

FINANCIAL STATEMENTS
SENECA STUDENT FEDERATION INCORPORATED
AS AT APRIL 30, 2014

DRAFT

SENECA STUDENT FEDERATION INCORPORATED

AS AT APRIL 30, 2014

INDEX

Independent Auditors' Report	1
Statement of Financial Position	2
Statement of Change in Net Assets	3
Statement of Operations	4
Statement of Cash Flows	5
Notes to Financial Statements	6-9

DRAFT

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Seneca Student Federation Incorporated

We have audited the accompanying financial statements of **Seneca Student Federation Incorporated**, which comprise the statement of financial position as at April 30, 2014, the statements of change in net assets, operations and cash flows for the month then ended, and summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of the federation for the month ended April 30, 2014, and the results of its operations and the cash flows for the month then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Chartered Professional Accountants
Licensed Public Accountants

Toronto, Ontario
To Be Approved

SENECA STUDENT FEDERATION INCORPORATED

STATEMENT OF FINANCIAL POSITION

AS AT APRIL 30, 2014

(With comparative figures as at March 31, 2014)

	April 30, 2014	March 31, 2014
ASSETS		
CURRENT		
Bank	\$ 302,643	\$ -
Due from Seneca College of Applied Arts and Technology	13,672,584	14,073,957
HST receivable (note 11)	208,656	190,966
Prepaid expenses	23,307	26,559
Inventory	<u>159,690</u>	<u>225,241</u>
	14,366,880	14,516,723
PROPERTY, PLANT AND EQUIPMENT (note 6)	<u>1,173,309</u>	<u>1,143,954</u>
TOTAL ASSETS	<u>\$ 15,540,189</u>	<u>\$ 15,660,677</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 182,332	\$ 27,992
Deferred revenue (note 7)	<u>697,490</u>	<u>697,492</u>
	879,822	725,484
STUDENT BUILDING FUND (note 9)	7,722,761	7,722,761
NET ASSETS	<u>6,937,606</u>	<u>7,212,432</u>
	<u>\$ 15,540,189</u>	<u>\$ 15,660,677</u>

APPROVED ON BEHALF OF THE BOARD

_____ Director

_____ Director

See accompanying notes

To be read in conjunction with our Auditors' Report dated To Be Approved

SENECA STUDENT FEDERATION INCORPORATED
STATEMENT OF CHANGE IN NET ASSETS
FOR THE MONTH ENDED APRIL 30, 2014
(With comparative figures for the year ended March 31, 2014)

	April 30, 2014	March 31, 2014
NET ASSETS, BEGINNING OF YEAR	\$ 7,212,432	\$ 7,535,393
Surplus (Deficit) for the year	<u>(274,826)</u>	<u>(322,961)</u>
NET ASSETS, END OF YEAR	<u>\$ 6,937,606</u>	<u>\$ 7,212,432</u>

DRAFT

See accompanying notes

To be read in conjunction with our Auditors' Report dated To Be Approved

SENECA STUDENT FEDERATION INCORPORATED

STATEMENT OF OPERATIONS

FOR THE MONTH ENDED APRIL 30, 2014
(With comparative figures for the year ended March 31, 2014)

	April 30, 2014	March 31, 2014
REVENUE		
Health, dental and extended health premiums	\$ -	\$ 3,402,662
Student fees	-	2,315,942
TTC program	107,963	1,963,204
Student activities	-	491,614
Building and maintenance fees	-	263,061
Metro grill	25,097	-
Interest income	-	153,328
	<u>133,060</u>	<u>8,589,811</u>
 OPERATING EXPENDITURES		
TTC program	151,085	1,818,515
General expenses and supplies	103,731	1,471,084
Salaries	101,192	1,043,834
Amortization	31,387	187,461
Professional fees	10,255	85,513
Travel	8,244	100,461
Telephone	1,992	22,109
Health, dental and extended health costs	-	3,611,265
Staff benefits	-	123,564
Shuttle bus service	-	306,310
Advertising and promotion	-	141,778
Maintenance and repairs	-	878
	<u>407,886</u>	<u>8,912,772</u>
TOTAL EXPENDITURES		
	<u>407,886</u>	<u>8,912,772</u>
 SURPLUS (DEFICIT) FOR THE PERIOD ENDED		
	<u>\$ (274,826)</u>	<u>\$ (322,961)</u>

See accompanying notes

To be read in conjunction with our Auditors' Report dated To Be Approved

SENECA STUDENT FEDERATION INCORPORATED

STATEMENT OF CASH FLOWS

FOR THE MONTH ENDED APRIL 30, 2014
(With comparative figures for the year ended at March 31, 2014)

	April 30, 2014	March 31, 2014
CASH FLOWS FROM:		
Student fees, activities	\$ 133,060	\$ 8,847,714
Interest received	-	153,328
Student building fund	-	1,937,498
Less: payments for operating expenditures	<u>(171,051)</u>	<u>(8,791,598)</u>
Cash flows provided from operations	(37,991)	2,146,942
 CASH FLOWS FROM (USED FOR) INVESTING ACTIVITIES:		
Purchase of property, plant and equipment	<u>(60,739)</u>	<u>(40,529)</u>
 CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES:		
INCREASE	(98,730)	2,106,413
 Opening cash	<u>-</u> 14,073,957	<u>-</u> 11,967,544
CLOSING CASH	<u>\$ 13,975,227</u>	<u>\$ 14,073,957</u>
 COMPRISED OF		
Bank Account Balance (note 4)	\$ 302,643	\$ -
Receivable from Seneca College (note 4)	<u>13,672,584</u>	<u>14,073,957</u>
	<u>\$ 13,975,227</u>	<u>\$ 14,073,957</u>

See accompanying notes

To be read in conjunction with our Auditors' Report dated To Be Approved

SENECA STUDENT FEDERATION INCORPORATED

NOTES TO FINANCIAL STATEMENTS

FOR THE MONTH ENDED APRIL 30, 2014

1. STATUS AND PURPOSE OF THE ORGANIZATION

The Seneca Student Federation Incorporated (the Federation) is a non-profit corporation. The Federation was incorporated on November 1, 1999, for the purpose of carrying on activities for the benefit of the students of Seneca College of Applied Arts and Technology. As the Federation's revenues are derived from Seneca College's student body, it is economically dependent upon the college. As a non-profit organization the corporation is exempt from income taxes.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Part III of the *CPA Canada Handbook - Accounting Standards for Not-For-Profit Organizations*.

Inventories

Inventories are valued at the lower of cost and net realizable value. Cost is determined on a weighted average basis.

Property, Plant And Equipment

Property, plant and equipment are recorded at cost and are amortized on a declining balance using the following rates:

Building improvements	4%
Storage shed	10%
Furniture and fixtures and Java Junction	20%
Computer and other equipment	30%
Computer software	100%
Ramp	8%

Property, plant and equipment are amortized at 50% of the rate in the year of acquisition.

Revenue

SSF follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when they are received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Membership fees are recognized when received, or receivable, provided that collection is reasonably assured and the amount is determinable. The various student fees are typically received in three installments - October, February and June - one month after the beginning of each academic term. Although the federation's fiscal year ends in March, the student fees received for the summer term from May to August, which begins immediately after the year-end, are recorded as deferred revenue.

Sales revenues are recognized when the related goods are sold or services performed.

SENECA STUDENT FEDERATION INCORPORATED

NOTES TO FINANCIAL STATEMENTS

AS AT APRIL 30, 2014

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** - continued

Contributed Services

The federation makes use of volunteers in its operations. Due to the difficulty in determining the fair value of the services, they are not recognized in the financial statements.

Use of Estimates

The preparation of these financial statements requires the Federation's management to make estimates and assumptions that affect revenue and expenditure during the reporting period, in addition to the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements. Actual results could differ from those estimates.

Financial instruments

Financial assets and liabilities held for trading

Financial instruments classified as financial assets and financial liabilities held for trading are recorded at fair value at each balance sheet date and any change in fair value is recognized in income in the period in which the change occurs.

Loans and receivables and financial liabilities held for purposes other than for trading

Financial instruments classified as loans and receivables, and financial liabilities held for purposes other than for trading, are carried at amortized cost using the effective interest method. Interest income and expenses are included in income for the year.

Available-for-sale financial assets

Financial assets classified as available for sale are recorded at fair value at each balance sheet date and any change in fair value is recognized in other comprehensive income in the period in which these changes occur. Upon derecognition, any accrued gains or losses are recognized in income for the year.

<u>Financial instruments</u>	<u>Classification</u>	<u>Subsequent measurement</u>
Due from Seneca College of Applied Arts and Technology	Held for trading	Fair value
HST receivable	Loans and receivables	Amortized cost using the effective interest method
Accounts payable and accrued liabilities	Other liabilities	Amortized cost using the effective interest method

SENECA STUDENT FEDERATION INCORPORATED

NOTES TO FINANCIAL STATEMENTS

AS AT APRIL 30, 2014

3. INTERNAL RESTRICTIONS

In fall 2010, the board of directors of the Federation resolved to restrict funds collected from the Federation Build Fee. The Federation collects \$50 per student, per semester. The funds are restricted for construction of a new student centre and major renovations. The Federation may not use these internally restricted amounts for any other purpose without the approval of the board of directors. (See note 9)

4. DUE FROM SENECA COLLEGE OF APPLIED ARTS AND TECHNOLOGY

The College served as the bank account for the student federation. All deposits went into the Seneca College bank account and all cheque's are written on the Seneca College bank account. All amounts are due on demand. The college pays interest on the balance at a rate of prime less 1.85%. This month ended and in the 2014 year end this equated to an effective interest rate of 1.15%. Management considers these balances to be cash. There are still funds due from Seneca College, however a portion of the funds were received during the month and deposited into a bank account.

5. FINANCIAL INSTRUMENTS

The fair value of due from Seneca College of Applied Arts and Technology, term deposits, accounts receivable, accounts payable and deferred revenue are approximately equal to their carrying value given their short maturity dates. The due from Seneca College of Applied Arts and Technology does bear interest according to note 4. Management does not believe the SSF is subject to significant credit, interest rate or exchange rate risk arising from financial instruments.

6. PROPERTY, PLANT AND EQUIPMENT

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	
			2014	2014
Building improvements	\$ 664,990	\$ 170,442	\$ 494,548	\$ 460,739
Storage shed and fencing	29,320	20,266	9,054	9,115
Furniture and fixtures	1,654,699	1,030,145	624,554	635,140
Java junction equipment	21,136	17,509	3,627	4,533
Computer equipment	216,343	188,278	28,065	28,784
Other Equipment	11,930	1,561	10,369	2,531
Ramp	<u>8,990</u>	<u>5,898</u>	<u>3,092</u>	<u>3,112</u>
	<u>\$ 2,607,408</u>	<u>\$ 1,434,099</u>	<u>\$ 1,173,309</u>	<u>\$ 1,143,954</u>

Additions during the month amounted to \$ 60,739 (2014 - \$40,529).

7. DEFERRED REVENUE

Deferred revenue represents the student fees received for semesters subsequent to the year end. Deferred revenue will be reflected in revenues in the subsequent year.

To be read in conjunction with our Auditors' Report dated To Be Approved

SENECA STUDENT FEDERATION INCORPORATED

NOTES TO FINANCIAL STATEMENTS

AS AT APRIL 30, 2014

8. OPERATING LEASE

The Federation occupies the SeneCentre under a ten-year lease agreement with the Board of Governors of Seneca College of Applied Arts and Technology. As part of this agreement, a student building fee was collected by the college and held in a trust fund called the Student Building Reserve Fund in the amount of \$600,000. These fees were used to pay the "minimum rent" as defined in the lease agreement.

The Federation is to pay an annual additional rent equal to the lesser of the operating costs and the maximum as defined in the lease agreement. The maximum was set at \$69,096 for the year ended March 31, 2014.

9. STUDENT BUILDING FUND

The student building fund is charged to students each semester. This fund will only be used for the building and renovations of the Newnham Student Centre and future builds of student space at Markham or King campuses. The student building fund fee was charged commencing in the Fall of 2010 and the fund is reserved for future commitments and it is not part of the operations.

10. WORKING CAPITAL AND INTERNAL RESERVE FUNDS

	2014	March 31,
2014		
The union's working capital is as follows:		
Current assets	\$ 14,366,880	\$ 14,516,723
Current liabilities	<u>(879,822)</u>	<u>(725,484)</u>
Working capital	<u>\$ 13,487,058</u>	<u>\$ 13,791,239</u>

The primary source of cash used for operational expenses is the student fees. The management of working capital involves controlling disbursements such that sufficient working capital is maintained through the year to cover operating expenses. The working capital calculated above must be sufficient both in amount and liquidity to cover operating expenses.

11. HST RECEIVABLE

As at March 31, 2013 Year-End, the Federation had a \$303,161. HST receivable with respect to an ongoing dispute with CRA for amounts due to SSF. A 50% provision for uncollected HST receivable is accrued to reflect the uncertainty over the ability of SSF collecting the HST receivable they have claimed. This 50% provision reflects the equal chance of both the chance CRA honors the claim or dismisses it. This is consistent with the legal confirmation stating that the claim has yet to be assessed by CRA.

12. CHANGE IN YEAR END

SSF decided to change its year end from to April 30 during the March 31, 2014 year end. As such, the upcoming year end will be from May 1, 2015 to April 30, 2015, which therefore creates a one month stub period between the old year end and the new April year end and thus a one month stub period audit for the month ended April 30, 2014 has been done. CRA granted the change in year end on February 24, 2014.

13. COMPARATIVE FIGURES

To be read in conjunction with our Auditors' Report dated To Be Approved

Comparative figures are for the March 31, 2014 year end.

DRAFT

To be read in conjunction with our Auditors' Report dated To Be Approved