



Grant Thornton

Financial Statements

Student Association of George Brown College

May 31, 2016

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Independent Auditor's Report

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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, 2016, 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, 2016, 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.

Grant Thornton LLP

Toronto, Canada
November 14, 2016

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 2016	Total 2015 (Note 2)
Assets						
Current						
Cash	\$ 1,002,713	\$ 445,524	\$ 49,635	\$ 375,909	\$ 1,873,781	\$ 3,422,123
Cash - Contingency Fund (Note 7)	610,520	-	-	-	610,520	577,779
Accounts receivable	168,463	-	123,021	1,313,735	1,605,219	2,563,610
Inventory	21,277	-	-	-	21,277	10,203
Prepays	-	-	-	-	-	52,050
Government receivables	3,926	-	-	-	3,926	-
Interfund advances (Note 8)	<u>(114,844)</u>	<u>478,043</u>	<u>(409,388)</u>	<u>46,189</u>	<u>-</u>	<u>-</u>
	1,692,055	923,567	(236,732)	1,735,833	4,114,723	6,625,765
Property and equipment (Note 4)	<u>24,082</u>	<u>6,565,262</u>	<u>225</u>	<u>990</u>	<u>6,590,559</u>	<u>5,458,756</u>
	<u>\$ 1,716,137</u>	<u>\$ 7,488,829</u>	<u>\$ (236,507)</u>	<u>\$ 1,736,823</u>	<u>\$ 10,705,282</u>	<u>\$ 12,084,521</u>
Liabilities						
Accounts payable and accrued liabilities	\$ 174,862	\$ 904,537	\$ -	\$ 65,227	\$ 1,144,626	\$ 472,436
Government remittances	-	611	-	-	611	5,748
Current portion of long-term debt (Note 5)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,982,091</u>
	174,862	905,148	-	65,227	1,145,237	3,460,275
Net assets						
Unrestricted	906,673	-	(236,732)	-	669,941	1,524,758
Invested in property and equipment	24,082	6,565,262	225	990	6,590,559	2,476,665
Net assets internally restricted (Note 2)	610,520	-	-	-	610,520	577,779
Net assets externally restricted	<u>-</u>	<u>18,419</u>	<u>-</u>	<u>1,670,606</u>	<u>1,689,025</u>	<u>4,045,044</u>
	<u>1,541,275</u>	<u>6,583,681</u>	<u>(236,507)</u>	<u>1,671,596</u>	<u>9,560,045</u>	<u>8,624,246</u>
	<u>\$ 1,716,137</u>	<u>\$ 7,488,829</u>	<u>\$ (236,507)</u>	<u>\$ 1,736,823</u>	<u>\$ 10,705,282</u>	<u>\$ 12,084,521</u>

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 2016	Total 2015 (Note 2)
Revenues						
Student association fees	\$ 3,065,252	\$ 1,654,660	\$ -	\$ 6,389,963	\$ 11,109,875	\$ 10,255,040
Sales	263,121	-	2,581,816	-	2,844,937	2,856,498
Grants	279,697	-	99,761	-	379,458	232,784
Leasing	190,170	-	-	-	190,170	197,769
Interest	18,667	19,209	1,363	15,441	54,680	64,809
	<u>3,816,907</u>	<u>1,673,869</u>	<u>2,682,940</u>	<u>6,405,404</u>	<u>14,579,120</u>	<u>13,606,900</u>
Expenses						
Health insurance premiums	-	-	-	6,062,248	6,062,248	5,349,568
Services, programs and purchases	649,036	-	2,583,094	-	3,232,130	3,217,623
Wages and benefits	2,036,614	178,346	68,460	107,600	2,391,020	2,137,031
Amortization	6,020	825,386	56	248	831,710	528,372
Social events	477,024	-	-	-	477,024	401,619
Maintenance and repairs	269	215,391	-	-	215,660	146,896
Interest and bank charges	15,130	92,067	30,405	122	137,724	254,673
Professional Fees	122,089	-	-	-	122,089	17,235
Office and general	38,801	35,695	7,541	137	82,174	34,633
Insurance	41,572	-	-	-	41,572	40,459
Conferences	32,230	-	-	-	32,230	25,205
Marketing	7,817	-	3,364	6,559	17,740	17,479
	<u>3,426,602</u>	<u>1,346,885</u>	<u>2,692,920</u>	<u>6,176,914</u>	<u>13,643,321</u>	<u>12,170,793</u>
Excess of revenues over expenses	\$ <u>390,305</u>	\$ <u>326,984</u>	\$ <u>(9,980)</u>	\$ <u>228,490</u>	\$ <u>935,799</u>	\$ <u>1,436,107</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 2016	Total 2015 (Note 2)
Net assets, beginning of year as previously presented	\$ 2,278,819	\$ 4,846,458	\$ (228,470)	\$ 1,644,868	\$ 8,541,675	\$ 7,105,568
Prior period error (Note 2)	<u>82,571</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>82,571</u>	<u>82,571</u>
Net assets, beginning of year as restated	\$ 2,361,390	4,846,458	(228,470)	1,644,868	8,624,246	7,188,139
Excess of revenues over expenses	390,305	326,984	(9,980)	228,490	935,799	1,436,107
Transfers between funds	<u>(1,210,420)</u>	<u>1,410,239</u>	<u>1,943</u>	<u>(201,762)</u>	<u>-</u>	<u>-</u>
Net assets, end of year	\$ <u>1,541,275</u>	\$ <u>6,583,681</u>	\$ <u>(236,507)</u>	\$ <u>1,671,596</u>	\$ <u>9,560,045</u>	\$ <u>8,624,246</u>

See accompanying notes to the financial statements.

Student Association of George Brown College

Statement of Cash Flows

Year ended May 31

2016

2015
(Note 2)

Increase (decrease) in cash

Operating

Excess of revenues over expenses	\$ 935,799	\$ 1,436,107
Item not affecting cash		
Amortization	<u>831,710</u>	<u>528,372</u>
	1,767,509	1,964,479
Change in non-cash working capital		
Accounts receivable	958,391	(882,669)
Inventory	(11,074)	(1,768)
Prepays	52,050	(51,034)
Government receivables	(3,926)	-
Accounts payable and accrued liabilities	672,190	(22,268)
Government remittances	<u>(5,137)</u>	<u>2,022</u>
	<u>3,430,003</u>	<u>1,008,762</u>

Investing

Purchase of property and equipment	<u>(1,963,513)</u>	<u>(89,791)</u>
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Financing

Repayment of long-term debt	<u>(2,982,091)</u>	<u>(272,017)</u>
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Net change in cash	(1,515,601)	646,954
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Cash

Beginning of year	<u>3,999,902</u>	<u>3,352,948</u>
End of year	\$ <u>2,484,301</u>	\$ <u>3,999,902</u>

Cash comprises:

Cash	\$ 1,873,781	\$ 3,422,123
Cash – Contingency Fund	<u>610,520</u>	<u>577,779</u>
	\$ <u>2,484,301</u>	\$ <u>3,999,902</u>

Student Association of George Brown College

Notes to Financial Statements

May 31, 2016

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 5.

2. Prior period error

Contingency Funds represent the unspent portion of annual fees. Prior to the current year, these amounts were considered externally restricted and therefore, in accordance with the Association's accounting policy, were deferred and not recognized as income. While this accounting policy was followed in 2015, this policy was not followed in years prior to 2015.

In the current year, it was determined that the designation of these amounts as external restrictions was incorrect and therefore, should have been recognized as income in 2015 when received. Accordingly, the prior year accounts payable and accrued liabilities were overstated and student fees, the excess or revenue over expenses and unrestricted net assets were understated by the amount that had been deferred. The current year financial statements, including the 2015 comparative balances, have been restated to reflect the proper accounting. The impact of which is described below.

<u>May 31, 2015</u>	<u>Previously Reported</u>	<u>Adjustments</u>	<u>Restated</u>
Statement of Financial Position			
Accounts payable and accrued liabilities	\$ 555,007	\$ (82,571)	\$ 472,436
Net Assets			
Unrestricted	1,442,187	82,571	1,524,758
Statement of Operations			
Student association fees	\$ 10,172,469	\$ 82,571	\$ 10,255,050
Excess of revenues over expenses	1,353,356	82,571	1,436,107
Statement of Changes in Net Assets			
Excess of revenues over expenses	\$ 1,353,356	\$ 82,571	\$ 1,436,107
Net assets, end of year	8,541,675	82,571	8,624,246
Statement of Cash Flows			
Excess of revenues over expenses	\$ 1,353,536	\$ 82,571	\$ 1,436,107
Change in non-cash working capital			
Accounts payable and accrued liabilities	60,303	(82,571)	(22,268)

Student Association of George Brown College

Notes to Financial Statements

May 31, 2016

3. 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 group health and dental insurance plan (Health Care Fund), and the Building Fund fees, 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 for specific purposes by the Board of Directors 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.

Student Association of George Brown College

Notes to Financial Statements

May 31, 2016

3. Summary of significant accounting policies (continued)

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 primarily relate to 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
- restricted cash for contingency
- accounts receivable
- accounts payable
- Government remittances
- long-term debt

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, 2016

4. Property and equipment

	Cost	Accumulated Amortization	2016 Net Book Value	2015 Net Book Value
Furniture and fixtures	\$ 1,191,839	\$ 911,022	\$ 280,817	\$ 180,302
Computer equipment	469,757	419,456	50,301	71,859
Casa Loma Student Centre	4,084,496	1,325,047	2,759,449	2,844,793
Waterfront Student Centre	1,130,000	129,619	1,000,381	1,031,321
Leasehold improvements	<u>4,462,309</u>	<u>1,962,698</u>	<u>2,499,611</u>	<u>1,330,481</u>
	<u>\$ 11,338,401</u>	<u>\$ 4,747,842</u>	<u>\$ 6,590,559</u>	<u>\$ 5,458,756</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 which expires on December 31, 2050 with an option to renew.

5. Long-term debt

	2016	2015
Scotiabank mortgage bearing interest at 5.3%, repayable in blended monthly payments of approximately \$33,000, maturing December 31, 2015 and guaranteed by the College	\$ <u> -</u>	\$ <u>2,982,091</u>

The Association retired the mortgage in the year. However, the Association has \$45,000 available on corporate credit cards, and a \$600,000 standby letter of credit 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 five years as follows:

2017	\$ 15,188
2018	15,188
2019	15,188
2020	<u>3,797</u>
	<u>\$ 49,361</u>

Student Association of George Brown College

Notes to Financial Statements

May 31, 2016

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.

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, 2016, the Association has recognized an allowance for doubtful accounts of \$ Nil (2015 - \$Nil). In the opinion of management, the credit risk exposure to the Association is low.

Student Association of George Brown College

Notes to Financial Statements

May 31, 2016

9. Financial instruments (continued)

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.