

TRENT CENTRAL STUDENT ASSOCIATION

FINANCIAL STATEMENTS

AUGUST 31, 2023

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INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT

To the Directors of Trent Central Student Association

We have reviewed the accompanying financial statements of the Trent Central Student Association that comprise the statement of financial position as at August 31, 2023, and the statements of operations and changes in fund balances 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.

Practitioner's Responsibility

Our responsibility is to express a conclusion on the accompanying financial statements based on our review. We conducted our review in accordance with Canadian generally accepted standards for review engagements, which require us to comply with relevant ethical requirements.

A review of financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, we do not express an audit opinion on these financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the financial statements do not present fairly, in all material respects, the financial position of the Trent Central Student Association as at August 31, 2023, 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.

Baker Tilly KDN LLP

Chartered Professional Accountants
Licensed Public Accountants

Peterborough, Ontario
February 14, 2024

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TRENT CENTRAL STUDENT ASSOCIATION

STATEMENT OF FINANCIAL POSITION As at August 31, 2023,

	General Fund 2023 \$	Student Centre 2023 \$	Health & Dental Fund 2023 \$	Transit Fund 2023 \$	Total 2023 \$	Total 2022 \$
ASSETS						
Current assets						
Cash	788,034	1,490,093	2,399,400	1,342,433	6,019,960	4,709,292
Cash - contingency fund (note 3)	155,269	-	-	-	155,269	122,055
Accounts receivable	25,790	-	-	-	25,790	43,369
Interfund advances (note 4)	(411,471)	(79,131)	188,925	301,677	-	-
Total current assets	557,622	1,410,962	2,588,325	1,644,110	6,201,019	4,874,716
Tangible capital assets (note 5)	1,395	8,925,000	-	-	8,926,395	9,189,493
Fair value of interest rate swap (note 6)	-	1,558,417	-	-	1,558,417	1,281,258
Total assets	559,017	11,894,379	2,588,325	1,644,110	16,685,831	15,345,467

The accompanying notes are an integral part of these financial statements

TRENT CENTRAL STUDENT ASSOCIATION

STATEMENT OF FINANCIAL POSITION, continued As at August 31, 2023,

	General Fund 2023 \$	Student Centre 2023 \$	Health & Dental Fund 2023 \$	Transit Fund 2023 \$	Total 2023 \$	Total 2022 \$
LIABILITIES AND FUND BALANCES						
Current liabilities						
Accounts payable and accrued liabilities (note 7)	319,751	-	-	-	319,751	49,302
Due to Trent University	148,929	-	-	-	148,929	159,506
Current portion of long-term debt (note 8)	-	242,246	-	-	242,246	235,506
Total current liabilities	468,680	242,246	-	-	710,926	444,314
Long-term debt (note 8)	-	7,993,793	-	-	7,993,793	8,236,038
Total liabilities	468,680	8,236,039	-	-	8,704,719	8,680,352
Fund balances						
Unrestricted	(64,932)	-	-	-	(64,932)	182,617
Net assets externally restricted	-	3,658,340	2,588,325	1,644,110	7,890,775	6,360,443
Net assets internally restricted (note 3)	155,269	-	-	-	155,269	122,055
Total fund balances	90,337	3,658,340	2,588,325	1,644,110	7,981,112	6,665,115
Total liabilities and fund balances	559,017	11,894,379	2,588,325	1,644,110	16,685,831	15,345,467

Approved on behalf of the Board:

_____, Director

_____, Director

The accompanying notes are an integral part of these financial statements

TRENT CENTRAL STUDENT ASSOCIATION

STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCES For the Year Ended August 31, 2023

	General Fund 2023 \$	Student Centre 2023 \$	Health & Dental Fund 2023 \$	Transit Fund 2023 \$	Total 2023 \$	Total 2022 \$
Revenue						
Health and dental plan levy	-	-	4,759,137	-	4,759,137	3,790,279
Transit levy	-	-	-	2,910,993	2,910,993	2,718,992
Student centre levy	-	964,341	-	-	964,341	908,574
Operations levy	377,379	-	-	-	377,379	436,896
Operations	327,261	41,148	-	-	368,409	119,112
Clubs and groups levy	99,236	-	-	-	99,236	94,213
Total revenue	803,876	1,005,489	4,759,137	2,910,993	9,479,495	8,068,066

The accompanying notes are an integral part of these financial statements

TRENT CENTRAL STUDENT ASSOCIATION

STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCES, continued For the Year Ended August 31, 2023

	General Fund 2023 \$	Student Centre 2023 \$	Health & Dental Fund 2023 \$	Transit Fund 2023 \$	Total 2023 \$	Total 2022 \$
Expenses						
Health plan premiums	-	-	4,043,194	-	4,043,194	3,390,187
Transportation	-	-	-	2,651,322	2,651,322	1,851,260
Wages, benefits and honoraria	508,971	-	-	-	508,971	414,577
Operations	93,468	213,978	-	-	307,446	271,874
Amortization	598	262,500	-	-	263,098	263,354
Interest on long-term debt	-	251,452	-	-	251,452	259,447
Events and services	148,538	-	-	-	148,538	83,971
Community outreach	101,847	-	-	-	101,847	16,202
Clubs and groups	69,645	-	-	-	69,645	109,192
Campaign	62,096	-	-	-	62,096	72,309
Professional fees	14,848	-	-	-	14,848	16,837
Board	11,854	-	-	-	11,854	13,455
Bank charges	6,346	-	-	-	6,346	6,139
Total expenses	1,018,211	727,930	4,043,194	2,651,322	8,440,657	6,768,804
Excess (deficiency) of revenue over expenses for the year	(214,335)	277,559	715,943	259,671	1,038,838	1,299,262
Unrealized gain (loss) on fair value of interest rate swap (note 6)	-	277,159	-	-	277,159	1,511,325
Excess (deficiency) of revenue over expenses for the year	(214,335)	554,718	715,943	259,671	1,315,997	2,810,587
Fund balances - beginning of year	304,672	3,103,622	1,872,382	1,384,439	6,665,115	3,854,528
Fund balances - end of year	90,337	3,658,340	2,588,325	1,644,110	7,981,112	6,665,115

The accompanying notes are an integral part of these financial statements

TRENT CENTRAL STUDENT ASSOCIATION

STATEMENT OF CASH FLOWS

For the Year Ended August 31, 2023

	2023	2022
	\$	\$
CASH PROVIDED FROM (USED FOR):		
Operating activities		
Excess (deficiency) of revenue over expenses for the year	1,315,997	2,810,587
Non-cash charges to operations		
Amortization	263,098	263,354
Fair value of interest rate swap contract	(277,159)	(1,511,325)
	<u>1,301,936</u>	<u>1,562,616</u>
Changes in non-cash working capital items:		
(Increase)/decrease in accounts receivable	17,579	(15,012)
Increase/(decrease) in accounts payable and accrued liabilities	270,449	(505,357)
Increase/(decrease) in due to Trent University	(10,577)	67,240
	<u>277,451</u>	<u>(453,129)</u>
Net increase in cash from operating activities	<u>1,579,387</u>	<u>1,109,487</u>
Financing activities		
Repayment of long-term debt	(235,505)	(228,953)
Change in cash	1,343,882	880,534
Cash - beginning of year	4,831,347	3,950,813
Cash - end of year	<u>6,175,229</u>	<u>4,831,347</u>
Comprised of:		
Cash	6,019,960	4,709,292
Contingency Fund	155,269	122,055
	<u>6,175,229</u>	<u>4,831,347</u>

The accompanying notes are an integral part of these financial statements

TRENT CENTRAL STUDENT ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS For the Year Ended August 31, 2023

1. NATURE OF OPERATIONS

The Trent Central Student Association (the "Association") is a non-profit organization incorporated without share capital under the laws of Ontario. The purpose of Trent Central Student Association is to provide services to the students of Trent University (the "University") and represent the interest of its members to all levels of government and university administration. The Trent Central Student Association is committed to bringing about necessary educational, administrative, and legislative changes in areas affecting students.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Association are the representation of management prepared in accordance with accounting policies set out below to comply with Canadian Accounting Standards for Not-for-Profit Organizations.

(a) Fund accounting

The Association reports on a restricted fund accounting basis. The four funds maintained are the General Fund, Student Centre Fund, Health & Dental Fund, and the Transit Fund.

The funds are described as follows:

- (i) The General Fund accounts for the Association's operating and administrative activities. This fund reports unrestricted resources as well as the contingency fund as described in note 3.
- (ii) The Student Centre Fund reports the assets, liabilities, revenues, and expenses related to the Trent Central Student Association's Student Centre.
- (iii) The Health & Dental Fund reports only restricted resources that are to be used for Health & Dental purposes.
- (iv) The Transit Fund reports only restricted resources that are to be used for Transit purposes.

(b) Tangible capital assets

Tangible capital assets are stated at cost less accumulated amortization. Amortization is based on the estimated useful life of the asset and is calculated as follows:

	<u>Method</u>	<u>Rate</u>
Building	Straight-line	40 years
Equipment	Declining balance	30%

Tangible capital assets are reviewed for impairment whenever events or conditions indicate that the assets no longer contribute to the Association's ability to provide services or that the service potential of the assets are less than their net carrying amount. When conditions indicate that a tangible capital asset is impaired, the net carrying amount of the asset is written down to the asset's fair value or replacement cost.

TRENT CENTRAL STUDENT ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS For the Year Ended August 31, 2023

2. SIGNIFICANT ACCOUNTING POLICIES, continued

(c) *Recognition of revenue and expenditures*

Health & dental, transit, and student centre levies are recognized as revenue of the appropriate restricted fund when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Restricted contributions for clubs and group levies are recognized as revenue of the General Fund in the year in which the related expenses are incurred.

Unrestricted contributions, including the operations levy, unrestricted contributions for clubs and group levies and other non-restricted operating revenue, are recognized as revenue of the General Fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

(d) *Income taxes*

The Association is a qualifying non-profit corporation under section 149 of the Income Tax Act and is therefore not subject to corporate income taxes.

(e) *Use of estimates*

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year.

(f) *Financial instruments*

The Association initially measures its financial assets and financial liabilities at fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of transaction costs directly attributable to the instrument.

The Association subsequently measures its financial assets and financial liabilities at amortized cost except for interest rate swap contracts, which are measured at fair value. Changes in fair value are recognized in the statement of operations.

Financial assets and financial liabilities measured at amortized cost include cash, accounts receivable, accounts payable and accrued liabilities, due to Trent University, and long term debt.

Financial assets measured at amortized cost are tested for impairment when there are indicators of possible impairment. When a significant adverse change has occurred during the period in the expected timing or amount of future cash flows from the financial asset or group of assets, a write-down is recognized in the statement of operations.

(g) *Contributed services*

Volunteers contribute many hours per year to assist the Association in carrying out its activities. Due to the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

3. CONTINGENCY FUND

Each year the Association's Standing Committee on Finance and Operations budget a portion of the total year's revenue to be allocated to the Contingency Fund. Withdrawal of funds from the Contingency Fund may only be approved by a two-thirds majority vote of the Association's Board of Directors.

TRENT CENTRAL STUDENT ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS For the Year Ended August 31, 2023

4. INTERFUND ADVANCES

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

5. TANGIBLE CAPITAL ASSETS

Tangible capital assets consist of the following:

	Cost \$	Accumulated amortization \$	2023 \$	2022 \$
Building	10,500,000	(1,575,000)	8,925,000	9,187,500
Equipment	23,749	(22,353)	1,395	1,993
	10,523,749	(1,597,353)	8,926,395	9,189,493

The amount shown as the building represents the Association's agreed share of construction costs related to the Trent Student Centre which it occupies under an operating agreement with the University which expires on September 30, 2047, with an option to renew.

6. INTEREST RATE SWAP

The Association has entered into an interest rate swap contract with notional principal equal to the outstanding balance of the loan described in note 8 whereby it has agreed to pay at fixed interest rates and receive at variable interest rates based on the Bankers' Acceptance rates for one month. The swap contract matures in 2047 and has a fixed interest rate of 2.165% plus a stamping fee of 0.66%. The fair value of the swap as at August 31, 2023, is \$1,558,417 (2022 - \$1,281,258).

7. GOVERNMENT REMITTANCES

Included in accounts payable and accrued liabilities are government remittances payable of \$8,197 (2022 - \$6,560).

TRENT CENTRAL STUDENT ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS For the Year Ended August 31, 2023

8. LONG-TERM DEBT

Long-term debt consists of:

	2023	2022
	\$	\$
Loan, interest calculated at a rate of 2.825% based on the interest rate swap as described in note 6, maturing on September 2047, secured by small business banking security agreement and guaranteed by Trent University	8,236,039	8,471,544
Less current portion	(242,246)	(235,506)
Due beyond one year	7,993,793	8,236,038

The principal and interest payments due in each of the next five years are as follows:

	Principal	Interest	Total
	\$	\$	\$
2024	242,246	280,871	523,117
2025	249,178	273,938	523,116
2026	256,309	266,807	523,116
2027	263,644	259,472	523,116
2028	271,190	251,926	523,116

TRENT CENTRAL STUDENT ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS For the Year Ended August 31, 2023

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.

(a) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Association is exposed to interest rate risk on its financial instruments. Fixed interest instruments subject the Association to a fair value risk. The Association has mitigated interest rate risk on its financial instruments by entering into an interest rate swap as described in note 6.

(b) 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 financial instruments that are exposed to concentrations of credit risk relate to its accounts receivable. However the overall accounts receivable balance is not significant, reducing the overall risk.

(c) Liquidity risk

Liquidity risk is the risk that the Association cannot repay its obligations when they become due to its creditors.

The Association reduces its exposure to liquidity risk by ensuring that it documents when authorized payments become due and maintains an adequate amount of cash to cover operating expenses.