

TRENT CENTRAL STUDENT ASSOCIATION

FINANCIAL STATEMENTS

AUGUST 31, 2021

Draft January 21, 2022

TRENT CENTRAL STUDENT ASSOCIATION

FINANCIAL STATEMENTS

AUGUST 31, 2021

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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, 2021 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, 2021 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.

Chartered Professional Accountants
Licensed Public Accountants

Peterborough, Ontario
January 31, 2022

TRENT CENTRAL STUDENT ASSOCIATION

STATEMENT OF FINANCIAL POSITION As at August 31, 2021

	General Fund 2021 \$	Student Centre 2021 \$	Health & Dental Fund 2021 \$	Transit Fund 2021 \$	Total 2021 \$	Total 2020 \$
ASSETS						
Current assets						
Cash	330,766	1,064,588	1,413,091	1,020,313	3,828,758	3,811,342
Cash - contingency fund (note 8)	122,055	-	-	-	122,055	78,926
Accounts receivable	28,357	-	-	-	28,357	168,395
Interfund advances (note 6)	669,655	(225,248)	59,199	(503,606)	-	-
Total current assets	1,150,833	839,340	1,472,290	516,707	3,979,170	4,058,663
Tangible capital assets (note 3)	2,847	9,450,000	-	-	9,452,847	9,716,568
Total assets	1,153,680	10,289,340	1,472,290	516,707	13,432,017	13,775,231

Draft January 21, 2022

The accompanying notes are an integral part of these financial statements

TRENT CENTRAL STUDENT ASSOCIATION

STATEMENT OF FINANCIAL POSITION, continued As at August 31, 2021

	General Fund 2021 \$	Student Centre 2021 \$	Health & Dental Fund 2021 \$	Transit Fund 2021 \$	Total 2021 \$	Total 2020 \$
LIABILITIES AND FUND BALANCES						
Current liabilities						
Accounts payable and accrued liabilities (note 9)	554,659	-	-	-	554,659	29,355
Due to Trent University	92,266	-	-	-	92,266	126,883
Current portion of long-term debt (note 4)	-	253,859	-	-	253,859	246,796
Total current liabilities	646,925	253,859	-	-	900,784	403,034
Long-term debt (note 4)	-	8,446,638	-	-	8,446,638	8,676,284
Fair value of interest rate swap (note 7)	-	230,067	-	-	230,067	976,099
Total liabilities	646,925	8,930,564	-	-	9,577,489	10,055,417
Fund balances						
Unrestricted	384,700	-	-	-	384,700	556,297
Net assets externally restricted	-	1,358,776	1,472,290	516,707	3,347,773	3,084,591
Net assets internally restricted (note 8)	122,055	-	-	-	122,055	78,926
Total fund balances	506,755	1,358,776	1,472,290	516,707	3,854,528	3,719,814
Total liabilities and fund balances	1,153,680	10,289,340	1,472,290	516,707	13,432,017	13,775,231

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, 2021

	General Fund 2021 \$	Student Centre 2021 \$	Health & Dental Fund 2021 \$	Transit Fund 2021 \$	Total 2021 \$	Total 2020 \$
Revenue						
Health and dental plan levy	-	-	3,675,334	-	3,675,334	3,378,429
Transit levy	-	-	-	-	-	2,503,868
Clubs and groups levy	92,015	-	-	-	92,015	75,117
Operations levy	382,557	-	-	-	382,557	295,318
Student centre levy	-	886,824	-	-	886,824	817,707
Operations	36,195	2,525	-	-	38,720	120,717
Total revenue	510,767	889,349	3,675,334	-	5,075,450	7,191,156

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TRENT CENTRAL STUDENT ASSOCIATION

STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCES, continued For the Year Ended August 31, 2021

	General Fund 2021 \$	Student Centre 2021 \$	Health & Dental Fund 2021 \$	Transit Fund 2021 \$	Total 2021 \$	Total 2020 \$
Expenses						
Amortization	1,221	262,500	-	-	263,721	182,343
Bank charges	6,619	-	-	-	6,619	2,825
Board	6,512	-	-	-	6,512	3,261
Campaign	36,937	-	-	-	36,937	26,640
Clubs and groups	94,136	-	-	-	94,136	40,464
Community outreach	31,499	-	-	-	31,499	118,500
Events and services	53,031	-	-	-	53,031	77,103
Health plan premiums	-	-	3,264,555	-	3,264,555	2,739,942
Interest on long-term debt	-	248,054	-	-	248,054	244,368
Operations	32,801	302,512	-	-	335,313	207,073
Professional fees	13,291	-	-	-	13,291	9,379
Transportation	-	-	-	969,912	969,912	1,670,223
Wages, benefits and honoraria	363,188	-	-	-	363,188	332,059
Total expenses	639,235	813,066	3,264,555	969,912	5,686,768	5,654,180
Excess (deficiency) of revenue over expenses for the year	(128,468)	76,283	410,779	(969,912)	(611,318)	1,536,976
Unrealized gain (loss) on fair value of interest rate swap (note 7)	-	746,032	-	-	746,032	(393,750)
Excess (deficiency) of revenue over expenses for the year	(128,468)	822,315	410,779	(969,912)	134,714	1,143,226
Fund balances - beginning of year	635,223	536,461	1,061,511	1,486,619	3,719,814	2,576,588
Fund balances - end of year	506,755	1,358,776	1,472,290	516,707	3,854,528	3,719,814

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, 2021

	2021	2020
	\$	\$
CASH PROVIDED FROM (USED FOR):		
Operating activities		
Excess (deficiency) of revenue over expenses for the year	134,714	1,143,226
Non-cash charges to operations		
Amortization	263,721	182,343
Fair value of interest rate swap contract	(746,032)	393,750
	<u>(347,597)</u>	<u>1,719,319</u>
Changes in non-cash working capital items:		
Accounts receivable	140,038	(48,041)
Accounts payable and accrued liabilities	525,303	2,688
Due to/from Trent University	(34,615)	18,421
	<u>630,726</u>	<u>(26,932)</u>
Net increase in cash from operating activities	<u>283,129</u>	<u>1,692,387</u>
Financing activities		
Repayment of long-term debt	(222,584)	(216,391)
Increase (decrease) in cash	60,545	1,475,996
Cash - beginning of year	3,890,268	2,414,272
Cash - end of year	3,950,813	3,890,268
Comprised of:		
Cash	3,828,758	3,811,342
Contingency Fund	122,055	78,926
	<u>3,950,813</u>	<u>3,890,268</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, 2021

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 8.
- (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, 2021

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 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 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.

(h) *Measurement uncertainty*

On March 11, 2020, the World Health Organization categorized COVID-19 as a pandemic. The potential economic effects within the Association's environment and in the global markets, possible disruption in supply chains, and measures being introduced at various levels of government to curtail the spread of the virus (such as travel restrictions, closures of non-essential municipal and private operations, imposition of quarantines and social distancing) could have a material impact on the Association's operations. The extent of the impact of this outbreak and related containment measures on the Association's operations cannot be reliably estimated at this time.

TRENT CENTRAL STUDENT ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS For the Year Ended August 31, 2021

3. TANGIBLE CAPITAL ASSETS

Tangible capital assets consist of the following:

	Cost \$	Accumulated amortization \$	2021 \$	2020 \$
Building	10,500,000	(1,050,000)	9,450,000	9,712,500
Equipment	23,749	(20,901)	2,847	4,068
	10,523,749	(1,070,901)	9,452,847	9,716,568

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.

4. LONG-TERM DEBT

Long-term debt consists of:

	2021 \$	2020 \$
Loan, interest calculated at a rate of 2.825% based on the interest rate swap as described in Note 7, maturing on September 2047, secured by small business banking security agreement and guaranteed by Trent University	8,700,497	8,923,080
Less current portion	(253,859)	(246,796)
Due beyond one year	8,446,638	8,676,284

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

	Principal \$	Interest \$	Total \$
2022	253,859	269,257	523,116
2023	261,124	261,992	523,116
2024	268,598	254,518	523,116
2025	276,284	246,832	523,116
2026	284,191	238,925	523,116

TRENT CENTRAL STUDENT ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS For the Year Ended August 31, 2021

5. 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 7.

(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. The majority of the accounts receivable are from Trent University, 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.

6. INTERFUND ADVANCES

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

7. 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 4 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, 2021 is (\$230,067), (2020 - (\$976,099)).

8. CONTINGENCY FUND

Each year the Association's Standing Committee on Finance and Operations budget 5% 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.

9. GOVERNMENT REMITTANCES

Included in accounts payable and accrued liabilities are government remittances payable of \$5,953 (2020 - \$11,403).

10. COMPARATIVE FIGURES

Certain comparative figures were restated, where required, to conform with the current year presentation.
