

FINANCIAL STATEMENTS
SCARBOROUGH CAMPUS STUDENTS' UNION
AS AT APRIL 30, 2021

SCARBOROUGH CAMPUS STUDENTS' UNION

AS AT APRIL 30, 2021

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, 2021, 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, 2021, 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.

Yale PGC LLP

Chartered Professional Accountants
Licensed Public Accountants

Toronto, Ontario
November 3, 2021

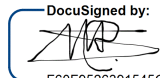
**SCARBOROUGH CAMPUS STUDENTS' UNION
AT THE UNIVERSITY OF TORONTO**

STATEMENT OF FINANCIAL POSITION

**AS AT APRIL 30, 2021
(With comparative figures as at April 30, 2020)**

	2021	2020
A S S E T S		
CURRENT		
Cash	\$ 3,380,412	\$ 2,597,859
Accounts receivable, net of allowance of \$174,059 (2020 - \$184,160)	187,406	156,526
Government remittances receivable	8,643	-
Prepaid expenses	12,799	12,713
Inventory	9,981	13,488
Current portion of loan receivable	<u>10,000</u>	<u>11,667</u>
	3,609,241	2,792,253
NON-CURRENT		
Cash restricted for health and dental plan (note 3)	3,824,007	3,798,815
Cash restricted for deferred levies (note 4)	224,314	291,228
Investment in and advances to SCSU Restaurant Inc. (note 5)	214,237	79,994
Loan receivable (note 6)	52,500	62,500
Property and equipment (note 7)	<u>35,389</u>	<u>20,565</u>
TOTAL ASSETS	<u>\$ 7,959,688</u>	<u>\$ 7,045,355</u>
L I A B I L I T I E S		
CURRENT		
Accounts payable	\$ 88,636	\$ 146,837
Government remittances payable	-	6,956
Deferred rental deposits	<u>6,946</u>	<u>6,946</u>
	95,582	160,739
NON-CURRENT		
Government loans payable (note 8)	40,000	-
Deferred health and dental plan fees (note 3)	3,824,007	3,798,815
Deferred student levies (note 4)	<u>224,314</u>	<u>291,227</u>
	<u>4,088,321</u>	<u>4,090,042</u>
TOTAL LIABILITIES	4,183,903	4,250,781
N E T A S S E T S		
TOTAL NET ASSETS	<u>3,775,785</u>	<u>2,794,574</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 7,959,688</u>	<u>\$ 7,045,355</u>

APPROVED ON BEHALF OF THE BOARD

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 Sarah Abdillahi Director

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See accompanying notes

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

STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS

**FOR THE YEAR ENDED APRIL 30, 2021
(With comparative figures for the year ended April 30, 2020)**

	2021	2020
REVENUES		
Health and dental plan fees recognized	\$ 4,525,771	\$ 4,556,572
Unrestricted general student fees	837,560	732,569
Restricted referendum fees recognized	428,171	381,747
Health and dental plan administration fee	259,710	262,080
Rental and leasing (note 11)	250,611	367,180
Admissions, events, sales and advertising	140,574	260,115
U of T Scarborough operating subsidy (note 9)	127,500	127,500
Investment income	30,778	58,672
Government assistance (note 8 and 11)	20,000	-
Grants and sponsorship	1,500	2,655
TTC Metropass and fare sales (note 10)	-	7,269
	<u>6,622,175</u>	<u>6,756,359</u>
EXPENSES		
Health and dental plan disbursements	\$ 4,525,349	\$ 4,556,572
Restricted referendum fees disbursed	428,171	381,747
General and administrative	321,324	288,329
Wages and benefits (note 11)	308,403	605,526
Operating subsidy paid to SCSU Restaurant Inc. (note 9)	127,500	127,500
Professional fees	36,960	24,158
Repairs and maintenance	34,141	63,973
Ticket purchases	19,737	30,974
Bank charges	9,785	3,188
Utilities	3,725	6,333
Bad debts (recovery)	(45,763)	179,764
Cost of TTC Metropasses and fares sold (note 10)	-	7,093
Amortization	1,874	1,129
	<u>5,771,206</u>	<u>6,276,286</u>
SURPLUS FROM OPERATIONS	850,969	480,073
Gain (loss) in SCSU Restaurant Inc.	<u>130,243</u>	<u>(34,640)</u>
SURPLUS FOR THE YEAR	981,212	445,433
Opening net assets	<u>2,794,573</u>	<u>2,349,140</u>
CLOSING NET ASSETS	<u>\$ 3,775,785</u>	<u>\$ 2,794,573</u>

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

STATEMENT OF CASH FLOWS

**FOR THE YEAR ENDED APRIL 30, 2021
(With comparative figures for the year ended April 30, 2020)**

	2021	2020
CASH FLOWS FROM (USED IN):		
OPERATIONS		
Surplus for the year	\$ 981,212	\$ 445,433
<i>Non-cash items:</i>		
Loan forgiveness (note 8)	(20,000)	-
Amortization	1,874	1,129
(Gain) / loss in SCSU Restaurant Inc.	<u>(130,243)</u>	<u>34,639</u>
	<u>832,843</u>	<u>481,201</u>
<i>Non-cash working capital:</i>		
Accounts receivable	(30,880)	(6,141)
Government remittances receivable / payable	(15,599)	(3,872)
Prepaid expenses	(86)	(282)
Inventory	3,507	(787)
Accounts payable and accrued liabilities	<u>(58,201)</u>	<u>(467,315)</u>
	<u>731,584</u>	<u>2,804</u>
INVESTING		
Loan receivable	11,667	8,333
Purchase of property and equipment	(16,698)	-
Redemption of guaranteed investment certificate	-	151,942
Repayment of second mortgage receivable	<u>-</u>	<u>10,000</u>
	<u>(5,031)</u>	<u>160,275</u>
FINANCING		
Repayment of (advances to) SCSU Restaurant Inc.	(4,000)	123,437
Change in restricted cash	41,722	(1,084,867)
Change in deferred health and dental plan fees and student levies	(41,722)	1,084,867
Government loans received	<u>60,000</u>	<u>-</u>
	<u>56,000</u>	<u>123,437</u>
NET CHANGE IN CASH	782,553	286,516
Cash at beginning of the year	<u>2,597,859</u>	<u>2,311,343</u>
CASH AT END OF THE YEAR	<u>\$ 3,380,412</u>	<u>\$ 2,597,859</u>

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

NOTES TO FINANCIAL STATEMENTS

AS AT APRIL 30, 2021

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. SIGNIFICANT ACCOUNTING POLICIES

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following 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.

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.

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

NOTES TO FINANCIAL STATEMENTS

AS AT APRIL 30, 2021

2. 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 deferred rental deposits under the liabilities and then taken into income when the goods and services are provided.

The health and dental plan administration fee charged is \$6.37 per semester for each enrolment under Dental coverage, and \$6.37 per 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 \$25.48.

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 movie 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 are amortized over ten years on a straight-line basis.

Investment in subsidiary

SCSU is the sole controlling shareholder of SCSU Restaurants Inc. (o/a Rex's Den).

SCSU elected to account for its investments in its subsidiary using the equity method. The investment is initially recognized at cost and subsequently adjusted to take account of the share of net income reported by the subsidiary. At the end of each reporting period, SCSU determines whether there are indications that an investment may be impaired. When there is an indication of impairment, and SCSU determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows, a write-down is recognized in income. If the indicators of impairment have decreased or no longer exist, the previously recognized impairment loss may be reversed to the extent of the improvement. The adjusted carrying amount of the investment may not be greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in income.

Contributed services

SCSU makes extensive use of volunteers in its activities. SCSU does not record these contributed amounts due to the difficulty in determining their fair market value.

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

NOTES TO FINANCIAL STATEMENTS

AS AT APRIL 30, 2021

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments

SCSU initially measures its financial assets and liabilities at fair value, except for certain non-arm's length transactions. SCSU subsequently measures all its financial assets and financial liabilities at amortized cost using the straight-line method. Financial assets measured at amortized cost are cash, accounts receivable, government remittances receivable and loan receivable. Financial liabilities measured at amortized cost are accounts payable, government remittances payable and government loans payable.

Use of estimates

The preparation of these financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, the disclosure of contingent assets and contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the current period. These estimates are reviewed periodically and adjustments are made to the revenues and expenses as appropriate in the year they become known. The primary estimates concern the net amount recoverable from the loan, investments in the for profit subsidiary and impairment for the subsidiary. Actual results may differ from these estimates.

Impairment

When there are indications of possible impairment, SCSU determines if there has been a significant adverse change to the expected timing or amounts of future cash flows expected from the financial asset. The amount of any impairment loss is determined by comparing the carrying amount of the financial asset with the highest of three amounts:

- (i) The present value of the cash flows expected to be generated by holding the asset, discounted using a current market rate of interest appropriate to that asset;
- (ii) The amount that could be realized by selling the asset at the date of the balance sheet; and,
- (iii) The amount expected to be realized by exercising its rights to any collateral held to secure repayment of the asset, net of all costs necessary to exercise those rights.

Reversals are permitted, but the adjusted carrying amount of the financial asset shall be no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized.

Government assistance

Government assistance received by SCSU is recorded in the statement of operations as a reduction of the expense to which it specifically relates when received. Government assistance in the form of forgivable loans is recorded in the period when the conditions around loan forgiveness have been met.

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

NOTES TO FINANCIAL STATEMENTS

AS AT APRIL 30, 2021

3. 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. 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.

	2021	2020
<i>Group Health and Dental Plan</i>		
Beginning balance at the start of the fiscal year	\$ 3,798,815	\$ 2,850,323
Net student fee levies	4,563,010	4,300,090
Payments, refunds and expenses	<u>(4,537,818)</u>	<u>(3,351,598)</u>
Ending balance at the end of the fiscal year	3,824,007	3,798,815
Premiums subsequently paid	<u>756,605</u>	<u>656,922</u>
Balance at the end of academic year at August 31	<u>\$ 3,067,402</u>	<u>\$ 3,141,893</u>

4. DEFERRED STUDENT LEVIES

Changes in the deferred contributions balances are as follows:

	2021	2020
<i>Blue Sky Solar Racing</i>		
Beginning balance	\$ 1,167	\$ -
Net student fee levies	3,832	3,487
Payments and distributions	<u>(4,634)</u>	<u>(2,320)</u>
Ending balance	<u>\$ 365</u>	<u>\$ 1,167</u>
<i>Canadian Federation of Students</i>		
Beginning balance	\$ 72,906	\$ -
Net student fee levies	244,599	215,824
Payments and distributions	<u>(294,169)</u>	<u>(142,918)</u>
Ending balance	<u>\$ 23,336</u>	<u>\$ 72,906</u>
<i>Day Care Subsidy</i>		
Beginning balance	\$ 79,314	\$ 65,904
Net student fee levies	14,738	13,410
Payments and distributions	<u>(25,000)</u>	<u>-</u>
Ending balance	<u>\$ 69,052</u>	<u>\$ 79,314</u>
<i>Downtown Legal Services</i>		
Beginning balance	\$ 4,488	\$ -
Net student fee levies	14,738	4,488
Payments and distributions	<u>(17,825)</u>	<u>-</u>
Ending balance	<u>\$ 1,401</u>	<u>\$ 4,488</u>

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

NOTES TO FINANCIAL STATEMENTS

AS AT APRIL 30, 2021

4. DEFERRED STUDENT LEVIES (continued)

	2021	2020
<i>Foster Children Program</i>		
Beginning balance	\$ 15,618	\$ 14,277
Net student fee levies	<u>1,474</u>	<u>1,341</u>
Ending balance	<u>\$ 17,092</u>	<u>\$ 15,618</u>
<i>Health Initiative in Developing Countries</i>		
Beginning balance	\$ 2,244	\$ -
Net student fee levies	21,359	6,705
Payments and distributions	<u>(8,912)</u>	<u>(4,461)</u>
Ending balance	<u>\$ 14,691</u>	<u>\$ 2,244</u>
<i>Students for Literacy</i>		
Beginning balance	\$ 4,336	\$ -
Net student fee levies	19,381	11,104
Payments and distributions	<u>(15,265)</u>	<u>(6,768)</u>
Ending balance	<u>\$ 8,452</u>	<u>\$ 4,336</u>
<i>Student Refugee Program</i>		
Beginning balance	\$ 79,518	\$ 74,672
Net student fee levies	8,843	8,046
Payments and distributions	<u>(8,300)</u>	<u>(3,200)</u>
Ending balance	<u>\$ 80,061</u>	<u>\$ 79,518</u>
<i>U of T Environmental Resource Network</i>		
Beginning balance	\$ 2,244	\$ -
Net student fee levies	7,369	6,705
Payments and distributions	<u>(8,912)</u>	<u>(4,461)</u>
Ending balance	<u>\$ 701</u>	<u>\$ 2,244</u>
<i>Wheelchair Accessibility Projects</i>		
Beginning balance	\$ 8,975	\$ -
Net student fee levies and interest earned	29,476	26,819
Payments and distributions	<u>(35,650)</u>	<u>(17,844)</u>
Ending balance	<u>\$ 2,801</u>	<u>\$ 8,975</u>
<i>Women's Centre - UTSC</i>		
Beginning balance	\$ 13,462	\$ -
Net student fee levies	44,214	40,229
Payments and distributions	<u>(53,475)</u>	<u>(26,767)</u>
Ending balance	<u>\$ 4,201</u>	<u>\$ 13,462</u>

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

NOTES TO FINANCIAL STATEMENTS

AS AT APRIL 30, 2021

4. DEFERRED STUDENT LEVIES (continued)

	2021	2020
<i>WUSC/Refugee Student Program</i>		
Beginning balance	\$ 6,956	\$ -
Net student fee levies	24,426	21,257
Payments and distributions	<u>(29,221)</u>	<u>(14,301)</u>
Ending balance	<u>\$ 2,161</u>	<u>\$ 6,956</u>
 <i>Summary</i>		
Beginning balance	\$ 291,228	\$ 154,853
Net student fee levies	434,449	359,415
Payments and disbursements	<u>(501,363)</u>	<u>(223,040)</u>
Ending balance	<u>\$ 224,314</u>	<u>\$ 291,228</u>

5. INVESTMENT AND LOANS TO RELATED PARTIES

SCSU's initial investment in SCSU Restaurant Inc. (o/a Rex's Den). included \$100 for 100 common shares together with advances to fund its operations.

SCSU Restaurant Inc. was historically in a deficit position, in the 2021 year it was profitable due to the operating subsidy received and operations being suspended for the year due to COVID. 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.

	2021	2020
Advances to SCSU Restaurants Inc.	377,307	373,307
Impairment allowance	(203,507)	(203,507)
Accumulated net income (loss)	<u>40,437</u>	<u>(89,806)</u>
Net investment in SCSU Restaurants Inc.	<u>\$ 214,237</u>	<u>\$ 79,994</u>

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

NOTES TO FINANCIAL STATEMENTS

AS AT APRIL 30, 2021

5. INVESTMENT AND LOANS TO RELATED PARTIES (continued)

Financial position

As at April 30, 2021

	2021	2020
ASSETS		
CURRENT		
Cash	\$ 227,919	\$ 54,095
Receivables	25,081	17,597
Prepaid expenses	-	6,552
Inventory	<u>3,621</u>	<u>7,646</u>
	256,621	85,890
PROPERTY AND EQUIPMENT	<u>21,330</u>	<u>26,663</u>
TOTAL ASSETS	277,951	112,553
LIABILITIES		
CURRENT		
Accounts payable and accruals	\$ 22,376	\$ 28,737
Government remittances owing	-	2,483
Government loans payable	40,000	-
Advances due to SCSU	<u>377,307</u>	<u>373,307</u>
TOTAL LIABILITIES	439,683	404,527
<i>Shareholder's deficit</i>		
<i>As at April 30, 2021</i>		
100 Common shares	<u>100</u>	<u>100</u>
DEFICIT		
Balance, beginning of the year	(292,074)	(256,371)
Net income (loss) for the year	<u>130,242</u>	<u>(35,703)</u>
Balance, end of the year	<u>(161,832)</u>	<u>(292,074)</u>
TOTAL SHAREHOLDER'S DEFICIT	(161,732)	(291,974)
TOTAL LIABILITIES AND SHAREHOLDER'S DEFICIT	<u>\$ 277,951</u>	<u>\$ 112,553</u>

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

NOTES TO FINANCIAL STATEMENTS

AS AT APRIL 30, 2021

5. INVESTMENT AND LOANS TO RELATED PARTIES (continued)

Results of operations

For the year ended April 30, 2021

FOOD SALES AND RENTAL	\$ 17,521	\$ 220,890
COST OF SALES	<u>6,771</u>	<u>119,488</u>
GROSS PROFIT	<u>10,750</u>	<u>101,402</u>
GENERAL EXPENSES	42,719	258,745
Amortization	<u>5,333</u>	<u>6,666</u>
OPERATING LOSS	(37,302)	(164,009)
Government assistance	20,000	-
Miscellaneous income	20,044	806
Operating subsidy from SCSU	<u>127,500</u>	<u>127,500</u>
Income (loss) after other items	<u>167,544</u>	<u>128,306</u>
NET INCOME (LOSS) FOR THE YEAR	<u>\$ 130,242</u>	<u>\$ (35,703)</u>

Cash flows

For the year ended April 30, 2021

CASH FLOWS FROM (USED IN):

OPERATIONS

Net income (loss) for the year	<u>130,242</u>	<u>35,703</u>
Non-cash items:		
Amortization	5,333	6,666
Non-cash working capital:		
Accounts receivable	(6,588)	10,428
Prepaid expenses	6,552	-
Inventory	4,025	(5,719)
Accounts payable and accruals	(6,361)	4,507
Government remittances owing	(3,379)	(4,881)
	<u>129,824</u>	<u>(147,077)</u>

FINANCING

Related party advances	4,000	(122,375)
Government loans	40,000	-

NET CHANGE IN CASH 173,824 (147,077)

Cash at beginning of the year 54,095 201,172

CASH AT END OF THE YEAR \$ 227,919 \$ 54,095

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5. INVESTMENT AND LOANS TO RELATED PARTIES (continued)

The major significant difference between the accounting policies followed by SCSU and SCSU Restaurant Inc. is that the latter follows Canadian accounting standards for private enterprises.

6. LOAN RECEIVABLE

On December 1, 2011, the SCSU 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 SCSU 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 starting August 1, 2017. The balance remaining at April 30, 2021 is \$62,500 (2020 - \$74,167). Repayment of \$10,000 is expected in fiscal 2022.

7. PROPERTY AND EQUIPMENT

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	
			<u>2021</u>	<u>2020</u>
Computers	\$ 31,471	\$ 11,402	\$ 20,069	\$ 4,500
Equipment and furniture	34,764	19,444	15,320	16,065
	<u>\$ 66,235</u>	<u>\$ 30,846</u>	<u>\$ 35,389</u>	<u>\$ 20,565</u>

8. GOVERNMENT LOAN PAYABLE

\$60,000 Interest free Canada Emergency Business Account (CEBA) loan, payable to the Government of Canada, received as part of COVID-19 relief efforts. Repayment in full before December 31, 2022 will result in loan forgiveness of \$20,000. Unpaid loan balance at December 31, 2022 will convert into a three year term loan bearing interest at 5% per annum. It is the intention of SCSU to repay the loan in 2022, as such the forgivable portion of the loan has been recognized as income in the year.

9. OPERATING SUBSIDY

An operating subsidy of \$127,500 (2020 - \$127,500) is received from the University. These funds are used to offset the costs of operating Rex's Den. This subsidy is not comprised of student fees, and is passed directly through to the restaurant.

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10. TTC METROPASSES AND FARES

	2021	2020
TTC Metropass and fare sales	\$ -	\$ 7,269
Cost of TTC Metropasses and fares sold	<u>-</u>	<u>7,093</u>
Net profit (loss)	<u>\$ -</u>	<u>\$ 176</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. The sale of TTC Metropasses was discontinued on December 31, 2018 and the sale of TTC tokens was discontinued as of November 30, 2019. No tokens were sold during the 2021 fiscal year due to COVID-19.

11. GOVERNMENT ASSISTANCE

As part of the Government of Canada's COVID-19 relief efforts for Canadian organizations, SCSU received assistance in the form of subsidies related to payroll costs, rent forgiveness and forgivable loans. During the year, SCSU received \$389,629, under the Canada Emergency Wage Subsidy program. This assistance was recorded in the statement of operations as reduction of wages and benefits expense.

SCSU also received received assistance as part of the Canada Emergency Commercial Rent Assistance program. As a condition of receiving the government assistance, SCSU reduced the monthly rent recovered by 25% for one tenant for the period from April to September 2020. The reduction to rent was \$78,936. This assistance was included in the rental and leasing income reported in the statement of operations.

SCSU also received the CEBA loan, discussed in (note 8). SCSU expects to repay the loan and has recorded the loan forgiveness of \$20,000 in the statement of operations.

12. FINANCIAL INSTRUMENTS - RISKS AND UNCERTAINTIES

SCSU regularly evaluates and manages the principal risks assumed with its financial instruments. The risks that arise from transacting in financial instruments include credit risk, liquidity risk, interest rate risk, market risk, and foreign currency risk. The following analysis provides a measure of the SCSU's risk exposure and concentrations. There are no significant changes in the risk exposures from the prior period.

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12. FINANCIAL INSTRUMENTS - RISKS AND UNCERTAINTIES (continued)

Credit Risk

Credit risk is the risk that one party to a financial asset will cause a financial loss for SCSU by failing to discharge and obligation. SCSU provides credit in the normal course of operations. The financial asset with credit risk exposure is accounts receivable since failure of any of these parties to fulfill their obligations could result in financial losses for SCSU. Management assesses, on a continual basis, the probable losses on the receivables and sets up a provision for losses based on the estimated realizable value based on prior experience. SCSU is also exposed to a concentration of risk in that all of its cash is held with financial institutions and the balances held are in excess of Canadian Insurance Corporation (CDIC) limits.

Liquidity Risk

Liquidity risk represents the risk that SCSU could encounter difficulty in meeting obligations associated with its financial liabilities. SCSU is exposed to this risk mainly in respect to its accounts payable and other amounts owing. SCSU 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.

At the year end, SCSU is not exposed to any significant interest rate risk, market risk or foreign currency risk.

13. COVID-19

Countries around the world have been affected by the COVID-19 virus, which was declared a pandemic by the World Health Organization on March 11, 2020. This pandemic has placed restrictive boundaries on how organizations can operate, requiring social distancing and other measures. While SCSU continues to operate on a basis as similar as possible as in the past, it is unclear what impact this pandemic will have on business going forward. As such, the impact of this event has not been reflected in the financial statements.