

IGNITE Student Union
Financial Statements
For the year ended March 31, 2023

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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, 2023, 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, 2023, 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

Oakville, Ontario
September 14, 2023

IGNITE Student Union Statement of Financial Position

March 31	2023	2022
Assets		
Current		
Cash	\$ 431,157	\$ 480,733
Accounts receivable	70,125	55,520
Prepaid expenses	207,156	234,548
Investments (Note 2)	2,040,000	1,300,000
Due from The Humber College Institute of Technology and Advanced Learning (Note 3)	3,892,352	4,571,871
	6,640,790	6,642,672
Capital assets (Note 4)	165,174	255,826
	\$ 6,805,964	\$ 6,898,498

Liabilities and Net Assets

Current		
Accounts payable and accrued liabilities	\$ 192,732	\$ 188,555
Deferred revenue	1,765,140	1,168,556
	1,957,872	1,357,111
Net Assets		
Unrestricted	3,964,811	4,567,454
Invested in capital assets (Note 5)	165,174	255,826
Internally restricted for contingencies (Note 6)	718,107	718,107
	4,848,092	5,541,387
	\$ 6,805,964	\$ 6,898,498

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	2023	2022
Revenue		
Mandatory Student Fees		
Membership	\$ 1,576,777	\$ 1,649,235
Well-being and Financial Security	1,039,670	1,265,393
Leadership and Advocacy	788,649	751,335
Career Success	863,231	680,998
Insurance Fees Collected	6,203,666	6,208,022
Insurance Fees Remitted	(6,375,944)	(6,137,165)
	4,096,049	4,417,818
Optional Student Fees		
Social Events and Opportunities	871,940	-
Other Income (Schedule 1)	384,214	153,282
	5,352,203	4,571,100
Expenses		
Membership	1,920,820	1,887,580
Well-being and Financial Security	1,422,481	1,307,983
Leadership and Advocacy	778,228	801,918
Career Success	743,419	707,865
Social Events and Opportunities	1,080,294	1,051,212
Amortization	100,256	118,037
	6,045,498	5,874,595
Deficiency of revenue over expenses for the year	\$ (693,295)	\$ (1,303,495)

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				2023	2022
	Unrestricted	Invested in capital assets (Note 5)	Internally restricted for contingencies (Note 6)	Total	Total
Balance, beginning of year	\$ 4,567,454	\$ 255,826	\$ 718,107	\$ 5,541,387	\$ 6,844,882
Deficiency of revenue over expenses for the year	(593,039)	(100,256)	-	(693,295)	(1,303,495)
Investment in capital assets	(9,604)	9,604	-	-	-
Balance, end of year	\$ 3,964,811	\$ 165,174	\$ 718,107	\$ 4,848,092	\$ 5,541,387

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

IGNITE Student Union Statement of Cash Flows

For the year ended March 31	2023	2022
Cash was provided by (used in)		
Operating activities		
Deficiency of revenue over expenses for the year	\$ (693,295)	\$ (1,303,495)
Adjustments to reconcile deficiency of revenue over expenses to net cash provided by operating activities		
Amortization	100,256	118,037
Changes in non-cash working capital balances		
Accounts receivable	(14,605)	(46,366)
Prepaid expenses	27,392	(230,919)
Accounts payable and accrued liabilities	4,177	(67,120)
Deferred revenue	596,584	671,601
	<u>20,509</u>	<u>(858,262)</u>
Investing activities		
Purchase of capital assets	(9,604)	(9,331)
Change in amount due from The Humber College Institute of Technology and Advanced Learning	679,519	1,022,033
Purchase of short-term investments	(2,040,000)	(1,300,000)
Proceeds from sale of short-term investments	1,300,000	1,300,000
	<u>(70,085)</u>	<u>1,012,702</u>
Increase (decrease) in cash during the year	(49,576)	154,440
Cash, beginning of year	480,733	326,293
Cash, end of year	\$ 431,157	\$ 480,733

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

IGNITE Student Union Notes to Financial Statements

March 31, 2023

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 divided between mandatory and optional fees. Mandatory fees include Membership, Well-being and Financial Security, Leadership and Advocacy, Career Success, and Insurance fees. The Social Events and Opportunities fee is considered optional.</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>Insurance fees represent the student health and dental plan. This 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 under mandatory student fees revenue.</p> <p>Other income includes commercial operations, sponsorship revenue, graduation photography revenue, ticket sales and handbook advertising revenues which are recognized at the point of sale or when the service has been provided. Other income also includes interest income, which is recorded on the accrual basis.</p>

IGNITE Student Union Notes to Financial Statements

March 31, 2023

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, 2023

2. Investments

In the current year, investments consist of two term deposits with stated interest rates of 1.40% and 3.13%, maturing on June 18, 2026 and June 20, 2023, respectively.

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

The amount due from The Humber College Institute of Technology and Advanced Learning (the "College") of \$3,892,352 (2022 - \$4,571,871) bears interest at the bank's prime rate less 1.60% (2022 - 1.60%) with an effective rate at March 31, 2023 of 5.10% (2022 - 1.10%), is unsecured and due on demand. During the year, IGNITE earned \$180,999 (2022 - \$53,676) of interest income relating to this loan.

4. Capital Assets

	2023		2022	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Furniture and fixtures	\$ 908,885	\$ 885,532	\$ 908,885	\$ 859,845
Intangible asset - software	302,068	256,537	302,068	241,205
Computer equipment	564,518	545,953	555,957	532,649
Equipment	721,331	721,095	721,331	720,456
Leasehold improvements	1,925,821	1,848,332	1,924,778	1,803,038
	\$ 4,422,623	\$ 4,257,449	\$ 4,413,019	\$ 4,157,193
Cost less accumulated amortization		\$ 165,174		\$ 255,826

IGNITE Student Union Notes to Financial Statements

March 31, 2023

5. Net Assets Invested in Capital Assets

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

	<u>2023</u>	<u>2022</u>
Purchase of capital assets internally financed	\$ 9,604	\$ 9,331
Amortization	<u>(100,256)</u>	<u>(118,037)</u>
	<u>\$ (90,652)</u>	<u>\$ (108,706)</u>

6. Internal Restrictions on Net Assets

On a bi-annual basis, IGNITE assesses the sufficiency of the balance held for contingencies. During the year, IGNITE transferred \$Nil (2022 - \$434,000) for future contingencies, resulting in a balance of \$718,107 (2022 - \$718,107). The internally restricted amount is 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 \$62,088 (2022 - \$60,846) 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, 2023

8. 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 2023, both employees and IGNITE paid 11.2% of earnings up to the Year's Maximum Pensionable Earnings (YMPE), \$58,700, plus 14.8% of earnings in excess of \$58,700. Total contributions during the year to the CAAT pension plan for 2023 were \$172,250 (2022 - \$150,839).

9. Financial Instrument Risk Management

Credit Risk

IGNITE is exposed to credit risk on its short-term investments, accounts receivable and amounts due from Humber College Institute of Technology and Advanced Learning.

This risk has not changed from the prior year.

10. 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	2023	2022
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Other Income		
Interest Income	\$ 220,845	\$ 70,598
Commercial Operations	43,034	25,731
Sponsorship Revenue	40,000	-
Graduation Photography Revenue	38,072	31,950
Ticket Sales	27,838	-
Handbook Advertising	14,425	25,003
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	\$ 384,214	\$ 153,282
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