

Dalhousie Student Union Inc.
Financial Statements
For the Year Ended March 31, 2022

Dalhousie Student Union Inc.
Financial Statements
For the Year Ended March 31, 2022

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Independent Auditor's Report

To the members of Dalhousie Student Union Inc.

Opinion

We have audited the financial statements of Dalhousie Student Union Inc. (the "Student Union"), which comprise the statement of financial position as at March 31, 2022, the statements of changes in net assets, operations, and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Student Union as at March 31, 2022, and its results of operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Student Union in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

The financial statements for the year ended March 31, 2021 were audited by another auditor who expressed an unmodified opinion on those financial statements on September 29, 2021.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Student Union's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Student Union or to cease operations, or has no realistic alternative but to do so.

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



Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Student Union's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Student Union's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Student Union to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Chartered Professional Accountants

Dartmouth, Nova Scotia
September 15, 2022

**Dalhousie Student Union Inc.
Statement of Financial Position**

March 31	2022	2021
Assets		
Current		
Cash and cash equivalents	\$ 1,496,203	\$ 2,169,552
Short-term investments	60,786	-
Accounts receivable		
Dalhousie University	2,354,231	1,749,357
Other	73,649	46,173
Government remittances	21,232	21,781
Inventories (Note 2)	24,876	10,128
Prepaid expenses	34,435	25,692
	4,065,412	4,022,683
Restricted cash	5,040,566	2,704,291
Long-term investments	3,400,323	3,289,257
Tangible capital assets (Note 3)	7,033,452	7,390,486
	\$ 19,539,753	\$ 17,406,717
Liabilities and Net Assets		
Current		
Accounts payable and accrued liabilities (Note 4)	\$ 2,363,992	\$ 2,125,403
Current portion of deferred revenue	47,898	65,181
Current portion of long-term debt (Note 5)	221,000	215,000
	2,632,890	2,405,584
Deferred revenue	186,333	229,333
Interest rate swap (Note 5)	110,422	533,938
Long-term debt (Note 5)	5,722,000	5,943,000
	8,651,645	9,111,855
Net Assets		
Internally restricted (Note 6)	8,515,457	6,661,646
Unrestricted	2,372,651	1,633,216
	10,888,108	8,294,862
	\$19,539,753	\$ 17,406,717

Economic Dependence (Note 7)

On behalf of the Executive:

_____ Executive

_____ Executive

**Dalhousie Student Union Inc.
Statement of Changes in Net Assets**

For the year ended March 31	Unrestricted net assets	Internally restricted net assets (Note 6)	2022	2021
Net assets, beginning of the year	\$ 1,633,216	\$ 6,661,646	\$ 8,294,862	\$ 6,874,159
Excess of revenues over expenses	614,810	1,978,436	2,593,246	1,420,703
Interfund transfers	124,625	(124,625)	-	-
Net assets, end of the year	\$ 2,372,651	\$ 8,515,457	\$10,888,108	\$ 8,294,862

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

**Dalhousie Student Union Inc.
Statement of Operations**

For the year ended March 31	Operating fund budget (unaudited)	Operating fund actual	Internally restricted fund actual	2022	2021
Revenue					
Bar services	\$ 178,419	\$ 213,784	\$ -	\$ 213,784	\$ 3,087
Contracts	115,146	112,147	-	112,147	112,979
Council administration	-	-	-	-	350
Food bank	70,066	-	44,600	44,600	90,011
Food services	57,947	42,981	-	42,981	28,667
Health plan	-	-	5,428,762	5,428,762	4,795,826
IM wellness fund	-	-	42,500	42,500	7,500
International health plan	-	-	4,368,121	4,368,121	2,004,621
Investment income (loss) (Note 8)	29,468	73,948	(18,948)	55,000	472,051
Programming and initiatives	108,778	105,158	-	105,158	45,310
Retail services	-	-	-	-	2,198
S.U.B. operations	22,385	24,783	-	24,783	8,515
S.U.B. reservations	74,152	65,274	-	65,274	42,624
Student union fees (Note 7)	1,362,040	1,380,456	650,524	2,030,980	1,957,473
	<u>2,018,401</u>	<u>2,018,531</u>	<u>10,515,559</u>	<u>12,534,090</u>	<u>9,571,212</u>
Expenses					
Amortization	9,372	6,862	470,215	477,077	476,590
Bad debt recovery	-	(2,624)	-	(2,624)	-
Bar services	227,765	297,649	-	297,649	91,831
Council administration	244,637	221,794	-	221,794	201,735
External affairs	81,131	85,771	-	85,771	72,156
Food bank	70,066	-	83,525	83,525	36,006
Food services	39,390	40,278	-	40,278	29,232
Furniture and fixtures	10,000	-	-	-	228
Grants and bursaries	63,483	37,848	59,793	97,641	220,315
Health plan	-	-	4,512,155	4,512,155	3,708,844
IM wellness fund	-	-	30,000	30,000	14,450
Interest expense and bank charges	-	-	218,611	218,611	218,407
International health plan	-	-	3,143,515	3,143,515	2,797,569
Programming and initiatives	187,912	196,023	-	196,023	145,519
Retail services	-	-	-	-	41,482
S.U.B. operations	1,012,812	876,973	-	876,973	788,122
S.U.B. reservations	58,984	62,948	-	62,948	54,642
Small equipment	-	-	19,309	19,309	-
Shuttle bus	5,035	3,715	-	3,715	7,383
	<u>2,010,587</u>	<u>1,827,237</u>	<u>8,537,123</u>	<u>10,364,360</u>	<u>8,904,511</u>
Excess of revenues over expenses for the year before other income	7,814	191,294	1,978,436	2,169,730	666,701
Other income					
Unrealized gain on fair value of interest rate swap	-	423,516	-	423,516	754,002
Excess of revenue over expenses for the year	\$ 7,814	\$ 614,810	\$ 1,978,436	\$ 2,593,246	\$ 1,420,703

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

Dalhousie Student Union Inc. Statement of Cash Flows

For the year ended March 31	2022	2021
Cash flows from operating activities		
Excess of revenues over expenses for the year	\$ 2,593,246	\$ 1,420,703
Items not affecting cash:		
Amortization	477,077	476,590
Unrealized gain on fair value of interest rate swap	(423,516)	(754,002)
Gain on disposal of investments (Note 8)	(219,764)	(153,465)
Unrealized loss (gain) on investments (Note 8)	182,193	(285,188)
	2,609,236	704,638
Changes in non-cash working capital:		
Accounts receivable	(631,801)	358,842
Inventories	(14,748)	27,746
Prepaid expenses	(8,743)	6,665
Accounts payable and accrued liabilities	238,589	657,436
Deferred revenue	(60,283)	248,702
	2,132,250	2,004,029
Cash flows from investing activities		
Purchases of investments	(1,624,682)	(1,489,728)
Proceeds on the disposal of investments	1,490,401	1,610,341
Purchase of tangible capital assets	(120,043)	(16,834)
	(254,324)	103,779
Cash flows from financing activity		
Repayment of long-term debt	(215,000)	(206,000)
	(215,000)	(206,000)
Net increase in cash and cash equivalents	1,662,926	1,901,808
Cash and cash equivalents, beginning of the year	4,873,843	2,972,035
Cash and cash equivalents, end of the year	\$ 6,536,769	\$ 4,873,843
Represented by:		
Cash	\$ 746,203	\$ 1,419,552
Cash equivalents	750,000	750,000
Restricted cash	5,040,566	2,704,291
	\$ 6,536,769	\$ 4,873,843

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

Dalhousie Student Union Inc.

Notes to Financial Statements

March 31, 2022

1. Significant Accounting Policies

Nature and Purpose of Organization	The Dalhousie Student Union Inc. (the "Student Union") is a not-for-profit organization and is exempt from income taxes under section 149 (l)(e) of the <i>Income Tax Act</i> . The Student Union provides employment, advocacy, and general support to the students of Dalhousie University.
Basis of Accounting	The financial statements have been prepared using Canadian accounting standards for not-for-profit organizations.
Cash and Cash Equivalents	Cash and cash equivalents include cash on hand, bank balances, and cashable Guaranteed Investment Certificates ("GICs") which are available on demand.
Restricted Cash	Restricted cash includes cash held in trust for student health plans surpluses that have been internally restricted for future use against deficits.
Short-term Investments	Short-term investments consists of a GICs, recorded at cost and accrued interest, with an initial maturity of greater than three months but maturing within the next twelve months.
Financial Instruments	<p>Financial Instruments are recorded at fair value at initial recognition.</p> <p>In subsequent periods, equities traded in an active market and derivatives are reported at fair value, with any change in fair value reported in income. All other financial instruments are reported at cost or amortized cost less impairment. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items measured at fair value and charged to the financial instrument for those measured at amortized cost.</p> <p>Financial assets are tested for impairment when indicators of impairment exist. When a significant change in the expected timing or amount of the future cash flows of the financial asset is identified, the carrying amount of the financial asset is reduced and the amount of the write-down is recognized in net income. A previously recognized impairment loss may be reversed to the extent of the improvement, provided it is not greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously, and the amount of the reversal is recognized in excess of revenues over expenses.</p>
Inventories	Inventories are carried at the lower of cost and net realizable value. Cost is determined using the first-in, first-out method.

Dalhousie Student Union Inc. Notes to Financial Statements

March 31, 2022

1. Significant Accounting Policies (continued)

Long-term Investments Long-term investments are carried at quoted market value. All investments are measured at fair value with changes in fair value recognized in the excess of revenues over expenses in the period they arise.

Realized income is income earned from dividends and interest that has been collected or accrued in the current fiscal period, along with gains and/or losses from the disposal of investments.

Unrealized income is income that is recorded reflecting the change in market value over the book value of the investments currently being held by the Student Union at year-end. The unrealized change in market value is the result of both change in the value of the investment, as well as the change in foreign currency, where applicable, and is included in investment income for the current period.

Tangible Capital Assets Purchased tangible capital assets are stated at cost less accumulated amortization. Amortization is recorded on a straight-line basis over the estimated useful life of the asset as follows:

Vehicle	5 years
Equipment	6-12 years
Computer equipment	3 years
Renovations	10-25 years

One half year's amortization is taken in the year of acquisition.

Deferred Revenue Deferred revenue includes initial signing payments received on long-term contracts that are recognized as revenue over the term of the contract.

Dalhousie Student Union Inc.

Notes to Financial Statements

March 31, 2022

1. Significant Accounting Policies (continued)

Revenue Recognition

The Student Union follows the deferral method of accounting for contributions.

Student union fees

Student union fees are recognized as revenue in the operating fund in the applicable year to which they relate, when received, or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Bar, food, and retail services

Revenue is recorded in the operating fund for sales upon purchase by customers and when the significant risks and rewards of ownership are transferred to the customer, which generally coincides with the timing of payment, collectibility is reasonably assured, persuasive evidence of an agreement exists, and the sales price is fixed and determinable.

Health plan

Revenue is recognized in the internally restricted health plan fund when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Health plan premiums received or receivable are shown gross of the related health plan premium expense.

Other contributions

Restricted contributions are recognized as revenue of the appropriate internally restricted fund when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. However, if no appropriate internally restricted fund is presented, then the restricted contribution is recognized in the operating fund in accordance with the deferral method of accounting.

Unrestricted contributions are recognized as revenue of the operating fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Dalhousie Student Union Inc.

Notes to Financial Statements

March 31, 2022

1. Significant Accounting Policies (continued)

Use of Estimates

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations require management to make estimates and assumptions that affect the reporting amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ materially from management's best estimates as additional information becomes available in the future. The significant estimates used by management include the useful lives of tangible capital assets, the allowance of doubtful accounts, the calculation of the fair value of the interest rate swap, and the fair value measurements of long-term investments.

Internally Restricted Net Assets

Capital Campaign

The remaining funds from a capital campaign during the five years ended March 31, 2001 are restricted to the ongoing liability for the Blue Light Safety system.

Capital Projects

Revenues in excess of expenses for the year ended March 31, 2021 were transferred to a restricted capital projects fund. These funds were restricted to capital projects not budgeted for and were not to be used by the Student Union for any other purpose. These restricted funds were only available for capital projects during the year ended March 31, 2022 and the unused balance as at March 31, 2022 was transferred back to the operating fund (Note 6).

Facility Improvement Fees

Dalhousie University originally collected funds from students for a football team program; however, it was later decided to transfer the funds to the Student Union for improvement to the Student Union facilities. These funds were later divided equally and restricted among three different initiatives: programming, initiatives, and Student Union improvements.

Food Bank

Revenues in excess of expenses for the Student Union operated Food Bank are restricted for food bank expenditures and may not be used by the Student Union for any other purpose.

DSU Renovation Fund

Dalhousie University collects funds from students and transfers the funds to the Student Union for the renovation of the Student Union Building. These funds are restricted to the renovation of the Student Union Building and may not be used by the Student Union for any other purpose.

Dalhousie Student Union Inc.

Notes to Financial Statements

March 31, 2022

1. Significant Accounting Policies (continued)

Internally Restricted Net Assets (continued)

Student Accessibility Fund

Dalhousie University collects funds from students and transfers the funds to the Student Union for the accessibility of the Student Union Building. These funds are restricted to improving the accessibility of the Student Union Building and may not be used by the Student Union for any other purpose.

IM Well Fund

Health plan providers of the Student Union transfer funds to the Student Union to provide mental health support initiatives. These funds are restricted for mental health support initiatives and may not be used for any other purpose by the Student Union.

Health Plan Fund

Funds received from the Student Union's health plan are accumulated in order to decrease premiums, enhance benefits, or maintain the solvency of the health plan. These funds are restricted as cash or investments, in which the income is also restricted, and are used to pay claims incurred by members of the Student Union.

International Health Plan

The Student Union collects funds from international students who are required to have medical insurance coverage during their tenure in Canada and while enrolled at Dalhousie University. Funds collected are restricted to pay insurance premiums incurred by international students enrolled in the health plan and to establish an emergency reserve, if necessary.

2. Inventories

The cost of inventories recognized as an expense during the year was \$96,268 (2021 - \$22,261).

**Dalhousie Student Union Inc.
Notes to Financial Statements**

March 31, 2022

3. Tangible Capital Assets

	2022		2021	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Vehicle	\$ 24,019	\$ 24,019	\$ 24,019	\$ 24,019
Equipment	1,052,278	732,494	932,337	669,378
Computer equipment	20,342	20,342	20,345	19,361
Renovations	12,252,474	5,538,806	12,252,369	5,125,826
	13,349,113	6,315,661	13,229,070	5,838,584
		\$ 7,033,452		\$ 7,390,486

Tangible capital assets includes \$53,490 (2021 - \$3,315) of equipment not yet in use. As a result, no amortization has been recorded on these items.

4. Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities consists of the following:

	2022	2021
Payable to levied societies	\$ 1,280,025	\$ 1,081,420
Accounts payable	1,002,750	954,347
Accrued liabilities	81,217	89,636
	\$ 2,363,992	\$ 2,125,403

Dalhousie Student Union Inc. Notes to Financial Statements

March 31, 2022

5. Long-Term Debt

The Student Union has entered into a non-revolving term facility with the Royal Bank of Canada ("RBC") in the amount of \$7,000,000, accruing interest at a fixed rate of 3.09%. The facility carries a 10-year term, due December 2026, and is repayable over a 25-year amortization period. The facility is secured by a first ranking interest on all general property of the Student Union and by a letter of guarantee from Dalhousie University. As at March 31, 2022, the balance owing on the facility is \$5,943,000 (2021 - \$6,158,000).

Additionally, the Student Union has entered into an interest-rate swap (the "Swap") agreement with the notional value matching the principal balance and term of the debt. The Swap fixes the interest rate over the term of the loan at 3.57%. As at March 31, 2022, the fair value of the Swap is a liability of \$110,422 (2021 - \$533,938). The Student Union has elected not to apply hedge accounting for this financial instrument.

Principal repayments on long-term debt over the next five years are as follows:

2023	\$ 221,000
2024	229,000
2025	235,000
2026	243,000
2027	<u>5,015,000</u>
	<u>\$ 5,943,000</u>

**Dalhousie Student Union Inc.
Notes to Financial Statements**

March 31, 2022

6. Internally Restricted Net Assets

Internally restricted net assets are comprised of the following:

	2022						
	Opening balance	Contributions received	Expenditures	Amortization of capital assets	Investment income (loss)	Interfund transfers	Ending balance
Capital campaign	\$ 4,788	\$ -	\$ 1,155	\$ -	\$ -	\$ -	\$ 3,633
Capital projects	263,872	-	19,309	11,000	-	(124,625)	108,938
Facility improvement fees	306,293	87,620	-	15,196	-	-	378,717
Food bank	54,005	44,600	83,525	-	-	-	15,080
DSU renovations fund	936,643	526,928	218,611	444,019	-	-	800,941
Student accessibility fund	183,820	35,976	58,638	-	-	-	161,158
IM Well fund	-	42,500	30,000	-	-	-	12,500
Health plan fund	4,758,675	5,428,762	4,512,155	-	(18,948)	-	5,656,334
International health plan	153,550	4,368,121	3,143,515	-	-	-	1,378,156
	\$ 6,661,646	\$10,534,507	\$ 8,066,908	\$ 470,215	\$ (18,948)	\$ (124,625)	\$ 8,515,457

**Dalhousie Student Union Inc.
Notes to Financial Statements**

March 31, 2022

6. Internally Restricted Net Assets (continued)

	2021						
	Opening balance	Contributions received	Expenditures	Amortization of capital assets	Investment income	Interfund transfers	Ending balance
Capital campaign	\$ 6,059	\$ -	\$ 1,271	\$ -	\$ -	\$ -	\$ 4,788
Capital projects	-	263,872	-	-	-	-	263,872
Facility improvement fees	249,705	87,717	16,009	15,120	-	-	306,293
Food bank	-	90,011	36,006	-	-	-	54,005
DSU renovations fund	1,094,595	507,582	221,520	444,014	-	-	936,643
Student accessibility fund	245,972	34,600	96,752	-	-	-	183,820
IM Well fund	6,950	7,500	14,450	-	-	-	-
Health plan fund	3,445,166	4,795,826	3,708,844	-	226,527	-	4,758,675
International health plan	946,498	2,004,621	2,797,569	-	-	-	153,550
	\$ 5,994,945	\$ 7,791,729	\$ 6,892,421	\$ 459,134	\$ 226,527	\$ -	\$ 6,661,646

Dalhousie Student Union Inc. Notes to Financial Statements

March 31, 2022

7. Economic Dependence

The Student Union is dependent upon Dalhousie University and its students for a significant portion of revenues. Student Union fees of \$2,030,980 (2021 - \$1,957,473) were collected from students and remitted by Dalhousie University during the year.

8. Investment Income

Investment income earned is reported as follows:

	<u>2022</u>	<u>2021</u>
Interest and dividends	\$ 70,528	\$ 81,446
Gain on disposal of investments	219,764	153,465
Unrealized loss (gain) on investments	(182,193)	285,188
Less: Management fees	(53,099)	(48,048)
	<hr/>	<hr/>
Total investment income recognized as revenue	\$ 55,000	\$ 472,051

9. Financial Instruments

The Student Union is exposed to various risks through its financial instruments.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Student Union is exposed to credit risk primarily relating to its accounts receivable.

The Student Union considers its credit risk to be low, as the majority of receivables are from Dalhousie University, with whom there is no history of credit problems. As a result, the Student Union does not record an allowance for doubtful accounts.

There have not been any changes in the risk from the prior year.

Liquidity risk

Liquidity risk is the risk that the Student Union will encounter difficulty in meeting its obligations associated with financial liabilities. Liquidity risk includes the risk that, as a result of operational liquidity requirements, the Student Union will not have sufficient funds to settle a transaction on the due date; will be forced to sell financial assets at a value, which is less than what they are worth; or may be unable to settle or recover a financial asset. The Student Union is exposed to this risk mainly in respect of its accounts payable and accrued liabilities and long-term debt. Since the Student Union's current assets exceed its current liabilities, liquidity risk is considered to be low.

Dalhousie Student Union Inc. Notes to Financial Statements

March 31, 2022

9. Financial Instruments (continued)

Liquidity risk (continued)

There have not been any changes in the risk from the prior year.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk, and other price risk. The Student Union is mainly exposed to interest rate risk and other price risk. The Student Union's risk management strategies are described below:

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Student Union is exposed to interest rate risk through its long-term debt obligations which are issued with floating interest rates. To manage its current and anticipated exposure to interest rate risks, the Student Union has entered into an interest-rate swap whereby it has fixed the interest rate on a notional value matching the principal balance and term of the debt. The Swap has an effective interest rate and maturity date as disclosed in Note 5.

As a result of the Swap, the Student Union is exposed to fair value risk from fluctuations in market interest rates.

There have not been any changes in the risk from prior year.

Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices, whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Student Union is exposed to other price risk through its long-term investments in quoted shares and determining the fair value of the interest rate swap.

The Student Union manages other price risk through asset allocation and maintaining a portfolio that is well diversified on both a geographic and industry sector basis.

This risk has increased from the prior year as a result of the volatility of worldwide economic markets.

**Dalhousie Student Union Inc.
Notes to Financial Statements**

March 31, 2022

10. Comparative Figures

Certain comparative figures have been reclassified to conform to the current year's presentation.
