

**FINANCIAL STATEMENTS**  
**SCARBOROUGH CAMPUS STUDENTS' UNION**  
**AS AT APRIL 30, 2013**

**SCARBOROUGH CAMPUS STUDENTS' UNION**

**AS AT APRIL 30, 2013**

**I N D E X**

Independent Auditors' Report	1
Statement of Financial Position	2
Statement of Operations and Changes in Net Assets	3
Statement of Cash Flows	4
Notes to Financial Statements	5 - 15

## INDEPENDENT AUDITORS' REPORT

To the Board of Directors:

We have audited the accompanying financial statements of the **Scarborough Campus Students' Union**, which comprise the statement of financial position as at April 30, 2013, the statements of operations and 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.

### Emphasis of Matter

Without modifying our opinion, we draw attention to Note 12 to the financial statements which describes that **Scarborough Campus Students' Union** adopted Canadian Accounting Standards for Not-for-Profit Organizations on May 1, 2012 with a transition date of May 1, 2011. These standards were applied retrospectively by management to the comparative information in these financial statements, including the statements of financial position as at April 30, 2012, and the statements of operations, changes in net assets and cash flows for the period ended and related disclosures. We were not engaged to report on the restated comparative information and, as such, it is unaudited.

### Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of **Scarborough Campus Students' Union** at April 30, 2013, and of its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

  
Chartered Accountants  
Licensed Public Accountants

Toronto, Ontario  
October 16, 2013

**Celebrating over 60 years of excellence**

**SCARBOROUGH CAMPUS STUDENTS' UNION  
AT THE UNIVERSITY OF TORONTO**

Page 2

**STATEMENT OF FINANCIAL POSITION**

**AS AT APRIL 30, 2013  
(With comparative figures as at April 30, 2012)**

**A S S E T S**

	2013	2012
<b>CURRENT</b>		
Cash	\$ 382,096	\$ 179,588
Harmonized Sales Tax	-	8,968
Investments (note 4)	166,581	331,612
Accounts receivable	69,973	81,307
Prepaid expenses	11,062	13,099
Inventory	<u>11,210</u>	<u>19,565</u>
	640,922	634,139
<b>INVESTMENT AND LOANS TO RELATED PARTIES (note 9)</b>	266,394	323,478
<b>PROPERTY AND EQUIPMENT (note 5)</b>	<u>256,263</u>	<u>215,601</u>
<b>TOTAL ASSETS</b>	<u>\$ 1,163,579</u>	<u>\$ 1,173,218</u>

**L I A B I L I T I E S**

<b>CURRENT</b>		
Accounts payable	65,633	340,504
Harmonized Sales Tax	7,985	-
Deferred rental deposits	6,946	6,946
Deferred health and dental fees (note 7)	198,606	7,082
Deferred student levies (note 6)	97,570	77,579
Current portion of long term debt (note 8)	<u>32,240</u>	<u>29,743</u>
	408,980	461,854
<b>LONG-TERM DEBT (note 8)</b>	<u>16,547</u>	<u>47,938</u>
<b>TOTAL LIABILITIES</b>	<u>425,527</u>	<u>509,792</u>

**N E T A S S E T S**

<b>TOTAL NET ASSETS</b>	<u>738,052</u>	<u>663,426</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 1,163,579</u>	<u>\$ 1,173,218</u>

**APPROVED ON BEHALF OF THE BOARD**

\_\_\_\_\_ Director

\_\_\_\_\_ Director

See accompanying notes

To be read in conjunction with our Auditors' Report dated October 16, 2013

**SCARBOROUGH CAMPUS STUDENTS' UNION  
AT THE UNIVERSITY OF TORONTO**

Page 3

**STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS**

**FOR THE YEAR ENDED APRIL 30, 2013  
(With comparative figures for the year ended April 30, 2012)**

	2013	2012
<b>REVENUES</b>		
Health and dental plan fees recognized (note 7)	1,932,638	1,714,507
TTC Metropass and fare sales	1,050,779	1,313,639
Unrestricted general student fees	563,956	532,132
Health and dental administration charge	176,692	164,775
Admissions, events and advertising	335,714	289,474
Restricted referendum fees recognized (note 6)	289,635	270,714
Rental and leasing	237,435	193,267
U of T Scarborough operating subsidy	130,000	140,000
Student Centre Capital Reserve income recognition (note 8)	33,434	33,434
Grants and sponsorship	9,500	15,750
Investment income (loss)	<u>5,160</u>	<u>(15,460)</u>
	<u>4,764,943</u>	<u>4,652,232</u>
<b>EXPENSES</b>		
Health and dental plan disbursements (note 7)	1,932,638	1,714,507
Cost of TTC Metropasses and fares sold	1,050,798	1,313,619
Wages and benefits	723,844	755,794
General and administrative	359,185	348,864
Restricted referendum fees disbursed (note 6)	289,635	270,714
Operating subsidy paid to SCSU Restaurants Inc.	130,000	140,000
Repairs and maintenance	75,278	61,382
Professional fees	39,506	32,811
Utilities	26,155	21,777
Ticket purchases	19,324	30,902
Credit card and bank charges	10,313	8,543
Interest on long term debt	4,540	5,349
Amortization	<u>29,101</u>	<u>4,638</u>
	<u>4,690,317</u>	<u>4,708,900</u>
<b>SURPLUS (DEFICIT) FROM OPERATIONS</b>	74,626	(56,668)
Contribution to Student Centre improvements and renovations	<u>-</u>	<u>(817,002)</u>
<b>DEFICIT FOR THE YEAR</b>	74,626	(873,670)
Opening net assets	<u>663,426</u>	<u>1,537,096</u>
<b>CLOSING NET ASSETS</b>	<u>\$ 738,052</u>	<u>\$ 663,426</u>

See accompanying notes

To be read in conjunction with our Auditors' Report dated October 16, 2013

**SCARBOROUGH CAMPUS STUDENTS' UNION  
AT THE UNIVERSITY OF TORONTO**

Page 4

**STATEMENT OF CASH FLOWS**

**FOR THE YEAR ENDED APRIL 30, 2013  
(With comparative figures for the year ended April 30, 2012)**

	2013	2012
<b>CASH FLOWS FROM (USED IN):</b>		
<b>OPERATIONS</b>		
Health and Dental plan fees received	\$ 2,124,162	\$ 1,732,082
Sales, rents and receivables	1,644,762	1,935,760
General student fees	563,957	532,131
Health and dental administration charges	176,692	164,775
Restricted student fees received	309,626	289,738
U of T Scarborough operating subsidy	130,000	140,000
Interest received	5,160	13,435
Purchases, expenses and payables	(2,624,846)	(2,880,585)
Health and Dental plan fees disbursed	(1,932,638)	(1,714,507)
Restricted student fees disbursed	<u>(289,635)</u>	<u>(270,714)</u>
	<u>107,240</u>	<u>(57,885)</u>
<b>INVESTING</b>		
Advances to SCSU Restaurants Inc.	(69,763)	(172,502)
Redemption of investments	165,031	1,120,835
Contributions to building	<u>-</u>	<u>(837,348)</u>
	<u>95,268</u>	<u>110,985</u>
<b>NET CHANGE IN CASH</b>	202,508	53,100
Cash at beginning of the year	<u>179,588</u>	<u>126,488</u>
<b>CASH AT END OF THE YEAR</b>	<u>\$ 382,096</u>	<u>\$ 179,588</u>

See accompanying notes

To be read in conjunction with our Auditors' Report dated October 16, 2013

**SCARBOROUGH CAMPUS STUDENTS' UNION  
AT THE UNIVERSITY OF TORONTO**

Page 5

**NOTES TO FINANCIAL STATEMENTS**

**AS AT APRIL 30, 2013**

**1. PURPOSE OF THE ORGANIZATION**

Scarborough Campus Student's Union (SCSU) is a not-for-profit organization operating programs and providing services and advocacy for the full-time undergraduate students at the University of Toronto Scarborough and is exempt from income tax under the Income Tax Act. The primary objectives include improving the quality of campus life, services and education, and to represent the member students in areas of common interest. Financial operations are administered by an executive committee subject to approval by the Board of Directors.

SCSU has a custodial responsibility for the Student Centre building at 1365 Military Trail under a Student Centre Management Agreement with the university dated October 15, 2004.

**2. BASIS OF PRESENTATION ACCOUNTING CHANGES**

These financial statements have been prepared in accordance with Part III of the CICA Handbook - *Accounting Standards for Not-For-Profit Organizations*. Last year the statements were prepared using Part V of the CICA Handbook - *Pre-changeover accounting standards*. Changes and restatements are described in note 12.

**3. SIGNIFICANT ACCOUNTING POLICIES**

Revenue Recognition

The collection and amount of non-academic incidental fees charged to students in Ontario is regulated by the Ontario Ministry of Training, Colleges and Universities through its Ontario Operating Funds Distribution Manual and Compulsory Ancillary Fee Policy Guidelines. Pursuant to these, a change to or introduction of a fee must be done in accordance with a long-term protocol established between the university and its student government. SCSU's protocol requires a referendum of the student body for significant changes to or the introduction of additional fees.

All fees collected from the students for a specific purpose, pursuant to referendums of the student body, are accounted for using the deferral method of accounting for externally restricted contributions. Restricted fees are initially shown as a liability upon receipt of the funds. When the funds are disbursed for their intended purpose, the liability is reduced and an equal amount is then recognized as revenue and expense.

These financial statements do not include the student centre levy collected from students as this amount is withheld and retained by the University of Toronto Scarborough and applied to the building's financing. Because the University of Toronto Scarborough retains legal title to the building, any contributions towards the cost of the building, or material renovations made to the fabric to the building, become property of the university and are therefore treated as either repairs and maintenance expenses, or expensed as a contribution towards the building.

To be read in conjunction with our Auditors' Report dated October 16, 2013

SCARBOROUGH CAMPUS STUDENTS' UNION  
AT THE UNIVERSITY OF TORONTO

Page 6

NOTES TO FINANCIAL STATEMENTS

AS AT APRIL 30, 2013

3. **SIGNIFICANT ACCOUNTING POLICIES** - continued

Revenue Recognition - continued

Sales and rental revenues are recognized when the related goods are sold or the services performed. Any monies received as a deposit are initially shown as Unearned Revenue and Deposits under the liabilities and then taken into income when the goods and services are provided.

Leasing revenues are recognized on a straight-line basis over the term of the lease.

Interest is accrued on a daily basis.

Inventory

Inventory consists mainly of admission tickets and TTC fares. It is carried at the lower of cost and net realizable value on a first-in first-out (FIFO) basis.

Property and Equipment

The property and equipment are recorded at cost and amortized over their estimated useful lives. Computer equipment is amortized over five years on a straight-line basis.

Investment in Subsidiaries

SCSU is the sole controlling shareholder of SCSU Restaurants Inc. (o/a Rex's Den). Rex's Den is the sole controlling shareholder of 2277345 Ontario Ltd. (KFC Express franchise), and 2277596 Ontario Ltd, (Hero Burger franchise), all of which operate out of the Student Centre. The consolidated operations of have been recorded using the equity method.

Contributed Services

The union makes extensive use of volunteers in its activities. Volunteer services have not been recorded due to the difficulty in valuing them.

Use of Estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions which affect the amounts reported in the financial statements and the notes to the financial statements. The primary estimates concern the net book value and the amortization expense for the property and equipment. Actual results may differ from these estimates. These adjustments are reviewed periodically and adjustments are made to income as appropriate in the year they become known.

To be read in conjunction with our Auditors' Report dated October 16, 2013



**SCARBOROUGH CAMPUS STUDENTS' UNION  
AT THE UNIVERSITY OF TORONTO**

**NOTES TO FINANCIAL STATEMENTS**

**AS AT APRIL 30, 2013**

**3. SIGNIFICANT ACCOUNTING POLICIES - continued**

Financial instruments

Financial assets and liabilities held for trading

Financial instruments classified as financial assets and financial liabilities held for trading are recorded at fair value at each balance sheet date and any change in fair value is recognized in income in the period in which the change occurs.

Investments held to maturity

Financial instruments classified as held-to-maturity investments are carried at amortized cost using the effective interest method. Interest is included in income for the year.

Loans and receivables and financial liabilities held for purposes other than for trading

Financial instruments classified as loans and receivables, and financial liabilities held for purposes other than for trading, are carried at amortized cost using the effective interest method. Interest income and expenses are included in income for the year.

Available-for-sale financial assets

Financial assets classified as available for sale are recorded at fair value at each balance sheet date and any change in fair value is recognized in other comprehensive income in the period in which these changes occur. Upon derecognition, any accrued gains or losses are recognized in income for the year.

**4. INVESTMENTS**

	2013	2012	2011
GIC bearing interest at 1.1% maturing November 3, 2014	\$ 166,581	\$ -	\$ -
GIC bearing interest at 1.2% maturing February 21, 2013	-	169,528	-
GIC bearing interest at 1.1% maturing November 2, 2012	-	162,084	162,084
GIC bearing interest at 0.12% maturing March 26, 2011	-	-	331,433
GIC bearing interest at 0.15% maturing May 13, 2011	-	-	167,517
GIC bearing interest at 1.2% maturing February 17, 2012	-	-	325,717
Banker's Acceptances.	-	-	101,055
Mutual Funds	-	-	153,840
Common shares	-	-	133,141
Investment Funds	-	-	77,660
	<u>\$ 166,581</u>	<u>\$ 331,612</u>	<u>\$ 1,452,447</u>

To be read in conjunction with our Auditors' Report dated October 16, 2013

**SCARBOROUGH CAMPUS STUDENTS' UNION  
AT THE UNIVERSITY OF TORONTO**

Page 8

**NOTES TO FINANCIAL STATEMENTS**

**AS AT APRIL 30, 2013**

**5. PROPERTY AND EQUIPMENT**

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>
As at April 30, 2013			
Computers	\$ 17,246	\$ 4,465	\$ 12,781
Equipment and furniture	<u>272,583</u>	<u>29,101</u>	<u>243,482</u>
	<u>\$ 289,829</u>	<u>\$ 33,566</u>	<u>\$ 256,263</u>
As at April 30, 2012			
Computers	\$ 17,246	\$ 4,465	\$ 12,781
Equipment and furniture	<u>202,820</u>	<u>-</u>	<u>202,820</u>
	<u>\$ 220,066</u>	<u>\$ 4,465</u>	<u>\$ 215,601</u>
As at April 30, 2011			
Computers	<u>\$ 35,420</u>	<u>\$ 20,952</u>	<u>\$ 14,468</u>

**6. DEFERRED STUDENT LEVIES**

Changes in the deferred contributions balances are as follows:

	2013	2012	2011
<i>Blue Sky Solar Racing</i>			
Beginning balance	\$ (3)	\$ (3)	\$ -
Net student fee levies	2,985	2,883	2,828
Payments and distributions	<u>(2,979)</u>	<u>(2,883)</u>	<u>(2,831)</u>
Ending balance	<u>3</u>	<u>(3)</u>	<u>(3)</u>
<i>Canadian Federation of Students</i>			
Beginning balance	(164)	(164)	-
Net student fee levies	166,775	151,702	148,593
Payments and distributions	<u>(166,474)</u>	<u>(151,702)</u>	<u>(148,756)</u>
Ending balance	<u>137</u>	<u>(164)</u>	<u>(164)</u>
<i>Day Care Subsidy</i>			
Beginning balance	12,567	5,877	-
Net student fee levies	11,480	11,090	10,877
Payments and distributions	<u>(10,619)</u>	<u>(4,400)</u>	<u>(5,000)</u>
Ending balance	<u>13,428</u>	<u>12,567</u>	<u>5,877</u>

To be read in conjunction with our Auditors' Report dated October 16, 2013

**SCARBOROUGH CAMPUS STUDENTS' UNION  
AT THE UNIVERSITY OF TORONTO**

Page 9

**NOTES TO FINANCIAL STATEMENTS**

**AS AT APRIL 30, 2013**

**6. DEFERRED STUDENT LEVIES** - continued

	2013	2012	2011
<i>Downtown Legal Services</i>			
Beginning balance	(12)	(12)	-
Net student fee levies	11,480	11,090	10,877
Payments and distributions	<u>(11,458)</u>	<u>(11,090)</u>	<u>(10,890)</u>
Ending balance	<u>10</u>	<u>(12)</u>	<u>(12)</u>
<i>Foster Children Program</i>			
Beginning balance	5,177	4,068	2,980
Net student fee levies	1,148	1,109	1,088
Payments and distributions	<u>-</u>	<u>-</u>	<u>-</u>
Ending balance	<u>6,325</u>	<u>5,177</u>	<u>4,068</u>
<i>Health Initiative in Developing Countries</i>			
Beginning balance	25,760	20,215	14,776
Net student fee levies	5,740	5,545	5,439
Payments and distributions	<u>-</u>	<u>-</u>	<u>-</u>
Ending balance	<u>31,500</u>	<u>25,760</u>	<u>20,215</u>
<i>Orientation</i>			
Beginning balance	-	-	133
Net student fee levies	11,480	11,090	10,877
Payments and distributions	<u>(11,480)</u>	<u>(11,090)</u>	<u>(11,010)</u>
Ending balance	<u>-</u>	<u>-</u>	<u>-</u>
<i>Students for Literacy</i>			
Beginning balance	3,668	3,668	-
Net student fee levies	10,314	9,903	10,739
Payments and distributions	<u>(10,314)</u>	<u>(9,903)</u>	<u>(7,070)</u>
Ending balance	<u>3,668</u>	<u>3,668</u>	<u>3,669</u>
<i>Student Refugee Program</i>			
Beginning balance	31,026	24,373	17,846
Net student fee levies	6,888	6,653	6,527
Payments and distributions	<u>(3,354)</u>	<u>-</u>	<u>-</u>
Ending balance	<u>34,560</u>	<u>31,026</u>	<u>24,373</u>

To be read in conjunction with our Auditors' Report dated October 16, 2013

**SCARBOROUGH CAMPUS STUDENTS' UNION  
AT THE UNIVERSITY OF TORONTO**

Page 10

**NOTES TO FINANCIAL STATEMENTS**

**AS AT APRIL 30, 2013**

**6. DEFERRED STUDENT LEVIES - continued**

	2013	2012	2011
<i>U of T Environmental Resource Network</i>			
Beginning balance	(979)	(6)	-
Net student fee levies	5,740	5,545	5,439
Payments and distributions	<u>(5,729)</u>	<u>(6,518)</u>	<u>(5,445)</u>
Ending balance	<u>(968)</u>	<u>(979)</u>	<u>(7)</u>
<i>Wheelchair Accessibility Projects</i>			
Beginning balance	621	621	-
Net student fee levies and interest earned	22,960	22,179	21,756
Payments and distributions	<u>(14,700)</u>	<u>(22,179)</u>	<u>(21,135)</u>
Ending balance	<u>8,881</u>	<u>621</u>	<u>621</u>
<i>Women's Centre - UTSC</i>			
Beginning balance	(37)	(37)	-
Net student fee levies	34,440	33,269	32,632
Payments and distributions	<u>(34,375)</u>	<u>(33,269)</u>	<u>(32,670)</u>
Ending balance	<u>28</u>	<u>(37)</u>	<u>(37)</u>
<i>WUSC/Refugee Student Program</i>			
Beginning balance	(45)	(45)	-
Net student fee levies	18,196	17,680	17,111
Payments and distributions	<u>(18,153)</u>	<u>(17,680)</u>	<u>(17,156)</u>
Ending balance	<u>(2)</u>	<u>(45)</u>	<u>(45)</u>
<i>Summary</i>			
Beginning balance	77,579	58,555	35,735
Net student fee levies	309,626	289,738	284,783
Disbursements and revenue recognized	<u>(289,635)</u>	<u>(270,714)</u>	<u>(261,963)</u>
Ending balance	<u>\$ 97,570</u>	<u>\$ 77,579</u>	<u>\$ 58,555</u>

To be read in conjunction with our Auditors' Report dated October 16, 2013

**SCARBOROUGH CAMPUS STUDENTS' UNION  
AT THE UNIVERSITY OF TORONTO**

Page 11

**NOTES TO FINANCIAL STATEMENTS**

**AS AT APRIL 30, 2013**

**7. GROUP HEALTH AND DENTAL PLAN**

The health and dental group insurance plan portion of the student fees collected are also accounted for using the deferral method, consistent with the treatment of the other restricted fees above. It is shown here separately due to the magnitude of the plan.

	2013	2012	2011
<i>Accident and Drug Plan</i>			
Beginning balance	\$ 3,509	\$ (9,117)	\$ -
Net student fee levies	960,147	792,028	793,944
Payments and distributions	<u>(844,694)</u>	<u>(779,402)</u>	<u>(803,061)</u>
Ending balance	<u>118,962</u>	<u>3,509</u>	<u>(9,117)</u>
 <i>Dental Plan</i>			
Beginning balance	3,573	(1,376)	-
Net student fee levies	1,164,015	940,054	864,865
Payments and distributions	<u>(1,087,944)</u>	<u>(935,105)</u>	<u>(866,241)</u>
Ending balance	<u>79,644</u>	<u>3,573</u>	<u>(1,376)</u>
 <i>Summary</i>			
Beginning balance	7,082	(10,493)	-
Net student fee levies	2,124,162	1,732,082	1,658,809
Disbursements and revenue recognized	<u>(1,932,638)</u>	<u>(1,714,507)</u>	<u>(1,669,302)</u>
Ending balance	<u>\$ 198,606</u>	<u>\$ 7,082</u>	<u>\$ (10,493)</u>

**8. LONG-TERM DEBT**

	2013	2012	2011
Loans payable to University of Toronto Scarborough to offset the university's cost of financing the construction of the Student Centre, pursuant to the operating agreement, bearing interest at 3.5% repayable in blended annual payments of \$53,593, maturing October 2014.	\$ 48,787	\$ 77,681	\$ 105,766
Current portion	<u>32,240</u>	<u>29,743</u>	<u>28,085</u>
	<u>\$ 16,547</u>	<u>\$ 47,938</u>	<u>\$ 77,681</u>

Loan repayments are withheld from student fee remittances by the university. The income withheld is recognized as Student Centre Capital Reserve income.

To be read in conjunction with our Auditors' Report dated October 16, 2013

SCARBOROUGH CAMPUS STUDENTS' UNION  
AT THE UNIVERSITY OF TORONTO

Page 12

NOTES TO FINANCIAL STATEMENTS

AS AT APRIL 30, 2013

9. **INVESTMENT AND LOANS TO RELATED PARTIES**

SCSU's initial investment in the Restaurant included \$100 for 100 common shares together with advances to fund its operations over time and further investments. SCSU Restaurants Inc. has invested in two subsidiary franchise that have begun operations this year. The SCSU wholly owns all shares either directly or indirectly in each of the related parties.

SCSU Restaurants Inc. continues to accumulate a deficit. Accordingly the value of the shares has been reduced to \$1 and the advances have been written down to \$100. SCSU has not adjusted its investment to reflect its pro-rata share of the Restaurant deficit as this would result in a negative investment. An impairment charge has been recorded against the investment as it is unlikely that the amounts invested will ever be recovered.

	<u>2013</u>	<u>2012</u>
Advances to 2277345 Ontario Ltd. o/a KFC Express	80,965	-
Advances to 2275596 Ontario Ltd. O/A Hero Burger	24,593	-
Advances to SCSU Restaurants Inc.	\$ 364,343	\$ 526,985
Impairment allowance	<u>(203,507)</u>	<u>(203,507)</u>
Net investment in SCSU Restaurants Inc.	<u>\$ 266,394</u>	<u>\$ 323,478</u>

10. **COMMITMENTS**

SCSU entered into an agreement with the University of Toronto Scarborough to pay for custodial services in the Student Centre building. The total cost for the year ending April 30, 2014 will be \$222,766.

Subsequent to the year-end SCSU entered into a loan agreement with the University of Toronto Scarborough to assist with the cost of wages in SCSU Restaurants Inc. Under the agreement the university will loan SCSU \$134,233 at 3% with quarterly advances from May 2013 to February 2015. These amounts are to be repaid with monthly installments over 5 years.

To be read in conjunction with our Auditors' Report dated October 16, 2013

SCARBOROUGH CAMPUS STUDENTS' UNION  
AT THE UNIVERSITY OF TORONTO

Page 13

NOTES TO FINANCIAL STATEMENTS

AS AT APRIL 30, 2013

11. FINANCIAL INSTRUMENTS

Cash

The cash is denominated in Canadian dollars and consists of current deposit accounts with financial institutions. It is classified as held-for-trading and carried at fair value. Cash gives rise to some small interest rate risk as the rate of interest received is determined by the bank's prime rate of interest and therefore subject to change. There are no foreign currency transactions.

Accounts receivable

The Union provides goods and services to a variety of groups, associations, unions, departments, and other customers closely related to the University of Toronto Scarborough. Approximately all of accounts receivable are due from these related parties. Receivables are classified as loans and receivables, initially recognized at fair value, and subsequently carried at amortized cost using the effective interest method. Impairment charges are recognized as bad debts expense. Management is of the opinion that credit risk is minimal.

Accounts payable

The Union's payables arise from the operational expenses and purchases. Payables and accruals are classified as loans and receivables, they are initially recognized at fair value, and subsequently carried at amortized cost using the effective interest method. Payables closely approximate their fair value due to their short-term nature.

Long-term debt

The carrying amount of the long-term debt is based upon the amount and terms agreed to in the operating agreement with university and therefore classified as held-to-maturity and carried at amortized cost. The loan is at a fixed rate and is therefore not subject to interest rate risk.

12. IMPACT OF THE CHANGE IN THE BASIS OF ACCOUNTING

Initial application

The Union adopted the requirements of the CICA Handbook and has adopted Canadian Accounting Standards for Not-for-Profit Organizations ("ASNPO"). This framework is in accordance with Canadian GAAP. These are the first financial statements prepared in accordance with this new framework which has been applied retrospectively. The accounting policies set out in the significant policy note have been applied in preparing the financial statement for the year ended April 30, 2013, the comparative information presented in these financial statements for the year ended April 30, 2012 and in the preparation of an opening balance sheet at May 1, 2011, which is the Company's date of transition for comparison purposes.

To be read in conjunction with our Auditors' Report dated October 16, 2013

**SCARBOROUGH CAMPUS STUDENTS' UNION  
AT THE UNIVERSITY OF TORONTO**

Page 14

**NOTES TO FINANCIAL STATEMENTS**

**AS AT APRIL 30, 2013**

**12. IMPACT OF THE CHANGE IN THE BASIS OF ACCOUNTING - continued**

Adjustments to the opening balance at May 1, 2011 to reflect the retroactive application of the deferral method of accounting for externally restricted contributions and the removal of assets to which the University of Toronto has title:

<b>ASSETS</b>			
<b>CURRENT</b>			
Cash	\$ 126,488	\$ -	\$ 126,488
Investment	1,452,447	-	1,452,447
Accounts receivable	49,178	155,639	204,817
Prepaid health and dental premiums	420,905	(420,905)	-
Prepaid expenses	17,194	-	17,194
Inventory	<u>25,332</u>	-	<u>25,332</u>
	2,091,544		1,826,278
<b>EQUITY IN SUBSIDIARIES</b>	<b>1</b>	<b>-</b>	<b>1</b>
<b>RELATED PARTY ADVANCES</b>	<b>13,603</b>	<b>168,333</b>	<b>181,936</b>
<b>PROPERTY AND EQUIPMENT</b>	<u><b>578,831</b></u>	<u><b>(564,363)</b></u>	<u><b>14,468</b></u>
<b>TOTAL ASSETS</b>	<u><b>\$ 2,683,979</b></u>	<u><b>\$ (661,296)</b></u>	<u><b>\$ 2,022,683</b></u>
<b>LIABILITIES</b>			
<b>CURRENT</b>			
Accounts payable and other accruals	\$ 312,833	\$ 11,980	324,813
Rental deposits	6,946	-	6,946
Deferred health and dental	513,689	(524,182)	(10,493)
Deferred student levies	-	58,553	58,553
Current portion of long term debt	<u>28,085</u>	-	<u>28,085</u>
	861,553		407,904
<b>LONG-TERM DEBT</b>	<b>77,681</b>	<b>-</b>	<b>77,681</b>
<b>DEFERRED CAPITAL CONTRIBUTIONS</b>	<u><b>211,960</b></u>	<u><b>(211,960)</b></u>	<u><b>-</b></u>
<b>TOTAL LIABILITIES</b>	<u><b>1,151,194</b></u>	<u><b>(665,609)</b></u>	<u><b>485,585</b></u>
<b>NET ASSETS</b>			
<b>TOTAL NET ASSETS</b>	<u><b>1,532,785</b></u>	<u><b>4,313</b></u>	<u><b>1,537,098</b></u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><b>\$ 2,683,979</b></u>	<u><b>\$ (661,296)</b></u>	<u><b>\$ 2,022,683</b></u>

To be read in conjunction with our Auditors' Report dated October 16, 2013