

**TRENT CENTRAL STUDENT ASSOCIATION**

**FINANCIAL STATEMENTS**

**AUGUST 31, 2020**

**TRENT CENTRAL STUDENT ASSOCIATION**

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## **INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT**

### **To the Directors of Trent Central Student Association**

We have reviewed the accompanying financial statements of the Trent Central Student Association that comprise the statement of financial position as at August 31, 2020 and the statements of operations and changes in fund balances 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.

#### *Practitioner's Responsibility*

Our responsibility is to express a conclusion on the accompanying financial statements based on our review. We conducted our review in accordance with Canadian generally accepted standards for review engagements, which require us to comply with relevant ethical requirements.

A review of financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, we do not express an audit opinion on these financial statements.

#### *Conclusion*

Based on our review, nothing has come to our attention that causes us to believe that the financial statements do not present fairly, in all material respects, the financial position of the Trent Central Student Association as at August 31, 2020 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.

### ***Baker Tilly KDN LLP***

Chartered Professional Accountants  
Licensed Public Accountants

Peterborough, Ontario  
February 7, 2021

# TRENT CENTRAL STUDENT ASSOCIATION



## STATEMENT OF FINANCIAL POSITION As at August 31, 2020

	General Fund 2020 \$	Student Centre 2020 \$	Health & Dental Fund 2020 \$	Transit Fund 2020 \$	Total 2020 \$	Total 2019 \$
<b>ASSETS</b>						
<b>Current assets</b>						
Cash	412,973	827,452	1,117,604	1,453,313	3,811,342	2,347,910
Cash - contingency fund (note 8)	78,926	-	-	-	78,926	66,362
Accounts receivable	168,395	-	-	-	168,395	120,354
Interfund advances (note 6)	127,099	(104,312)	(56,093)	33,306	-	-
<b>Total current assets</b>	<b>787,393</b>	<b>723,140</b>	<b>1,061,511</b>	<b>1,486,619</b>	<b>4,058,663</b>	<b>2,534,626</b>
<b>Tangible capital assets</b> (note 3)	<b>4,068</b>	<b>9,712,500</b>	<b>-</b>	<b>-</b>	<b>9,716,568</b>	<b>9,898,911</b>
<b>Total assets</b>	<b>791,461</b>	<b>10,435,640</b>	<b>1,061,511</b>	<b>1,486,619</b>	<b>13,775,231</b>	<b>12,433,537</b>

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

# TRENT CENTRAL STUDENT ASSOCIATION



## STATEMENT OF FINANCIAL POSITION, continued As at August 31, 2020

	General Fund 2020 \$	Student Centre 2020 \$	Health & Dental Fund 2020 \$	Transit Fund 2020 \$	Total 2020 \$	Total 2019 \$
<b>LIABILITIES AND FUND BALANCES</b>						
<b>Current liabilities</b>						
Accounts payable and accrued liabilities (note 9)	29,355	-	-	-	29,355	26,669
Due to Trent University	126,883	-	-	-	126,883	108,461
Current portion of long-term debt (note 4)	-	246,796	-	-	246,796	268,751
<b>Total current liabilities</b>	<b>156,238</b>	<b>246,796</b>	<b>-</b>	<b>-</b>	<b>403,034</b>	<b>403,881</b>
<b>Long-term debt</b> (note 4)	<b>-</b>	<b>8,676,284</b>	<b>-</b>	<b>-</b>	<b>8,676,284</b>	<b>8,870,720</b>
<b>Fair value of interest rate swap</b> (note 7)	<b>-</b>	<b>976,099</b>	<b>-</b>	<b>-</b>	<b>976,099</b>	<b>582,348</b>
<b>Total liabilities</b>	<b>156,238</b>	<b>9,899,179</b>	<b>-</b>	<b>-</b>	<b>10,055,417</b>	<b>9,856,949</b>
<b>Fund balances</b>						
Unrestricted	556,297	-	-	-	556,297	409,230
Net assets externally restricted	-	536,461	1,061,511	1,486,619	3,084,591	2,100,996
Net assets internally restricted	78,926	-	-	-	78,926	66,362
<b>Total fund balances</b>	<b>635,223</b>	<b>536,461</b>	<b>1,061,511</b>	<b>1,486,619</b>	<b>3,719,814</b>	<b>2,576,588</b>
<b>Total liabilities and fund balances</b>	<b>791,461</b>	<b>10,435,640</b>	<b>1,061,511</b>	<b>1,486,619</b>	<b>13,775,231</b>	<b>12,433,537</b>

Approved on behalf of the Board:

\_\_\_\_\_, Director

\_\_\_\_\_, Director

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

# TRENT CENTRAL STUDENT ASSOCIATION



## STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCES For the Year Ended August 31, 2020

	General Fund 2020 \$	Student Centre 2020 \$	Health & Dental Fund 2020 \$	Transit Fund 2020 \$	Total 2020 \$	Total 2019 \$
<b>Revenue</b>						
Health and dental plan levy	-	-	3,378,429	-	3,378,429	3,075,501
Transit levy	-	-	-	2,503,868	2,503,868	2,256,476
Clubs and groups levy	75,117	-	-	-	75,117	75,119
Operations levy	295,318	-	-	-	295,318	312,081
Student centre levy	-	817,707	-	-	817,707	757,259
Operations	114,164	6,553	-	-	120,717	181,471
<b>Total revenue</b>	<b>484,599</b>	<b>824,260</b>	<b>3,378,429</b>	<b>2,503,868</b>	<b>7,191,156</b>	<b>6,657,907</b>

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

# TRENT CENTRAL STUDENT ASSOCIATION



## STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCES, continued For the Year Ended August 31, 2020

	General Fund 2020 \$	Student Centre 2020 \$	Health & Dental Fund 2020 \$	Transit Fund 2020 \$	Total 2020 \$	Total 2019 \$
<b>Expenses</b>						
Amortization	1,743	180,600	-	-	182,343	346,890
Bank charges	2,825	-	-	-	2,825	2,648
Board	3,261	-	-	-	3,261	10,410
Campaign	26,640	-	-	-	26,640	45,977
Clubs and groups	40,464	-	-	-	40,464	54,453
Community outreach	118,500	-	-	-	118,500	25,460
Events and services	77,103	-	-	-	77,103	128,628
Health plan premiums	-	-	2,739,942	-	2,739,942	2,838,377
Interest on long-term debt	-	244,368	-	-	244,368	267,807
Operations	45,014	162,059	-	-	207,073	128,095
Professional fees	9,379	-	-	-	9,379	13,380
Transportation	-	-	-	1,670,223	1,670,223	1,771,585
Wages, benefits and honoraria	332,059	-	-	-	332,059	355,229
Internal administrative fee	(328,697)	-	199,361	129,336	-	-
<b>Total expenses</b>	<b>328,291</b>	<b>587,027</b>	<b>2,939,303</b>	<b>1,799,559</b>	<b>5,654,180</b>	<b>5,988,939</b>
<b>Excess (deficiency) of revenue over expenses for the year</b>	<b>156,308</b>	<b>237,233</b>	<b>439,126</b>	<b>704,309</b>	<b>1,536,976</b>	<b>668,968</b>
<b>Unrealized gain (loss) on fair value of interest rate swap (note 7)</b>	<b>-</b>	<b>(393,750)</b>	<b>-</b>	<b>-</b>	<b>(393,750)</b>	<b>(1,260,734)</b>
<b>Excess (deficiency) of revenue over expenses for the year</b>	<b>156,308</b>	<b>(156,517)</b>	<b>439,126</b>	<b>704,309</b>	<b>1,143,226</b>	<b>(591,766)</b>
<b>Fund balances - beginning of year</b>	<b>478,915</b>	<b>692,978</b>	<b>622,385</b>	<b>782,310</b>	<b>2,576,588</b>	<b>3,168,354</b>
<b>Fund balances - end of year</b>	<b>635,223</b>	<b>536,461</b>	<b>1,061,511</b>	<b>1,486,619</b>	<b>3,719,814</b>	<b>2,576,588</b>

The accompanying notes are an integral part of these financial statements

# TRENT CENTRAL STUDENT ASSOCIATION



## STATEMENT OF CASH FLOWS For the Year Ended August 31, 2020

	2020	2019
	\$	\$
<b>CASH PROVIDED FROM (USED FOR):</b>		
<b>Operating activities</b>		
Excess (deficiency) of revenue over expenses for the year	1,143,226	(591,766)
Non-cash charges to operations		
Amortization	182,343	346,890
Fair value of interest rate swap contract	393,750	1,260,734
	<u>1,719,319</u>	<u>1,015,858</u>
Changes in non-cash working capital items:		
Accounts receivable	(48,041)	(94,576)
Prepaid expenses	-	37,460
Accounts payable and accrued liabilities	2,688	(333,716)
Increase in due from Trent University	18,421	53,352
	<u>(26,932)</u>	<u>(337,480)</u>
Net increase in cash from operating activities	<u>1,692,387</u>	<u>678,378</u>
<b>Financing activities</b>		
Repayment of long-term debt	(216,391)	(1,227,473)
<b>Increase (decrease) in cash</b>	<b>1,475,996</b>	<b>(549,095)</b>
<b>Cash - beginning of year</b>	<b>2,414,272</b>	<b>2,963,367</b>
<b>Cash - end of year</b>	<b><u>3,890,268</u></b>	<b><u>2,414,272</u></b>
<b>Comprised of:</b>		
Cash	3,811,342	2,347,910
Contingency Fund	78,926	66,362
	<u>3,890,268</u>	<u>2,414,272</u>

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



**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended August 31, 2020**

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**1. NATURE OF OPERATIONS**

The Trent Central Student Association (the "Association") is a non-profit organization incorporated without share capital under the laws of Ontario. The purpose of Trent Central Student Association is to provide services to the students of Trent University (the "University") and represent the interest of its members to all levels of government and university administration. The Trent Central Student Association is committed to bringing about necessary educational, administrative, and legislative changes in areas affecting students.

**2. SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Association are the representation of management prepared in accordance with accounting policies set out below to comply with Canadian Accounting Standards for Not-for-Profit Organizations.

*(a) Fund accounting*

The Association reports on a restricted fund accounting basis. The four funds maintained are the General Fund, Student Centre Fund, Health & Dental Fund, and the Transit Fund.

The funds are described as follows:

- (i) The General Fund accounts for the Association's operating and administrative activities. This fund reports unrestricted resources as well as the contingency fund as described in note 8.
- (ii) The Student Centre Fund reports the assets, liabilities, revenues, and expenses related to the Trent Central Student Association's Student Centre.
- (iii) The Health & Dental Fund reports only restricted resources that are to be used for Health & Dental purposes.
- (iv) The Transit Fund reports only restricted resources that are to be used for Transit purposes.

*(b) Tangible capital assets*

Tangible capital assets are stated at cost less accumulated amortization. Amortization is based on the estimated useful life of the asset and is calculated as follows:

	<u>Method</u>	<u>Rate</u>
Building	Straight-line	40 years
Equipment	Declining balance	30%

Tangible capital assets are reviewed for impairment whenever events or conditions indicate that the assets no longer contribute to the Association's ability to provide services or that the service potential of the assets are less than their net carrying amount. When conditions indicate that a tangible capital asset is impaired, the net carrying amount of the asset is written down to the asset's fair value or replacement cost.

**2. SIGNIFICANT ACCOUNTING POLICIES, continued**

*(c) Recognition of revenue and expenditures*

Health & dental, transit, and student centre levies are recognized as revenue of the appropriate restricted fund when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Restricted contributions for clubs and group levies are recognized as revenue of the General Fund in the year in which the related expenses are incurred.

Unrestricted contributions, including the operations levy and other non-restricted operating revenue, are recognized as revenue of the General Fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

*(d) Income taxes*

The Association is a qualifying non-profit corporation under section 149 of the Income Tax Act and is therefore not subject to corporate income taxes.

*(e) Use of estimates*

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year.

*(f) Financial instruments*

The Association initially measures its financial assets and financial liabilities at fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of transaction costs directly attributable to the instrument.

The Association subsequently measures its financial assets and financial liabilities at amortized cost except for interest rate swap contracts, which are measured at fair value. Changes in fair value are recognized in the statement of operations.

Financial assets measured at amortized cost are tested for impairment when there are indicators of possible impairment. When a significant adverse change has occurred during the period in the expected timing or amount of future cash flows from the financial asset or group of assets, a write-down is recognized in the statement of operations.

*(g) Contributed services*

Volunteers contribute many hours per year to assist the Association in carrying out its activities. Due to the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended August 31, 2020

2. SIGNIFICANT ACCOUNTING POLICIES, continued

(h) *Measurement uncertainty*

On March 11, 2020, the World Health Organization categorized COVID-19 as a pandemic. The potential economic effects within the Association's environment and in the global markets, possible disruption in supply chains, and measures being introduced at various levels of government to curtail the spread of the virus (such as travel restrictions, closures of non-essential municipal and private operations, imposition of quarantines and social distancing) could have a material impact on the Association's operations. The extent of the impact of this outbreak and related containment measures on the Association's operations cannot be reliably estimated at this time.

As an emerging risk, the duration and full financial effect of the COVID-19 pandemic is unknown at this time, as is the efficacy of the government and central bank interventions, and other mitigating measures. Any estimate of the length and severity of these developments is therefore subject to significant uncertainty, and accordingly estimates of the extent to which the COVID-19 pandemic may materially and adversely affect the Association's operations, financial results and condition in future periods are also subject to significant uncertainty. Therefore, uncertainty about judgements, estimates, and assumptions made by management during the preparation of the Association's financial statements related to potential impacts of the COVID-19 outbreak on revenue, expenses, assets, liabilities, and note disclosures could result in a material adjustment to the carrying value of the asset or liability affected.

3. TANGIBLE CAPITAL ASSETS

Tangible capital assets consist of the following:

	Cost \$	Accumulated amortization \$	2020 \$	2019 \$
Building	10,500,000	(787,500)	9,712,500	9,893,100
Equipment	23,749	(19,680)	4,068	5,811
	10,523,749	(807,180)	9,716,568	9,898,911

The amount shown as the building represents the Association's agreed share of construction costs related to the Trent Student Centre which it occupies under an operating agreement with the University which expires on September 30, 2047, with an option to renew.

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended August 31, 2020**

**4. LONG-TERM DEBT**

Long-term debt consists of:

	2020	2019
	\$	\$
Loan, interest calculated at a rate of 2.825% based on the interest rate swap as described in Note 7, maturing on September 2047, secured by small business banking security agreement and guaranteed by Trent University	8,923,080	9,139,471
Less current portion	(246,796)	(268,751)
Due beyond one year	8,676,284	8,870,720

The principal and interest payments due in each of the next five years are as follows:

	Principal	Interest	Total
	\$	\$	\$
2021	246,796	276,320	523,116
2022	253,859	269,257	523,116
2023	261,124	261,992	523,116
2024	268,598	254,518	523,116
2025	276,284	246,832	523,116

**5. FINANCIAL INSTRUMENTS**

(a) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Association is exposed to interest rate risk on its financial instruments. Fixed interest instruments subject the Association to a fair value risk. The Association has mitigated interest rate risk on its financial instruments by entering into an interest rate swap as described in Note 7.

(b) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Association's financial instruments that are exposed to concentrations of credit risk relate to its accounts receivable. The majority of the accounts receivable are from Trent University, reducing the overall risk.

**6. INTERFUND ADVANCES**

Advances between funds are non-interest bearing and have no specific terms of repayment.

**7. INTEREST RATE SWAP**

The Association has entered into an interest rate swap contract with notional principal equal to the outstanding balance of the loan described in Note 4 whereby it has agreed to pay at fixed interest rates and receive at variable interest rates based on the Bankers' Acceptance rates for one month. The swap contract matures in 2047 and has a fixed interest rate of 2.165% plus a stamping fee of 0.66%. The fair value of the swap as at August 31, 2020 is \$976,099.

**8. CONTINGENCY FUND**

Each year the Association's Standing Committee on Finance and Operations budget 5% of the total year's revenue to be allocated to the Contingency Fund. Withdrawal of funds from the Contingency Fund may only be approved by a two-thirds majority vote of the Association's Board of Directors.

**9. GOVERNMENT REMITTANCES**

Included in accounts payable and accrued liabilities are government remittances payable of \$11,403 (2019 - \$10,798).

**10. COMPARATIVE FIGURES**

Certain comparative figures were restated, where required, to conform with the current year presentation.