

**Humber Students' Federation**  
**Financial Statements**  
For the year ended March 31, 2014

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## Independent Auditor's Report

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### To the Members of Humber Students' Federation

We have audited the accompanying financial statements of Humber Students' Federation, which comprise the balance sheet as at March 31, 2014, 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 Federation'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 Federation'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 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 Humber Students' Federation as at March 31, 2014, and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

*BDO Canada LLP*

Chartered Accountants, Licensed Public Accountants

Mississauga, Ontario  
September 10, 2014

## Humber Students' Federation Balance Sheet

**March 31** **2014** **2013**

### Assets

#### Current

Cash	\$ 979,258	\$ 663,005
Short-term investments (Note 2)	216,000	216,000
Accounts receivable	135,359	15,394
Prepaid expenses	167,301	79,313
Due from The Humber College Institute of Technology and Advanced Learning (Note 3)	<u>6,098,634</u>	<u>6,252,583</u>

7,596,552 7,226,295

**Capital assets** (Note 4) 1,058,025 926,567

**\$ 8,654,577** **\$ 8,152,862**

### Liabilities and Net Assets

#### Current

Accounts payable and accrued liabilities	\$ 22,189	\$ 37,936
Deferred revenue	<u>631,537</u>	<u>643,585</u>
	<u>653,726</u>	<u>681,521</u>

#### Net Assets

Unrestricted	4,465,817	4,398,981
Invested in capital assets	1,058,025	926,567
Internally restricted for contingencies (Note 6)	253,750	193,189
Internally restricted for student development (Note 6)	<u>2,223,259</u>	<u>1,952,604</u>

8,000,851 7,471,341

**\$ 8,654,577** **\$ 8,152,862**

On behalf of the Federation:

\_\_\_\_\_ Director

\_\_\_\_\_ Director

The accompanying notes are an integral part of these financial statements.

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## Humber Students' Federation Statement of Operations

<b>For the year ended March 31</b>	<b>2014</b>	<b>2013</b>
<b>Revenue</b>		
Student fees	\$ 4,834,196	\$ 4,655,658
Other income (Schedule 1)	<u>457,847</u>	<u>497,386</u>
	<b>5,292,043</b>	<b>5,153,044</b>
<b>Expenses</b>		
Student services (Schedule 2)	2,399,494	2,133,781
Administrative (Schedule 3)	2,177,893	2,158,374
Amortization	<u>185,146</u>	<u>157,614</u>
	<b>4,762,533</b>	<b>4,449,769</b>
<b>Excess of revenue over expenses for the year</b>	<b>\$ 529,510</b>	<b>\$ 703,275</b>

The accompanying notes are an integral part of these financial statements.

**Humber Students' Federation**  
**Statement of Changes in Net Assets**

For the year ended March 31

2014

2013

	Unrestricted	Invested in capital assets (Note 5)	Internally restricted for contingencies	Internally restricted for student development	Total	Total
Balance, beginning of year	\$ 4,398,981	\$ 926,567	\$ 193,189	\$ 1,952,604	\$ 7,471,341	\$ 6,768,066
Excess of revenue over expenses for the year	714,656	(185,146)	-	-	529,510	703,275
Investment in capital assets	(316,604)	316,604	-	-	-	-
Inter-fund transfers (Note 6)	(331,216)	-	60,561	270,655	-	-
<b>Balance, end of year</b>	<b>\$ 4,465,817</b>	<b>\$ 1,058,025</b>	<b>\$ 253,750</b>	<b>\$ 2,223,259</b>	<b>\$ 8,000,851</b>	<b>\$ 7,471,341</b>

The accompanying notes are an integral part of these financial statements.

## Humber Students' Federation Statement of Cash Flows

For the year ended March 31	2014	2013
<b>Cash was provided by (used in)</b>		
<b>Operating activities</b>		
Excess of revenue over expenses for the year	\$ 529,510	\$ 703,275
Adjustments to reconcile excess of revenue over expenses to net cash provided by operating activities		
Amortization	185,146	157,614
	714,656	860,889
Changes in non-cash working capital balances		
Accounts receivable	(119,965)	842,031
Prepaid expenses	(87,988)	11,375
Due from The Humber College Institute of Technology and Advanced Learning	153,949	(2,827,619)
Accounts payable and accrued liabilities	(15,747)	(67,297)
Deferred revenue	(12,048)	45,190
	632,857	(1,135,431)
<b>Investing activities</b>		
Purchase of capital assets	(316,604)	(240,169)
Net change in investments	-	146,682
	(316,604)	(93,487)
<b>Increase (decrease) in cash during the year</b>	<b>316,253</b>	<b>(1,228,918)</b>
<b>Cash, beginning of year</b>	<b>663,005</b>	<b>1,891,923</b>
<b>Cash, end of year</b>	<b>\$ 979,258</b>	<b>\$ 663,005</b>

The accompanying notes are an integral part of these financial statements.

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## Humber Students' Federation Notes to Financial Statements

**March 31, 2014**

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### 1. Significant Accounting Policies

<b>Nature of Business</b>	The Federation was incorporated on August 15, 2000 under the Corporations Act (Ontario) without share capital and, as such, is exempt from income taxes under the Income Tax Act (Canada).
<b>Use of Estimates</b>	The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.
<b>Revenue Recognition</b>	<p>The Federation follows the deferral method of accounting for contributions.</p> <p>Student fees are included in income on a pro-rata basis over the membership year to which they relate.</p> <p>Student health and dental plan revenue is recognized on a pro-rata basis over the service period to which they relate. As the Federation predominantly meets the condition of an agent, only the incidental fees are recorded as revenue.</p> <p>Sales and service revenue is recognized at the point of sale or when the service has been provided.</p> <p>Interest income is recorded on the accrual basis using the effective interest rate method.</p>
<b>Contributed Materials &amp; Services</b>	Contributed materials and services that would have otherwise been purchased are not recognized in the financial statements due to the difficulty of determining their fair value.

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## Humber Students' Federation Notes to Financial Statements

**March 31, 2014**

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### 1. Significant Accounting Policies (continued)

#### Capital Assets

Capital assets are recorded at cost less accumulated amortization. Capital assets are amortized on a straight-line basis over the estimated useful lives of the assets as follows:

Furniture and fixtures	- 20%
Computer equipment	- 20%
Intangible asset - software	- 10%
Equipment	- 20%
Leasehold improvements	- 6.67%

#### Financial Instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial instruments are reported at cost or amortized cost less impairment. Financial assets are tested for impairment when changes in circumstances indicate the asset could be impaired. Transaction costs on the acquisition, sale or issue of financial instruments are charged to the financial instrument for those measured at amortized cost.

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### 2. Investments

Short-term investments consist of a 1-year term deposit with a stated interest rate of 1.30% maturing on August 12, 2014 (2013 - 1-year term deposit with a stated interest rate of 1.25% maturing on August 12, 2013).

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### 3. Due from The Humber College Institute of Technology and Advanced Learning

The amount due from the College of \$6,098,634 (2013 - \$6,252,583) bears interest at 1 3/4% (2013 - 2 1/4%) below the bank's prime rate and is due on demand.



## Humber Students' Federation Notes to Financial Statements

**March 31, 2014**

### 4. Capital Assets

	2014		2013	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Furniture and fixtures	\$ 600,170	\$ 463,890	\$ 515,067	\$ 426,658
Intangible asset - software	168,299	31,506	164,316	14,876
Computer equipment	388,072	372,608	386,911	360,583
Equipment	645,640	490,840	550,725	454,452
Leasehold improvements	1,308,755	694,067	1,177,315	611,198
	<b>\$ 3,110,936</b>	<b>\$ 2,052,911</b>	<b>\$ 2,794,334</b>	<b>\$ 1,867,767</b>
Cost less accumulated amortization		<b>\$ 1,058,025</b>		<b>\$ 926,567</b>

### 5. Net Assets Invested in Capital Assets

The change in net assets invested in capital assets is calculated as follows:

	2014		2013	
Purchase of capital assets internally financed	\$ 316,604	\$	240,169	\$
Amortization	(185,146)	\$	(157,614)	\$
	<b>\$ 131,458</b>	<b>\$</b>	<b>82,555</b>	<b>\$</b>

### 6. Restrictions on Net Assets

The Federation, by resolution of the Board of Directors, approved a transfer of \$56,811 from unrestricted net assets to internally restricted for contingencies.

On an annual basis, an inflation adjustment amount is transferred to net assets internally restricted for contingencies from unrestricted net assets. This inflation adjustment is calculated based on the increase in the Consumer Price Index from year to year. During the year, the Federation transferred \$3,750 (2013 - \$1,913) for future contingencies, resulting in a balance of \$253,750 (2013 - \$193,189).

In addition, an amount equal to that which is allocated to student development by the College is transferred from unrestricted net assets to net assets internally restricted for student development. During the year, student fees allocated to student development totaled \$270,655 (2013 - \$262,036).

These internally restricted amounts are to be allocated at the discretion of the Federation.

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## Humber Students' Federation Notes to Financial Statements

March 31, 2014

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### 7. Transactions with Humber College

[a] Under agreements with the College, the College has agreed to provide office space and use of facilities to the Federation at agreed upon amounts. During the year, custodial fees of \$51,601 (2013 - \$49,985) were incurred.

The College has agreed to provide the Federation with various financial services and human resource support at no cost.

These agreements have a term of 15 years ending on March 31, 2015.

[b] During the year, the Federation has earned \$72,107 (2013 - \$78,525) in interest income from the College for funds held by the College on behalf of the Federation.

[c] During the year, the Federation received \$185,000 (2013 - \$223,307) in work study grants from the College to pay for students' part time wages and work study programs.

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### 8. Lease Commitments

The Federation is committed to the following approximate future minimum annual rental payments relating to equipment:

2015	\$	44,411
2016		19,994

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### 9. Post-employment Benefits

During the year, total contributions to individual RRSP's were \$23,418 (2013 - \$24,022). Full-time employees of the Federation are entitled to enrolment in the Federation's RRSP program, provided they are permanent, non-contract staff members. This program allows employees to have contributions they make to the approved RRSP provider matched by the Federation, up to a maximum of five percent (5%) of the full-time employee's gross annual earnings.

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### 10. Contingent Liability

The Federation has guaranteed certain indebtedness of the College. A Building Levy is being charged to students to cover this indebtedness and any shortfall would be the responsibility of the Federation. As at March 31, 2014, the maximum exposure to the Federation is the remaining levy to be collected by the College, which totaled \$2,309,724 (2013 - \$263,405).

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## Humber Students' Federation Notes to Financial Statements

**March 31, 2014**

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### **11. Financial Instrument Risk Management**

Unless otherwise noted, the Federation does not feel that it is exposed to significant market or liquidity risk.

#### Credit Risk

The Federation is exposed to credit risk on its cash, short-term investments, accounts receivable and due from Humber College Institute of Technology and Advanced Learning.

**Humber Students' Federation  
Other Income  
Schedule 1**

<b>For the year ended March 31</b>	<b>2014</b>	<b>2013</b>
Commercial operations	\$ 22,672	\$ 35,825
Event tickets	37,475	30,512
Gaming operations	21,286	18,915
Graduation photos	39,161	28,758
Handbook and orientation	31,153	24,178
Interest (Note 7)	73,884	80,248
Used bookstore	-	9,977
Vendors	47,216	45,666
Work study grant funding (Note 7)	185,000	223,307
	<b>\$ 457,847</b>	<b>\$ 497,386</b>

**Humber Students' Federation  
Student Services Expenses  
Schedule 2**

<b>For the year ended March 31</b>	<b>2014</b>	<b>2013</b>
Activity programming	\$ 481,282	\$ 466,496
Bursary	240,000	203,500
Clubs and association	107,266	63,762
College Student Alliance Membership fees	139,284	131,742
Donations and sponsorships	160,078	257,978
Handbook and planner printing	55,142	58,278
Health centre	165,000	160,000
Community outreach	96,115	56,695
Orientation	408,940	298,781
Peer tutoring	33,000	32,000
Student appreciation banquet	10,000	10,000
Student art competition	10,000	10,000
Student initiatives	51,407	54,994
Student marketing	441,980	317,071
Used bookstore	-	12,484
	<b>\$ 2,399,494</b>	<b>\$ 2,133,781</b>

**Humber Students' Federation  
Administrative Expenses  
Schedule 3**

<b>For the year ended March 31</b>	<b>2014</b>	<b>2013</b>
Advertising and promotion	\$ 60,595	\$ 68,835
Audit and legal fees	38,703	24,378
Conferences and professional development	138,317	145,088
Custodial (Note 7)	51,601	49,985
Election	37,516	50,557
Entertainment	12,832	17,911
Honoraria	3,322	-
Miscellaneous	101,712	175,272
Office insurance	35,304	34,172
Office supplies	69,655	20,128
Printing	35,490	53,350
Repairs, maintenance and subscriptions	40,510	49,245
Salaries	1,504,515	1,417,913
Telephone	25,926	27,513
Travel	21,895	24,027
	<b>\$ 2,177,893</b>	<b>\$ 2,158,374</b>