

Humber Students' Federation
Financial Statements
For the year ended March 31, 2016

Contents

Independent Auditor's Report	2
Financial Statements	
Balance Sheet	3
Statement of Operations	4
Statement of Changes in Net Assets	5
Statement of Cash Flows	6
Notes to Financial Statements	7 - 11
Schedule 1 - Other Income	12
Schedule 2 - Student Services Expenses	13
Schedule 3 - Administrative Expenses	14



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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, 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 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, 2016, 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
October 13, 2016

Humber Students' Federation Balance Sheet

March 31	2016	2015
Assets		
Current		
Cash	\$ 698,432	\$ 3,049,920
Short-term investments (Note 2)	216,000	216,000
Accounts receivable	17,042	6,613
Prepaid expenses	89,303	121,915
Due from The Humber College Institute of Technology and Advanced Learning (Note 3)	4,890,799	2,424,942
	5,911,576	5,819,390
Capital assets (Note 4)	1,233,684	1,345,149
	\$ 7,145,260	\$ 7,164,539

Liabilities and Net Assets

Current		
Accounts payable and accrued liabilities	\$ 46,510	\$ 25,926
Deferred revenue	711,024	808,727
	757,534	834,653
Net Assets		
Unrestricted	2,074,131	2,222,808
Invested in capital assets (Note 5)	1,233,684	1,345,149
Internally restricted for contingencies (Note 6)	260,133	256,795
Internally restricted for student development (Note 6)	2,819,778	2,505,134
	6,387,726	6,329,886
	\$ 7,145,260	\$ 7,164,539

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	2016	2015
Revenue		
Student fees	\$ 4,676,644	\$ 4,793,858
Other income (Schedule 1)	<u>364,100</u>	<u>409,367</u>
	5,040,744	5,203,225
Expenses		
Student services (Schedule 2)	2,215,851	4,350,013
Administrative (Schedule 3)	2,510,135	2,295,267
Amortization	<u>256,918</u>	<u>228,910</u>
	4,982,904	6,874,190
Excess (deficiency) of revenue over expenses for the year	\$ 57,840	\$ (1,670,965)

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

2016

2015

	Unrestricted	Invested in capital assets (Note 5)	Internally restricted for contingencies	Internally restricted for student development	Total	Total
Balance, beginning of year	\$ 2,222,808	\$ 1,345,149	\$ 256,795	\$ 2,505,134	\$ 6,329,886	\$ 8,000,851
Excess (deficiency) of revenue over expenses for the year	314,758	(256,918)	-	-	57,840	(1,670,965)
Investment in capital assets	(145,453)	145,453	-	-	-	-
Inter-fund transfers (Note 6)	(317,982)	-	3,338	314,644	-	-
Balance, end of year	\$ 2,074,131	\$ 1,233,684	\$ 260,133	\$ 2,819,778	\$ 6,387,726	\$ 6,329,886

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

Humber Students' Federation Statement of Cash Flows

For the year ended March 31	2016	2015
Cash was provided by (used in)		
Operating activities		
Excess (deficiency) of revenue over expenses for the year	\$ 57,840	\$ (1,670,965)
Adjustments to reconcile excess (deficiency) of revenue over expenses to net cash provided by operating activities		
Amortization	256,918	228,910
Changes in non-cash working capital balances		
Accounts receivable	(10,429)	128,746
Prepaid expenses	32,612	45,386
Accounts payable and accrued liabilities	20,584	3,737
Deferred revenue	(97,703)	177,190
	259,822	(1,086,996)
Investing activities		
Purchase of capital assets	(145,453)	(516,034)
Due from The Humber College Institute of Technology and Advanced Learning	(2,465,857)	3,673,692
	(2,611,310)	3,157,658
(Decrease) increase in cash during the year	(2,351,488)	2,070,662
Cash, beginning of year	3,049,920	979,258
Cash, end of year	\$ 698,432	\$ 3,049,920

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

Humber Students' Federation Notes to Financial Statements

March 31, 2016

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).
Basis of Presentation	These financial statements have been prepared in accordance with Canadian accounting standards for no-for-profit organizations.
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. Deferred revenue represents student fees collected in advance of the related services being provided by the Federation.</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>Commercial operations, event ticket and handbook advertising revenue is recognized at the point of sale or when the service has been provided.</p> <p>Work study grant revenue is recorded when received from the College (Note 7).</p> <p>Interest income is recorded on the accrual basis using the effective interest rate method.</p>

Humber Students' Federation Notes to Financial Statements

March 31, 2016

1. Significant Accounting Policies (continued)

Contributed Materials and 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.

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%
Intangible asset - software	- 10%
Computer equipment	- 20%
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 0.85% maturing on August 12, 2016 (2015 - 1-year term deposit with a stated interest rate of 1.30% maturing on August 12, 2015).

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

The amount due from the College of \$4,890,799 (2015 - \$2,424,942) bears interest at 1.75% (2014 - 1.75%) below the bank's prime rate, is unsecured and due on demand. During the year, the Federation earned \$32,681 (2015 - \$91,184) of interest income relating to this loan.

Humber Students' Federation Notes to Financial Statements

March 31, 2016

4. Capital Assets

	2016		2015	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Furniture and fixtures	\$ 753,526	\$ 576,883	\$ 729,824	\$ 515,749
Intangible asset - software	250,997	69,301	168,299	48,336
Computer equipment	457,539	408,734	445,470	389,417
Equipment	702,123	586,194	688,473	537,463
Leasehold improvements	1,608,238	897,627	1,594,904	790,856
	\$ 3,772,423	\$ 2,538,739	\$ 3,626,970	\$ 2,281,821
Cost less accumulated amortization		\$ 1,233,684		\$ 1,345,149

5. Net Assets Invested in Capital Assets

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

	2016	2015
Purchase of capital assets internally financed	\$ 145,453	\$ 516,034
Amortization	(256,918)	(228,910)
	\$ (111,465)	\$ 287,124

Humber Students' Federation Notes to Financial Statements

March 31, 2016

6. Restrictions on Net Assets

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 \$3,338 (2015 - \$3,045) for future contingencies, resulting in a balance of \$260,133 (2015 - \$256,795).

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 \$314,644 (2015 - \$281,875).

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

7. Transactions with Humber College Institute of Technology and Advanced Learning

[a] Under agreements with the College, which end on March 31, 2027, 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 \$44,765 (2015 - \$52,593) were incurred.

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

[b] During the year, the Federation received \$188,043 (2015 - \$190,000) 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:

2017	\$	7,426
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Humber Students' Federation Notes to Financial Statements

March 31, 2016

9. Post-employment Benefits

Effective May 1, 2015, the Federation increased the matched portion of RRSP contributions to a maximum of 12.2% (2015 - 5%) of full-time employees' gross annual earnings. Total contributions during the year to individual RRSP's were \$98,702 (2015 - \$27,484). 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 the maximum permitted for the year.

10. Financial Instrument Risk Management

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.

This risk has not changed from the prior year.

11. 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	2016	2015
Work study grant funding (Note 7)	\$ 188,043	\$ 190,000
Commercial operations	71,900	69,186
Event tickets	44,250	25,874
Interest (Note 3)	35,491	99,836
Handbook advertising	24,416	24,471
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	\$ 364,100	\$ 409,367

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

For the year ended March 31	2016	2015
Student marketing	\$ 541,283	\$ 533,905
Events and programming	439,987	409,581
Orientation/frosh	428,632	396,564
Bursaries	275,000	237,000
Health Centre funding	175,000	170,000
Student initiatives	119,807	46,235
Agenda printing	64,211	69,822
Clubs and association	49,740	81,447
Advocacy	41,602	219,148
Peer tutoring funding	36,000	35,000
Community outreach	22,853	132,600
Donations and sponsorships	21,736	2,018,711
	\$ 2,215,851	\$ 4,350,013

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

For the year ended March 31	2016	2015
Salaries	\$ 1,788,028	\$ 1,619,878
Training and development	172,082	146,078
Advertising and promotion	128,175	63,166
Miscellaneous	115,767	109,905
Repairs, maintenance and subscriptions	54,227	83,608
Custodial (Note 7)	44,765	52,593
Consulting	42,460	70,355
Insurance	38,257	36,461
Office supplies	32,100	29,448
Audit and legal fees	30,160	20,484
Telephone	29,908	28,085
Travel	13,160	19,344
Election	7,990	7,889
Subscriptions and licences	7,953	-
Bank charges	5,103	7,973
	\$ 2,510,135	\$ 2,295,267