



Grant Thornton

Financial Statements

Student Association of George Brown College

May 31, 2024

DRAFT

# Contents

	<b>Page</b>
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 - 12

# 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

## 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, 2024, 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, 2024, 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.

Toronto, Canada  
September XX, 2024

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 2024	Total 2023
<b>Assets</b>					
<b>Current</b>					
Cash (Note 7)	\$ 2,521,241	\$ 2,041,888	\$ 2,341,130	\$ 6,904,259	\$ 9,705,025
Accounts receivable	2,340,339	-	4,254,550	6,594,889	5,514,879
Inventory	14,324	-	-	14,324	8,485
Prepays	33,444	-	-	33,444	127,884
Interfund advances (Note 8)	119,615	146,713	(266,328)	-	-
Short term investments (Note 3)	3,083,989	5,152,247	1,432,303	9,668,539	2,533,114
	<u>8,112,952</u>	<u>7,340,848</u>	<u>7,761,653</u>	<u>23,215,455</u>	<u>17,889,387</u>
Investments (Note 3)	1,025,682	-	-	1,025,682	3,631,945
Property and equipment (Note 4)	651	5,048,604	-	5,049,255	5,024,382
	<u>\$ 9,139,285</u>	<u>\$ 12,389,452</u>	<u>\$ 7,761,655</u>	<u>\$ 29,290,392</u>	<u>\$ 26,545,714</u>
<b>Liabilities</b>					
Accounts payable and accrued liabilities	\$ 285,344	\$ 45,689	\$ 4,473,034	\$ 4,804,067	\$ 4,278,256
Deferred revenue	510,170	-	-	510,170	-
	<u>795,514</u>	<u>45,689</u>	<u>4,473,034</u>	<u>5,314,237</u>	<u>4,278,256</u>
<b>Net assets</b>					
Unrestricted	7,118,842	-	-	7,118,842	6,782,011
Invested in property and equipment	651	5,048,604	-	5,049,255	5,024,382
Net assets internally restricted (Note 7)	1,224,278	-	495,500	1,719,778	1,643,275
Net assets externally restricted (Note 7)	-	7,295,159	2,793,121	10,088,280	8,817,790
	<u>8,343,771</u>	<u>12,343,763</u>	<u>3,288,621</u>	<u>23,976,155</u>	<u>22,267,458</u>
	<u>\$ 9,139,285</u>	<u>\$ 12,389,452</u>	<u>\$ 7,761,655</u>	<u>\$ 29,290,392</u>	<u>\$ 26,545,714</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	Health Care Fund	Total 2024	Total 2023
<b>Revenue</b>					
Student association fees	\$ 3,773,921	\$ 2,930,806	\$ 12,652,803	\$ 19,357,530	\$ 16,211,551
Interest	400,640	293,244	304,026	997,910	639,529
Leasing	216,183	-	-	216,183	161,722
Sales	145,181	-	-	145,181	101,294
Grants	-	-	-	-	208,333
Other income	-	-	-	-	37,183
	<u>4,535,925</u>	<u>3,224,050</u>	<u>12,956,829</u>	<u>20,716,804</u>	<u>17,359,612</u>
<b>Expenses</b>					
Health insurance premiums	-	-	11,711,236	11,711,236	9,731,226
Wages and benefits	2,092,638	825,050	420,317	3,338,005	2,603,262
Services, programs and purchases	1,078,569	80,791	19,283	1,178,643	1,164,392
Amortization	163	681,785	-	681,948	608,947
Provision for HST receivable	188,277	300,918	-	489,195	-
Maintenance and repairs	-	381,704	-	381,704	255,358
Professional fees	155,273	101,121	74,274	330,668	208,215
Equity support and Presto voucher program	241,382	-	-	241,382	50,000
Office and general	113,003	92,132	11,969	217,104	145,654
GBC Advancement fund contribution	94,000	-	-	94,000	96,836
Marketing	59,192	2,026	30,508	91,726	74,289
Insurance	9,717	80,073	-	89,790	87,657
Payroll fees and bank charges	24,115	19,388	12,038	55,541	51,670
Conference and memberships	35,525	7,530	6,533	49,588	20,569
Professional development and training	30,900	7,589	4,037	42,526	24,709
Loss of disposal of property and equipment	-	15,051	-	15,051	-
Write off of bad debts	-	-	-	-	13,484
	<u>4,122,754</u>	<u>2,595,158</u>	<u>12,290,195</u>	<u>19,008,107</u>	<u>15,136,268</u>
<b>Excess of revenue over expenses</b>	<u>\$ 413,171</u>	<u>\$ 628,892</u>	<u>\$ 666,634</u>	<u>\$ 1,708,697</u>	<u>\$ 2,223,344</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	Internally Restricted Fund	Building Fund	Health Care Fund	<b>Total 2024</b>	Total 2023
Net assets, beginning of year	\$ 6,782,825	\$ 1,643,275	\$ 11,714,871	\$ 2,126,487	<b>\$ 22,267,458</b>	\$ 20,044,114
Excess of revenue over expenses	413,171	-	628,892	666,634	<b>1,708,697</b>	2,223,344
Transfers	<u>(76,503)</u>	<u>76,503</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net assets, end of year	<b><u>\$ 7,119,493</u></b>	<b><u>\$ 1,719,778</u></b>	<b><u>\$ 12,343,763</u></b>	<b><u>\$ 2,793,121</u></b>	<b><u>\$ 23,976,155</u></b>	<b><u>\$ 22,267,458</u></b>

See accompanying notes to the financial statements.

# Student Association of George Brown College

## Statement of Cash Flows

Year ended May 31

2024

2023

Increase (decrease) in cash

### Operating

Excess of revenue over expenses	\$ 1,708,697	\$ 2,223,344
Item not affecting cash		
Amortization	681,948	608,947
Loss on disposal of property and equipment	15,051	-
	<u>2,405,696</u>	<u>2,832,291</u>
Change in non-cash working capital		
Accounts receivable	(1,080,010)	(3,433,996)
Inventory	(5,839)	(971)
Prepays	94,440	(103,050)
Accounts payable and accrued liabilities	525,811	1,600,540
Deferred revenue	510,170	(208,333)
	<u>2,450,268</u>	<u>686,481</u>

### Investing

Purchase of property and equipment	(721,872)	(655,706)
Purchase of investments	(4,529,162)	(115,585)
	<u>(5,251,034)</u>	<u>(771,291)</u>

Decrease in cash	(2,800,766)	(84,810)
------------------	-------------	----------

### Cash

Beginning of year	9,705,025	9,789,835
End of year	<u>\$ 6,904,259</u>	<u>\$ 9,705,025</u>



---

# Student Association of George Brown College

## Notes to Financial Statements

May 31, 2024

---

### 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, 2024

---

### 2. Summary of significant accounting policies (continued)

#### 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, 2024

---

### 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
- investments
- 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.

#### Lease concessions

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 previous 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 and due to a fire incident. This resulted in lower total payments than those previously required by the original lease contract. Total concessions of \$20,157 (2023 - \$93,426) 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, 2024

### 3. Investments

Investments consist of guaranteed investment certificates (GICs) bearing interest between 4.00% to 5.87% (2023 – 0.81% to 4.00%) and maturing between June 24, 2024 and December 12, 2025 (2023 – between October 16, 2023 and June 24, 2024).

### 4. Property and equipment

			<u>2024</u>	<u>2023</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Furniture and fixtures	\$ 1,153,580	\$ 737,951	\$ 415,629	\$ 319,383
Computer equipment	549,859	212,454	337,405	102,851
Casa Loma Student Centre	4,084,496	1,921,796	2,162,700	2,229,587
Waterfront Student Centre	1,130,000	345,957	784,043	808,291
Leasehold improvements	<u>6,197,833</u>	<u>4,848,355</u>	<u>1,349,478</u>	<u>1,564,270</u>
	<u>\$ 13,356,289</u>	<u>\$ 8,291,983</u>	<u>\$ 5,049,255</u>	<u>\$ 5,024,382</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. Credit facility

The Association has corporate credit cards with a maximum credit amount of \$100,000. As at May 31, 2024 the outstanding balance was \$43,907 (2023 - \$42,103).

### 6. Commitments

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

2025	27,828
2026	19,728
2027	<u>19,728</u>
	<u>\$ 67,284</u>

---

# Student Association of George Brown College

## Notes to Financial Statements

May 31, 2024

---

### 7. 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 \$1,051,039 (2023 - \$974,536) included in cash and short-term investments is restricted for purposes of the contingency fund.

##### Special Reserve Fund

The Special reserve fund represents the amount that have been set aside by the Board for fee arrears that may arise due to uncollectible amounts from students.

##### General Operating Reserve Fund

The General operating reserve fund represents the accumulated portion of annual operation fees that have been set aside for purposes such as unplanned closures, cash flow, enrollment shortfall, new and approved initiatives, and other mitigating circumstances. It is funded through unrestricted surplus from the prior year's operating budget and its respective derived bank interest.

#### 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

---

### 8. 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, 2024

---

### 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, 2024, the Association has recognized an allowance for doubtful accounts of \$489,194 (2023 - \$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.

#### Interest rate risk

The Association's interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Association is exposed to the risk of changes in fair value of GICs resulting from interest rate fluctuations.