

**Federation of Students,
University of Waterloo**

Financial Statements
April 30, 2022



Independent auditor's report

To the Members of Federation of Students, University of Waterloo

Our opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Federation of Students, University of Waterloo (the Organization) as at April 30, 2022 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

What we have audited

The Organization's financial statements comprise:

- the statement of financial position as at April 30, 2022;
- the statement of operations for the year then ended;
- the statement of changes in net assets for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

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

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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 Organization'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 Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization'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 Organization'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 Organization'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 Organization 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.

PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants

London, Ontario
August 23, 2023

Federation of Students, University of Waterloo

Statement of Financial Position

As at April 30, 2022

	General Fund \$	Dental Plan Fund \$	Health Plan Fund \$	Legal Protection Fund \$	Capital Fund \$	UPass Fund \$	Orientation Fund \$	SRP Fund \$	Publications Fund \$	Societies Fund \$	2022 \$	2021 \$
Assets												
Current assets												
Cash and cash equivalents (note 3)	10,406,687	557,323	1,461,722	387,668	287,939	163,224	45,236	372,558	181,344	1,609,441	15,473,142	11,206,322
Accounts receivable	781,940	283,228	339,638	39,444	17,001	83,918	362,282	-	6,956	128,587	2,042,994	418,992
Inventory (note 4)	277,217	-	-	-	-	-	-	-	-	37,372	314,589	133,286
Prepaid expenses and deposits	54,034	-	-	-	-	-	27,123	-	1,819	10,282	93,258	70,902
Interfund receivable (payable)	(12,507,617)	4,531,799	6,316,327	(54,742)	994,753	577,801	-	88,945	85,475	(32,741)	-	-
Fluctuation reserve	-	-	313,616	-	-	-	-	-	-	-	313,616	313,616
Due from clubs	-	-	-	-	-	-	-	-	-	-	-	5,345
	(987,739)	5,372,350	8,431,303	372,370	1,299,693	824,943	434,641	461,503	275,594	1,752,941	18,237,599	12,148,463
Capital assets (note 5)	537,204	-	-	-	138,431	-	-	-	-	89,415	765,050	1,071,618
Investments (note 6)	6,620,942	-	-	-	558,390	-	-	-	-	-	7,179,332	7,053,534
	6,170,407	5,372,350	8,431,303	372,370	1,996,514	824,943	434,641	461,503	275,594	1,842,356	26,181,981	20,273,615
Liabilities												
Current liabilities												
Accounts payable and accrued liabilities (notes 7 and 8)	2,405,769	1,871,054	2,062,805	305,200	4,048	461,029	94,541	17,574	168,442	350,200	7,740,662	5,091,482
Deferred revenue (note 9)	447,941	474,429	517,297	74,753	2,036,198	101,627	16,150	-	-	156,626	3,825,021	2,116,441
Due to clubs	320,413	-	-	-	-	-	-	-	-	207,452	527,865	372,329
	3,174,123	2,345,483	2,580,102	379,953	2,040,246	562,656	110,691	17,574	168,442	714,278	12,093,548	7,580,252
Net Assets												
Internally restricted	-	3,026,867	5,851,201	(7,583)	(43,732)	262,287	323,950	443,929	107,152	1,128,078	11,092,149	10,121,115
Unrestricted	2,996,284	-	-	-	-	-	-	-	-	-	2,996,284	2,572,248
	2,996,284	3,026,867	5,851,201	(7,583)	(43,732)	262,287	323,950	443,929	107,152	1,128,078	14,088,433	12,693,363
	6,170,407	5,372,350	8,431,303	372,370	1,996,514	824,943	434,641	461,503	275,594	1,842,356	26,181,981	20,273,615

Contingencies (note 10)

Approved by the Board of Directors

Director

Director

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

Federation of Students, University of Waterloo

Statement of Operations

For the year ended April 30, 2022

	General Fund \$	Dental Plan Fund \$	Health Plan Fund \$	Legal Protection Fund \$	Capital Fund \$	UPass Fund \$	Orientation Fund \$	SRP Fund \$	Publications Fund \$	Societies Fund \$	2022 \$	2021 \$
Revenue												
Student fees – net of refunds	5,358,099	5,035,736	5,576,375	885,223	11,572	4,939,043	7,699	227,572	206,351	637,939	22,885,609	15,433,784
Transfers	-	(5,011,839)	(5,481,026)	(881,000)	-	(4,939,272)	-	-	-	-	(16,313,137)	(8,760,989)
Net student fees	5,358,099	23,897	95,349	4,223	11,572	(229)	7,699	227,572	206,351	637,939	6,572,472	6,672,795
Ancillary	2,289,516	51,590	677,569	-	(48,918)	2,117	17,849	-	5,466	294,225	3,289,414	1,747,764
	7,647,615	75,487	772,918	4,223	(37,346)	1,888	25,548	227,572	211,817	932,164	9,861,886	8,420,559
Expenses												
Ancillary (note 4)	627,446	-	-	-	-	-	-	-	-	179,526	806,972	246,973
Events and organizations	-	-	-	-	-	-	85,887	-	-	182,318	268,205	219,458
General and administration (note 11)	6,373,144	(30)	2	-	13,771	-	-	36,817	165,401	579,545	7,168,650	6,044,204
	7,000,590	(30)	2	-	13,771	-	85,887	36,817	165,401	941,389	8,243,827	6,510,635
Excess (deficiency) of revenue over expenses before other items	647,025	75,517	772,916	4,223	(51,117)	1,888	(60,339)	190,755	46,416	(9,225)	1,618,059	1,909,924
Other income (loss)												
Change in unrealized gain/loss on investments	(222,989)	-	-	-	-	-	-	-	-	-	(222,989)	679,309
Excess (deficiency) of revenue over expenses	424,036	75,517	772,916	4,223	(51,117)	1,888	(60,339)	190,755	46,416	(9,225)	1,395,070	2,589,233

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

Federation of Students, University of Waterloo

Statement of Changes in Net Assets

For the year ended April 30, 2022

	General Fund \$	Dental Plan Fund \$	Health Plan Fund \$	Legal Protection Fund \$	Capital Fund \$	UPass Fund \$	Orientation Fund \$	SRP Fund \$	Publications \$	Societies Fund \$	2022 \$	2021 \$
Net assets – Beginning of year	2,572,248	2,951,350	5,078,285	(11,806)	7,385	260,399	384,289	253,174	60,736	1,137,303	12,693,363	10,104,130
Excess (deficiency) of revenue over expenses	424,036	75,517	772,916	4,223	(51,117)	1,888	(60,339)	190,755	46,416	(9,225)	1,395,070	2,589,233
Net assets – End of year	<u>2,996,284</u>	<u>3,026,867</u>	<u>5,851,201</u>	<u>(7,583)</u>	<u>(43,732)</u>	<u>262,287</u>	<u>323,950</u>	<u>443,929</u>	<u>107,152</u>	<u>1,128,078</u>	<u>14,088,433</u>	<u>12,693,363</u>

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

Federation of Students, University of Waterloo

Statement of Cash Flows

For the year ended April 30, 2022

	General Fund \$	Dental Plan Fund \$	Health Plan Fund \$	Legal Protection Fund \$	Capital Fund \$	UPass Fund \$	Orientation Fund \$	SRP Fund \$	Publications \$	Societies Fund \$	2022 \$	2021 \$
Cash provided by (used in)												
Operating activities												
Excess (deficiency) of revenue over expenses	424,036	75,517	772,916	4,223	(51,117)	1,888	(60,339)	190,755	46,416	(9,225)	1,395,070	2,589,233
Adjustments for												
Amortization	589,236	-	-	-	11,572	-	-	-	-	72,837	673,645	624,081
Change in unrealized gain/loss on investments	368,152	-	-	-	53,539	-	-	-	-	-	421,691	(679,309)
	1,381,424	75,517	772,916	4,223	13,994	1,888	(60,339)	190,755	46,416	63,612	2,490,406	2,534,005
Changes in non-cash working capital items												
Accounts receivable	(583,720)	(226,960)	(256,604)	(30,690)	(17,001)	(83,918)	(334,928)	-	(6,923)	(83,258)	(1,624,002)	(14,913)
Inventory	(183,689)	-	-	-	-	-	-	-	-	2,386	(181,303)	80,828
Prepaid expenses and deposits	(10,644)	-	-	-	-	-	159	-	(1,819)	(10,052)	(22,356)	220,010
Interfund receivable (payable)	6,425,952	(2,399,425)	(2,716,817)	(381,098)	(592,079)	(411,994)	288,658	(87,534)	(84,745)	(39,523)	1,395	-
Fluctuation reserve	-	-	-	-	-	-	-	-	-	-	-	(139,717)
Accounts payable and accrued liabilities	1,156,763	271,147	296,171	5,074	4,048	461,029	89,419	15,672	132,681	215,779	2,647,783	48,342
Deferred revenue	349,184	45,081	44,590	(15,222)	1,091,784	101,627	(605)	-	-	92,141	1,708,580	808,860
Due from/to clubs	41,991	-	-	-	-	-	-	-	-	118,890	160,881	20,202
	8,577,261	(2,234,640)	(1,859,744)	(417,713)	500,746	68,632	(17,636)	118,893	85,610	359,975	5,181,384	3,557,617
Investing activities												
Purchase of capital assets	(206,907)	-	-	-	(150,004)	-	-	-	-	(10,165)	(367,076)	(312,934)
Proceeds from sale of investments	26,620	-	-	-	89,696	-	-	-	-	-	116,316	-
Purchase of investments	(169,940)	-	-	-	(493,864)	-	-	-	-	-	(663,804)	(578,472)
	(350,227)	-	-	-	(554,172)	-	-	-	-	(10,165)	(914,564)	(891,406)
Financing activities												
Capital contribution	-	-	-	-	-	-	-	-	40,000	(40,000)	-	-
Change in cash and cash equivalents during the year												
	8,227,034	(2,234,640)	(1,859,744)	(417,713)	(53,426)	68,632	(17,636)	118,893	125,610	309,810	4,266,820	2,666,211
Cash and cash equivalents – Beginning of year												
	2,179,653	2,791,963	3,321,466	805,381	341,365	94,592	62,872	253,665	55,734	1,299,631	11,206,322	8,540,111
Cash and cash equivalents – End of year												
	10,406,687	557,323	1,461,722	387,668	287,939	163,224	45,236	372,558	181,344	1,609,441	15,473,142	11,206,322

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

Federation of Students, University of Waterloo

Notes to Financial Statements

April 30, 2022

1 Incorporation and nature of the organization

Federation of Students, University of Waterloo (the Organization) is incorporated under the Ontario Corporations Act without share capital. The Organization is a registered not-for-profit organization and thus is exempt from income taxes under section 149(1)(e) of the Income Tax Act of Canada (the Act). In order to maintain its status as a registered not-for-profit organization under the Act, the Organization must meet certain requirements within the Act. In the opinion of management, these requirements have been met. The Organization is dedicated to providing services to University of Waterloo (the University) students.

2 Significant accounting policies

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations as issued by the Accounting Standards Board in Canada and include the following significant accounting policies.

Fund accounting

The Organization follows the restricted fund method of accounting for contributions and maintains nine funds: General Fund, Dental Plan Fund, Health Plan Fund, Legal Protection Fund (Legal Fund), Capital Fund, UPass Fund, Orientation Fund, Student Refugee Program Fund (SRP Fund) and Societies Fund.

The General Fund reports the Organization's unrestricted revenue from the day-to-day operations of the Organization.

The Dental Plan Fund reports the Organization's internally restricted revenue to pay dental insurance premiums on behalf of members. The fund is intended to be used to fund insurance premiums for members covered under the program.

The Health Plan Fund reports the Organization's internally restricted revenue to pay health premiums on behalf of members. The fund is intended to be used to fund insurance premiums for members covered under the program.

The Legal Fund reports the Organization's internally restricted revenue to pay legal premiums on behalf of members. The fund is intended to be used to fund legal coverage for members covered under the program.

The Capital Fund reports the Organization's internally restricted revenue to fund maintenance, deferred maintenance, renewal, capital improvement and future expansions of the Student Life Centre and other student common areas across campus.

The UPass Fund reports the Organization's internally restricted revenue to pay universal bus pass fees on behalf of members. The fund is intended to be used to fund universal bus pass fees for members covered under the program.

Federation of Students, University of Waterloo

Notes to Financial Statements

April 30, 2022

The Orientation Fund reports the Organization's internally restricted revenue to pay for costs related to Orientation Week on behalf of members. The fund is intended to be used to fund activities, salaries and operating expenses that pertain to Orientation Week for members covered under the program.

The SRP Fund reports the Organization's internally restricted revenue to pay tuition and student housing fees for refugee students. The fund is intended to be used to assist refugee students in attending the University.

The Student Publications fee reports the Organization's internally restricted revenue to fund the day-to-day operations of student publications on campus.

The Societies Fund reports the Organization's internally restricted revenue to pay the operating expenses of the nine student societies. The fund is intended to be used to provide services to the University students in certain faculties.

Inventory

Inventory is valued at the lower of cost and net realizable value. Cost is determined on the first in, first out basis. Supplies are recorded as an expense in the year of purchase. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling costs.

Capital assets

Capital assets are recorded at cost. Leasehold improvements are amortized on a straight-line basis over a ten-year period. All other assets, net of estimated future salvage values, are amortized on a straight-line basis over 3 to 5 years. Amortization commences when the capital assets are available for use.

Cash and cash equivalents

Cash and cash equivalents include balances with banks and short-term investments with maturities of three months or less.

Revenue recognition

Student fees are recognized as revenue of the appropriate fund. Amounts received for purposes other than specific funds are recognized as revenue of the General Fund. Student fees are included in income when earned, which is over the related school term.

Ancillary revenue is recognized when the services are rendered.

Health and dental plan revenue is recognized as revenue over the period in which the fees are earned, which is over the period in which health and dental coverage is provided.

Investment income is recognized as revenue when earned.

Federation of Students, University of Waterloo

Notes to Financial Statements

April 30, 2022

Contributed services

Student volunteers contribute an undetermined number of hours during the year to assist the Organization in carrying out its service delivery activities. The University also provides a number of services to the Organization at no cost. Because of the difficulty of determining their value, contributed services are not recognized in the financial statements.

Financial instruments

The Organization recognizes its financial instruments when the Organization becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at their fair value, including financial assets and liabilities originated and issued in a related party transaction with management. Financial assets and liabilities originated and issued in all other related party transactions are initially measured at their carrying or exchange amount in accordance with CPA Canada Handbook Section 3840, Related Party Transactions.

At initial recognition, the Organization may irrevocably elect to measure any financial instrument at fair value. The Organization has not made such an election during the year.

The Organization measures investments in equity instruments quoted in an active market at fair value. Fair value is determined by published price quotations. Investments in equity instruments not quoted in an active market are measured at cost less impairment. With the exception of financial liabilities indexed to a measure of the Organization's performance and those instruments designated at fair value, all other financial assets and liabilities are measured at amortized cost.

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in the excess (deficiency) of revenue over expenses for the current period. Conversely, transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

Financial asset impairment

At the end of each reporting period, the Organization assesses whether there are any indications that a financial asset measured at amortized cost may be impaired. If there are indicators of impairment, and the Organization determines there has been a significant adverse change in the expected amount or timing of future cash flows, the carrying amount of the asset is reduced to the higher of the expected cash flows expected to be generated by holding the asset, discounted using a current market rate of interest, and the amount that could be realized by selling the asset as at the statement of financial position date.

The Organization reverses impairment losses on financial assets when there is a decrease in impairment and the decrease can be objectively related to an event occurring after the impairment loss was recognized. The amount of the reversal is recognized in operations in the year the reversal occurs.

Federation of Students, University of Waterloo

Notes to Financial Statements

April 30, 2022

Use of estimates

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period.

Accounts receivable are stated after evaluation as to their collectibility and an appropriate allowance for doubtful accounts is provided when considered necessary. Provisions are made for slow moving and obsolete inventory. Amortization is based on the estimated useful lives of capital assets. Accrued liabilities are based on expected invoices to be received subsequent to the current fiscal period that relate to the current fiscal period.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary, they are reported in operations in the periods in which they become known.

3 Cash and cash equivalents

	2022 \$	2021 \$
Cash	14,821,075	10,639,471
Canadian money market mutual funds	652,067	566,851
	<u>15,473,142</u>	<u>11,206,322</u>

4 Inventory

The cost of inventories recognized as an expense and included in ancillary expenses amounts to \$492,805 (2021 – \$189,178).

5 Capital assets

	<u>2022</u>		
	Cost \$	Accumulated amortization \$	Net \$
Furniture and fixtures	3,961,796	3,933,803	27,993
Leasehold improvements	4,231,594	3,494,537	737,057
	<u>8,193,390</u>	<u>7,428,340</u>	<u>765,050</u>

Federation of Students, University of Waterloo

Notes to Financial Statements

April 30, 2022

	2021		
	Cost	Accumulated amortization	Net
	\$	\$	\$
Furniture and fixtures	3,879,469	3,704,178	175,291
Leasehold improvements	3,946,843	3,050,516	896,327
	<u>7,826,312</u>	<u>6,754,694</u>	<u>1,071,618</u>

Amortization of \$673,645 (2021 – \$624,081) is recognized in expenses.

6 Investments

	2022		2021	
	Book value	Fair value	Book value	Fair value
	\$	\$	\$	\$
Canadian equity mutual funds	2,481,749	2,921,993	2,042,501	2,717,914
Foreign equity mutual funds	2,771,841	3,200,437	2,684,409	3,273,419
Foreign fixed income mutual funds	1,038,805	1,056,902	1,018,023	1,062,201
	<u>6,292,395</u>	<u>7,179,332</u>	<u>5,744,933</u>	<u>7,053,534</u>

7 Accounts payable and accrued liabilities

Included in accounts payable and accrued liabilities are government remittances payable of \$57,071 (2021 – \$6,256).

8 Related party balances and transactions

The University has an economic interest in the Organization. The University collects the student fees on behalf of the Organization and holds the liquor licence for the bar operations of the Organization.

The University provides a number of services to the Organization at the University's cost. These services include space cost for all businesses, janitorial services, utilities and repairs and maintenance services for the businesses, telephone and voicemail system and orders of alcohol for bar operations.

The University also provides a number of services to the Organization at no cost. These include janitorial services, utilities and repairs and maintenance services for the general office, human resource department services, payroll processing and insurance on the buildings.

Federation of Students, University of Waterloo

Notes to Financial Statements

April 30, 2022

International News is linked to the Watcard System of the University that allows Watcards to be used at International News. The Organization pays a user fee to the University of 5% of the purchases made on Watcards.

	2022	2021
	\$	\$
Amount due to University of Waterloo, non-interest bearing, unsecured, with no set repayment terms	831,157	752,582

The amount due is included in accounts payable and accrued liabilities.

9 Deferred revenue

Deferred revenue includes fees and other income collected relating to the next fiscal year.

10 Contingencies

The Organization is a defendant in various legal claims that have arisen in the ordinary course of operations. At the present time, the outcome of these cases is not determinable and no provision for potential claims has been recorded in the financial statements.

Student club

There are a number of student clubs that operate for the benefit of specific university student groups. The Organization has custody of the clubs' cash balances for the purposes of paying club expenditures. If a club's expenditures were to exceed the amount of cash payable to the club, the Organization would be liable for the shortfall.

11 Pension plan

Employees of the Organization are members of the University of Waterloo Defined Benefit Pension Plan (the Plan), a plan in which the University permits the Organization to participate. As at April 30, 2022, 39 (2021 – 27) employees were enrolled in the Plan. The Plan was not fully funded as at April 30, 2022 and any unfunded liability is the responsibility of the plan sponsor, the University. Any payments made by the Organization towards the unfunded liability of the plan sponsor will be expensed as incurred. Contributions to the Plan made by the Organization during the year, on behalf of its employees, amounted to \$237,951 (2021 – \$237,051) and are included in general and administration expenses.

12 Financial instruments

The Organization, as part of its operations, carries a number of financial instruments. It is management's opinion that the Organization is not exposed to significant interest, currency, credit, liquidity or other price risks arising from these financial instruments except as otherwise disclosed.

Federation of Students, University of Waterloo

Notes to Financial Statements

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Interest rate risk

Interest rate risk refers to the risk that the fair value of financial instruments or future cash flows associated with the instruments will fluctuate due to changes in market interest rates.

Interest rate exposure of the Organization arises from its interest-bearing assets. The Organization has no interest-bearing liabilities.

The Organization's cash and cash equivalents include amounts on deposit with financial institutions that earn interest at market rates.

The Organization manages its exposure to the interest rate risk of its cash and cash equivalents by maximizing the interest income earned on excess funds while maintaining the minimum liquidity necessary to conduct operations on a day-to-day basis. Fluctuations in market rates of interest on cash and cash equivalents do not have a significant impact on the Organization's results of operations.

Investments in equity securities are not exposed to significant interest rate risk.

Liquidity risk

Liquidity risk is the risk that the Organization will not be able to meet a demand for cash or fund its obligations as they come due. Liquidity risk also includes the risk of the Organization not being able to liquidate assets in a timely manner at a reasonable price.

The Organization meets its liquidity requirements by preparing and monitoring detailed forecasts of cash flows from operations and anticipated investing and financing activities and holding assets that can be readily converted into cash.

Other price risk

Other price risk refers to the risk that the fair value of financial instruments or future cash flows associated with the instruments will fluctuate because of changes in market prices (other than those arising from interest rate risk).

The Organization is exposed to equity securities price risk because of its investment in equity index pooled funds.

Federation of Students, University of Waterloo

Notes to Financial Statements

April 30, 2022

13 COVID-19

On March 11, 2020, the World Health Organization declared a global pandemic related to the disease known as COVID-19. As a result of the COVID-19 outbreak, on March 23, 2020, the government of Ontario ordered the closure of all non-essential businesses effective March 24, 2020.

These restrictions resulted in the temporary closure of certain ancillary operations of the Organization, all of which reopened to similar pre-COVID operation levels on September 1, 2022.

As the impacts of COVID-19 continue, there could be further impacts to the Organization, its student fee revenue and other funding and revenue sources. Management is actively monitoring the effect on the Organization's financial condition, liquidity, operations and workforce. As it is not yet known when public health restrictions will be fully removed, nor the long-term impact of COVID-19, it is not possible to estimate the financial impact of this event on the Organization's financial results subsequent to April 30, 2022.