

**FINANCIAL STATEMENTS**  
**SCARBOROUGH CAMPUS STUDENTS' UNION**  
**AS AT APRIL 30, 2017**

**SCARBOROUGH CAMPUS STUDENTS' UNION**

**AS AT APRIL 30, 2017**

**I N D E X**

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**PARTNERS**

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**CONSULTANTS TO THE FIRM**

Howard Detsky, CPA, CA  
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**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, 2017, 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

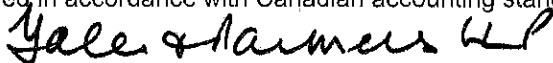
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable 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.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of **Scarborough Campus Students' Union** at April 30, 2017, 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 Professional Accountants  
Licensed Public Accountants

Toronto, Ontario  
October 23, 2017

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AT THE UNIVERSITY OF TORONTO**

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**STATEMENT OF FINANCIAL POSITION**

**AS AT APRIL 30, 2017  
(With comparative figures as at April 30, 2016)**

**ASSETS**

	2017	2016
<b>CURRENT</b>		
Cash	\$ 696,647	\$ 375,184
Guaranteed investment certificate (note 4)	150,930	150,391
Accounts receivable (net of allowance of \$Nil - 2016 \$7,740)	163,643	51,145
Prepaid expenses	-	40,216
Inventory	<u>31,043</u>	<u>58,709</u>
	1,042,263	675,645
<b>NON-CURRENT</b>		
Cash restricted for health and dental plan (note 7)	1,879,820	1,534,280
Cash restricted for deferred levies (note 6)	123,273	100,555
Investment in and advances to related parties (note 8)	207,977	317,070
Property and equipment (note 5)	<u>119,142</u>	<u>190,603</u>
<b>TOTAL ASSETS</b>	<u>\$ 3,372,475</u>	<u>\$ 2,818,153</u>

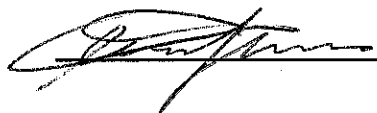
**LIABILITIES**

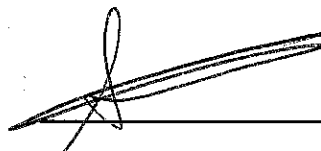
<b>CURRENT</b>		
Accounts payable	\$ 41,882	\$ 35,073
Government remittances	4,248	15,831
Deferred rental deposits	<u>6,946</u>	<u>6,946</u>
	53,076	57,850
<b>NON-CURRENT</b>		
Deferred health and dental plan fees (note 7)	1,879,820	1,534,280
Deferred student levies (note 6)	<u>123,273</u>	<u>100,555</u>
<b>TOTAL LIABILITIES</b>	2,056,169	1,692,685

**NET ASSETS**

<b>TOTAL NET ASSETS</b>	<u>1,316,306</u>	<u>1,125,468</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 3,372,475</u>	<u>\$ 2,818,153</u>

**APPROVED ON BEHALF OF THE BOARD**

 Director

 Director

See accompanying notes

To be read in conjunction with our Auditors' Report dated October 23, 2017

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

**FOR THE YEAR ENDED APRIL 30, 2017**

**(With comparative figures for the year ended April 30, 2016)**

	2017	2016
<b>REVENUES</b>		
Health and dental plan fees recognized (note 7)	3,187,969	2,313,032
TTC Metropass and fare sales (note 10)	925,816	1,137,715
Unrestricted general student fees	707,928	661,175
Restricted referendum fees recognized (note 6)	310,541	440,780
Admissions, events, sales and advertising	356,811	372,764
Rental and leasing	317,549	317,786
Health and dental plan administration fee	210,827	210,216
U of T Scarborough operating subsidy (note 12)	127,500	127,500
Investment income	16,698	20,531
Grants and sponsorship	15,953	3,670
	<u>6,177,592</u>	<u>5,605,169</u>
<b>EXPENSES</b>		
Health and dental plan disbursements (note 7)	3,187,969	2,313,032
Cost of TTC Metropasses and fares sold (note 10)	921,803	1,118,055
Wages and benefits	646,735	650,003
General and administrative	427,549	406,967
Restricted referendum fees disbursed (note 6)	310,541	440,780
Operating subsidy paid to SCSU Restaurants Inc. (note 12)	127,500	127,500
Repairs and maintenance	80,653	81,566
Professional fees	33,573	34,796
Ticket purchases	49,328	44,490
Utilities	14,850	14,140
Credit card and bank charges	5,298	8,391
Amortization	23,887	35,951
	<u>5,829,686</u>	<u>5,275,671</u>
<b>SURPLUS FROM OPERATIONS</b>	<u>347,906</u>	<u>329,498</u>
Income in subsidiary (Rex's Den)	6,888	44,960
Discontinued operations (note 11)	(21,387)	(30,536)
Loss on advances to 2275596 Ontario Inc. (o/a Hero Burger)	(142,569)	-
	<u>(157,068)</u>	<u>14,424</u>
<b>SURPLUS FOR THE YEAR</b>	<u>190,838</u>	<u>343,922</u>
Opening net assets	<u>1,125,468</u>	<u>781,546</u>
<b>CLOSING NET ASSETS</b>	<u>\$ 1,316,306</u>	<u>\$ 1,125,468</u>

See accompanying notes

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**STATEMENT OF CASH FLOWS**

**FOR THE YEAR ENDED APRIL 30, 2017  
(With comparative figures for the year ended April 30, 2016)**

	2017	2016
<b>CASH FLOWS FROM (USED IN):</b>		
<b>OPERATIONS</b>		
Surplus for the year	\$ 190,838	\$ 343,922
<i>Non-cash items:</i>		
Amortization	23,887	35,951
Income in subsidiaries	(6,888)	(44,960)
Discontinued operations	-	30,536
Impairment losses	<u>163,956</u>	<u>-</u>
	<u>371,793</u>	<u>365,449</u>
<i>Non-cash working capital:</i>		
Accounts receivable	(112,496)	(13,977)
Accounts payable and accruals	6,809	4,492
Harmonized Sales Tax	(11,583)	15,831
Prepaid expenses	40,216	(37,943)
Inventory	<u>27,666</u>	<u>(2,194)</u>
	<u>322,405</u>	<u>331,658</u>
<b>INVESTING</b>		
Advances to Hero Burger	-	(49,424)
Investment income	(539)	-
Purchase of furniture and equipment	<u>(403)</u>	<u>(4,023)</u>
	<u>(942)</u>	<u>(53,447)</u>
<b>FINANCING</b>		
Change in deferral liabilities	(368,258)	(788,840)
Change in restricted cash	<u>368,258</u>	<u>788,840</u>
	<u>-</u>	<u>-</u>
<b>NET CHANGE IN CASH</b>	321,463	278,211
Cash at beginning of the year	<u>375,184</u>	<u>96,973</u>
<b>CASH AT END OF THE YEAR</b>	<u>\$ 696,647</u>	<u>\$ 375,184</u>

See accompanying notes

To be read in conjunction with our Auditors' Report dated October 23, 2017

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**NOTES TO FINANCIAL STATEMENTS**

**AS AT APRIL 30, 2017**

**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 1265 Military Trail under a Student Centre Management Agreement with the University dated October 15, 2004.

**2. BASIS OF PRESENTATION**

These financial statements have been prepared in accordance with Part III of the CPA Canada Handbook - *Accounting Standards for Not-For-Profit Organizations*.

**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 Advanced Education and Skills Development 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 with the University of Toronto Scarborough requires a referendum of the student body for significant changes to or the introduction of fees.

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. All fees, with the exception of two described below, are collected by the University of Toronto Scarborough and periodically remitted to SCSU.

The Student Centre Levy collected from students as part of the SCSU fee is not recognized as revenue. This levy is withheld and retained by the University of Toronto Scarborough and applied to the building's financing. The University of Toronto Scarborough is required to retain legal title to the building, and contributions towards the cost of the building, or material renovations made to the fabric of the building, become the property of the University and are therefore treated as either repairs and maintenance expenses, or expensed as a contribution towards the building.

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NOTES TO FINANCIAL STATEMENTS

AS AT APRIL 30, 2017

3. **SIGNIFICANT ACCOUNTING POLICIES** - continued

Revenue Recognition - continued

Similarly, the UTSC Sports & Recreation Complex Levy collected as part of the SCSU fees is also withheld and retained by the University of Toronto Scarborough for the same reasons.

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.

The health and dental plan administration fees charged is \$5.50 a semester for each enrolment under Dental coverage, and \$5.50 a semester for each enrolment under Accident and Prescription Drug coverage. The total administration fees allocated from H&D fees collected from a student enrolled under both plans for a full year is \$22.00.

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 Toronto Transit Commission (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. Equipment and furniture is amortized over ten 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 SCSU Restaurants Inc. 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.

To be read in conjunction with our Auditors' Report dated October 23, 2017



**SCARBOROUGH CAMPUS STUDENTS' UNION  
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**NOTES TO FINANCIAL STATEMENTS**

**AS AT APRIL 30, 2017**

**3. SIGNIFICANT ACCOUNTING POLICIES - continued**

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 amount recoverable from the loans and investments in the for profit subsidiaries. Actual results may differ from these estimates. These amounts are reviewed periodically and adjustments are made to income as appropriate in the year they become known.

Financial Instruments

Financial instruments are measured at fair value when issued or acquired. Financial instruments are subsequently measured at amortized cost, and the carrying amount incorporates the amount and the related financing fees and transaction costs. The effective interest rate method is used to amortize any premiums, discounts, transaction fees and financing fees in the statement of operations. The financial assets consist of cash, restricted cash, guaranteed investment certificates and accounts receivable. The financial liabilities consist of accounts payable and harmonized sales tax. Financial instruments are regularly assessed for indications of impairment. If there is an indication of impairment, being a significant adverse change in the expected timing or amount of future cash flows from the financial asset, an impairment loss (bad debts expense) is immediately recognized in the statement of operations. Any reversals of previously recognized impairment losses are recognized in operations in the year the reversal occurs.

**4. INVESTMENTS**

	2017	2016
Redeemable GIC with Meridian Credit Union, yielding 1.3%, interest will be paid November 7, 2017.	\$ 150,930	\$ 150,391

**5. PROPERTY AND EQUIPMENT**

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>
As at April 30, 2017			
Computers	\$ 14,773	\$ 8,188	\$ 6,585
Equipment and furniture	206,192	93,635	112,557
	<u>\$ 220,965</u>	<u>\$ 101,823</u>	<u>\$ 119,142</u>
As at April 30, 2016			
Computers	\$ 15,128	\$ 10,080	\$ 5,048
Equipment and furniture	305,182	119,627	185,555
	<u>\$ 320,310</u>	<u>\$ 129,707</u>	<u>\$ 190,603</u>

To be read in conjunction with our Auditors' Report dated October 23, 2017

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**NOTES TO FINANCIAL STATEMENTS**

**AS AT APRIL 30, 2017**

**6. DEFERRED STUDENT LEVIES**

Changes in the deferred contributions balances are as follows:

	2017	2016
<i>Blue Sky Solar Racing</i>		
Beginning balance	\$ (785)	\$ (1)
Net student fee levies	3,530	3,353
Payments and distributions	<u>(3,530)</u>	<u>(4,137)</u>
Ending balance	<u>(785)</u>	<u>(785)</u>
 <i>Canadian Federation of Students</i>		
Beginning balance	-	98,328
Net student fee levies	209,170	195,340
Payments and distributions	<u>(209,170)</u>	<u>(293,668)</u>
Ending balance	<u>-</u>	<u>-</u>
 <i>Day Care Subsidy</i>		
Beginning balance	35,239	22,342
Net student fee levies	13,578	12,897
Payments and distributions	-	-
Ending balance	<u>48,817</u>	<u>35,239</u>
 <i>Downtown Legal Services</i>		
Beginning balance	(1)	(1)
Net student fee levies	13,578	12,897
Payments and distributions	<u>(13,578)</u>	<u>(12,897)</u>
Ending balance	<u>(1)</u>	<u>(1)</u>
 <i>Foster Children Program</i>		
Beginning balance	10,072	8,782
Net student fee levies	1,358	1,290
Payments and distributions	-	-
Ending balance	<u>11,430</u>	<u>10,072</u>
 <i>Health Initiative in Developing Countries</i>		
Beginning balance	-	3,301
Net student fee levies	6,789	6,448
Payments and distributions	<u>(6,789)</u>	<u>(9,749)</u>
Ending balance	<u>-</u>	<u>-</u>
 <i>Orientation</i>		
Beginning balance	-	-
Net student fee levies	13,578	12,897
Payments and distributions	<u>(13,578)</u>	<u>(12,897)</u>
Ending balance	<u>-</u>	<u>-</u>

To be read in conjunction with our Auditors' Report dated October 23, 2017

**SCARBOROUGH CAMPUS STUDENTS' UNION  
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**NOTES TO FINANCIAL STATEMENTS**

**AS AT APRIL 30, 2017**

**6. DEFERRED STUDENT LEVIES - continued**

	2017	2016
<i>Students for Literacy</i>		
Beginning balance	-	3,668
Net student fee levies	11,921	11,507
Payments and distributions	<u>(11,921)</u>	<u>(15,175)</u>
Ending balance	<u>-</u>	<u>-</u>
 <i>Student Refugee Program</i>		
Beginning balance	56,506	48,768
Net student fee levies	8,146	7,738
Payments and distributions	<u>(364)</u>	<u>-</u>
Ending balance	<u>64,288</u>	<u>56,506</u>
 <i>U of T Environmental Resource Network</i>		
Beginning balance	(476)	432
Net student fee levies	6,789	6,448
Payments and distributions	<u>(6,789)</u>	<u>(7,356)</u>
Ending balance	<u>(476)</u>	<u>(476)</u>
 <i>Wheelchair Accessibility Projects</i>		
Net student fee levies and interest earned	27,155	25,793
Payments and distributions	<u>(27,155)</u>	<u>(25,793)</u>
Ending balance	<u>-</u>	<u>-</u>
 <i>Women's Centre - UTSC</i>		
Net student fee levies	40,733	38,690
Payments and distributions	<u>(40,733)</u>	<u>(38,690)</u>
Ending balance	<u>-</u>	<u>-</u>
 <i>WUSC/Refugee Student Program</i>		
Net student fee levies	21,416	20,418
Payments and distributions	<u>(21,416)</u>	<u>(20,418)</u>
Ending balance	<u>-</u>	<u>-</u>
 <i>Summary</i>		
Beginning balance	100,555	185,619
Net student fee levies	377,741	355,716
Disbursements and revenue recognized	<u>(355,023)</u>	<u>(440,780)</u>
Ending balance	<u>\$ 123,273</u>	<u>\$ 100,555</u>

To be read in conjunction with our Auditors' Report dated October 23, 2017

**SCARBOROUGH CAMPUS STUDENTS' UNION  
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**NOTES TO FINANCIAL STATEMENTS**

**AS AT APRIL 30, 2017**

**7. DEFERRED GROUP HEALTH AND DENTAL PLAN FEES**

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. The ending balance represents the amount remaining in the fund at the fiscal year-end. Payments made subsequent to the year-end are disclosed to show the amount in the fund at the end of the academic year.

	<u>2017</u>	<u>2016</u>
<i>Group Health and Dental Plan</i>		
Beginning balance	\$ 1,534,280	\$ 660,376
Net student fee levies	3,533,509	3,186,936
Payments, refunds and expenses	<u>(3,187,969)</u>	<u>(2,313,032)</u>
Ending balance at the end of the fiscal year	1,879,820	1,534,280
Premiums subsequently paid to August 31	<u>806,988</u>	<u>765,541</u>
Balance at the end of academic year	<u>\$ 1,072,832</u>	<u>\$ 768,739</u>

The higher balance at the end of the current year is primarily due to the lower premiums that the union was able to negotiate for the same level of coverage this fiscal year.

**8. 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. SCSU Restaurants Inc. has invested in and wholly owns all shares either directly and indirectly in its subsidiary franchise - KFC Express. The other franchise, Hero Burger, was dissolved on April 26, 2017.

SCSU Restaurants Inc. continues to accumulate a deficit, as does KFC Express. Accordingly, the value of the investment has been impaired to reflect management's estimate of the net amount that will be recovered within ten years.

	<u>2017</u>	<u>2016</u>
Advances to 2277345 Ontario Ltd. o/a KFC Express	\$ 102,040	\$ 102,040
Advances to 2275596 Ontario Ltd. o/a Hero Burger	-	94,593
Advances to SCSU Restaurants Inc.	364,344	364,344
Impairment allowance	(203,507)	(203,506)
Accumulated net loss	<u>(54,900)</u>	<u>(40,401)</u>
Net investment in SCSU Restaurants Inc.	<u>\$ 207,977</u>	<u>\$ 317,070</u>

To be read in conjunction with our Auditors' Report dated October 23, 2017

NOTES TO FINANCIAL STATEMENTS

AS AT APRIL 30, 2017

9. FINANCIAL INSTRUMENTS RISKS

The main financial instrument risk exposure is detailed as follows.

Credit Risk

The financial assets with credit risk exposure are accounts receivable and advances to related parties since failure of any of these parties to fulfil their obligations could result in financial losses for the union. The union is also exposed to a concentration of risk in that all of its cash and the guaranteed investment certificates are held with financial institutions and the balances held are in excess of Canadian Insurance Corporation (CDIC) limits.

Liquidity Risk

The Union's liquidity risk represents the risk that the Union could encounter difficulty in meeting obligations associated with its financial liabilities. The Union is, therefore, exposed to liquidity risk with respect to its accounts payable. The Union meets its liquidity requirements by preparing and monitoring forecasts of cash flows from operations, anticipating investing activities, and holding assets that can be readily converted into cash.

Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk is comprised of currency risk, interest rate risk and other price risk.

Currency Risk

Currency risk refers to the risk that the fair value of financial instruments or future cash flows associated with the instruments will fluctuate relative to the Canadian dollar due to changes in foreign exchange rates. The functional currency of the Union is the Canadian dollar. The Union does not have any financial instruments denominated in foreign currency.

Interest Rate Risk

Interest rate risk refers to the risk that the fair value of financial instruments or future cash flows associated with the instruments will fluctuate due to changes in market interest rates. The Union is exposed to interest rate risk with respect to cash and guaranteed investment certificates. Fluctuations in market rates of interest on cash and guaranteed investment certificates do not have a significant impact on The Union's results of operations. The objective of The Union with respect to its guaranteed investment certificates is to ensure the security of principal amounts invested, provide for a high degree of liquidity, and achieve a satisfactory investment return.

Other Price Risk

Other price risk refers to the risk that the fair value of financial instruments or future cash flows associated with the instruments will fluctuate because of changes in market prices (other than those arising from currency risk or interest rate risk), whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all similar instruments traded in the market. The Union does not hold any financial instruments subject to this type of risk.

To be read in conjunction with our Auditors' Report dated October 23, 2017

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**NOTES TO FINANCIAL STATEMENTS**

**AS AT APRIL 30, 2017**

**10. TTC METROPASSES AND FARES**

	<u>2017</u>	<u>2016</u>
TTC Metropass and fare sales	\$ 925,816	\$ 1,120,192
Cost of TTC Metropasses and fares sold	<u>921,803</u>	<u>1,118,055</u>
Net profit	<u>\$ 4,013</u>	<u>\$ 2,137</u>

The net profit realized is primarily due to commissions received from the sale of TTC on tokens, day passes and VIP passes. Post-secondary passes do not generate a profit as they are sold to students at cost.

**11. DISCONTINUED OPERATIONS**

Discontinued operations include the results from Hero Burger and KFC Express.

On August 31, 2016 the business of 2275996 Ontario Ltd, (the Hero Burger franchise) was discontinued. The assets of the business with a carrying value of \$80,451 were sold for \$50,000, resulting in a loss of \$30,453. Subsequently 2275996 Ontario Ltd was dissolved by Articles of Dissolution dated April 26, 2017.

On October 3, 2017 the business of 2277345 Ontario Inc. (KFC Express) was sold by way of an asset sale for proceeds of \$110,000. The sale will result in a loss of approximately \$60,000 during the year ending April 30, 2018.

	2017	2016
<b>Hero Burger</b>		
Sales	\$ 24,357	\$ 176,304
Cost of sales	<u>12,276</u>	<u>79,125</u>
Gross profit	12,081	97,179
Operating expenses	50,713	131,553
Loss on sale of assets	<u>2,791</u>	<u>-</u>
Net loss	<u>(41,423)</u>	<u>(34,374)</u>
<b>KFC Express</b>		
Sales	274,383	276,799
Cost of sales	<u>111,805</u>	<u>113,111</u>
Gross profit	162,578	163,688
Operating expenses	<u>142,542</u>	<u>159,850</u>
Net income	<u>20,036</u>	<u>3,838</u>
Discontinued operations	<u>\$ (21,387)</u>	<u>\$ (30,536)</u>

To be read in conjunction with our Auditors' Report dated October 23, 2017

SCARBOROUGH CAMPUS STUDENTS' UNION  
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NOTES TO FINANCIAL STATEMENTS

AS AT APRIL 30, 2017

12. OPERATING SUBSIDY

	<u>2017</u>	<u>2016</u>
U of T Scarborough operating subsidy received	\$ 127,500	\$ 127,500
Operating subsidy paid to SCSU Restaurants Inc.	<u>127,500</u>	<u>127,500</u>
Net amount	<u>\$ -</u>	<u>\$ -</u>

The operating subsidy is received from the University. These funds are used to offset the costs of operating Rex's Den. This subsidy is not student fees, and is passed directly through to the restaurant.

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