FINANCIAL STATEMENTS

SENECA STUDENT FEDERATION INCORPORATED

APRIL 30, 2024

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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, 2024, 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, 2024, 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 *Auditors' 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.

Auditors' 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 auditors' 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 auditors' 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 auditors' 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 11, 2024

SENECA STUDENT FEDERATION INCORPORATED

STATEMENT OF FINANCIAL POSITION

AS AT APRIL 30, 2024

	2024	2023 (Restated - note 3)
A S S E T S		
CURRENT		
Cash	$ 8,028,020	$ 8,574,616
Due from Seneca College of Applied Arts and Technology	78,448	101,757
HST receivable	21,378	10,852
Inventory	90,468	56,426
Prepaid expenses (note 3)	222,202	286,052
	8,440,516	9,029,703
PROPERTY AND EQUIPMENT (note 4)	6,996,913	7,325,514
RESTRICTED CASH-STUDENT BUILDING FUND (note 5)	12,782,440	11,093,223
TOTAL ASSETS	$ 28,219,869	$ 27,448,440
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	$ 1,034,631	$ 737,654
Health and dental premiums payable	1,389,569	1,173,193
Liability to Seneca for building	1,502,310	1,752,310
	3,926,510	3,663,157
DEFERRED STUDENT BUILDING FEES (note 5)	12,782,440	11,093,223
DEFERRED REVENUE - BUILDING (note 6)	6,025,624	6,484,213
TOTAL LIABILITIES	22,734,574	21,240,593
NET ASSETS	5,485,295	6,207,847
TOTAL LIABILITIES AND NET ASSETS	$ 28,219,869	$ 27,448,440

APPROVED ON BEHALF OF THE BOARD

_____Director

SENECA STUDENT FEDERATION INCORPORATED

STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED APRIL 30, 2024

	2024	2023 (Restated - note 3)
OPENING NET ASSETS	$ 6,207,847	$ 8,645,048
Deficiency of revenues over expenses for the year	(722,552)	(2,437,201)
CLOSING NET ASSETS	$ 5,485,295	$ 6,207,847

SENECA STUDENT FEDERATION INCORPORATED

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED APRIL 30, 2024

	2024	2023 (Restated - note 3)
REVENUES		
Fees income received	$ 6,139,604	$ 4,096,503
Health and dental fees collected	5,064,769	4,394,286
Earned Income	1,097,986	872,332
Amortization of deferred revenue - building (note 6)	458,589	278,533
	12,760,948	9,641,654
EXPENSES		
Administration and Governance		
Wages	3,285,625	2,867,420
Administrative costs	726,005	569,494
Professional development	165,830	95,504
Repairs, maintenance & equipment	71,379	111,709
Election costs	23,336	30,054
Member Experience		
Student engagement and programs	2,575,168	2,651,244
Student community and awards	777,350	765,409
Business and Services Provided		
Health and dental premium expenses	5,006,954	4,358,608
Items purchased for re-sale	294,207	258,074
Pub costs	-	2,380
Food service costs	-	2,782
Other Expenses		
Amortization	376,930	366,177
Impairment loss (note 4)	180,716	-
	13,483,500	12,078,855
DEFICIENCY OF REVENUES OVER EXPENSES FOR THE YEAR	$ (722,552)	$ (2,437,201)

SENECA STUDENT FEDERATION INCORPORATED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED APRIL 30, 2024

	2024	2023 (Restated - note 3)
CASH PROVIDED BY (USED IN)		
OPERATIONS		
Deficiency of revenues over expenses	$ (722,552)	$ (2,437,201)
Non-cash item:		
Amortization	376,930	366,177
Non-cash working capital:		
(Increase) decrease in amount due from Seneca College	23,309	(65,442)
Increase in HST receivable	(10,526)	(8,756)
Decrease in prepaid expenses	63,850	(153,367)
(Increase) decrease in inventory	(34,042)	26,931
Increase in accounts payable and accrued liabilities	296,977	(1,138,101)
(Increase) decrease in health and dental premiums payable	216,376	(131,057)
Decrease in liability to Seneca for building	(250,000)	-
Increase in deferred building fund fees	1,689,217	1,037,977
Decrease in deferred revenue building	(458,589)	(278,533)
	1,190,950	(2,781,372)
INVESTING		
Purchase of property and equipment	(48,329)	(115,780)
Decrease in cash restricted for building fund	(1,689,217)	(1,037,977)
	(1,737,546)	(1,153,757)
CHANGE IN CASH	(546,596)	(3,935,129)
OPENING CASH	8,574,616	12,318,745
CLOSING CASH	$ 8,028,020	$ 8,383,616

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 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.

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.

3. PRIOR PERIOD ADJUSTMENT

During the current year, the Federation determined that a prepaid rent asset in the amount of $179,000 had not been reflected on the books as of May 1, 2022. As a result, opening net assets for the year ended April 30, 2022 were understated by this amount. The prepaid rent is being brought into income over the remaining lease term at $12,000 per year. The restated figures for the year ended April 30, 2023 reflect an increase in opening net assets by $179,000, an increase in prepaid expenses of $167,000 and an increase in deficiency of revenue over expenses by $12,000.

4. PROPERTY AND EQUIPMENT

	Cost	Accumulated Amortization	Net Book Value 2024	2023
Building improvements	$ 8,590,813	$ 1,872,245	$ 6,718,568	$ 7,011,353
Storage shed and fencing	-	-	-	4,303
Furniture and fixtures	1,760,861	1,646,723	114,138	125,722
Java junction equipment	-	-	-	609
Computer equipment	507,700	429,663	78,037	87,760
Other equipment	426,617	340,447	86,170	94,298
Ramp	-	-	-	1,469
	$ 11,285,991	$ 4,289,078	$ 6,996,913	$ 7,325,514

A significant change in the accessibility to use the Building improvements, Storage shed and fencing, Java junction equipment and Ramp as a result of the construction and demolition of old assets. An amount of $180,716 was recognized as an impairment loss during the period to reflect this change.

5. STUDENT BUILDING FUND

The student building fund accumulates the building fund fee charged to students of Newnham and King campuses each semester. This fund has been used for construction at King campus and will be used for construction at Newnham campus, as well as renovations at both campuses.

This fee supports the associated capital costs of buildings and operation of spaces and facilities used to host the Seneca Student Federation run student activities and services at the King and Newnham campuses.

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.

	2024	2023
Opening fund balance	$ 11,093,223	$ 10,055,246
Fees received	1,318,327	798,057
Interest earned on building fund	585,320	395,094
Building additions and expenditures	(214,430)	(155,174)
Closing fund balance	$ 12,782,440	$ 11,093,223

6. DEFERRED REVENUE BUILDING

	2024	2023
Opening balance	$ 6,484,213	$ 6,762,746
Amortization booked in the year to revenue	(458,589)	(278,533)
Closing deferred revenue	$ 6,025,624	$ 6,484,213

7. WORKING CAPITAL AND INTERNAL RESERVE FUNDS

The Federation's working capital is as follows:

	2024	2023
Current assets	$ 8,440,516	$ 9,029,703
Current liabilities	(3,926,510)	(3,663,157)
Working capital	$ 4,514,006	$ 5,366,546

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.

8. 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, 2023 was renewed for the year ending August 31, 2024.

9. 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 $146,358 for the year ended April 30, 2024.

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.