

**TRENT CENTRAL STUDENT ASSOCIATION**

**FINANCIAL STATEMENTS**

**AUGUST 31, 2022**

**TRENT CENTRAL STUDENT ASSOCIATION**

**FINANCIAL STATEMENTS**

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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, 2022 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, 2022 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 13, 2023

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# TRENT CENTRAL STUDENT ASSOCIATION

## STATEMENT OF FINANCIAL POSITION As at August 31, 2022

	General Fund 2022 \$	Student Centre 2022 \$	Health & Dental Fund 2022 \$	Transit Fund 2022 \$	Total 2022 \$	Total 2021 \$
<b>ASSETS</b>						
<b>Current assets</b>						
Cash	191,235	1,357,330	1,795,669	1,365,058	4,709,292	3,828,758
Cash - contingency fund (note 8)	122,055	-	-	-	122,055	122,055
Accounts receivable	43,369	-	-	-	43,369	28,357
Interfund advances (note 6)	154,828	(250,922)	76,713	19,381	-	-
<b>Total current assets</b>	<b>511,487</b>	<b>1,106,408</b>	<b>1,872,382</b>	<b>1,384,439</b>	<b>4,874,716</b>	<b>3,979,170</b>
<b>Tangible capital assets</b> (note 3)	<b>1,993</b>	<b>9,187,500</b>	<b>-</b>	<b>-</b>	<b>9,189,493</b>	<b>9,452,847</b>
<b>Fair value of interest rate swap</b> (note 7)	<b>-</b>	<b>1,281,258</b>	<b>-</b>	<b>-</b>	<b>1,281,258</b>	<b>-</b>
<b>Total assets</b>	<b>513,480</b>	<b>11,575,166</b>	<b>1,872,382</b>	<b>1,384,439</b>	<b>15,345,467</b>	<b>13,432,017</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, 2022

	General Fund 2022 \$	Student Centre 2022 \$	Health & Dental Fund 2022 \$	Transit Fund 2022 \$	Total 2022 \$	Total 2021 \$
<b>LIABILITIES AND FUND BALANCES</b>						
<b>Current liabilities</b>						
Accounts payable and accrued liabilities (note 9)	49,302	-	-	-	49,302	554,659
Due to Trent University	159,506	-	-	-	159,506	92,266
Current portion of long-term debt (note 4)	-	235,506	-	-	235,506	253,859
<b>Total current liabilities</b>	<b>208,808</b>	<b>235,506</b>	<b>-</b>	<b>-</b>	<b>444,314</b>	<b>900,784</b>
<b>Long-term debt</b> (note 4)	<b>-</b>	<b>8,236,038</b>	<b>-</b>	<b>-</b>	<b>8,236,038</b>	<b>8,446,638</b>
<b>Fair value of interest rate swap</b> (note 7)	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>230,067</b>
<b>Total liabilities</b>	<b>208,808</b>	<b>8,471,544</b>	<b>-</b>	<b>-</b>	<b>8,680,352</b>	<b>9,577,489</b>
<b>Fund balances</b>						
Unrestricted	182,617	-	-	-	182,617	384,700
Net assets externally restricted	-	3,103,622	1,872,382	1,384,439	6,360,443	3,347,773
Net assets internally restricted (note 8)	122,055	-	-	-	122,055	122,055
<b>Total fund balances</b>	<b>304,672</b>	<b>3,103,622</b>	<b>1,872,382</b>	<b>1,384,439</b>	<b>6,665,115</b>	<b>3,854,528</b>
<b>Total liabilities and fund balances</b>	<b>513,480</b>	<b>11,575,166</b>	<b>1,872,382</b>	<b>1,384,439</b>	<b>15,345,467</b>	<b>13,432,017</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, 2022

	General Fund 2022 \$	Student Centre 2022 \$	Health & Dental Fund 2022 \$	Transit Fund 2022 \$	Total 2022 \$	Total 2021 \$
<b>Revenue</b>						
Health and dental plan levy	-	-	3,790,279	-	3,790,279	3,675,334
Transit levy	-	-	-	2,718,992	2,718,992	-
Clubs and groups levy	94,213	-	-	-	94,213	92,015
Operations levy	436,896	-	-	-	436,896	382,557
Student centre levy	-	908,574	-	-	908,574	886,824
Operations	91,569	27,543	-	-	119,112	38,720
<b>Total revenue</b>	<b>622,678</b>	<b>936,117</b>	<b>3,790,279</b>	<b>2,718,992</b>	<b>8,068,066</b>	<b>5,075,450</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, 2022

	General Fund 2022 \$	Student Centre 2022 \$	Health & Dental Fund 2022 \$	Transit Fund 2022 \$	Total 2022 \$	Total 2021 \$
<b>Expenses</b>						
Amortization	854	262,500	-	-	263,354	263,721
Bank charges	6,139	-	-	-	6,139	6,619
Board	13,455	-	-	-	13,455	6,512
Campaign	72,309	-	-	-	72,309	36,937
Clubs and groups	109,192	-	-	-	109,192	94,136
Community outreach	16,202	-	-	-	16,202	31,499
Events and services	83,971	-	-	-	83,971	53,031
Health plan premiums	-	-	3,390,187	-	3,390,187	3,264,555
Interest on long-term debt	-	259,447	-	-	259,447	248,054
Operations	91,225	180,649	-	-	271,874	335,313
Professional fees	16,837	-	-	-	16,837	13,291
Transportation	-	-	-	1,851,260	1,851,260	969,912
Wages, benefits and honoraria	414,577	-	-	-	414,577	363,188
<b>Total expenses</b>	<b>824,761</b>	<b>702,596</b>	<b>3,390,187</b>	<b>1,851,260</b>	<b>6,768,804</b>	<b>5,686,768</b>
<b>Excess (deficiency) of revenue over expenses for the year</b>	<b>(202,083)</b>	<b>233,521</b>	<b>400,092</b>	<b>867,732</b>	<b>1,299,262</b>	<b>(611,318)</b>
<b>Unrealized gain (loss) on fair value of interest rate swap (note 7)</b>	<b>-</b>	<b>1,511,325</b>	<b>-</b>	<b>-</b>	<b>1,511,325</b>	<b>746,032</b>
<b>Excess (deficiency) of revenue over expenses for the year</b>	<b>(202,083)</b>	<b>1,744,846</b>	<b>400,092</b>	<b>867,732</b>	<b>2,810,587</b>	<b>134,714</b>
<b>Fund balances - beginning of year</b>	<b>506,755</b>	<b>1,358,776</b>	<b>1,472,290</b>	<b>516,707</b>	<b>3,854,528</b>	<b>3,719,814</b>
<b>Fund balances - end of year</b>	<b>304,672</b>	<b>3,103,622</b>	<b>1,872,382</b>	<b>1,384,439</b>	<b>6,665,115</b>	<b>3,854,528</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, 2022

	2022	2021
	\$	\$
<b>CASH PROVIDED FROM (USED FOR):</b>		
<b>Operating activities</b>		
Excess (deficiency) of revenue over expenses for the year	2,810,587	134,714
Non-cash charges to operations		
Amortization	263,354	263,721
Fair value of interest rate swap contract	(1,511,325)	(746,032)
	<u>1,562,616</u>	<u>(347,597)</u>
Changes in non-cash working capital items:		
Accounts receivable	(15,012)	140,038
Accounts payable and accrued liabilities	(505,357)	525,303
Due to/from Trent University	67,240	(34,615)
	<u>(453,129)</u>	<u>630,726</u>
Net increase in cash from operating activities	<u>1,109,487</u>	<u>283,129</u>
<b>Financing activities</b>		
Repayment of long-term debt	(228,953)	(222,584)
<b>Change in cash</b>	<b>880,534</b>	<b>60,545</b>
<b>Cash - beginning of year</b>	<b>3,950,813</b>	<b>3,890,268</b>
<b>Cash - end of year</b>	<b><u>4,831,347</u></b>	<b><u>3,950,813</u></b>
<b>Comprised of:</b>		
Cash	4,709,292	3,828,758
Contingency Fund	122,055	122,055
	<u>4,831,347</u>	<u>3,950,813</u>

The accompanying notes are an integral part of these financial statements



# TRENT CENTRAL STUDENT ASSOCIATION

## NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended August 31, 2022

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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.

# TRENT CENTRAL STUDENT ASSOCIATION

## NOTES TO THE FINANCIAL STATEMENTS For the Year Ended August 31, 2022

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### 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, unrestricted contributions for clubs and group levies 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 and financial liabilities measured at amortized cost include cash, accounts receivable, accounts payable and accrued liabilities, due to Trent University, and long term debt.

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.

# TRENT CENTRAL STUDENT ASSOCIATION

## NOTES TO THE FINANCIAL STATEMENTS For the Year Ended August 31, 2022

### 3. TANGIBLE CAPITAL ASSETS

Tangible capital assets consist of the following:

	Cost \$	Accumulated amortization \$	2022 \$	2021 \$
Building	10,500,000	(1,312,500)	9,187,500	9,450,000
Equipment	23,749	(21,755)	1,993	2,847
	10,523,749	(1,334,255)	9,189,493	9,452,847

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.

### 4. LONG-TERM DEBT

Long-term debt consists of:

	2022 \$	2021 \$
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	8,471,544	8,700,497
Less current portion	(235,506)	(253,859)
Due beyond one year	8,236,038	8,446,638

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

	Principal \$	Interest \$	Total \$
2023	235,506	287,610	523,116
2024	242,245	280,871	523,116
2025	249,178	273,938	523,116
2026	256,309	266,807	523,116
2027	263,644	259,472	523,116

# TRENT CENTRAL STUDENT ASSOCIATION

## NOTES TO THE FINANCIAL STATEMENTS For the Year Ended August 31, 2022

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### 5. FINANCIAL INSTRUMENTS

Transactions in financial instruments may result in an entity assuming or transferring to another party one or more of the financial risks described below. The required disclosures provide information that assists users of financial statements in assessing the extent of risk related to 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. However the overall accounts receivable balance is not significant, reducing the overall risk.

(c) Liquidity risk

Liquidity risk is the risk that the Association cannot repay its obligations when they become due to its creditors.

The Association reduces its exposure to liquidity risk by ensuring that it documents when authorized payments become due and maintains an adequate amount of cash to cover operating expenses.

### 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, 2022 is \$1,281,258, (2021 - (\$230,067)).

### 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 \$6,560 (2021 - \$5,953).