

IGNITE Student Union
Financial Statements
For the year ended March 31, 2019

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Independent Auditor's Report

To the Members of IGNITE Student Union

Opinion

We have audited the financial statements of IGNITE Student Union ("IGNITE"), which comprise the statement of financial position as at March 31, 2019, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of IGNITE as at March 31, 2019, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of IGNITE in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance 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.

In preparing the financial statements, management is responsible for assessing IGNITE's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate IGNITE or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing IGNITE's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Independent Auditor's Report

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 IGNITE's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on IGNITE's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause IGNITE to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants
Mississauga, Ontario
September 12, 2019

IGNITE Student Union
Statement of Financial Position

March 31	2019	2018
Assets		
Current		
Cash	\$ 1,048,179	\$ 998,825
Short-term investments (Note 2)	1,250,000	216,000
Accounts receivable	36,811	480,804
Prepaid expenses	3,460	143,525
Due from The Humber College Institute of Technology and Advanced Learning (Note 3)	4,147,414	4,300,904
	6,485,864	6,140,058
Capital assets (Note 4)	728,450	629,396
	\$ 7,214,314	\$ 6,769,454

Liabilities and Net Assets

Current		
Accounts payable and accrued liabilities	\$ 69,951	\$ 76,170
Deferred revenue	633,281	883,767
	703,232	959,937
Net Assets		
Unrestricted	1,663,596	1,414,561
Invested in capital assets (Note 5)	728,452	629,397
Internally restricted for contingencies (Note 6)	275,511	270,374
Internally restricted for student development (Note 6)	3,843,523	3,495,185
	6,511,082	5,809,517
	\$ 7,214,314	\$ 6,769,454

On behalf of IGNITE Student Union:

_____ Director

_____ Director

IGNITE Student Union
Statement of Operations

For the year ended March 31	2019	2018
Revenue		
Student fees	\$ 5,588,450	\$ 5,165,731
Other income (Schedule 1)	302,294	210,593
	<hr/> 5,890,744	<hr/> 5,376,324
Expenses		
Student services (Schedule 2)	2,176,886	2,058,615
Administrative (Schedule 3)	2,769,311	2,671,829
Amortization	242,982	598,002
	<hr/> 5,189,179	<hr/> 5,328,446
Excess of revenue over expenses for the year	\$ 701,565	\$ 47,878

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

2019

2018

	Unrestricted	Invested in capital assets (Note 5)	Internally restricted for contingencies (Note 6)	Internally restricted for student development (Note 6)	Total	Total
Balance, beginning of year	1,414,561	629,397	270,374	3,495,185	5,809,517	5,761,639
Excess (deficiency) of revenue over expenses for the year	944,546	(242,981)	-	-	701,565	47,878
Investment in capital assets	(342,036)	342,036	-	-	-	-
Inter-fund transfers (Note 6)	(353,475)	-	5,137	348,338	-	-
Balance, end of year	\$ 1,663,596	\$ 728,452	\$ 275,511	\$ 3,843,523	\$ 6,511,082	\$ 5,809,517

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

IGNITE Student Union Statement of Cash Flows

For the year ended March 31	2019	2018
Cash was provided by (used in)		
Operating activities		
Excess of revenue over expenses for the year	\$ 701,565	\$ 47,878
Adjustments to reconcile excess of revenue over expenses to net cash provided by operating activities		
Amortization	242,982	598,002
Changes in non-cash working capital balances		
Accounts receivable	443,993	(469,894)
Prepaid expenses	140,065	(48,730)
Accounts payable and accrued liabilities	(6,219)	10,724
Deferred revenue	(250,486)	61,231
	1,271,900	199,211
Investing activities		
Purchase of capital assets	(342,036)	(206,960)
Change in amount due from The Humber College Institute of Technology and Advanced Learning	153,490	(288,594)
Purchase of short-term investments	(1,250,000)	-
Proceeds from sale of short-term investments	216,000	-
	(1,222,546)	(495,554)
Increase (decrease) in cash during the year	49,354	(296,343)
Cash, beginning of year	998,825	1,295,168
Cash, end of year	\$ 1,048,179	\$ 998,825

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

IGNITE Student Union

Notes to Financial Statements

March 31, 2019

1. Significant Accounting Policies

Nature of Business	<p>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.</p>
Basis of Presentation	<p>These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.</p>
Use of Estimates	<p>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.</p>
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>Interest income is recorded on the accrual basis.</p>

IGNITE Student Union

Notes to Financial Statements

March 31, 2019

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, 2019

2. Short-term Investments

Short-term investments consists of 1-year term deposits with a stated interest rate of 1.90% maturing on June 20, 2019 (2018 - 1-year term deposit with a stated interest rate of 0.50% maturing on August 16, 2018).

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

The amount due from the College of \$4,147,414 (2018 - \$4,300,904) bears interest at 2.35% (2018 - 1.85%) below the bank's prime rate, is unsecured and due on demand. During the year, IGNITE earned \$118,708 (2018 - \$61,215) 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	\$ 4,438,870
Payable for remaining winter health and dental fees to be paid by the College	(291,456)
	<u>\$ 4,147,414</u>

4. Capital Assets

	2019		2018	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Furniture and fixtures	\$ 908,885	\$ 747,141	\$ 801,497	\$ 687,626
Intangible asset - software	302,068	157,245	285,312	127,876
Computer equipment	521,465	475,623	505,553	450,419
Equipment	718,135	702,474	718,135	678,483
Leasehold improvements	1,921,727	1,561,347	1,719,747	1,456,444
	\$ 4,372,280	\$ 3,643,830	\$ 4,030,244	\$ 3,400,848
Cost less accumulated amortization		\$ 728,450		\$ 629,396

IGNITE Student Union Notes to Financial Statements

March 31, 2019

5. Net Assets Invested in Capital Assets

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

	<u>2019</u>	<u>2018</u>
Purchase of capital assets internally financed	\$ 342,036	\$ 206,960
Amortization	<u>(242,981)</u>	<u>(598,001)</u>
	<u>\$ 99,055</u>	<u>\$ (391,041)</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 \$5,137 (2018 - \$6,079) for future contingencies, resulting in a balance of \$275,511 (2018 - \$270,374).

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 \$348,338 (2018 - \$337,120).

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

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

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 \$49,232 (2018 - \$46,543) were incurred.

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, 2019

8. Lease Commitments

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

2020	\$	<u>1,290</u>
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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 fiscal 2019, both employees and IGNITE paid 11.2% of earnings up to the Year's Maximum Pensionable Earnings (YMPE), \$57,400, plus 14.8% of earnings in excess of \$57,400. Total contributions during the year to the CAAT pension plan were \$120,456 (2018 - \$126,795).

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
Other Income
Schedule 1

For the year ended March 31	2019	2018
Interest (Note 3)	\$ 137,427	\$ 62,292
Event tickets	70,121	51,305
Commercial operations	68,921	60,729
Handbook advertising	25,825	36,267
	\$ 302,294	\$ 210,593

IGNITE Student Union
Student Services Expenses
Schedule 2

For the year ended March 31	2019	2018
Events and programming	\$ 542,329	\$ 442,199
Orientation/frosh	513,004	493,622
Financial assistance	456,578	456,540
Student marketing	380,672	457,867
Student initiatives	136,307	39,820
Agenda printing	75,777	71,167
Donations and sponsorships	40,678	24,488
Clubs and volunteers	19,176	35,098
Advocacy	12,365	37,814
	\$ 2,176,886	\$ 2,058,615

**IGNITE Student Union
Administrative Expenses
Schedule 3**

For the year ended March 31	2019	2018
Salaries	\$ 2,135,437	\$ 1,992,010
Operating	107,434	85,813
Training and development	106,120	131,450
Advertising and promotion	86,027	58,766
Election	71,901	80,143
Consulting	64,309	40,164
Custodial (Note 7)	49,232	46,543
Repairs, maintenance and subscriptions	41,560	106,372
Audit and legal fees	35,712	43,440
Telephone	29,062	25,220
Insurance	18,489	39,004
Office supplies	14,205	12,027
Meeting expenses	9,823	10,877
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	\$ 2,769,311	\$ 2,671,829
