

**FINANCIAL STATEMENTS**  
**SENECA STUDENT FEDERATION INCORPORATED**  
**AS AT APRIL 30, 2020**

**SENECA STUDENT FEDERATION INCORPORATED**

**AS AT APRIL 30, 2020**

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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, 2020, 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, 2020, 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.

*Yale PGC LLP*

Chartered Professional Accountants  
Licensed Public Accountants

Toronto, Ontario  
November 17, 2020

**SENECA STUDENT FEDERATION INCORPORATED**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT APRIL 30, 2020**  
**(With corresponding figures as at April 30, 2019)**

	2020	2019
<b>A S S E T S</b>		
<b>CURRENT</b>		
Cash	\$ 10,628,893	\$ 10,281,471
Due from Seneca College of Applied Arts and Technology	308,368	98,003
HST receivable	4,760	6,985
Inventory	52,549	21,457
Prepaid expenses	<u>41,186</u>	<u>28,802</u>
	11,035,756	10,436,718
<b>PROPERTY AND EQUIPMENT</b> (note 3)	8,400,099	8,526,564
<b>RESTRICTED CASH-STUDENT BUILDING FUND</b> (note 5)	<u>10,014,724</u>	<u>9,116,077</u>
<b>TOTAL ASSETS</b>	<u>\$ 29,450,579</u>	<u>\$ 28,079,359</u>

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

<b>CURRENT</b>		
Accounts payable and accrued liabilities	\$ 244,537	\$ 110,156
Health and dental premiums payable	1,153,384	1,103,973
Deferred revenue	-	1,575
Liability to Seneca for building (note 5)	<u>2,002,310</u>	<u>2,250,000</u>
	<u>3,400,231</u>	<u>3,465,704</u>
<b>DEFERRED STUDENT BUILDING FEES</b> (note 5)	10,014,724	9,116,077
<b>DEFERRED REVENUE - BUILDING</b> (note 5)	<u>7,371,105</u>	<u>7,501,620</u>
	<u>17,385,829</u>	<u>16,617,697</u>
<b>TOTAL LIABILITIES</b>	20,786,060	20,083,401
<b>NET ASSETS</b>	<u>8,664,519</u>	<u>7,995,958</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 29,450,579</u>	<u>\$ 28,079,359</u>

**APPROVED ON BEHALF OF THE BOARD**

\_\_\_\_\_ Director

\_\_\_\_\_ Director

See accompanying notes

**SENECA STUDENT FEDERATION INCORPORATED**  
**STATEMENT OF CHANGES IN NET ASSETS**  
**FOR THE YEAR ENDED APRIL 30, 2020**  
**(With corresponding figures for the year ended April 30, 2019)**

	2020	2019
<b>OPENING NET ASSETS</b>	\$ 7,995,958	\$ 7,277,655
Surplus for the year	<u>668,561</u>	<u>718,303</u>
<b>CLOSING NET ASSETS</b>	<u>\$ 8,664,519</u>	<u>\$ 7,995,958</u>

**SENECA STUDENT FEDERATION INCORPORATED**  
**STATEMENT OF OPERATIONS**  
**FOR THE YEAR ENDED APRIL 30, 2020**  
**(With corresponding figures for the year ended April 30, 2019)**

	2020	2019
<b>REVENUES</b>		
Health, dental and extended health premiums	\$ 4,432,157	\$ 4,124,052
General student fees	4,272,043	3,713,445
TTC fare sales	-	503,269
Retail sales and leasing	760,730	614,051
Amortization of deferred revenue - building (note 5)	311,792	153,094
Interest income	<u>113,031</u>	<u>73,707</u>
	<u>9,889,753</u>	<u>9,181,618</u>
<b>EXPENDITURES</b>		
Health, dental and extended health costs	4,360,367	3,986,100
Wages and benefits	1,727,890	1,646,998
General expenses and supplies	912,277	666,849
Advertising and promotion	656,524	408,547
Donations (note 11)	525,148	19,995
Retail cost of goods sold	264,216	221,181
Professional fees	158,988	80,893
Maintenance and repairs	65,491	61,861
Shuttle bus service (note 10)	48,905	509,221
Travel	46,634	69,520
TTC fare purchases	-	509,917
Amortization	<u>454,752</u>	<u>282,233</u>
	<u>9,221,192</u>	<u>8,463,315</u>
<b>SURPLUS FOR THE YEAR</b>	<u>\$ 668,561</u>	<u>\$ 718,303</u>

**SENECA STUDENT FEDERATION INCORPORATED**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED APRIL 30, 2020**  
**(With comparative figures for the year ended at April 30, 2019)**

	2020	2019
<b>CASH PROVIDED BY (USED IN)</b>		
<b>OPERATIONS</b>		
Surplus (Deficit)	\$ 668,561	\$ 718,303
Non-cash item:		
Amortization	454,752	282,233
Non-cash working capital:		
Decrease in amount due from Seneca College	(210,365)	100,823
(Increase)/decrease in HST receivable	2,225	(7,717)
Decrease in prepaid expenses	(12,384)	7,577
(Increase)/decrease in inventory	(31,092)	16,432
Decrease in accounts payable and accrued liabilities	134,381	(290,785)
Increase in health and dental premiums payable	49,411	97,291
Increase/(decrease) in liability to Seneca for building	(247,690)	2,250,000
Deferred revenue	(1,575)	1,575
Increase/(decrease) in deferred building fund fees	898,647	(5,477,651)
Increase/(decrease) in deferred revenue building	<u>(130,515)</u>	<u>7,501,620</u>
	<u>1,574,356</u>	<u>5,199,701</u>
<b>INVESTING</b>		
Purchase of property, plant and equipment	(328,287)	(7,820,449)
Increase/(decrease) in cash restricted for building fund	<u>(898,647)</u>	<u>5,477,651</u>
	<u>(1,226,934)</u>	<u>(2,342,798)</u>
<b>CHANGE IN CASH</b>	347,422	2,856,903
<b>OPENING CASH</b>	<u>10,281,471</u>	<u>7,424,568</u>
<b>CLOSING CASH</b>	<u>\$ 10,628,893</u>	<u>\$ 10,281,471</u>



**SENECA STUDENT FEDERATION INCORPORATED**  
**NOTES TO FINANCIAL STATEMENTS**  
**AS AT APRIL 30, 2020**

**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 instrument at its fair value.

The Federation recognizes its transaction costs in net income in the period incurred. However, financial instruments that will not be subsequently measured at fair value are adjusted by the transactions costs that are directly attributable to their origination, issuance or assumption.

Subsequently, the Federation measures financial instruments as follows:

- investments in equity instruments that are quoted in an active market at fair value;
- all other investments in equity instruments at cost less impairment;
- all other financial assets at amortized cost;
- all financial liabilities at amortized cost

Property, Plant And Equipment

Property, plant and equipment are recorded at cost and are amortized on a declining balance basis 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%

**SENECA STUDENT FEDERATION INCORPORATED**  
**NOTES TO FINANCIAL STATEMENTS**  
**AS AT APRIL 30, 2020**

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

Impairment of Property, Plant and Equipment

Property, plant 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.

Impairment of Financial Assets Measured at Cost and Amortized Cost

When there are indications of possible impairment, the Federation determines if there has been a significant adverse change to the expected timing or amounts of future cash flows expected from the financial asset. The amount of any impairment loss is determined by comparing the carrying amount of the financial asset with the highest of three amounts:

- i. The present value of the cash flows expected to be generated by holding the asset, discounted using a current market rate of interest appropriate to that asset;
- ii. The amount that could be realized by selling the asset at the date of the balance sheet; and,
- iii. The amount expected to be realized by exercising its rights to any collateral held to secure repayment of the asset, net of all costs necessary to exercise those rights.

Reversals are permitted, but the adjusted carrying amount of the financial asset shall be no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized.

Revenue

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. Although the federation's fiscal year ends in April, 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, 2020**

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

Inventories

Inventories are 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 deferred revenues, and the net book value and associated amortization of the property and equipment. Actual results could differ from those estimates.

**3. PROPERTY AND EQUIPMENT**

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	
			2020	2019
Building improvements	\$ 8,690,098	\$ 755,802	\$ 7,934,296	\$ 8,079,838
Storage shed and fencing	29,320	23,793	5,526	6,008
Furniture and fixtures	1,732,521	1,510,300	222,221	237,337
Java junction equipment	20,229	19,040	1,189	1,486
Computer equipment	445,973	319,786	126,187	152,178
Other equipment	387,996	279,203	108,793	47,666
Ramp	8,990	7,103	1,887	2,051
	<u>\$11,315,127</u>	<u>\$ 2,915,027</u>	<u>\$ 8,400,099</u>	<u>\$ 8,526,564</u>

**4. 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 \$172,928 for the year ended April 30, 2020.

**5. 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.

**SENECA STUDENT FEDERATION INCORPORATED**  
**NOTES TO FINANCIAL STATEMENTS**  
**AS AT APRIL 30, 2020**

**5. STUDENT BUILDING FUND - continued**

	2020	2019
Opening fund balance	\$ 9,116,077	\$ 14,593,728
Fees received	884,930	1,952,260
Interest earned on building fund	194,994	224,803
Building additions and expenditures	<u>(181,277)</u>	<u>(7,654,714)</u>
Closing fund balance	<u>\$ 10,014,724</u>	<u>\$ 9,116,077</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.

**6. DEFERRED REVENUE BUILDING**

	2020	2019
Opening balance	\$ 7,501,620	\$ -
Additions in the year	181,277	7,654,714
Amortization booked in the year to revenue	<u>(311,792)</u>	<u>(153,094)</u>
Closing deferred revenue	<u>7,371,105</u>	<u>7,501,620</u>

**7. WORKING CAPITAL AND INTERNAL RESERVE FUNDS**

	2020	2019
The Federation's working capital is as follows:		
Current assets	\$ 11,035,756	\$ 10,436,718
Current liabilities	<u>(3,400,231)</u>	<u>(3,465,704)</u>
Working capital	<u>\$ 7,635,525</u>	<u>\$ 6,971,014</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, 2020**

**8. FINANCIAL INSTRUMENT - RISKS AND UNCERTAINTIES**

The following table shows the amounts of the indicated financial instruments:

	2020	2019
<b>Financial assets measured at amortized cost</b>		
Cash	\$ 10,628,893	\$ 10,281,471
Restricted cash - student building fund	10,014,724	9,116,077
Due from Seneca College	<u>308,368</u>	<u>98,003</u>
	<u>\$ 20,951,985</u>	<u>\$ 19,495,551</u>
<b>Financial liabilities measured at amortized cost</b>		
Accounts payable and accrued liabilities	\$ 244,537	\$ 110,156
Health and dental premiums payable	<u>1,153,384</u>	<u>1,103,973</u>
	<u>\$ 1,397,921</u>	<u>\$ 1,214,129</u>

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

Interest rate risk

The interest rate paid on the Federations 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 Company is exposed to this risk mainly in respect of its accounts payable and accrued liabilities, and contractual obligations.

**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, 2020 was renewed for the year ending August 31, 2021.

**SENECA STUDENT FEDERATION INCORPORATED**

**NOTES TO FINANCIAL STATEMENTS**

**AS AT APRIL 30, 2020**

**10. SHUTTLE BUS SERVICE**

The Student Choice Initiative was put in place in September of 2019. This effectively split student fees into optional and mandatory components. This was behind the decision by the student association in agreement with the College that the Federation to stop financial participation in the cost of the Shuttle bus.

**11. SUBSEQUENT EVENTS**

Since March 2020 countries around the world have been 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 businesses 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 \$400,000.00 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.