

FINANCIAL STATEMENTS
SCARBOROUGH CAMPUS STUDENTS' UNION
AS AT APRIL 30, 2019

SCARBOROUGH CAMPUS STUDENTS' UNION

AS AT APRIL 30, 2019

I N D E X

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors:
Scarborough Campus Students' Union

Opinion

We have audited the financial statements of **Scarborough Campus Students' Union**, which comprise the statement of financial position as at April 30, 2019, and the statements of operations and changes in net assets, and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of **Scarborough Campus Students' Union** as at April 30, 2019, and its financial performance and its cash flows for the year then ended in accordance with Canadian Accounting Standards for Not-For-Profit Organizations.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of **Scarborough Campus Students' Union** in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian Accounting Standards for Not-For-Profit Organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing **Scarborough Campus Students' Union's** ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate **Scarborough Campus Students' Union** or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing **Scarborough Campus Students' Union's** financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of **Scarborough Campus Students' Union's** internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on **Scarborough Campus Students' Union's** ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause **Scarborough Campus Students' Union** to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Gordon Lee.

Yale PGC LLP

Chartered Professional Accountants
Licensed Public Accountants

Toronto, Ontario
TBA

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

STATEMENT OF FINANCIAL POSITION

**AS AT APRIL 30, 2019
(With comparative figures as at April 30, 2018)**

A S S E T S

	2019	2018
CURRENT		
Cash	\$ 2,311,343	\$ 1,091,115
Guaranteed investment certificate (note 4)	151,942	151,223
Accounts receivable (net of allowance of \$4,728 - 2018 \$4,308)	232,885	302,951
Prepaid expenses	12,431	-
Inventory	<u>12,701</u>	<u>32,951</u>
	2,721,302	1,578,240
NON-CURRENT		
Cash restricted for health and dental plan (note 7)	2,850,323	2,394,241
Cash restricted for deferred levies (note 6)	154,853	133,516
Investment in and advances to related parties (note 8)	238,072	242,956
Property and equipment (note 5)	<u>21,695</u>	<u>25,193</u>
TOTAL ASSETS	<u>\$ 5,986,245</u>	<u>\$ 4,374,146</u>

L I A B I L I T I E S

CURRENT		
Accounts payable	\$ 614,154	\$ 54,914
Government remittances	10,828	2,669
Deferred rental deposits	<u>6,946</u>	<u>6,946</u>
	631,928	64,529
NON-CURRENT		
Deferred health and dental plan fees (note 7)	2,850,323	2,394,241
Deferred student levies (note 6)	<u>154,853</u>	<u>133,516</u>
TOTAL LIABILITIES	3,637,104	2,592,286

N E T A S S E T S

TOTAL NET ASSETS	<u>2,349,141</u>	<u>1,781,860</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 5,986,245</u>	<u>\$ 4,374,146</u>

APPROVED ON BEHALF OF THE BOARD

_____ Director

_____ Director

See accompanying notes

To be read in conjunction with our Auditors' Report dated TBA

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AT THE UNIVERSITY OF TORONTO**

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STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS

**FOR THE YEAR ENDED APRIL 30, 2019
(With comparative figures for the year ended April 30, 2018)**

	2019	2018
REVENUES		
Health and dental plan fees recognized (note 7)	3,469,102	3,353,162
TTC Metropass and fare sales (note 10)	270,410	587,009
Unrestricted general student fees	774,060	744,022
Restricted referendum fees recognized (note 6)	386,450	382,612
Admissions, events, sales and advertising	365,343	338,840
Rental and leasing	398,548	355,431
Health and dental plan administration fee	242,229	223,790
U of T Scarborough operating subsidy (note 12)	127,500	127,500
Investment income	53,120	30,486
Grants and sponsorship	<u>9,288</u>	<u>19,358</u>
	<u>6,096,050</u>	<u>6,162,210</u>
EXPENSES		
Health and dental plan disbursements (note 7)	3,469,102	3,353,162
Cost of TTC Metropasses and fares sold (note 10)	270,474	584,486
Wages and benefits	670,467	664,920
General and administrative	453,302	430,191
Restricted referendum fees disbursed (note 6)	386,450	382,612
Operating subsidy paid to SCSU Restaurants Inc. (note 12)	127,500	127,500
Repairs and maintenance	36,002	94,048
Professional fees	33,620	26,744
Ticket purchases	52,310	47,224
Utilities	13,184	13,814
Bank charges	7,556	6,253
Bad debts	420	4,308
Amortization	<u>3,498</u>	<u>5,628</u>
	<u>5,523,885</u>	<u>5,740,890</u>
SURPLUS FROM OPERATIONS	<u>572,165</u>	<u>421,320</u>
Income (loss) in subsidiary (Rex's Den)	(4,884)	33,043
Discontinued operations (note 11)	-	(27,362)
Loss on advances to 2275596 Ontario Inc. (o/a Hero Burger)	-	(61,447)
Recovery of Student Centre contributions (note 13)	-	100,000
	<u>(4,884)</u>	<u>44,234</u>
SURPLUS FOR THE YEAR	567,281	465,554
Opening net assets	<u>1,781,860</u>	<u>1,316,306</u>
CLOSING NET ASSETS	<u>\$ 2,349,141</u>	<u>\$ 1,781,860</u>

See accompanying notes

To be read in conjunction with our Auditors' Report dated TBA

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STATEMENT OF CASH FLOWS

**FOR THE YEAR ENDED APRIL 30, 2019
(With comparative figures for the year ended April 30, 2018)**

	2019	2018
CASH FLOWS FROM (USED IN):		
OPERATIONS		
Surplus for the year	\$ 567,281	\$ 465,554
<i>Non-cash items:</i>		
Amortization	3,498	5,628
Income in subsidiaries	4,884	(33,043)
Impairment losses	-	88,809
	<u>575,663</u>	<u>526,948</u>
<i>Non-cash working capital:</i>		
Accounts receivable	70,066	(139,308)
Accounts payable and accruals	559,240	13,032
Harmonized Sales Tax	8,159	(1,579)
Prepaid expenses	(12,431)	-
Inventory	20,250	(1,908)
	<u>1,220,947</u>	<u>397,185</u>
INVESTING		
Investment income	(719)	(293)
Purchase of furniture and equipment	-	(2,424)
	<u>(719)</u>	<u>(2,717)</u>
FINANCING		
Change in restricted cash	(477,419)	(524,664)
Change in deferral liabilities	477,419	524,664
	<u>-</u>	<u>-</u>
NET CHANGE IN CASH	1,220,228	394,468
Cash at beginning of the year	<u>1,091,115</u>	<u>696,647</u>
CASH AT END OF THE YEAR	<u>\$ 2,311,343</u>	<u>\$ 1,091,115</u>

See accompanying notes

To be read in conjunction with our Auditors' Report dated TBA

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NOTES TO FINANCIAL STATEMENTS

AS AT APRIL 30, 2019

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.

To be read in conjunction with our Auditors' Report dated TBA

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NOTES TO FINANCIAL STATEMENTS

AS AT APRIL 30, 2019

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 \$6.07 a semester for each enrolment under Dental coverage, and \$6.07 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 \$24.28.

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). 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.

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

NOTES TO FINANCIAL STATEMENTS

AS AT APRIL 30, 2019

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

	2019	2018
Redeemable GIC with Meridian Credit Union, yielding 2.7000%, interest will be paid November 7, 2019.	\$ <u>151,942</u>	\$ <u>151,223</u>

5. PROPERTY AND EQUIPMENT

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>
As at April 30, 2019			
Computers	\$ 14,773	\$ 10,148	\$ 4,625
Equipment and furniture	<u>34,764</u>	<u>17,694</u>	<u>17,070</u>
	<u>\$ 49,537</u>	<u>\$ 27,842</u>	<u>\$ 21,695</u>
As at April 30, 2018			
Computers	\$ 14,773	\$ 9,191	\$ 5,582
Equipment and furniture	<u>34,764</u>	<u>15,153</u>	<u>19,611</u>
	<u>\$ 49,537</u>	<u>\$ 24,344</u>	<u>\$ 25,193</u>

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

NOTES TO FINANCIAL STATEMENTS

AS AT APRIL 30, 2019

6. DEFERRED STUDENT LEVIES

Changes in the deferred contributions balances are as follows:

	2019	2018
<i>Blue Sky Solar Racing</i>		
Beginning balance	\$ -	\$ (785)
Net student fee levies	3,753	2,865
Payments and distributions	<u>(3,753)</u>	<u>(2,080)</u>
Ending balance	<u>-</u>	<u>-</u>
<i>Canadian Federation of Students</i>		
Beginning balance	-	-
Net student fee levies	228,900	219,880
Payments and distributions	<u>(228,900)</u>	<u>(219,880)</u>
Ending balance	<u>-</u>	<u>-</u>
<i>Day Care Subsidy</i>		
Beginning balance	51,471	48,817
Net student fee levies	14,434	14,039
Payments and distributions	<u>-</u>	<u>(11,385)</u>
Ending balance	<u>65,905</u>	<u>51,471</u>
<i>Downtown Legal Services</i>		
Beginning balance	-	(1)
Net student fee levies	14,434	14,039
Payments and distributions	<u>(14,434)</u>	<u>(14,038)</u>
Ending balance	<u>-</u>	<u>-</u>
<i>Foster Children Program</i>		
Beginning balance	12,834	11,430
Net student fee levies	1,443	1,404
Payments and distributions	<u>-</u>	<u>-</u>
Ending balance	<u>14,277</u>	<u>12,834</u>
<i>Health Initiative in Developing Countries</i>		
Beginning balance	-	-
Net student fee levies	7,217	7,019
Payments and distributions	<u>(7,217)</u>	<u>(7,019)</u>
Ending balance	<u>-</u>	<u>-</u>
<i>Orientation</i>		
Beginning balance	-	-
Net student fee levies	14,434	14,039
Payments and distributions	<u>(14,434)</u>	<u>(14,039)</u>
Ending balance	<u>-</u>	<u>-</u>

To be read in conjunction with our Auditors' Report dated TBA

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

NOTES TO FINANCIAL STATEMENTS

AS AT APRIL 30, 2019

6. DEFERRED STUDENT LEVIES - continued

	2019	2018
<i>Students for Literacy</i>		
Beginning balance	-	-
Net student fee levies	12,406	12,253
Payments and distributions	<u>(12,406)</u>	<u>(12,253)</u>
Ending balance	<u>-</u>	<u>-</u>
<i>Student Refugee Program</i>		
Beginning balance	69,211	64,288
Net student fee levies	8,660	8,423
Payments and distributions	<u>(3,200)</u>	<u>(3,500)</u>
Ending balance	<u>74,671</u>	<u>69,211</u>
<i>U of T Environmental Resource Network</i>		
Beginning balance	-	(476)
Net student fee levies	7,217	6,543
Payments and distributions	<u>(7,217)</u>	<u>(6,067)</u>
Ending balance	<u>-</u>	<u>-</u>
<i>Wheelchair Accessibility Projects</i>		
Beginning balance	-	-
Net student fee levies and interest earned	28,867	28,078
Payments and distributions	<u>(28,867)</u>	<u>(28,078)</u>
Ending balance	<u>-</u>	<u>-</u>
<i>Women's Centre - UTSC</i>		
Beginning balance	-	-
Net student fee levies	43,301	42,117
Payments and distributions	<u>(43,301)</u>	<u>(42,117)</u>
Ending balance	<u>-</u>	<u>-</u>
<i>WUSC/Refugee Student Program</i>		
Beginning balance	-	-
Net student fee levies	22,722	22,156
Payments and distributions	<u>(22,722)</u>	<u>(22,156)</u>
Ending balance	<u>-</u>	<u>-</u>
<i>Summary</i>		
Beginning balance	133,516	123,273
Net student fee levies	407,788	392,855
Disbursements and revenue recognized	<u>(386,451)</u>	<u>(382,612)</u>
Ending balance	<u>\$ 154,853</u>	<u>\$ 133,516</u>

To be read in conjunction with our Auditors' Report dated TBA

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

NOTES TO FINANCIAL STATEMENTS

AS AT APRIL 30, 2019

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>2019</u>	<u>2018</u>
<i>Group Health and Dental Plan</i>		
Beginning balance at the start of the fiscal year	\$ 2,394,241	\$ 1,879,820
Net student fee levies	3,925,184	3,867,583
Payments, refunds and expenses	<u>(3,469,102)</u>	<u>(3,353,162)</u>
Ending balance at the end of the fiscal year	2,850,323	2,394,241
Premiums subsequently paid to August 31	<u>740,060</u>	<u>620,582</u>
Balance at the end of academic year	<u>\$ 2,110,263</u>	<u>\$ 1,773,659</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 a similar 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.

KFC Express was dissolved on March 26, 2018. The balance of the advance was repaid in May 2019.

SCSU Restaurants Inc. continues to be in a deficit position. 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>2019</u>	<u>2018</u>
Advances to 2277345 Ontario Ltd. o/a KFC Express	\$ 129,375	\$ 129,375
Advances to SCSU Restaurants Inc.	366,307	366,307
Impairment allowance	(203,507)	(203,507)
Accumulated net loss	<u>(54,103)</u>	<u>(49,219)</u>
Net investment in SCSU Restaurants Inc.	<u>\$ 238,072</u>	<u>\$ 242,956</u>

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NOTES TO FINANCIAL STATEMENTS

AS AT APRIL 30, 2019

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 TBA

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

NOTES TO FINANCIAL STATEMENTS

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10. TTC METROPASSES AND FARES

	<u>2019</u>	<u>2018</u>
TTC Metropass and fare sales	\$ 270,410	\$ 587,009
Cost of TTC Metropasses and fares sold	<u>270,474</u>	<u>584,486</u>
Net profit (loss)	<u>\$ (64)</u>	<u>\$ 2,523</u>

The net profit realized is primarily due to commissions received from the sale of TTC on tokens, day passes and VIP passes. Losses are due to the restocking fee charged by TTC on the return of unsold Metropasses, which exceeded commissions in the current year. 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 KFC Express.

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 has resulted in a loss of \$27,362.

2277345 Ontario Inc. was dissolved by Articles of Dissolution dated March 26, 2018.

	<u>2019</u>	<u>2018</u>
KFC Express		
Sales	-	38,552
Cost of sales	<u>-</u>	<u>15,558</u>
Gross profit	-	22,994
Operating expenses	<u>-</u>	<u>50,356</u>
Net income	<u>-</u>	<u>(27,362)</u>
 Discontinued operations	 <u>\$ -</u>	 <u>\$ (27,362)</u>

12. OPERATING SUBSIDY

	<u>2019</u>	<u>2018</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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NOTES TO FINANCIAL STATEMENTS

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13. RECOVERY OF STUDENT CENTRE CONTRIBUTIONS

On December 1, 2011, the Union contributed \$817,002 towards the Student Centre's repairs and renovations. These repairs and renovations include the Dentistry office, which has entered into an agreement with the Union on July 31, 2017 to reimburse \$100,000 over the course of the next 10 years. This is to be repayable in equal monthly instalments of \$833.33 starting August 1, 2017. The balance remaining at April 30, 2019 is 82,500.