



Financial Statements

Student Association of George Brown College

May 31, 2021

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Independent Auditor's Report

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To the Members of Student Association of George Brown College

Opinion

We have audited the financial statements of **Student Association of George Brown College** (the "Organization"), which comprise the statement of financial position as at May 31, 2021, and the statements of operations, 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 **Student Association of George Brown College** as at May 31, 2021, and its results of its operations 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 the Organization 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 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.

In preparing the financial statements, management is responsible for assessing the Organization'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 Rise or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization'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 the Organization'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 the Organization'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 the Organization 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.

The logo for Grant Thornton LLP, featuring the company name in a stylized, cursive script font.

Toronto, Canada
September 22, 2021

Chartered Professional Accountants
Licensed Public Accountants

Student Association of George Brown College


Statement of Financial Position

As at May 31

	Unrestricted Fund	Building Fund	Health Care Fund	Total 2021	Total 2020
Assets					
Current					
Cash (Note 8)	\$ 2,430,403	\$ 1,477,598	\$ 3,660,977	\$ 7,568,978	\$ 10,154,654
Accounts receivable	631,665	-	998,164	1,629,829	2,861,188
Inventory	8,872	-	-	8,872	10,839
Prepays	7,203	-	-	7,203	21,572
Interfund advances (Note 9)	996,113	(117,838)	(878,275)	-	-
Short term investments (Note 3)	<u>2,524,379</u>	<u>-</u>	<u>-</u>	<u>2,524,379</u>	<u>-</u>
	6,598,635	1,359,760	3,780,866	11,739,261	13,048,253
Long term investments (Note 3)	-	3,534,130	-	3,534,130	-
Property and equipment (Note 4)	<u>10,658</u>	<u>4,938,317</u>	<u>324</u>	<u>4,949,299</u>	<u>4,984,383</u>
	<u>\$ 6,609,293</u>	<u>\$ 9,832,207</u>	<u>\$ 3,781,190</u>	<u>\$ 20,222,690</u>	<u>\$ 18,032,636</u>
Liabilities					
Accounts payable and accrued liabilities (Note 5)	\$ 167,786	\$ 91,022	\$ 2,922,544	\$ 3,181,352	\$ 1,919,373
Unearned revenue	<u>294,000</u>	<u>-</u>	<u>-</u>	<u>294,000</u>	<u>515,827</u>
	<u>461,786</u>	<u>91,022</u>	<u>2,922,544</u>	<u>3,475,352</u>	<u>2,435,200</u>
Net assets					
Unrestricted	5,170,882	-	-	5,170,882	3,861,261
Invested in property and equipment	10,658	4,938,317	324	4,949,299	4,984,383
Net assets internally restricted (Note 8)	965,967	-	-	965,967	958,231
Net assets externally restricted (Note 8)	<u>-</u>	<u>4,802,868</u>	<u>858,322</u>	<u>5,661,190</u>	<u>5,793,561</u>
	<u>6,147,507</u>	<u>9,741,185</u>	<u>858,646</u>	<u>16,747,338</u>	<u>15,597,436</u>
	<u>\$ 6,609,293</u>	<u>\$ 9,832,207</u>	<u>\$ 3,781,190</u>	<u>\$ 20,222,690</u>	<u>\$ 18,032,636</u>

Commitments (Note 7)

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	Health Care Fund	Total 2021	Total 2020
Revenue					
Student association fees	\$ 2,843,710	\$ 1,879,613	\$ 8,033,716	\$ 12,757,039	\$ 14,129,145
Government assistance (Note 11)	474,366	252,202	127,346	853,914	162,266
Interest	50,589	44,897	28,163	123,649	223,959
Leasing	89,461	-	-	89,461	271,652
Grants	62,500	-	-	62,500	32,473
Sales	34,926	-	-	34,926	110,241
	<u>3,555,552</u>	<u>2,176,712</u>	<u>8,189,225</u>	<u>13,921,489</u>	<u>14,929,736</u>
Expenses					
Health insurance premiums	-	-	7,491,188	7,491,188	8,395,296
Wages and benefits	1,062,962	588,334	342,743	1,994,039	2,106,049
Provision for holdback (Note 5)	-	-	991,000	991,000	-
Services, programs and purchases	564,160	48,410	8,601	621,171	567,825
Amortization	2,665	539,995	81	542,741	525,915
Covid-19 relief	400,000	-	-	400,000	400,000
Maintenance and repairs	-	320,869	-	320,869	349,074
Professional fees	48,806	51,890	25,322	126,018	84,285
Office and general	74,559	30,074	6,833	111,466	45,756
Marketing	59,804	1,561	539	61,904	11,850
Insurance	-	61,227	-	61,227	59,625
Interest and bank charges	10,968	8,389	3,879	23,236	15,044
Professional development and training	12,131	5,934	1,535	19,600	45,252
Conferences	4,804	1,498	826	7,128	22,003
	<u>2,240,859</u>	<u>1,658,181</u>	<u>8,872,547</u>	<u>12,771,587</u>	<u>12,627,974</u>
Excess (deficiency) of revenue over expenses	<u>\$ 1,314,693</u>	<u>\$ 518,531</u>	<u>\$ (683,322)</u>	<u>\$ 1,149,902</u>	<u>\$ 2,301,762</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	Health Care Fund	Total 2021	Total 2020
Net assets, beginning of year	\$ 4,832,814	\$ 9,222,654	\$ 1,541,968	\$ 15,597,436	\$ 13,295,674
Excess (deficiency) of revenue over expenses	<u>1,314,693</u>	<u>518,531</u>	<u>(683,322)</u>	<u>1,149,902</u>	<u>2,301,762</u>
Net assets, end of year	<u>\$ 6,147,507</u>	<u>\$ 9,741,185</u>	<u>\$ 858,646</u>	<u>\$ 16,747,338</u>	<u>\$ 15,597,436</u>

See accompanying notes to the financial statements.

Student Association of George Brown College

Statement of Cash Flows

Year ended May 31

2021

2020

Increase (decrease) in cash

Operating

Excess of revenues over expenses	\$ 1,149,902	\$ 2,301,762
Item not affecting cash		
Interest accrued	(58,509)	-
Amortization	<u>542,741</u>	<u>525,915</u>
	1,634,134	2,827,677
Change in non-cash working capital		
Accounts receivable	1,231,359	19,819
Inventory	1,967	6,094
Prepays	14,369	(21,438)
Accounts payable and accrued liabilities	1,261,979	(278,463)
Unearned revenue	<u>(221,827)</u>	<u>515,359</u>
	3,921,981	3,069,048

Investing

Purchase of property and equipment	(507,657)	(237,149)
Purchase of investments	<u>(6,000,000)</u>	<u>-</u>
	<u>(6,507,657)</u>	<u>(237,149)</u>

Net (decrease) increase in cash

(2,585,676) 2,831,899

Cash

Beginning of year	<u>10,154,654</u>	<u>7,322,755</u>
End of year	<u>\$ 7,568,978</u>	<u>\$ 10,154,654</u>

Student Association of George Brown College

Notes to Financial Statements

May 31, 2021

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.

2. Summary of significant accounting policies

Basis of presentation

The financial statements of the Association have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO). ASNPO 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.

Fund accounting

The Association's accounts are maintained in accordance with the principles of fund accounting, whereby net assets of the Association are classified for accounting and reporting purposes into funds to be used as determined by the Association.

Unrestricted fund

The unrestricted fund accounts for the assets, liabilities, revenue and expenses of the Association related to its general operations and programs.

Building fund

The building fund consists of amounts received as part of student fee to be specifically used to fund building operations.

Healthcare fund

The healthcare fund accounts for the assets, liabilities, revenue and expenses of the group health and dental plan of the Association for the students.

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.

Student Association of George Brown College

Notes to Financial Statements

May 31, 2021

2. Summary of significant accounting policies (continued)

Revenue recognition (continued)

Canada Emergency Wage Subsidy (CEWS) and Canada Emergency Commercial Rent Assistance (CECRA) are government assistance, recognized in the statement of operations when received or receivable in the year to which it relates.

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.

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%

Property and equipment are tested for impairment when events or changes in circumstances indicate that an asset might be impaired. The assets are tested for impairment by comparing their net carrying value to their fair value or replacement cost. If the asset's fair value or replacement cost is determined to be less than its net carrying value, the resulting impairment is reported in the statement of operations. Any impairment recognized is not reversed.

Student Association of George Brown College

Notes to Financial Statements

May 31, 2021

2. Summary of significant accounting policies (continued)

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
- 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.

COVID-19 related lease concessions

In November 2020, the Accounting Standards Board amended Section 3065 Leases to provide relief for both lessees and lessors in accounting for rent concessions as a result of the COVID-19 pandemic. Lessees and lessors that meet certain qualifying criteria are able to elect, on a lease-by-lease basis, to apply a practical expedient to account for waivers and deferrals.

The Association has early adopted these amendments and has elected to apply the practical expedient to all of its qualifying lease arrangements.

Where the Association has negotiated waivers of rental payments resulting in a decrease in total payments as compared to the original lease, the Association continues to account for the lease consistent with the terms of the original lease contract during the concession period and only recognizes the reduction in lease payments as a lessor – loss in the period to which the lease payments relate.

During the year, the Association negotiated lease concessions with its tenants for the majority of its rental space as a result of the impact of COVID-19. This resulted in lower total payments required than those previously required by the original lease contract. Total concessions of \$149,772 given during the year has been netted off with the leasing revenue in the statement of operations.

Student Association of George Brown College

Notes to Financial Statements

May 31, 2021

3. Investments

Investments consist of guaranteed investment certificates bearing interest between 0.9% to 1.35% and maturing between June 4, 2021 and December 14, 2022.

4. Property and equipment

			<u>2021</u>	<u>2020</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Furniture and fixtures	\$ 1,889,713	\$ 1,449,881	\$ 439,832	\$ 497,257
Computer equipment	641,424	570,121	71,303	50,470
Casa Loma Student Centre	4,084,496	1,714,863	2,369,633	2,442,922
Waterfront Student Centre	1,130,000	270,938	859,062	885,631
Leasehold improvements	<u>4,990,547</u>	<u>3,781,078</u>	<u>1,209,469</u>	<u>1,108,103</u>
	<u>\$ 12,736,180</u>	<u>\$ 7,786,881</u>	<u>\$ 4,949,299</u>	<u>\$ 4,984,383</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.

5. Accounts payable and accrued liabilities

Accounts payable and accrued liabilities includes provision for holdback of \$991,000 relating to student health plan fee arrears which remain uncollected by the College at year end. The amount to be withheld by the College from future collections is being disputed by the Association and discussions are ongoing for settling the dispute between the Association and College on this matter. Collection efforts are continuing by the College and any outstanding arrears collected will be adjusted from the holdback amount.

6. Credit facility

The Association has corporate credit cards with a maximum credit amount of \$100,000. As at May 31, 2021 the outstanding balance was \$50,275 (2020 - \$21,447).

Student Association of George Brown College

Notes to Financial Statements

May 31, 2021

7. Commitments

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

2022	\$	29,509
2023		27,064
2024		19,728
2025		19,728
2026		<u>19,728</u>
	\$	<u>115,757</u>

8. Restrictions on net assets

Internally restricted net assets

Contingency Fund

The Contingency Fund represents the accumulated portion of annual fees that have been set aside by the Board for Contingency purposes. An amount of \$965,967 (2020 - \$958,231) included in cash is restricted for purposes of the contingency fund.

Externally restricted net assets

Building Fund

The Building Fund represents the accumulated 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 amounts are as follows:

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

9. Interfund advances

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

Student Association of George Brown College

Notes to Financial Statements

May 31, 2021

10. 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, 2021, the Association has recognized an allowance for doubtful accounts of \$10,000 (2020 - \$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.

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.

11. COVID-19

The outbreak of a novel strain of coronavirus ("COVID-19") was declared a global pandemic by the World Health Organization in March 2020. COVID-19 has severely impacted many economies around the globe. In many countries, including Canada, businesses were forced to cease or limit operations for long periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. Global stock markets have also experienced great volatility and a significant weakening. Governments and central banks have responded with monetary and fiscal interventions to stabilize economic conditions.

Since March 17, 2020, the College building and Association's physical offices have remained temporarily closed, and the majority of its programs and services were moved online. The Association experienced a decline in revenue during the pandemic which is partly offset by the government assistance of \$853,914 received under CEWS and CECRA included in the statement of operations and \$444,843 included in accounts receivable in the statement of financial position. The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of the Association for future periods. At the board approval date, management continues to monitor the operations revenues and has taken action to reduce discretionary expenditures to ensure its long-term sustainability.

Student Association of George Brown College

Notes to Financial Statements

May 31, 2021

12. Comparative figures

Certain comparative amounts have been reclassified from those previously presented to conform to the presentation adopted in the current year.