

FINANCIAL STATEMENTS
SENECA STUDENT FEDERATION INCORPORATED
APRIL 30, 2022

SENECA STUDENT FEDERATION INCORPORATED

APRIL 30, 2022

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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, 2022, 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, 2022, 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 it 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
October 31, 2022

SENECA STUDENT FEDERATION INCORPORATED
STATEMENT OF FINANCIAL POSITION
AS AT APRIL 30, 2022

	2022	2021
A S S E T S		
CURRENT		
Cash	\$ 12,318,745	\$ 11,857,832
Due from Seneca College of Applied Arts and Technology	36,315	242,535
HST receivable	2,096	2,269
Inventory	83,357	38,071
Prepaid expenses	<u>132,685</u>	<u>47,615</u>
	12,573,198	12,188,322
PROPERTY AND EQUIPMENT (note 3)	7,575,911	7,960,593
RESTRICTED CASH-STUDENT BUILDING FUND (note 4)	<u>10,055,246</u>	<u>10,092,017</u>
TOTAL ASSETS	<u>\$ 30,204,355</u>	<u>\$ 30,240,932</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	\$ 1,875,755	\$ 1,223,329
Health and dental premiums payable	425,271	1,306,995
Liability to Seneca for building	<u>1,752,310</u>	<u>1,752,310</u>
	<u>4,053,336</u>	<u>4,282,634</u>
DEFERRED STUDENT BUILDING FEES (note 4)	10,055,246	10,092,017
DEFERRED REVENUE - BUILDING (note 5)	<u>6,762,746</u>	<u>7,059,039</u>
TOTAL LIABILITIES	20,871,328	21,433,690
NET ASSETS	<u>9,333,027</u>	<u>8,807,242</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 30,204,355</u>	<u>\$ 30,240,932</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, 2022

	2022	2021
OPENING NET ASSETS	\$ 8,807,242	\$ 8,642,837
Excess of revenues over expenses for the year	<u>525,785</u>	<u>164,405</u>
CLOSING NET ASSETS	<u>\$ 9,333,027</u>	<u>\$ 8,807,242</u>

SENECA STUDENT FEDERATION INCORPORATED

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED APRIL 30, 2022

	2022	2021
REVENUES		
Fees income received	\$ 3,511,326	\$ 3,769,706
Health and dental fees collected	5,630,479	4,758,517
Earned Income	174,045	99,967
Amortization of deferred revenue - building (note 4)	<u>289,589</u>	<u>302,566</u>
	<u>9,605,439</u>	<u>8,930,756</u>
EXPENSES		
Administration and Governance		
Wages (note 9)	1,344,465	592,139
Professional development	71,484	34,826
Administrative costs	275,051	334,225
Repair, maintenance & equipment	17,159	3,628
Election costs	17,928	17,716
Vision 2020	-	111,145
Member Experience		
Student engagement and programs	303,007	142,772
Student community and awards	1,889,906	2,294,048
Business and Services Provided		
Health and dental premium expenses	4,736,819	4,790,478
Pub costs	661	4,410
Food service costs	2,323	9,326
Items purchased for re-sale	36,569	-
Other Expenses		
Amortization	<u>384,282</u>	<u>431,638</u>
	<u>9,079,654</u>	<u>8,766,351</u>
EXCESS OF REVENUES OVER EXPENSES FOR THE YEAR	<u>\$ 525,785</u>	<u>\$ 164,405</u>

SENECA STUDENT FEDERATION INCORPORATED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED APRIL 30, 2022

	2022	2021
CASH PROVIDED BY (USED IN)		
OPERATIONS		
Excess of revenues over expenses	\$ 525,785	\$ 164,405
Non-cash item:		
Amortization	384,282	431,638
Non-cash working capital:		
Decrease in amount due from Seneca College	206,220	65,833
Decrease in HST receivable	173	2,491
Increase in prepaid expenses	(85,070)	(6,429)
Decrease (increase) in inventory	(45,286)	14,478
Increase in accounts payable and accrued liabilities	652,426	957,110
(Decrease) increase in health and dental premiums payable	(881,724)	153,611
Decrease in liability to Seneca for building	-	(250,000)
Increase in deferred building fund fees	(36,771)	77,293
Decrease in deferred revenue building	(296,293)	(312,066)
	<u>423,742</u>	<u>1,298,364</u>
INVESTING		
Decrease of property and equipment	400	7,868
Decrease in cash restricted for building fund	<u>36,771</u>	<u>(77,293)</u>
	<u>37,171</u>	<u>(69,425)</u>
CHANGE IN CASH	460,913	1,228,939
OPENING CASH	<u>11,857,832</u>	<u>10,628,893</u>
CLOSING CASH	<u>\$ 12,318,745</u>	<u>\$ 11,857,832</u>

SENECA STUDENT FEDERATION INCORPORATED

NOTES TO FINANCIAL STATEMENTS

APRIL 30, 2022

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

APRIL 30, 2022

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>2022</u>	<u>2021</u>
Building improvements	\$ 8,680,598	\$ 1,377,106	\$ 7,303,492	\$ 7,607,804
Storage shed and fencing	29,320	24,642	4,677	5,084
Furniture and fixtures	1,732,521	1,590,300	142,221	177,777
Java junction equipment	20,229	19,468	761	951
Computer equipment	434,827	374,220	60,607	86,579
Other equipment	365,521	302,965	62,556	80,662
Ramp	8,990	7,393	1,597	1,736
	<u>\$ 11,272,006</u>	<u>\$ 3,696,094</u>	<u>\$ 7,575,911</u>	<u>\$ 7,960,593</u>

SENECA STUDENT FEDERATION INCORPORATED

NOTES TO FINANCIAL STATEMENTS

APRIL 30, 2022

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.

	2022	2021
Opening fund balance	\$ 10,092,017	\$ 10,014,724
Fees received	-	12,177
Interest earned on building fund	60,468	55,616
Reimbursement from College	6,704	9,500
Building additions and expenditures	<u>(103,943)</u>	<u>-</u>
Closing fund balance	<u>\$ 10,055,246</u>	<u>\$ 10,092,017</u>

5. DEFERRED REVENUE BUILDING

	2022	2021
Opening balance	\$ 7,059,039	\$ 7,371,105
Reimbursements from college	(6,704)	(9,500)
Amortization booked in the year to revenue	<u>(289,589)</u>	<u>(302,566)</u>
Closing deferred revenue	<u>\$ 6,762,746</u>	<u>\$ 7,059,039</u>

6. WORKING CAPITAL AND INTERNAL RESERVE FUNDS

	2022	2021
The Federation's working capital is as follows:		
Current assets	\$ 12,573,198	\$ 12,188,322
Current liabilities	<u>(4,053,336)</u>	<u>(4,282,634)</u>
Working capital	<u>\$ 8,519,862</u>	<u>\$ 7,905,688</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.

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NOTES TO FINANCIAL STATEMENTS

APRIL 30, 2022

7. **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.

8. **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, 2022.

9. **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, \$432,167 (2021 - \$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, 2022, \$Nil of CEWS (2021 - \$31,027) was included in accounts receivable.

10. **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.

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.

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NOTES TO FINANCIAL STATEMENTS

APRIL 30, 2022

11. 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.

In accordance with local public health guidelines and Seneca College policies, the Federation has resumed some of its in-person operations as of January 2022. 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 \$100,000 to the Seneca Relief Bursary Fund on September 3, 2021. 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 2021 - 2022 academic year online enrolment was larger than anticipated, resulting in a 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 has provided \$967,000 in the fiscal year and pledged an additional \$1,537,000 in donations to support our students and the community that include the following:

- Emergency funding for students
- Student led initiatives that provide students learning and leadership opportunities
- Soft skills development and training
- Equity diversity and inclusivity initiatives

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

April 30, 2023	\$	75,354
2024		31,345
2025		48,554