



Financial Statements

Student Association of George Brown College

May 31, 2018

Contents

	Page
Independent Auditor's Report	1 - 2
Statement of Financial Position	3
Statement of Operations	4
Statement of Changes in Net Assets	5
Statement of Cash Flows	6
Notes to Financial Statements	7 - 11

Independent Auditor's Report

Grant Thornton LLP
11th Floor
200 King Street West, Box 11
Toronto, ON
M5H 3T4
T +1 416 366 0100
F +1 416 360 4949
www.GrantThornton.ca

To the Members of
Student Association of George Brown College

We have audited the accompanying financial statements of Student Association of George Brown College, which comprise the statement of financial position as at May 31, 2018, and the statements of operations, changes in net assets and cash flows for the year then ended, and a 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 in our audit is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Student Association of George Brown College as at May 31, 2018, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Emphasis of matter

Without modifying our opinion, we draw attention to Note 3 to the financial statements, which explains that certain comparative information for the year ended May 31, 2017 has been restated. As part of our audit of the financial statements for the year ended May 31, 2018, we also audited adjustments that were applied to restate certain of the comparative information presented for the year ended May 31, 2017. In our opinion, such adjustments are appropriate and have been properly applied.

Grant Thornton LLP

Toronto, Canada
February 6, 2019

Chartered Professional Accountants
Licensed Public Accountants

Student Association of George Brown College

Statement of Financial Position

As at May 31

	Unrestricted Fund	Building Fund	TTC Fund	Health Care Fund	Total 2018	Total 2017 (Restated – Note 3)
Assets						
Current						
Cash	\$ 1,595,228	\$ 1,181,744	\$ 323,557	\$ 1,040,398	\$ 4,140,927	\$ 3,947,755
Cash - Contingency Fund (Note 7)	793,182	-	-	-	793,182	706,629
Accounts receivable	376,956	-	153,161	1,740,193	2,270,310	865,107
Inventory	20,122	-	-	-	20,122	26,063
Prepays	6,306	-	-	-	6,306	-
Government receivables	10,235	(16)	-	-	10,219	1,622
Interfund advances (Note 8)	79,848	625,629	(518,518)	(186,959)	-	-
	2,881,877	1,807,357	(41,800)	2,593,632	7,241,066	5,547,176
Property and equipment (Note 4)	20,816	5,730,838	144	634	5,752,432	6,003,635
	<u>\$ 2,902,693</u>	<u>\$ 7,538,195</u>	<u>\$ (41,656)</u>	<u>\$ 2,594,266</u>	<u>\$ 12,993,498</u>	<u>\$ 11,550,811</u>
Liabilities						
Accounts payable and accrued liabilities	\$ 335,594	\$ 176,887	\$ 172,913	\$ 1,356,360	\$ 2,041,754	\$ 2,002,701
Unearned revenue	468	-	-	-	468	-
	<u>336,062</u>	<u>176,887</u>	<u>172,913</u>	<u>1,356,360</u>	<u>2,042,222</u>	<u>2,002,701</u>
Net assets						
Unrestricted	1,752,633	-	(214,713)	-	1,537,920	947,751
Invested in property and equipment	20,816	5,730,838	144	634	5,752,432	6,003,635
Net assets internally restricted (Note 7)	793,182	-	-	-	793,182	706,629
Net assets externally restricted (Note 7)	-	1,630,470	-	1,237,272	2,867,742	1,890,110
	<u>2,566,631</u>	<u>7,361,308</u>	<u>(214,569)</u>	<u>1,237,906</u>	<u>10,951,276</u>	<u>9,548,110</u>
	<u>\$ 2,902,693</u>	<u>\$ 7,538,195</u>	<u>\$ (41,656)</u>	<u>\$ 2,594,266</u>	<u>\$ 12,993,498</u>	<u>\$ 11,550,811</u>

Commitments (Note 6)

On behalf of the Board of Directors

Director

Director

See accompanying notes to the financial statements.

Student Association of George Brown College

Statement of Operations

Year ended May 31

	Unrestricted Fund	Building Fund	TTC Fund	Health Care Fund	Total 2018	Total 2017 (Restated – Note 3)
Revenues						
Student association fees	\$ 3,578,282	\$ 1,519,802	\$ -	\$ 6,959,969	\$ 12,058,053	\$ 10,783,780
Sales	237,952	-	2,337,406	19,632	2,574,990	2,851,395
Leasing	217,543	-	-	-	217,543	187,245
Grants	118,632	-	90,575	-	209,207	243,793
Interest	<u>35,586</u>	<u>21,178</u>	<u>4,110</u>	<u>33,879</u>	<u>94,753</u>	<u>46,143</u>
	<u>4,187,995</u>	<u>1,540,980</u>	<u>2,432,091</u>	<u>7,013,480</u>	<u>15,174,546</u>	<u>14,112,356</u>
Expenses						
Health insurance premiums	-	-	-	6,586,640	6,586,640	5,376,474
Services, programs and purchases	733,408	-	2,330,155	-	3,063,563	3,330,876
Wages and benefits	2,038,649	229,849	65,082	138,462	2,472,042	2,582,289
Amortization	5,204	670,380	36	158	675,778	717,437
Social events	489,885	-	-	-	489,885	498,908
Maintenance and repairs	285	182,988	-	-	183,273	179,161
Interest and bank charges	34,088	-	30,806	-	64,894	68,211
Insurance	52,236	-	-	-	52,236	49,531
Conferences	30,912	1,180	-	-	32,092	58,434
Office and general	37,740	9,682	6,247	40	53,709	60,962
Professional fees	78,473	-	-	-	78,473	60,688
Marketing	<u>11,201</u>	<u>-</u>	<u>-</u>	<u>7,594</u>	<u>18,795</u>	<u>10,182</u>
	<u>3,512,081</u>	<u>1,094,079</u>	<u>2,432,326</u>	<u>6,732,894</u>	<u>13,771,380</u>	<u>12,993,153</u>
Excess (deficiency) of revenues over expenses	<u>\$ 675,914</u>	<u>\$ 446,901</u>	<u>\$ (236)</u>	<u>\$ 280,586</u>	<u>\$ 1,403,166</u>	<u>\$ 1,119,203</u>

See accompanying notes to the financial statements.

Student Association of George Brown College

Statement of Changes in Net Assets

Year ended May 31

	Unrestricted Fund	Building Fund	TTC Fund	Health Care Fund	Total 2018	Total 2017 (Restated – Note 3)
Net assets, beginning of year, as previously stated	\$ 1,890,717	\$ 6,914,407	\$ (214,334)	\$ 2,688,958	\$ 11,279,748	\$ 9,560,045
Prior period adjustment (Note 3)	-	-	-	(1,731,638)	(1,731,638)	(1,131,138)
Net assets, beginning of year, as restated	1,890,717	6,914,407	(214,334)	957,320	9,548,110	8,428,907
Excess (deficiency) of revenues over expenses	<u>675,914</u>	<u>446,901</u>	<u>(235)</u>	<u>280,586</u>	<u>1,403,166</u>	<u>1,119,203</u>
Net assets, end of year	<u>\$ 2,566,631</u>	<u>\$ 7,361,308</u>	<u>\$ (214,569)</u>	<u>\$ 1,237,906</u>	<u>\$ 10,951,276</u>	<u>\$ 9,548,110</u>

See accompanying notes to the financial statements.

Student Association of George Brown College

Statement of Cash Flows

Year ended May 31

2018

2017
(Restated –
Note 3)

Increase (decrease) in cash

Operating

Excess of revenues over expenses	\$ 1,403,166	\$ 1,119,203
Item not affecting cash		
Amortization	675,778	717,437
	2,078,944	1,836,640

Change in non-cash working capital

Accounts receivable	(1,405,203)	740,112
Inventory	5,941	(4,786)
Prepays	(6,306)	-
Government receivables	(8,597)	2,304
Accounts payable and accrued liabilities	39,053	(273,063)
Unearned revenue	468	-
Government remittances	-	(611)

704,300 2,300,596

Investing

Purchase of property and equipment	(424,575)	(130,513)
------------------------------------	------------------	-----------

Net change in cash **279,725** 2,170,083

Cash

Beginning of year	4,654,384	2,484,301
End of year	\$ 4,934,109	\$ 4,654,384

Cash comprises:

Cash	\$ 4,140,927	\$ 3,947,755
Cash – Contingency Fund	793,182	706,629
	\$ 4,934,109	\$ 4,654,384

Student Association of George Brown College

Notes to Financial Statements

May 31, 2018

1. Nature of operations and economic dependence

The Student Association of George Brown College (the "Association") is a not-for-profit corporation without share capital and exempt from income taxes. The purpose of the Association is to provide services to the students of The George Brown College of Applied Arts and Technology (the "College"). The Association is dependent upon the College because the College collects the Association's fees from the students together with tuition receipts, and remits them to the Association. The College has also guaranteed the Association's debt as indicated in Note 4.

2. Summary of significant accounting policies

The financial statements of the Association have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. Accounting standards for not-for-profit organizations are part of Canadian generally accepted accounting principles.

Accounting standards for not-for-profit organizations requires entities to select policies appropriate for their circumstances from policies provided in these standards. The following are the policies selected by the Association and applied in these financial statements.

Revenue recognition

The collection and amount of non-academic incidental fees charged to students is regulated by the Ontario Ministry of Training Colleges and Universities through its Ontario Operating Funds Distribution Manual and Compulsory Ancillary Fee Policy Guidelines. Pursuant to these, a change to, or introduction, of a fee must be made in accordance with the Ministry's guidelines and the long-term protocol established between the College and its student government. The agreement between the Association and the College requires a referendum of the student body for significant changes to or the introduction of additional fees.

Student association fees are recognized in the period to which they relate. Sales revenues are recognized when the related goods or services are provided. Grants are recognized when received or receivable, provided that collection is reasonably assured. Leasing income is recognized at the beginning of each month on a straight line basis over the term of the lease. Interest income is accrued as it is earned.

Externally restricted contributions

The component of fees collected from students for general operations is recognized in the Unrestricted Fund. Other components of the fee which were established for a specific purpose through referendum of the student body are recognized as externally restricted contributions. This includes the fees collected for the Building Fund and for the group health and dental insurance plan (Health Care Fund), which are each recognized in their own fund using the restricted fund method. Under the Restricted Fund method, contributions are recognized in the period the contributions are received or receivable, assuming collection is reasonably assured.

Internally restricted contributions

Internally restricted contributions are amounts set aside by the Board of Directors for specific purposes and require Board approval before use.

Student Association of George Brown College

Notes to Financial Statements

May 31, 2018

2. Summary of significant accounting policies (continued)

Donated materials and services

The Association receives the benefit of volunteer services from the student body throughout the fiscal year for various events; however, an amount has not been recorded to recognize these amounts due to the difficulty in determining their fair market value.

Inventory

Inventory, consisting primarily of finished goods, is stated at the lower of cost and net realizable value. Inventory is relieved using the first in, first out method of accounting.

Property and equipment

Property and equipment are recorded at cost. Amortization is provided for on a declining balance basis using the following rates:

Furniture and fixtures	20%
Computer equipment	30%
Casa Loma and Waterfront Student Centres	3%
Leasehold improvements	20%

Use of estimates

The preparation of financial statements in conformity with ASNPO requires the Association to make estimates and assumptions that affect the amounts reported in the financial statements and the related notes. These estimates relate to allowances for doubtful accounts, inventory obsolescence and the useful lives of the property and equipment, which affects net book value and amortization expense. Actual results may differ from these estimates.

Financial instruments

The Association considers any contract creating a financial asset, liability or equity instrument as a financial instrument, except in certain limited circumstances. The Association accounts for the following as financial instruments:

- cash
- cash – Contingency Fund
- accounts receivable
- accounts payable
- government receivables/remittances

Financial assets or liabilities obtained in arm's length transactions are initially measured at their fair value and financial assets or liabilities obtained in related party transactions are measured at their exchange amount.

The Association subsequently measures all of its financial assets and financial liabilities at amortized cost.

Student Association of George Brown College

Notes to Financial Statements

May 31, 2018

3. Prior period adjustment

During the year, the Association determined it had under stated costs related to its health insurance premiums in fiscal 2016 and 2017. Accordingly, prior year figures have been restated, resulting in a decrease of opening net assets at June 1, 2016 of \$1,131,138, an increase in payables and accruals of \$1,731,638 at May 31, 2017, and an increase in health insurance premium expenses and a decrease in the excess of revenues over expenses in the Health Care Fund of \$600,500 for the year ended May 31, 2017.

The adjustment for the expenses has been made within these statements. As a result of the restatement, the substantive changes to the financial statement items for the year ended, and as at May 31, 2017 were as follows:

<u>May 31, 2017</u>	<u>Previously Reported</u>	<u>Adjustments</u>	<u>Restated</u>
Statement of financial position			
Accounts payable and accrued liabilities	\$ 271,063	\$ 1,731,638	\$ 2,002,701
Net assets, beginning of year	\$ 9,560,045	\$ (1,131,138)	\$ 8,428,907
Net assets, end of year	\$ 11,279,748	\$ (1,731,638)	\$ 9,548,110
Statement of operations			
Health insurance premium expenses	\$ 12,392,653	\$ 600,500	\$ 12,993,153
Excess of revenue over expenditures	\$ 1,719,703	\$ (600,500)	\$ 1,119,203
Statement of cash flows			
Accounts payable and accrued liabilities	\$ (873,563)	\$ 600,500	\$ 273,063

4. Property and equipment

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>2018 Net Book Value</u>	<u>2017 Net Book Value</u>
Furniture and fixtures	\$ 1,620,046	\$ 1,103,703	\$ 516,343	\$ 254,387
Computer equipment	557,959	487,032	70,927	86,750
Casa Loma Student Centre	4,084,496	1,488,130	2,596,366	2,676,666
Waterfront Student Centre	1,130,000	188,741	941,259	970,370
Leasehold improvements	4,500,986	2,873,449	1,627,537	2,015,462
	<u>\$ 11,893,487</u>	<u>\$ 6,140,655</u>	<u>\$ 5,752,432</u>	<u>\$ 6,003,635</u>

The amount shown as Casa Loma Student Centre and the Waterfront Student Centre represents the Association's agreed share of construction costs related to the portion of the buildings which it occupies under a lease with the College which expires on December 31, 2050 with an option to renew.

Student Association of George Brown College

Notes to Financial Statements

May 31, 2018

5. Letter of credit

The Association has corporate credit cards with a maximum credit amount of \$38,000 and a standby letter of credit of \$600,000 with Scotiabank which is guaranteed by the College and held as security for the TTC metro pass program.

6. Commitments

The Association is committed to minimum annual payments under lease agreements for office equipment in aggregate and, for each of the next two years as follows:

2019	29,876
2020	<u>18,485</u>
	<u>\$ 48,361</u>

7. Restrictions on net assets

Internally restricted net assets

TTC Fund

The Association has entered into an arrangement with the Toronto Transit Commission (TTC) to make available the sale of discounted monthly passes to students.

Contingency Fund

The Contingency Fund represents the unspent portion of annual fees that have been set aside by the Board for Contingency purposes.

Externally restricted net assets

Building Fund

The Building Fund represents the unspent portion of annual fees collected for the purpose of financing building and maintenance of the student centres at the College campuses.

Health Care Fund

The Health Care Fund represents the portion of annual fees collected for the purpose of providing students with affordable medical coverage while they attend the College. The fund is only to be used to: offset the costs of health plan premium increases to students; increase health plan benefits; improve the delivery of health plan services; and conduct research, surveys, and outreach services to members. The restricted amount is as follows:

International Student Reserve	240,692
General Student Reserve	438,335

Student Association of George Brown College

Notes to Financial Statements

May 31, 2018

8. Interfund advances

Advances between funds are non-interest bearing and have no specific terms of repayment.

9. Financial instruments

Transactions in financial instruments may result in an entity assuming, or transferring to another party, one or more of the financial risks described below. The required disclosures provide information that assists users of financial statements in assessing the extent of risk related to financial instruments.

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 Association's main credit risks relate to its accounts receivable.

At May 31, 2018, the Association has recognized an allowance for doubtful accounts of \$ Nil (2017 - \$Nil). In the opinion of management, the credit risk exposure to the Association is low.

Liquidity risk

Liquidity risk is the risk that the Association will encounter difficulty in meeting the obligations associated with its financial liabilities. The Association is exposed to this risk mainly in respect of its accounts payable and long-term debt.

The Association reduces its exposure to liquidity risk by ensuring that it documents when authorized payments become due, and ensuring adequate cash reserves are on hand to repay creditors.