

IGNITE Student Union
Financial Statements
For the year ended March 31, 2017

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Independent Auditor's Report

To the Members of IGNITE Student Union

We have audited the accompanying financial statements of IGNITE Student Union, which comprise the statement of financial position as at March 31, 2017, 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 entity'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 entity'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 IGNITE Student Union as at March 31, 2017, 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.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants
Mississauga, Ontario
October 11, 2017

IGNITE Student Union
Statement of Financial Position

March 31	2017	2016
Assets		
Current		
Cash	\$ 1,295,168	\$ 698,432
Short-term investments (Note 2)	216,000	216,000
Accounts receivable	10,910	17,042
Prepaid expenses	94,795	89,303
Due from The Humber College Institute of Technology and Advanced Learning (Note 3)	4,286,499	4,890,799
	5,903,372	5,911,576
Capital assets (Note 4)	1,020,438	1,233,684
	\$ 6,923,810	\$ 7,145,260

Liabilities and Net Assets

Current		
Accounts payable and accrued liabilities	\$ 65,446	\$ 46,510
Deferred revenue	822,536	711,024
	887,982	757,534
Net Assets		
Unrestricted	1,593,030	2,074,131
Invested in capital assets (Note 5)	1,020,438	1,233,684
Internally restricted for contingencies (Note 6)	264,295	260,133
Internally restricted for student development (Note 6)	3,158,065	2,819,778
	6,035,828	6,387,726
	\$ 6,923,810	\$ 7,145,260

On behalf of IGNITE Student Union:

_____ Director

_____ Director

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

IGNITE Student Union
Statement of Operations

For the year ended March 31	2017	2016
Revenue		
Student fees	\$ 4,782,960	\$ 4,676,644
Other income (Schedule 1)	<u>237,041</u>	<u>364,100</u>
	<u>5,020,001</u>	<u>5,040,744</u>
Expenses		
Student services (Schedule 2)	2,233,444	2,101,722
Administrative (Schedule 3)	2,874,347	2,624,264
Amortization	<u>264,108</u>	<u>256,918</u>
	<u>5,371,899</u>	<u>4,982,904</u>
Excess (deficiency) of revenue over expenses for the year	\$ (351,898)	\$ 57,840

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

IGNITE Student Union
Statement of Changes in Net Assets

For the year ended March 31

2017

2016

	Unrestricted	Invested in capital assets (Note 5)	Internally restricted for contingencies	Internally restricted for student development	Total	Total
Balance, beginning of year	\$ 2,074,131	\$ 1,233,684	\$ 260,133	\$ 2,819,778	\$ 6,387,726	\$ 6,329,886
Excess (deficiency) of revenue over expenses for the year	(87,790)	(264,108)	-	-	(351,898)	57,840
Investment in capital assets	(50,862)	50,862	-	-	-	-
Inter-fund transfers (Note 6)	(342,449)	-	4,162	338,287	-	-
Balance, end of year	\$ 1,593,030	\$ 1,020,438	\$ 264,295	\$ 3,158,065	\$ 6,035,828	\$ 6,387,726

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

IGNITE Student Union
Statement of Cash Flows

For the year ended March 31	2017	2016
Cash was provided by (used in)		
Operating activities		
Excess (deficiency) of revenue over expenses for the year	\$ (351,898)	\$ 57,840
Adjustments to reconcile excess (deficiency) of revenue over expenses to net cash provided by operating activities		
Amortization	264,108	256,918
Changes in non-cash working capital balances		
Accounts receivable	6,132	(10,429)
Prepaid expenses	(5,492)	32,612
Accounts payable and accrued liabilities	18,936	20,584
Deferred revenue	111,512	(97,703)
	43,298	259,822
Investing activities		
Purchase of capital assets	(50,862)	(145,453)
Change in amount due from The Humber College Institute of Technology and Advanced Learning	604,300	(2,465,857)
	553,438	(2,611,310)
Increase (decrease) in cash during the year	596,736	(2,351,488)
Cash, beginning of year	698,432	3,049,920
Cash, end of year	\$ 1,295,168	\$ 698,432

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

IGNITE Student Union

Notes to Financial Statements

March 31, 2017

1. Significant Accounting Policies

Nature of Business	IGNITE Student Union ("IGNITE"), formerly Humber Students' 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). On November 9, 2016, Supplementary Letters Patent were approved, which changed the name of the corporation from Humber Students' Federation to IGNITE Student Union.
Basis of Presentation	These financial statements have been prepared in accordance with Canadian accounting standards for not-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>IGNITE 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 IGNITE.</p> <p>Student health and dental plan revenue is recognized on a pro-rata basis over the service period to which they relate. As IGNITE predominantly meets the condition of an agent, only the incidental fees are recorded as revenue, which is included in student fee 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>

IGNITE Student Union Notes to Financial Statements

March 31, 2017

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 0.50% maturing on August 14, 2017 (2016 - 1-year term deposit with a stated interest rate of 0.85% maturing on August 12, 2016).

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

The amount due from the College of \$4,286,499 (2016 - \$4,890,799) bears interest at 1.75% (2016 - 1.75%) below the bank's prime rate, is unsecured and due on demand. During the year, IGNITE earned \$44,831 (2016 - \$32,681) of interest income relating to this loan.

IGNITE Student Union
Notes to Financial Statements

March 31, 2017

4. Capital Assets

	2017		2016	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Furniture and fixtures	\$ 759,399	\$ 632,476	\$ 753,526	\$ 576,883
Intangible asset - software	250,997	101,060	250,997	69,301
Computer equipment	481,887	427,803	457,539	408,734
Equipment	718,135	636,515	702,123	586,194
Leasehold improvements	1,612,866	1,004,992	1,608,238	897,627
	\$ 3,823,284	\$ 2,802,846	\$ 3,772,423	\$ 2,538,739
Cost less accumulated amortization		\$ 1,020,438		\$ 1,233,684

5. Net Assets Invested in Capital Assets

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

	2017		2016	
Purchase of capital assets internally financed	\$ 50,862	\$ 145,453		
Amortization	(264,108)	(256,918)		
	\$ (213,246)	\$ (111,465)		

IGNITE Student Union
Notes to Financial Statements

March 31, 2017

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, IGNITE transferred \$4,162 (2016 - \$3,338) for future contingencies, resulting in a balance of \$264,295 (2016 - \$260,133).

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 \$338,287 (2016 - \$314,644).

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

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 IGNITE at agreed upon amounts. During the year, custodial fees of \$45,478 (2016 - \$44,765) were incurred.

[b] During the year, IGNITE received \$60,000 (2016 - \$188,043) in work study grants from the College to pay for students' part time wages and work study programs.

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

8. Lease Commitments

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

2018	\$	15,481
2019		15,481
2020		1,290
		<hr/>
	\$	32,252
		<hr/>

IGNITE Student Union Notes to Financial Statements

March 31, 2017

9. Post-employment Benefits

As of May 1, 2015, all full time permanent employees were required to enroll in the Colleges of Applied Arts and Technology (CAAT) pension plan. Full time employees who are on a 1 year or longer contract have the choice to enroll in the pension plan. For 2016, both employees and IGNITE pay 11.2% of earnings up to the Year's Maximum Pensionable Earnings (YMPE), \$55,300, plus 14.8% of earnings in excess of \$55,300. Total contributions during the year to the CAAT pension plan were \$125,673 (2016 - \$98,702).

10. Financial Instrument Risk Management

Credit Risk

IGNITE 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.

IGNITE Student Union
Other Income
Schedule 1

For the year ended March 31	2017	2016
Work study grant funding (Note 7)	\$ 60,000	\$ 188,043
Commercial operations	59,893	71,900
Event tickets	47,664	44,250
Interest (Note 3)	46,184	35,491
Handbook advertising	23,300	24,416
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	\$ 237,041	\$ 364,100

IGNITE Student Union
Student Services Expenses
Schedule 2

For the year ended March 31	2017	2016
Orientation/frosh	\$ 485,776	\$ 428,632
Student marketing	440,461	420,809
Events and programming	364,223	442,178
Financial assistance	323,777	312,580
Health centre funding	175,000	175,000
Student Lifeline	168,763	95,281
Special projects	85,670	22,853
Agenda printing	61,018	64,211
Peer tutoring funding	36,000	36,000
Clubs and volunteers	34,834	49,740
Student initiatives	28,295	24,526
Advocacy	21,381	8,176
Donations and sponsorships	8,246	21,736
	\$ 2,233,444	\$ 2,101,722

**IGNITE Student Union
Administrative Expenses
Schedule 3**

For the year ended March 31	2017	2016
Salaries	\$ 1,887,190	\$ 1,812,929
Advertising and promotion	359,026	132,615
Training and development	111,347	159,707
Consulting	78,185	42,460
Audit and legal fees	76,594	30,160
Election	75,986	90,885
Repairs, maintenance and subscriptions	74,605	62,180
Miscellaneous	59,848	115,767
Custodial (Note 7)	45,478	44,765
Insurance	40,006	38,257
Telephone	27,290	29,908
Office supplies	15,527	22,648
Meeting expenses	10,467	20,899
Bank charges	8,128	5,103
Travel	4,670	15,981
	\$ 2,874,347	\$ 2,624,264