

IGNITE Student Union
Financial Statements
For the year ended March 31, 2018

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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, 2018, 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, 2018, 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.

Emphasis of Matter

Without modifying our opinion, we draw attention to Note 11 to the financial statements, which explains that certain comparative information for the year ended March 31, 2018 has been restated.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants
Mississauga, Ontario
September 18, 2018

IGNITE Student Union
Statement of Financial Position

March 31	2018	2017
	(Restated - Note 11)	
Assets		
Current		
Cash	\$ 998,825	\$ 1,295,168
Short-term investments (Note 2)	216,000	216,000
Accounts receivable	480,804	10,910
Prepaid expenses	143,525	94,795
Due from The Humber College Institute of Technology and Advanced Learning (Note 3)	4,300,904	4,012,310
	6,140,058	5,629,183
Capital assets (Note 4)	629,396	1,020,438
	\$ 6,769,454	\$ 6,649,621

Liabilities and Net Assets

Current		
Accounts payable and accrued liabilities	\$ 76,170	\$ 65,446
Deferred revenue	883,767	822,536
	959,937	887,982
Net Assets		
Unrestricted	1,414,561	1,318,841
Invested in capital assets (Note 5)	629,397	1,020,438
Internally restricted for contingencies (Note 6)	270,374	264,295
Internally restricted for student development (Note 6)	3,495,185	3,158,065
	5,809,517	5,761,639
	\$ 6,769,454	\$ 6,649,621

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	2018	2017
		(Restated - Note 11)
Revenue		
Student fees	\$ 5,165,731	\$ 4,710,454
Other income (Schedule 1)	<u>210,593</u>	<u>237,041</u>
	<u>5,376,324</u>	<u>4,947,495</u>
Expenses		
Student services (Schedule 2)	2,058,615	2,227,095
Administrative (Schedule 3)	2,671,829	2,880,696
Amortization	<u>598,002</u>	<u>264,108</u>
	<u>5,328,446</u>	<u>5,371,899</u>
Excess (deficiency) of revenue over expenses for the year	\$ 47,878	\$ (424,404)

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

2018

2017

(Restated - Note 11)

	Unrestricted	Invested in capital assets (Note 5)	Internally restricted for contingencies	Internally restricted for student development	Total	Total
Balance, beginning of year	\$ 1,593,030	\$ 1,020,438	\$ 264,295	\$ 3,158,065	\$ 6,035,828	\$ 6,387,726
Prior period adjustment (Note 11)	(274,189)	-	-	-	(274,189)	(201,683)
Balance, beginning of year, restated	1,318,841	1,020,438	264,295	3,158,065	5,761,639	6,186,043
Excess (deficiency) of revenue over expenses for the year	645,879	(598,001)	-	-	47,878	(424,404)
Investment in capital assets	(206,960)	206,960	-	-	-	-
Inter-fund transfers (Note 6)	(343,199)	-	6,079	337,120	-	-
Balance, end of year	\$ 1,414,561	\$ 629,397	\$ 270,374	\$ 3,495,185	\$ 5,809,517	\$ 5,761,639

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

IGNITE Student Union Statement of Cash Flows

For the year ended March 31 **2018** **2017**

(Restated - Note 11)

Cash was provided by (used in)

Operating activities

Excess (deficiency) of revenue over expenses for the year	\$ 47,878	\$ (424,404)
Adjustments to reconcile excess (deficiency) of revenue over expenses to net cash provided by operating activities		
Amortization	598,002	264,108
Changes in non-cash working capital balances		
Accounts receivable	(469,894)	6,132
Prepaid expenses	(48,730)	(5,492)
Accounts payable and accrued liabilities	10,724	18,936
Deferred revenue	61,231	111,512

	199,211	(29,208)
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Investing activities

Purchase of capital assets	(206,960)	(50,862)
Change in amount due from The Humber College Institute of Technology and Advanced Learning	(288,594)	676,806

	(495,554)	625,944
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(Decrease) increase in cash during the year	(296,343)	596,736
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Cash, beginning of year	1,295,168	698,432
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Cash, end of year	\$ 998,825	\$ 1,295,168
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IGNITE Student Union

Notes to Financial Statements

March 31, 2018

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 at the beginning of each semester when the student withdrawal date has passed. As IGNITE meets the condition of an agent, this revenue and the related insurance expense are recorded on a net basis and are 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 Humber College Institute of Technology and Advanced Learning ("College") (Note 7).</p> <p>Interest income is recorded on the accrual basis.</p>

IGNITE Student Union

Notes to Financial Statements

March 31, 2018

1. Significant Accounting Policies (continued)

Post-employment benefits

IGNITE provides defined post-employment benefits to certain employee groups. IGNITE has adopted the following policies with respect to accounting for these benefits:

(i) The costs of post-employee future benefits are actuarially determined using management's best estimate of health care costs, disability recovery rates and discount rates. Adjustments to these costs arising from changes in estimates and experience gains and losses are amortized to income over the estimated average remaining service life of the employee groups on a straight line basis.

(ii) The costs of the multi-employer defined benefit pension are the employer's contributions due to the plan in the period.

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	- 7 years straight line

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.

IGNITE Student Union Notes to Financial Statements

March 31, 2018

2. Short-term Investments

Short-term investments consist of a 1-year term deposit with a stated interest rate of 0.50% maturing on August 16, 2018 (2017 - 1-year term deposit with a stated interest rate of 0.50% maturing on August 14, 2017).

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

The amount due from the College of \$4,300,904 (2017 - \$4,012,310) bears interest at 1.85% (2017 - 1.75%) below the bank's prime rate, is unsecured and due on demand. During the year, IGNITE earned \$61,215 (2017 - \$44,831) of interest income relating to this loan.

The following table reconciles the amount due from The Humber College Institute of Technology and Advanced Learning:

Amount per the College	\$ 5,330,916
Deposit for summer health and dental fees received from the College	(338,199)
Payable for remaining winter health and dental fees to be paid by the College	(691,813)
	<u>\$ 4,300,904</u>

4. Capital Assets

	2018		2017	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Furniture and fixtures	\$ 801,497	\$ 687,626	\$ 759,399	\$ 632,476
Intangible asset - software	285,312	127,876	250,997	101,060
Computer equipment	505,553	450,419	481,887	427,803
Equipment	718,135	678,483	718,135	636,515
Leasehold improvements	1,719,747	1,456,444	1,612,866	1,004,992
	\$ 4,030,244	\$ 3,400,848	\$ 3,823,284	\$ 2,802,846
Cost less accumulated amortization		\$ 629,396		\$ 1,020,438

IGNITE Student Union Notes to Financial Statements

March 31, 2018

5. Net Assets Invested in Capital Assets

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

	<u>2018</u>	<u>2017</u>
Purchase of capital assets internally financed	\$ 206,960	\$ 50,862
Amortization	<u>(598,001)</u>	<u>(264,108)</u>
	<u>\$ (391,041)</u>	<u>\$ (213,246)</u>

6. Internal 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 \$6,079 (2017 - \$4,162) for future contingencies, resulting in a balance of \$270,374 (2017 - \$264,295).

In addition, an amount equal to that which is allocated to student development by IGNITE is transferred from unrestricted net assets to net assets internally restricted for student development. During the year, student fees allocated to student development totalled \$337,120 (2017 - \$338,287).

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 \$46,543 (2017 - \$45,478) were incurred.

[b] During the year, IGNITE received \$nil (2017 - \$60,000) 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.

IGNITE Student Union
Notes to Financial Statements

March 31, 2018

8. Lease Commitments

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

2019	\$	15,481
2020		1,290
		<hr/>
	\$	16,771
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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 2017, both employees and IGNITE paid 11.2% of earnings up to the Year's Maximum Pensionable Earnings (YMPE), \$55,900, plus 14.8% of earnings in excess of \$55,900. Total contributions during the year to the CAAT pension plan were \$126,795 (2017 - \$125,673).

10. Financial Instrument Risk Management

Credit Risk

IGNITE is exposed to credit risk on its 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.

IGNITE Student Union Notes to Financial Statements

March 31, 2018

11. Prior Period Adjustment

During the year, management determined that the revenue recognition of the summer student health and dental plan fees did not accurately reflect IGNITE's related performance requirements. These fees, which are collected in advance of the summer semester, had been recognized as revenue when received, whereas IGNITE's performance requirements extend to the student withdrawal date for the semester to which the fees relate. Additionally, since this revenue is recorded net of the related insurance expenses the incidental amount of these fees was not being properly reflected in the financial statements.

This adjustment has been applied retrospectively and has the following effect on the prior year comparative figures:

Statement of financial position as at March 31, 2017:

Due from The Humber College Institute of Technology and Advanced Learning	
As previously reported	\$4,286,499
As restated	\$4,012,310
General Fund, Unrestricted	
As previously reported	\$1,593,030
As restated	\$1,318,841

Statement of operations for the year ended March 31, 2017:

Revenues, Student fees	
As previously reported	\$4,782,960
As restated	\$4,710,454
Deficiency of revenue over expenses for the year	
As previously reported	\$(351,898)
As restated	\$(424,404)

Statement of changes in net assets for the year ended March 31, 2017:

Net assets, beginning of year	
As previously reported	\$6,387,726
As restated	\$6,186,043
Net assets, end of year, Unrestricted fund	
As previously reported	\$1,593,030
As restated	\$1,318,841

Statement of cash flows for the year ended March 31, 2017:

Investing activities, Change in amount due from The Humber College Institute of Technology and Advanced Learning	
As previously reported	\$604,300
As restated	\$676,806

IGNITE Student Union
Notes to Financial Statements

March 31, 2018

12. Change in Accounting Estimate

During the year, the IGNITE reviewed the estimated useful life of leasehold improvements. As a result, IGNITE has changed the basis of calculating amortization for leasehold improvements from 6.67% declining balance to the straight line method over 7 years. This change in policy has been applied prospectively as a change in accounting estimate and has resulted in an increase in amortization in the current year of approximately \$344,000.

IGNITE Student Union
Other Income
Schedule 1

For the year ended March 31	2018	2017
Interest (Note 3)	\$ 62,292	\$ 46,184
Commercial operations	60,729	59,893
Event tickets	51,305	47,664
Handbook advertising	36,267	23,300
Work study grant funding (Note 7)	-	60,000
	<hr/>	
	\$ 210,593	\$ 237,041

**IGNITE Student Union
Student Services Expenses
Schedule 2**

For the year ended March 31	2018	2017
Orientation/frosh	\$ 493,622	\$ 485,776
Student marketing	457,867	440,461
Financial assistance	456,540	323,777
Events and programming	442,199	443,544
Agenda printing	71,167	61,018
Student initiatives	39,820	28,295
Advocacy	37,814	21,381
Clubs and volunteers	35,098	34,834
Donations and sponsorships	24,488	8,246
Health centre funding	-	175,000
Student Lifeline	-	168,763
Peer tutoring funding	-	36,000
	\$ 2,058,615	\$ 2,227,095

**IGNITE Student Union
Administrative Expenses
Schedule 3**

For the year ended March 31	2018	2017
Salaries	\$ 1,992,010	\$ 1,887,190
Training and development	131,450	111,347
Repairs, maintenance and subscriptions	106,372	74,605
Operating	85,813	74,926
Election	80,143	80,055
Advertising and promotion	58,766	359,026
Custodial (Note 7)	46,543	45,478
Audit and legal fees	43,440	76,594
Consulting	40,164	78,185
Insurance	39,004	40,006
Telephone	25,220	27,290
Office supplies	12,027	15,527
Meeting expenses	10,877	10,467
	\$ 2,671,829	\$ 2,880,696
