>
</tr>
<tr>
<td></td>
<td>19,455</td>
<td>22,630</td>
<td>42,084</td>
<td>41,241</td>
</tr>
<tr>
<td>Excess (deficiency) of revenue over expenses</td>
<td>$927</td>
<td>$14,758</td>
<td>$15,686</td>
<td>$9,100</td>
</tr>
</tbody>
</table>
## University of Toronto Engineering Society
### Schedule of Operation Fund General Expenses, Career Office and Committee Costs
(Unaudited)

For the year ended May 31

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>General expenses</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Office wages and employee benefits</td>
<td>$50,408</td>
<td>$57,086</td>
</tr>
<tr>
<td>Computer systems</td>
<td>870</td>
<td>422</td>
</tr>
<tr>
<td>Elections</td>
<td>430</td>
<td>457</td>
</tr>
<tr>
<td>Executive and council</td>
<td>6,108</td>
<td>8,702</td>
</tr>
<tr>
<td>Gifts, donations and awards</td>
<td>1,415</td>
<td>2,711</td>
</tr>
<tr>
<td>Insurance</td>
<td>7,362</td>
<td>8,761</td>
</tr>
<tr>
<td>Interest and bank charges</td>
<td>516</td>
<td>684</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>4,596</td>
<td>1,984</td>
</tr>
<tr>
<td>Office printing, stationery and general</td>
<td>3,606</td>
<td>5,444</td>
</tr>
<tr>
<td>Professional fees</td>
<td>16,348</td>
<td>14,511</td>
</tr>
<tr>
<td>Repairs and maintenance</td>
<td>1,508</td>
<td>4,860</td>
</tr>
<tr>
<td>Amortization - property and equipment</td>
<td>1,061</td>
<td>1,257</td>
</tr>
<tr>
<td>Donations</td>
<td>4,736</td>
<td>-</td>
</tr>
<tr>
<td>HST</td>
<td>34,300</td>
<td>29,200</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$133,264</td>
<td>$136,079</td>
</tr>
</tbody>
</table>

| **Career office**   |         |         |
| Career office salary and wages | $-     | $144,233 |
| Office and general   | -       | 205     |
| **Total**            | $-     | $144,438 |

| **Committee costs**  |         |         |
| Communications       |         |         |
| Handbook             | $8,422  | $8,081  |
| Yearbook             | 29,794  | 39,629  |
| Toike oike           | 7,095   | 5,144   |
| The Cannon           | 3,277   | 3,423   |
| Skule planner        | 9,920   | 11,110  |
| **Total**            | 58,508  | 67,387  |

| Social               |         |         |
| Cannon ball          | 24,267  | 25,443  |
| **Total**            | 59,781  | 47,765  |

| **Carried forward**  | $142,556 | $140,595 |
University of Toronto Engineering Society
Schedule of Operation Fund General Expenses, Career Office
and Committee Costs
(UNAUDITED)

For the year ended May 31 2012 2011

Committee costs - (Continued)

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brought forward</td>
<td>$142,556</td>
<td>$140,595</td>
</tr>
<tr>
<td>Blue and gold</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Blue and gold general</td>
<td>2,846</td>
<td>3,892</td>
</tr>
<tr>
<td>Cannon guard</td>
<td>4,342</td>
<td>4,220</td>
</tr>
<tr>
<td>Cannon video</td>
<td>423</td>
<td>1,218</td>
</tr>
<tr>
<td>Homecoming</td>
<td>1,601</td>
<td>2,097</td>
</tr>
<tr>
<td>LGMB</td>
<td>1,040</td>
<td>929</td>
</tr>
<tr>
<td></td>
<td>10,252</td>
<td>12,356</td>
</tr>
<tr>
<td>Fourth year</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fourth year general</td>
<td>452</td>
<td>949</td>
</tr>
<tr>
<td>Grad Ball</td>
<td>42,988</td>
<td>52,728</td>
</tr>
<tr>
<td>Kipling ritual</td>
<td>13,185</td>
<td>13,610</td>
</tr>
<tr>
<td></td>
<td>56,625</td>
<td>67,287</td>
</tr>
<tr>
<td>Professional development</td>
<td></td>
<td></td>
</tr>
<tr>
<td>CEC</td>
<td></td>
<td>246</td>
</tr>
<tr>
<td>CFES fees</td>
<td></td>
<td>1,657</td>
</tr>
<tr>
<td>CFES president's meeting</td>
<td></td>
<td>693</td>
</tr>
<tr>
<td>CWIE</td>
<td>1,174</td>
<td>1,396</td>
</tr>
<tr>
<td>ESSCO</td>
<td>1,525</td>
<td>1,591</td>
</tr>
<tr>
<td>ESSCO FYIC</td>
<td>954</td>
<td>1,150</td>
</tr>
<tr>
<td>ESSCO OESP</td>
<td>331</td>
<td>260</td>
</tr>
<tr>
<td>Engineering congress - CCES</td>
<td>2,715</td>
<td>6,056</td>
</tr>
<tr>
<td>Miscellaneous conferences</td>
<td>2,740</td>
<td>6,218</td>
</tr>
<tr>
<td>New U</td>
<td>485</td>
<td>200</td>
</tr>
<tr>
<td>OEC</td>
<td>727</td>
<td>-</td>
</tr>
<tr>
<td>PEO</td>
<td>904</td>
<td>8</td>
</tr>
<tr>
<td>UTEK</td>
<td>(1,476)</td>
<td>(506)</td>
</tr>
<tr>
<td></td>
<td>10,772</td>
<td>18,376</td>
</tr>
<tr>
<td>Events</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Archives and community service</td>
<td>1,649</td>
<td>213</td>
</tr>
<tr>
<td>High school liaison</td>
<td>2,191</td>
<td>1,959</td>
</tr>
<tr>
<td>Orientation and first year events</td>
<td>82,702</td>
<td>128,213</td>
</tr>
<tr>
<td>Pub - SUDS</td>
<td>43,771</td>
<td>28,473</td>
</tr>
<tr>
<td>Skule site</td>
<td>13,108</td>
<td>39,769</td>
</tr>
<tr>
<td>Student council</td>
<td>(140)</td>
<td>(102)</td>
</tr>
<tr>
<td>Student issues</td>
<td>631</td>
<td>47</td>
</tr>
<tr>
<td>Sundry events and special projects</td>
<td>6,849</td>
<td>3,420</td>
</tr>
<tr>
<td>Career fair</td>
<td></td>
<td>13,160</td>
</tr>
<tr>
<td></td>
<td>150,761</td>
<td>215,152</td>
</tr>
<tr>
<td></td>
<td>$370,966</td>
<td>$453,766</td>
</tr>
</tbody>
</table>