

Humber Students' Federation
Financial Statements
For the year ended March 31, 2015

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Independent Auditor's Report

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, 2015, 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, 2015, 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 Professional Accountants, Licensed Public Accountants

Mississauga, Ontario
September 16, 2015

**Humber Students' Federation
Balance Sheet**

March 31	2015	2014
Assets		
Current		
Cash	\$ 3,049,920	\$ 979,258
Short-term investments (Note 2)	216,000	216,000
Accounts receivable	6,613	135,359
Prepaid expenses	121,915	167,301
Due from The Humber College Institute of Technology and Advanced Learning (Note 3)	2,424,942	6,098,634
	5,819,390	7,596,552
Capital assets (Note 4)	1,345,149	1,058,025
	\$ 7,164,539	\$ 8,654,577

Liabilities and Net Assets

Current		
Accounts payable and accrued liabilities	\$ 25,926	\$ 22,189
Deferred revenue	808,727	631,537
	834,653	653,726
Net Assets		
Unrestricted	2,222,808	4,465,817
Invested in capital assets	1,345,149	1,058,025
Internally restricted for contingencies (Note 6)	256,795	253,750
Internally restricted for student development (Note 6)	2,505,134	2,223,259
	6,329,886	8,000,851
	\$ 7,164,539	\$ 8,654,577

On behalf of the Federation:

_____ Director

_____ Director

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

Humber Students' Federation Statement of Operations

For the year ended March 31	2015	2014
Revenue		
Student fees	\$ 4,793,858	\$ 4,834,196
Other income (Schedule 1)	<u>409,367</u>	<u>457,847</u>
	5,203,225	5,292,043
Expenses		
Student services (Schedule 2)	4,350,013	2,422,620
Administrative (Schedule 3)	2,295,267	2,154,767
Amortization	<u>228,910</u>	<u>185,146</u>
	6,874,190	4,762,533
Excess (deficiency) of revenue over expenses for the year	\$ (1,670,965)	\$ 529,510

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

2015

2014

	Unrestricted	Invested in capital assets (Note 5)	Internally restricted for contingencies	Internally restricted for student development	Total	Total
Balance, beginning of year	\$ 4,465,817	\$ 1,058,025	\$ 253,750	\$ 2,223,259	\$ 8,000,851	\$ 7,471,341
Excess (deficiency) of revenue over expenses for the year	(1,442,055)	(228,910)	-	-	(1,670,965)	529,510
Investment in capital assets	(516,034)	516,034	-	-	-	-
Inter-fund transfers (Note 6)	(284,920)	-	3,045	281,875	-	-
Balance, end of year	\$ 2,222,808	\$ 1,345,149	\$ 256,795	\$ 2,505,134	\$ 6,329,886	\$ 8,000,851

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

Humber Students' Federation Statement of Cash Flows

For the year ended March 31

2015

2014

Cash was provided by (used in)

Operating activities

Excess (deficiency) of revenue over expenses for the year	\$ (1,670,965)	\$ 529,510
Adjustments to reconcile excess of revenue over expenses to net cash provided by operating activities		
Amortization	228,910	185,146
	(1,442,055)	714,656
Changes in non-cash working capital balances		
Accounts receivable	128,746	(119,965)
Prepaid expenses	45,386	(87,988)
Due from The Humber College Institute of Technology and Advanced Learning	3,673,692	153,949
Accounts payable and accrued liabilities	3,737	(15,747)
Deferred revenue	177,190	(12,048)
	2,586,696	632,857

Investing activities

Purchase of capital assets	(516,034)	(316,604)
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Increase in cash during the year

2,070,662 316,253

Cash, beginning of year

979,258 663,005

Cash, end of year

\$ 3,049,920 \$ 979,258

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

Humber Students' Federation Notes to Financial Statements

March 31, 2015

1. Significant Accounting Policies

Nature of Business	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).
Use of Estimates	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.
Revenue Recognition	<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>
Contributed Materials & Services	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.

Humber Students' Federation Notes to Financial Statements

March 31, 2015

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.

2. Investments

Short-term investments consist of a 1-year term deposit with a stated interest rate of 1.30% maturing on August 12, 2015 (2014 - 1-year term deposit with a stated interest rate of 1.30% maturing on August 12, 2014).

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

The amount due from the College of \$2,424,942 (2014 - \$6,098,634) bears interest at 1 3/4% (2014 - 1 3/4%) below the bank's prime rate and is due on demand.

Humber Students' Federation Notes to Financial Statements

March 31, 2015

4. Capital Assets

	2015		2014	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Furniture and fixtures	\$ 729,824	\$ 515,749	\$ 600,170	\$ 463,890
Intangible asset - software	168,299	48,336	168,299	31,506
Computer equipment	445,470	389,417	388,072	372,608
Equipment	688,473	537,463	645,640	490,840
Leasehold improvements	1,594,904	790,856	1,308,755	694,067
	\$ 3,626,970	\$ 2,281,821	\$ 3,110,936	\$ 2,052,911
Cost less accumulated amortization		\$ 1,345,149		\$ 1,058,025

5. Net Assets Invested in Capital Assets

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

	2015		2014	
Purchase of capital assets internally financed	\$ 516,034	\$ 316,604		
Amortization	(228,910)	(185,146)		
	\$ 287,124	\$ 131,458		

Humber Students' Federation Notes to Financial Statements

March 31, 2015

6. Restrictions on Net Assets

In the previous year, by resolution of the Board of Directions, the Federation approved a transfer of \$56,811 from unrestricted net assets to internally restricted for contingencies. No such transfer occurred in the current year.

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 \$3,045 (2014 - \$3,750) for future contingencies, resulting in a balance of \$256,795 (2014 - \$253,750).

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 \$281,875 (2014 - \$270,655).

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

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 \$52,593 (2014 - \$51,601) 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, 2027.

[b] During the year, the Federation has earned \$91,184 (2014 - \$72,107) in interest income from the College for funds held by the College on behalf of the Federation.

[c] During the year, the Federation received \$190,000 (2014 - \$185,000) in work study grants from the College to pay for students' part time wages and work study programs.

8. Lease Commitments

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

2016	\$	30,728
2017		7,426

Humber Students' Federation Notes to Financial Statements

March 31, 2015

9. Post-employment Benefits

During the year, total contributions to individual RRSP's were \$27,484 (2014 - \$23,418). 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.

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, 2015, the maximum exposure to the Federation is the remaining levy to be collected by the College, which totaled \$5,999,783 (2014 - \$2,309,724).

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.

12. Comparative Figures

Certain comparative figures have been reclassified in order to conform with the financial presentation adopted for the current year.

Humber Students' Federation
Other Income
Schedule 1

For the year ended March 31	2015	2014
Commercial operations	\$ 69,186	\$ 95,849
Event tickets	25,874	50,675
Gaming operations	-	21,286
Handbook advertising	24,471	31,153
Interest (Note 7)	99,836	73,884
Work study grant funding (Note 7)	190,000	185,000
	\$ 409,367	\$ 457,847

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

For the year ended March 31	2015	2014
Events and programming	\$ 409,581	\$ 405,040
Bursaries	237,000	240,000
Clubs and association	81,447	77,719
Advocacy	219,148	178,101
Donations and sponsorships	2,018,711	160,078
Agenda printing	69,822	55,142
Health Centre funding	170,000	165,000
Community outreach	132,600	87,653
Orientation/frosh	396,564	523,190
Peer tutoring funding	35,000	33,000
Student initiatives	46,235	55,717
Student marketing	533,905	441,980
	\$ 4,350,013	\$ 2,422,620

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

For the year ended March 31	2015	2014
Advertising and promotion	\$ 63,166	\$ 88,295
Audit and legal fees	20,484	38,703
Training and development	146,078	145,168
Custodial (Note 7)	52,593	51,601
Election	7,889	37,516
Miscellaneous	188,233	141,920
Insurance	36,461	35,304
Office supplies	29,448	41,955
Repairs, maintenance and subscriptions	83,608	76,000
Salaries	1,619,878	1,450,484
Telephone	28,085	25,926
Travel	19,344	21,895
	\$ 2,295,267	\$ 2,154,767