

FINANCIAL STATEMENTS
SENECA STUDENT FEDERATION INCORPORATED
AS AT APRIL 30, 2021

SENECA STUDENT FEDERATION INCORPORATED

AS AT APRIL 30, 2021

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INDEPENDENT AUDITORS' REPORT

To the members of
Seneca Student Federation Incorporated

Opinion

We have audited the financial statements of **Seneca Student Federation Incorporated**, which comprise the statement of financial position as at April 30, 2021, and the statements of operations and changes in net assets, 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 **Seneca Student Federation Incorporated** as at April 30, 2021, and its financial performance and its 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 **Seneca Student Federation Incorporated** 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.

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 **Seneca Student Federation Incorporated'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 **Seneca Student Federation Incorporated** or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing **Seneca Student Federation Incorporated'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 **Seneca Student Federation Incorporated'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 **Seneca Student Federation Incorporated'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 **Seneca Student Federation Incorporated** 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.

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Chartered Professional Accountants
Licensed Public Accountants

Toronto, Ontario
TBA

SENECA STUDENT FEDERATION INCORPORATED
STATEMENT OF FINANCIAL POSITION
AS AT APRIL 30, 2021
(With corresponding figures as at April 30, 2020)

	2021	2020
A S S E T S		
CURRENT		
Cash	\$ 11,857,832	\$ 10,628,893
Due from Seneca College of Applied Arts and Technology	242,535	308,368
HST receivable	2,269	4,760
Inventory	38,071	52,549
Prepaid expenses	<u>47,615</u>	<u>41,186</u>
	12,188,322	11,035,756
PROPERTY AND EQUIPMENT (note 3)	7,960,593	8,400,099
RESTRICTED CASH-STUDENT BUILDING FUND (note 4)	<u>10,092,017</u>	<u>10,014,724</u>
TOTAL ASSETS	<u>\$ 30,240,932</u>	<u>\$ 29,450,579</u>

L I A B I L I T I E S A N D N E T A S S E T S

CURRENT		
Accounts payable and accrued liabilities	\$ 1,223,329	\$ 266,219
Health and dental premiums payable	1,306,995	1,153,384
Liability to Seneca for building	<u>1,752,310</u>	<u>2,002,310</u>
	<u>4,282,634</u>	<u>3,421,913</u>
DEFERRED STUDENT BUILDING FEES (note 4)	10,092,017	10,014,724
DEFERRED REVENUE - BUILDING (note 5)	<u>7,059,039</u>	<u>7,371,105</u>
	<u>17,151,056</u>	<u>17,385,829</u>
TOTAL LIABILITIES	21,433,690	20,807,742
NET ASSETS	<u>8,807,242</u>	<u>8,642,837</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 30,240,932</u>	<u>\$ 29,450,579</u>

APPROVED ON BEHALF OF THE BOARD

_____ Director

_____ Director

SENECA STUDENT FEDERATION INCORPORATED
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED APRIL 30, 2021
(With corresponding figures for the year ended April 30, 2020)

	2021	2020
OPENING NET ASSETS	\$ 8,642,837	\$ 7,995,958
Excess of revenues over expenses for the year	<u>164,405</u>	<u>646,879</u>
CLOSING NET ASSETS	<u>\$ 8,807,242</u>	<u>\$ 8,642,837</u>

SENECA STUDENT FEDERATION INCORPORATED
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED APRIL 30, 2021
(With corresponding figures for the year ended April 30, 2020)

	2021	2020
REVENUES		
Fees income received	\$ 3,769,706	\$ 4,272,043
Health and dental fees collected	4,758,517	4,432,157
Earned Income	99,967	873,761
Amortization of deferred revenue - building (note 4)	<u>302,566</u>	<u>311,792</u>
	8,930,756	9,889,753
 EXPENSES		
Administration and Governance		
Wages (note 11)	592,139	1,732,188
Professional development	34,826	56,927
Administrative costs	334,225	663,345
Repair, maintenance & equipment	3,628	108,639
Election costs	17,716	19,411
Vision 2020 (note 7)	111,145	24,529
Member Experience		
Student engagement and programs	142,772	925,979
Student community and awards	2,294,048	548,340
Shuttle Bus (note 8)	-	48,905
Business and Services Provided		
Health and dental premium expenses	4,790,478	4,360,367
Pub costs	4,410	23,532
Food service costs	9,326	152,657
Items purchased for re-sale	-	123,303
Other Expenses		
Amortization	<u>431,638</u>	<u>454,752</u>
	<u>8,766,351</u>	<u>9,242,874</u>
 EXCESS OF REVENUES OVER EXPENSES FOR THE YEAR	 <u>\$ 164,405</u>	 <u>\$ 646,879</u>

SENECA STUDENT FEDERATION INCORPORATED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED APRIL 30, 2021
(With comparative figures for the year ended April 30, 2020)

	2021	2020
CASH PROVIDED BY (USED IN)		
OPERATIONS		
Excess of revenues over expenses	\$ 164,405	\$ 646,879
Non-cash item:		
Amortization	431,638	454,752
Non-cash working capital:		
Decrease (increase) in amount due from Seneca College	65,833	(210,365)
Decrease in HST receivable	2,491	2,225
Increase in prepaid expenses	(6,429)	(12,384)
Decrease (increase) in inventory	14,478	(31,092)
Increase in accounts payable and accrued liabilities	957,110	156,063
Increase in health and dental premiums payable	153,611	49,411
Decrease in liability to Seneca for building	(250,000)	(247,690)
Deferred revenue	-	(1,575)
Increase in deferred building fund fees	77,293	898,647
Decrease in deferred revenue building	<u>(312,066)</u>	<u>(130,515)</u>
	<u>1,298,364</u>	<u>1,574,356</u>
INVESTING		
Decrease (increase) of property and equipment	7,868	(328,287)
Decrease in cash restricted for building fund	<u>(77,293)</u>	<u>(898,647)</u>
	<u>(69,425)</u>	<u>(1,226,934)</u>
CHANGE IN CASH	1,228,939	347,422
OPENING CASH	<u>10,628,893</u>	<u>10,281,471</u>
CLOSING CASH	<u>\$ 11,857,832</u>	<u>\$ 10,628,893</u>

SENECA STUDENT FEDERATION INCORPORATED

NOTES TO FINANCIAL STATEMENTS

AS AT APRIL 30, 2021

1. STATUS AND PURPOSE OF THE ORGANIZATION

The Seneca Student Federation Incorporated (the Federation) is a non-profit corporation. The Federation was incorporated on February 3, 2000, 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*.

Cash

Cash consists of cash on hand, as well as chequing and savings account balances at Canadian Chartered banks.

Financial instruments

The Federation initially records a financial assets and financial liabilities at its fair value. The Federation subsequently measures all its financial assets and financial liabilities at amortized cost.

Financial assets and financial liabilities measured at amortized cost include cash and restricted cash, due from Seneca College of Applied Arts and Technology, accounts payable and accrued liabilities and health and dental premiums payable.

Property and equipment

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

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

Impairment of property and equipment

Property and equipment subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. Impairment is assessed by comparing the carrying amount of an asset to be held and used with the total of the undiscounted cash flows expected from its use and disposition. If the asset is impaired, the impairment loss to be recognized is measured by the amount by which the carrying amount of the asset exceeds its fair value, generally determined on a discounted cash flow basis. Any impairment results in a write-down of the asset and a charge to income during the year. An impairment loss is not reversed if the fair value of the related long-lived asset subsequently increases.

SENECA STUDENT FEDERATION INCORPORATED

NOTES TO FINANCIAL STATEMENTS

AS AT APRIL 30, 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition

The Federation follows the deferral method of accounting for internally restricted 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.

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

Inventory

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

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 financial statements requires management to make estimates and assumptions that affect revenue and expenditures reported during the period, in addition to the reported amounts of assets and liabilities and the disclosure of contingent liabilities at the date of the financial statements. Significant items requiring the use of estimates include the net book value and associated amortization of the property and equipment. Actual results could differ from those estimates.

Government assistance

Government assistance received by the Federation is recorded in the statement of operations as a reduction of the expense to which it relates at the time it is incurred.

3. PROPERTY AND EQUIPMENT

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	
			<u>2021</u>	<u>2020</u>
Building improvements	\$ 8,680,598	\$ 1,072,794	\$ 7,607,804	\$ 7,934,296
Storage shed and fencing	29,320	24,235	5,084	5,526
Furniture and fixtures	1,732,521	1,554,744	177,777	222,221
Java junction equipment	20,229	19,278	951	1,189
Computer equipment	434,827	348,248	86,579	126,187
Other equipment	365,921	285,259	80,662	108,793
Ramp	8,990	7,254	1,736	1,887
	<u>\$ 11,272,406</u>	<u>\$ 3,311,812</u>	<u>\$ 7,960,593</u>	<u>\$ 8,400,099</u>

SENECA STUDENT FEDERATION INCORPORATED

NOTES TO FINANCIAL STATEMENTS

AS AT APRIL 30, 2021

4. STUDENT BUILDING FUND

The student building fund accumulates the building fund fee charged to students each semester. This fund will be used for the building and renovations of the Newnham Student Centre and future construction of student space at King campus. The student building fund fee started in the Fall of 2010. The fund is reserved for future commitments and it is not part of the operations. In 2018, a decision was made to allocate the interest income earned on the fund towards the building fund.

	2021	2020
Opening fund balance	\$ 10,014,724	\$ 9,116,077
Fees received	12,177	884,930
Interest earned on building fund	55,616	194,994
Reimbursement from College	9,500	-
Building additions and expenditures	-	(181,277)
Closing fund balance	<u>\$ 10,092,017</u>	<u>\$ 10,014,724</u>

In fiscal 2020, contributions were made for the construction of Magna Hall at King Campus. The amount spent in the year totaled \$181,277. This amount has been reclassified to Deferred Revenue Building. The deferred revenue - building account is being reduced as depreciation is booked against the capital asset. There were no expenditures for the current year.

5. DEFERRED REVENUE BUILDING

	2021	2020
Opening balance	\$ 7,371,105	\$ 7,501,620
Additions in the year	-	181,277
Reimbursements from college	(9,500)	-
Amortization booked in the year to revenue	(302,566)	(311,792)
Closing deferred revenue	<u>\$ 7,059,039</u>	<u>\$ 7,371,105</u>

6. WORKING CAPITAL AND INTERNAL RESERVE FUNDS

	2021	2020
The Federation's working capital is as follows:		
Current assets	\$ 12,188,322	\$ 11,035,756
Current liabilities	(4,282,634)	(3,421,913)
Working capital	<u>\$ 7,905,688</u>	<u>\$ 7,613,843</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.

SENECA STUDENT FEDERATION INCORPORATED

NOTES TO FINANCIAL STATEMENTS

AS AT APRIL 30, 2021

7. VISION 2020

Vision 2020 is a multiyear plan that the Federation commenced in 2019 to continue to improve its focus and priority of student needs including good governance, advocacy, college navigation, and social inclusion in all activities and events.

The plan includes a Vision, Mission and Values Mandate and a review of the Federation's By-Laws and policies which drive a revised strategic plan.

The project also includes an enhanced work integrated learning model in all aspects of the Federation and realigns staff roles to support the new structure.

8. SHUTTLE BUS SERVICE

In 2019, the Federation suspended financial contributions to the Shuttle Bus program due to the Student Choice Initiative. The COVID-19 pandemic extended this suspension until such time as in-person classes can resume. The Federation's fee structure has not included the operation of this services since September of 2019.

9. CONTRACTUAL OBLIGATIONS

The Federation engages its insurer for the health and dental plan for a one-year period beginning in September of each year. The Federation's agreement with ACL Student Benefits for the year ending August 31, 2021 was renewed for the year ending August 31, 2022.

10. OPERATING LEASE

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 \$177,640 for the year ended April 30, 2021.

11. GOVERNMENT ASSISTANCE

As part of the Government of Canada's COVID-19 relief efforts for Canadian entities, the Federation received assistance in the form of subsidies related to payroll. During the year, \$702,667 was received under the Canada Emergency Wage Subsidy program (CEWS) and recorded in the statement of operations as a reduction of wages. At April 30, 2021, \$31,027 of CEWS (2020 - \$170,205) was included in accounts receivable.

12. FINANCIAL INSTRUMENTS - RISKS AND UNCERTAINTIES

Financial risks

The Federation is exposed to various financial risks through transactions in financial instruments. The following provides helpful information in assessing the extent of the Federation's exposure to these risks.

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 Federation's main credit risk relates to its receivable from Seneca College.

SENECA STUDENT FEDERATION INCORPORATED

NOTES TO FINANCIAL STATEMENTS

AS AT APRIL 30, 2021

12. FINANCIAL INSTRUMENTS - RISKS AND UNCERTAINTIES (continued)

Interest rate risk

The interest rate paid on the Federation's deposits with the bank is based on the prime rate of interest. The amount of interest earned is therefore subject to change as the bank changes its prime rate of interest.

Liquidity risk

Liquidity risk is the risk that the Federation will encounter difficulty in meeting obligations associated with financial liabilities. The Federation is exposed to this risk mainly in respect of its accounts payable and accrued liabilities, and contractual obligations.

13. COVID-19

Countries around the world continue to be affected by the COVID-19 virus, which was declared a pandemic by the World Health Organization on March 11, 2020. This pandemic has placed restrictive boundaries on how organizations can operate, requiring social distancing measures. While the Federation continues to operate, it is unclear what impact this pandemic will have on business going forward. As such, the impact of this event has not been reflected in the financial statements.

In a joint effort with Seneca College, the Federation pledged \$400,000 to the Seneca Relief Bursary Fund on April 6, 2020. The purpose of the fund was to provide relief to students who were directly affected by COVID-19. Seneca College matched the donation made by the Federation and the disbursement of the funds was managed by Seneca's Financial Aid Office.

The 2020 - 2021 academic year online enrolment was larger than anticipated, resulting in an unforeseen substantial surplus. The Federation's Board decided to use this surplus to provide students with learning opportunities, awards, and support for community partners that have aided Seneca students in times of need.

The Federation provided \$1,000,000 in the fiscal year and pledged an additional \$967,000 as follows:

- i. \$600,000 for COVID-19 relief funds
- ii. \$367,000 in new awards and bursaries with a focus on underrepresented groups, work-integrated learning opportunities, a commitment to local Indigenous community programs to help support and advocate for housing, education, and employment for Aboriginal youth, and to food bank partners (North York Harvest and York Regional Food Bank)

Additionally, the Federation has committed the following funds to the Campaign for Students:

April 30, 2022	\$	49,138
2023		75,354
2024		31,345

14. COMPARATIVE FIGURES

Certain figures for the year ending April 30, 2020 have been reclassified to conform with the presentation adopted in the current year.