

**FINANCIAL STATEMENTS**  
**STUDENT ASSOCIATION OF GEORGE BROWN COLLEGE**  
**AS AT MAY 31, 2009**

**STUDENT ASSOCIATION OF GEORGE BROWN COLLEGE**

**AS AT MAY 31, 2009**

**INDEX**

Auditors' Report	1
Balance Sheet	2
Statement of Net Assets	3
Statement of Operations	4
Statement of Cash Flows	5
Notes to Financial Statements	6-8

**PARTNERS**

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**PRINCIPALS**

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## AUDITORS' REPORT

To the Directors of  
**Student Association of George Brown College**

We have audited the balance sheet of **Student Association of George Brown College** as at May 31, 2009, and the statements of operations, net assets and cash flows for the year then ended. These financial statements are the responsibility of the organization's management. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the association as at May 31, 2009, and the results of its general operations and the cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.



Chartered Accountants  
Licensed Public Accountants

Toronto, Ontario  
November 17, 2009

**STUDENT ASSOCIATION OF GEORGE BROWN COLLEGE**  
**BALANCE SHEET**  
**AS AT MAY 31, 2009**  
**(With comparative figures as at May 30, 2008)**

	Unrestricted Fund	Building Fund	TTC Fund	Health Care Fund	Fund Totals 2009	2008
<b>ASSETS</b>						
<b>CURRENT</b>						
Cash	\$ 98,628	\$ 2,030,842	\$ 129,629	\$ 668,881	\$ 2,927,980	\$ 3,494,104
Restricted cash for contingency (note 6)	271,320	-	-	-	271,320	228,856
Accounts receivable (note 2)	<u>490,012</u>	<u>229,748</u>	<u>241,187</u>	<u>1,337,281</u>	<u>2,298,228</u>	<u>1,472,949</u>
	859,960	2,260,590	370,816	2,006,162	5,497,528	5,195,909
<b>PROPERTY AND EQUIPMENT</b> (note 4)	-	3,755,263	1,073	4,098	3,760,434	3,849,332
<b>INTER-FUND ADVANCES</b> (note 7)	<u>481,619</u>	<u>43,889</u>	<u>(233,152)</u>	<u>(292,356)</u>	<u>-</u>	<u>-</u>
<b>TOTAL ASSETS</b>	<u>\$ 1,341,579</u>	<u>\$ 6,059,742</u>	<u>\$ 138,737</u>	<u>\$ 1,717,904</u>	<u>\$ 9,257,962</u>	<u>\$ 9,045,241</u>
<b>LIABILITIES</b>						
<b>CURRENT</b>						
Accounts payable and accrued liabilities	\$ 239,365	\$ -	\$ 160,562	\$ -	\$ 399,927	\$ 110,736
Current portion of long-term debt (note 5)	<u>-</u>	<u>88,802</u>	<u>-</u>	<u>-</u>	<u>88,802</u>	<u>83,727</u>
	239,365	88,802	160,562	-	488,729	194,463
<b>LONG-TERM DEBT</b> (note 5)	<u>-</u>	<u>3,638,497</u>	<u>-</u>	<u>-</u>	<u>3,638,497</u>	<u>3,727,299</u>
<b>TOTAL LIABILITIES</b>	239,365	3,727,299	160,562	-	4,127,226	3,921,762
<b>NET ASSETS</b>						
Per statement attached	<u>1,102,214</u>	<u>2,332,443</u>	<u>(21,825)</u>	<u>1,717,904</u>	<u>5,130,736</u>	<u>5,123,479</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 1,341,579</u>	<u>\$ 6,059,742</u>	<u>\$ 138,737</u>	<u>\$ 1,717,904</u>	<u>\$ 9,257,962</u>	<u>\$ 9,045,241</u>

APPROVED ON BEHALF OF THE BOARD:

 President

 Treasurer

See accompanying notes  
To be read in conjunction with our Auditors' Report dated November 17, 2009



**STUDENT ASSOCIATION OF GEORGE BROWN COLLEGE**

**STATEMENT OF NET ASSETS**

**FOR THE YEAR ENDED MAY 31, 2009  
(With comparative figures for the year ended May 30, 2008)**

	Unrestricted Fund	Building Fund	TTC Fund	Health Care Fund	Fund Totals	
					<u>2009</u>	<u>2008</u>
Opening net assets	\$ 1,101,398	\$ 2,158,881	\$ 267	\$ 1,862,933	\$ 5,123,479	\$ 4,743,693
Surplus (deficit)	(41,061)	215,439	(22,092)	(145,029)	7,257	379,786
Inter-fund transfer	<u>41,877</u>	<u>(41,877)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Closing net assets	<u>\$ 1,102,214</u>	<u>\$ 2,332,443</u>	<u>\$ (21,825)</u>	<u>\$ 1,717,904</u>	<u>\$ 5,130,736</u>	<u>\$ 5,123,479</u>
Consists of:						
Opening investment in property & equipment	\$ -	\$ 31,843	\$ 1,341	\$ 5,122	\$ 38,306	\$ 71,043
Acquisition of equipment	-	113,849	-	-	113,849	83,290
Amortization	-	(201,455)	(268)	(1,024)	(202,747)	(194,968)
Mortgage repayments	<u>-</u>	<u>83,727</u>	<u>-</u>	<u>-</u>	<u>83,727</u>	<u>78,941</u>
Net invested in property and equipment	-	27,964	1,073	4,098	33,135	38,306
Restricted fund	-	-	-	1,713,806	1,713,806	1,857,809
Unrestricted fund	<u>1,102,214</u>	<u>2,304,479</u>	<u>(22,898)</u>	<u>-</u>	<u>3,383,795</u>	<u>3,227,364</u>
Total net assets	<u>\$ 1,102,214</u>	<u>\$ 2,332,443</u>	<u>\$ (21,825)</u>	<u>\$ 1,717,904</u>	<u>\$ 5,130,736</u>	<u>\$ 5,123,479</u>

See accompanying notes

To be read in conjunction with our Auditors' Report dated November 17, 2009

# STUDENT ASSOCIATION OF GEORGE BROWN COLLEGE

## STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MAY 31, 2009

(With comparative figures for the year ended May 30, 2008)

	Unrestricted Fund	Building Fund	TTC Fund	Health Care Fund	Fund Totals	
					2009	2008
<b>REVENUES</b>						
Student association fees	\$ 1,807,686	\$ 920,144	\$ -	\$ 3,054,262	\$ 5,782,092	\$ 5,367,607
Sales and advertising	151,188	-	3,731,808	-	3,882,996	3,924,008
Leasing	194,856	-	-	-	194,856	199,724
Grants	73,000	-	140,000	-	213,000	213,000
Interest	9,978	41,877	1,041	22,788	75,684	153,379
	<u>2,236,708</u>	<u>962,021</u>	<u>3,872,849</u>	<u>3,077,050</u>	<u>10,148,628</u>	<u>9,857,718</u>
<b>EXPENSES</b>						
Services, programs and purchases	394,434	-	3,785,928	-	4,180,362	4,100,231
Health insurance premiums	-	-	-	3,065,020	3,065,020	2,811,434
Wages and benefits	1,514,472	215,348	76,967	147,553	1,954,340	1,696,227
Interest and bank charges	25,175	222,663	11,208	197	259,243	254,404
Social events	184,110	-	-	-	184,110	162,446
Maintenance and repairs	23,039	59,743	19,517	-	102,299	132,250
Office and general	89,672	102	114	131	90,019	42,349
Marketing	8,630	18,700	939	8,154	36,423	45,277
Professional fees	6,935	28,571	-	-	35,506	16,058
Conferences	31,302	-	-	-	31,302	22,288
Amortization	-	201,455	268	1,024	202,747	194,968
	<u>2,277,769</u>	<u>746,582</u>	<u>3,894,941</u>	<u>3,222,079</u>	<u>10,141,371</u>	<u>9,477,932</u>
<b>SURPLUS (DEFICIT)</b>	<u>\$ (41,061)</u>	<u>\$ 215,439</u>	<u>\$ (22,092)</u>	<u>\$ (145,029)</u>	<u>\$ 7,257</u>	<u>\$ 379,786</u>

See accompanying notes

To be read in conjunction with our Auditors' Report dated November 17, 2009

**STUDENT ASSOCIATION OF GEORGE BROWN COLLEGE**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED MAY 31, 2009**  
**(With comparative figures for the year ended at May 30, 2008)**

	<u>2009</u>	<u>2008</u>
<b>CASH FLOWS FROM (USED IN):</b>		
<b>OPERATIONS</b>		
Student association fees	\$ 5,096,813	\$ 5,197,961
Sales and rents	4,077,852	4,123,735
Grants	73,000	263,000
Interest received	75,684	153,379
Purchases and payments	(9,390,191)	(9,023,139)
Interest and bank charges paid	(259,243)	(254,404)
	<u>(326,085)</u>	<u>460,532</u>
<b>FINANCING ACTIVITIES</b>		
Mortgage principal	<u>(83,727)</u>	<u>(78,941)</u>
<b>INVESTING ACTIVITIES</b>		
Acquisition of property and equipment	<u>(113,849)</u>	<u>(83,290)</u>
<b>CHANGE IN CASH</b>	(523,661)	298,301
Cash at beginning of the year	<u>3,722,961</u>	<u>3,424,660</u>
<b>CASH AT END OF THE YEAR</b>	<u>\$ 3,199,300</u>	<u>\$ 3,722,961</u>
Cash represented by:		
Cash	2,927,980	3,494,104
Restricted cash for contingency	<u>271,320</u>	<u>228,856</u>
	<u>\$ 3,199,300</u>	<u>\$ 3,722,960</u>

See accompanying notes  
To be read in conjunction with our Auditors' Report dated November 17, 2009

Page 5

**STUDENT ASSOCIATION OF GEORGE BROWN COLLEGE**  
**NOTES TO FINANCIAL STATEMENTS**  
**AS AT MAY 31, 2009**

**1. NATURE OF OPERATIONS AND ECONOMIC DEPENDENCE**

The Student Association of George Brown College (SAGBC) is a not-for-profit corporation without share capital and exempt from income taxes. The purpose of SAGBC is to provide services to the students of The George Brown College of Applied Arts and Technology (the college). SAGBC is dependent upon the college because the college collects SAGBC's fees from the students together with tuition receipts, and remits them to SAGBC. The college has also guaranteed the association's debt, and a contingent liability, as indicated in note 5.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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 SAGBC and the college requires a referendum of the student body for significant changes to or the introduction of additional fees.

Student fees are recognized at the beginning of each school term, as determined and remitted by the college. Sales revenues are recognized when the related goods or services are provided. Rental income is recognized at the beginning of each month on a straight line basis over the term of the lease. Grants are recognized when received or receivable, provided that collection is reasonably assured and the amount determined. Interest income is accrued as it is earned.

Property and Equipment

The property and equipment are recorded at cost. The amount shown as Casa Loma Student Centre represents the association's agreed share of construction costs related to the portion of the building which it occupies under a 49-year lease with an option to renew. Amortization is provided for on a declining balance basis using the following rates:

Equipment under capital lease	20%
Furniture and fixtures	20%
Computer Equipment	30%
Casa Loma Student Centre	3%
Leasehold improvements	Straight line over life of lease

Use of Estimates

The preparation of financial statements requires SAGBC to make estimates and assumptions that affect the amounts reported in the financial statements and the notes. These estimates primarily relate to the useful life of the property and equipment, which affects the net book value and the amortization expense. Actual results may differ from those estimates.



**STUDENT ASSOCIATION OF GEORGE BROWN COLLEGE**  
**NOTES TO FINANCIAL STATEMENTS**  
**AS AT MAY 31, 2009**

**2. SIGNIFICANT ACCOUNTING POLICIES - Continued**

Financial Instruments

Fair value - the fair value of the association's cash, accounts receivable, and accounts payable approximate their carrying value due to their liquid, short-term nature. The long term debt is classified as held to maturity and is therefore shown at its amortized cost using the terms and rates agreed to with the bank when the debt was acquired.

Interest rate risk - the association's cash is kept on deposit with a Canadian chartered bank, which pays interest at prime less 1.9%. Therefore, the association is subject to interest rate fluctuations as determined by the bank. The rate of interest charged on SAGBC's corporate credit cards is also subject to change in the event that balances are carried.

Credit risk - virtually all of the association's receivables are due from George Brown College.

**3. PRIOR-YEAR CORRECTION**

The comparative figures have been restated to report a \$50,000 loan received from the college which was incorrectly accounted for as grant income last year. The prior year revenue, net assets and accounts payable have been adjusted.

**4. PROPERTY AND EQUIPMENT**

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>2009 Net Book Value</u>	<u>2008</u>
Furniture and equipment	\$ 711,267	\$ 516,042	\$ 195,225	\$ 214,952
Leasehold improvements	161,474	133,051	28,423	47,315
Computers	314,852	196,218	118,634	62,516
Equipment under capital lease	51,591	48,671	2,920	3,691
Casa Loma Student Centre	<u>4,084,496</u>	<u>669,264</u>	<u>3,415,232</u>	<u>3,520,858</u>
	<u>\$ 5,323,680</u>	<u>\$ 1,563,246</u>	<u>\$ 3,760,434</u>	<u>\$ 3,849,332</u>

**5. LONG-TERM DEBT**

	<u>2009</u>	<u>2008</u>
Scotiabank mortgage maturing December 30, 2010, bearing interest at 5.9%. Repayable with a blended monthly payment totalling \$25,528. Secured by George Brown College of Applied Arts and Technology.	\$ 3,727,299	\$ 3,811,026
Current portion	<u>88,802</u>	<u>83,727</u>
Long-term portion	<u>\$ 3,638,497</u>	<u>\$ 3,727,299</u>

The association has available \$50,000 on corporate credit cards secured by George Brown College of Applied Arts and Technology. The association also has a \$400,000 standby letter of credit with Scotiabank as security for the TTC metro pass program, also guaranteed by George Brown College of Applied Arts and Technology. Pursuant to the credit agreement with the bank, the association is subject to the banking covenants described in note 8.

**STUDENT ASSOCIATION OF GEORGE BROWN COLLEGE**  
**NOTES TO FINANCIAL STATEMENTS**  
**AS AT MAY 31, 2009**

**6. RESTRICTIONS ON NET ASSETS**

**Internally restricted net assets:**

Contingency fund

A portion of the annual fees are restricted for the purpose of financing general contingencies. This is disclosed in the financial statements as a restricted cash balance.

Building fund

A portion of the annual fees are restricted for the purpose of financing building and maintenance of the student centres at the College campuses.

TTC fund

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

**Externally restricted net assets:**

Health fund

A portion of the annual fees are restricted for the purpose of providing students with affordable medical coverage while they attend George Brown 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 to conduct research, surveys, and outreach services to members.

**7. INTER-FUND ADVANCES**

Advances between the funds are neither interest bearing, nor do they bear any specific terms of repayment.

**8. MANAGEMENT OF CAPITAL**

The primary objective in managing SAGBC's capital is to maintain operational liquidity while complying with the debt covenant agreed to under the credit facilities with the bank. Maintaining liquidity involves controlling disbursements such that sufficient cash is on hand to sustain operations between the receipt of ancillary fees from the college and to mitigate the liquidity risk inherent in the uncertain timing of these receipts.

	<u>2009</u>	<u>2008</u>
<u>Earnings ratio</u>		
Surplus	\$ 7,257	\$ 379,786
Amortization	202,747	194,968
Interest	<u>259,243</u>	<u>254,404</u>
EBITDA	<u>469,247</u>	<u>829,158</u>
Interest expense	259,243	254,404
Current-portion of loans	<u>88,802</u>	<u>83,727</u>
Total debt coverage	<u>\$ 348,045</u>	<u>\$ 338,131</u>
Ratio to be 1:1 or better	<u>1.35:1.00</u>	<u>2.45:1.00</u>