

FINANCIAL STATEMENTS
SCARBOROUGH CAMPUS STUDENTS' UNION
APRIL 30, 2022

SCARBOROUGH CAMPUS STUDENTS' UNION

APRIL 30, 2022

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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, 2022, 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, 2022, 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 *Auditors' 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.

Auditors' 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 auditors' 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 auditors' 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 auditors' 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
January 19, 2023

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

STATEMENT OF FINANCIAL POSITION

AS AT APRIL 30, 2022

	2022	2021
A S S E T S		
CURRENT		
Cash	\$ 3,976,453	\$ 3,380,412
Accounts receivable, net of allowance of \$Nil (2021 - \$174,059)	239,227	187,406
Government remittances receivable	18,663	8,643
Prepaid expenses	14,602	12,799
Inventory	8,998	9,981
Current portion of loan receivable	<u>10,000</u>	<u>10,000</u>
	4,267,943	3,609,241
NON-CURRENT		
Cash restricted for health and dental plan (note 3)	4,852,708	3,824,007
Cash restricted for deferred levies (note 4)	223,985	224,314
Investment in and advances to SCSU Restaurant Inc. (note 5)	351,594	214,237
Loans receivable (note 6)	71,135	52,500
Property and equipment (note 7)	<u>61,230</u>	<u>35,389</u>
TOTAL ASSETS	<u>\$ 9,828,595</u>	<u>\$ 7,959,688</u>
L I A B I L I T I E S		
CURRENT		
Accounts payable	\$ 399,016	\$ 88,637
Deferred rental deposits	<u>6,946</u>	<u>6,946</u>
	405,962	95,583
NON-CURRENT		
Government loan payable (note 8)	40,000	40,000
Deferred health and dental plan fees (note 3)	4,852,708	3,824,007
Deferred student levies (note 4)	<u>223,985</u>	<u>224,314</u>
TOTAL LIABILITIES	5,522,655	4,183,904
N E T A S S E T S		
TOTAL NET ASSETS	<u>4,305,940</u>	<u>3,775,784</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 9,828,595</u>	<u>\$ 7,959,688</u>

APPROVED ON BEHALF OF THE BOARD



Director



Director

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

STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS

FOR THE YEAR ENDED APRIL 30, 2022

	2022	2021
REVENUES		
Health and dental plan fees recognized	\$ 4,831,849	\$ 4,525,771
Unrestricted general student fees	804,126	837,560
Restricted referendum fees recognized	414,573	428,171
Health and dental plan administration fee	271,813	259,710
Rental and leasing (note 10)	238,447	250,611
Admissions, events, sales and advertising	194,054	140,574
U of T Scarborough operating subsidy (note 9)	127,500	127,500
Investment income	40,793	30,778
Grants and sponsorship	800	1,500
Government assistance (notes 8 and 10)	-	20,000
	<u>6,923,955</u>	<u>6,622,175</u>
EXPENSES		
Health and dental plan disbursements	\$ 4,831,401	\$ 4,525,349
Wages and benefits (note 10)	575,151	308,403
General and administrative	495,025	321,324
Restricted referendum fees disbursed	414,573	428,171
Operating subsidy paid to SCSU Restaurant Inc. (note 9)	127,500	127,500
Professional fees	44,899	36,960
Repairs and maintenance	43,577	34,141
Ticket purchases	19,808	19,737
Bank charges	5,984	9,785
Utilities	4,485	3,725
Bad debts (recovery)	(42,413)	(45,763)
Amortization	6,967	1,874
	<u>6,526,957</u>	<u>5,771,206</u>
SURPLUS FROM OPERATIONS	396,998	850,969
Gain in SCSU Restaurant Inc.	<u>133,158</u>	<u>130,242</u>
SURPLUS FOR THE YEAR	530,156	981,211
Opening net assets	<u>3,775,784</u>	<u>2,794,573</u>
CLOSING NET ASSETS	<u>\$ 4,305,940</u>	<u>\$ 3,775,784</u>

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

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED APRIL 30, 2022

	2022	2021
CASH FLOWS FROM (USED IN):		
OPERATIONS		
Surplus for the year	\$ 530,156	\$ 981,211
<i>Non-cash items:</i>		
Government assistance (note 8)	-	(20,000)
Amortization	6,967	1,874
Gain in SCSU Restaurant Inc.	(133,157)	(130,242)
	<u>403,966</u>	<u>832,843</u>
<i>Non-cash working capital:</i>		
Accounts receivable	(51,821)	(30,880)
Government remittances receivable	(10,020)	(15,599)
Prepaid expenses	(1,803)	(86)
Inventory	983	3,507
Accounts payable and accrued liabilities	310,379	(58,201)
	<u>651,684</u>	<u>731,584</u>
INVESTING		
Loan receivable	(18,635)	11,667
Purchase of property and equipment	(32,808)	(16,698)
	<u>(51,443)</u>	<u>(5,031)</u>
FINANCING		
Advances to SCSU Restaurant Inc.	(4,200)	(4,000)
Change in restricted cash	(1,028,372)	41,722
Change in deferred health and dental plan fees and student levies	1,028,372	(41,722)
Government loan received (note 8)	-	60,000
	<u>(4,200)</u>	<u>56,000</u>
NET CHANGE IN CASH	596,041	782,553
Cash at beginning of the year	<u>3,380,412</u>	<u>2,597,859</u>
CASH AT END OF THE YEAR	<u>\$ 3,976,453</u>	<u>\$ 3,380,412</u>

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

NOTES TO FINANCIAL STATEMENTS

APRIL 30, 2022

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

APRIL 30, 2022

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 liabilities and then taken into income when the goods and services are provided.

The health and dental plan (H&D) 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 primarily consists 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 Restaurant Inc. (o/a Rex's Den) which is a for-profit organization.

SCSU elected to account for its investment 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

APRIL 30, 2022

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 and government loan 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 of 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

APRIL 30, 2022

3. DEFERRED GROUP HEALTH AND DENTAL PLAN FEES

Changes in the deferred group health and dental plans are as follows:

	2022	2021
<i>Group Health and Dental Plan</i>		
Beginning balance at the start of the fiscal year	\$ 3,824,007	\$ 3,798,815
Net student fee levies	4,851,846	4,563,010
Payments, refunds and expenses	<u>(3,823,145)</u>	<u>(4,537,818)</u>
Ending balance at the end of the fiscal year	4,852,708	3,824,007
Premiums subsequently paid	<u>1,075,552</u>	<u>756,605</u>
Balance at the end of academic year at August 31	<u>\$ 3,777,156</u>	<u>\$ 3,067,402</u>

4. DEFERRED STUDENT LEVIES

Changes in the deferred contributions balances are as follows:

	2022	2021
<i>Blue Sky Solar Racing</i>		
Beginning balance	\$ 365	\$ 1,167
Net student fee levies	3,693	3,832
Payments and distributions	<u>(3,642)</u>	<u>(4,634)</u>
Ending balance	<u>\$ 416</u>	<u>\$ 365</u>
<i>Canadian Federation of Students</i>		
Beginning balance	\$ 23,336	\$ 72,906
Net student fee levies	238,105	244,599
Payments and distributions	<u>(234,617)</u>	<u>(294,169)</u>
Ending balance	<u>\$ 26,824</u>	<u>\$ 23,336</u>
<i>Day Care Subsidy</i>		
Beginning balance	\$ 69,052	\$ 79,314
Net student fee levies	14,205	14,738
Payments and distributions	<u>(5,800)</u>	<u>(25,000)</u>
Ending balance	<u>\$ 77,457</u>	<u>\$ 69,052</u>
<i>Downtown Legal Services</i>		
Beginning balance	\$ 1,401	\$ 4,488
Net student fee levies	14,205	14,738
Payments and distributions	<u>(14,007)</u>	<u>(17,825)</u>
Ending balance	<u>\$ 1,599</u>	<u>\$ 1,401</u>

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

NOTES TO FINANCIAL STATEMENTS

APRIL 30, 2022

4. DEFERRED STUDENT LEVIES (continued)

	2022	2021
<i>Orientation</i>		
Beginning balance	\$ -	\$ -
Net student fee levies	7,000	-
Payments and distributions	<u>(7,000)</u>	<u>-</u>
Ending balance	<u>\$ -</u>	<u>\$ -</u>
<i>Foster Children Program</i>		
Beginning balance	\$ 17,092	\$ 15,618
Net student fee levies	1,420	1,474
Ending balance	<u>\$ 18,512</u>	<u>\$ 17,092</u>
<i>Health Initiative in Developing Countries</i>		
Beginning balance	\$ 14,691	\$ 2,244
Net student fee levies	7,102	21,359
Payments and distributions	<u>(7,003)</u>	<u>(8,912)</u>
Ending balance	<u>\$ 14,790</u>	<u>\$ 14,691</u>
<i>Students for Literacy</i>		
Beginning balance	\$ 8,452	\$ 4,336
Net student fee levies	12,348	19,381
Payments and distributions	<u>(12,143)</u>	<u>(15,265)</u>
Ending balance	<u>\$ 8,657</u>	<u>\$ 8,452</u>
<i>Student Refugee Program</i>		
Beginning balance	\$ 80,061	\$ 79,518
Net student fee levies	8,523	8,843
Payments and distributions	<u>(24,120)</u>	<u>(8,300)</u>
Ending balance	<u>\$ 64,464</u>	<u>\$ 80,061</u>
<i>U of T Environmental Resource Network</i>		
Beginning balance	\$ 701	\$ 2,244
Net student fee levies	7,102	7,369
Payments and distributions	<u>(7,003)</u>	<u>(8,912)</u>
Ending balance	<u>\$ 800</u>	<u>\$ 701</u>
<i>Wheelchair Accessibility Projects</i>		
Beginning balance	\$ 2,801	\$ 8,975
Net student fee levies and interest earned	28,410	29,476
Payments and distributions	<u>(28,014)</u>	<u>(35,650)</u>
Ending balance	<u>\$ 3,197</u>	<u>\$ 2,801</u>

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

NOTES TO FINANCIAL STATEMENTS

APRIL 30, 2022

4. DEFERRED STUDENT LEVIES (continued)

	2022	2021
<i>Women's Centre - UTSC</i>		
Beginning balance	\$ 4,201	\$ 13,462
Net student fee levies	42,614	44,214
Payments and distributions	<u>(42,021)</u>	<u>(53,475)</u>
Ending balance	<u>\$ 4,794</u>	<u>\$ 4,201</u>
 <i>WUSC/Refugee Student Program</i>		
Beginning balance	\$ 2,161	\$ 6,956
Net student fee levies	22,640	24,426
Payments and distributions	<u>(22,326)</u>	<u>(29,221)</u>
Ending balance	<u>\$ 2,475</u>	<u>\$ 2,161</u>
 <i>Summary</i>		
Beginning balance	\$ 224,314	\$ 291,228
Net student fee levies	407,367	434,449
Payments and disbursements	<u>(407,696)</u>	<u>(501,363)</u>
Ending balance	<u>\$ 223,985</u>	<u>\$ 224,314</u>

5. INVESTMENT IN AND LOAN TO SCSU RESTAURANT INC.

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-19. 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.

	2022	2021
Advances to SCSU Restaurant Inc.	381,507	377,307
Impairment allowance	(203,507)	(203,507)
Accumulated net income (loss)	<u>173,594</u>	<u>40,437</u>
Net investment in SCSU Restaurant Inc.	<u>\$ 351,594</u>	<u>\$ 214,237</u>

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

NOTES TO FINANCIAL STATEMENTS

APRIL 30, 2022

5. INVESTMENT AND LOAN TO SCSU RESTAURANT INC. (continued)

	2022	2021
<i>Financial position</i>		
TOTAL ASSETS	<u>\$ 395,011</u>	<u>\$ 277,950</u>
TOTAL LIABILITIES	423,585	439,682
TOTAL SHAREHOLDER'S DEFICIT	<u>(28,574)</u>	<u>(161,732)</u>
TOTAL LIABILITIES AND SHAREHOLDER'S DEFICIT	<u>\$ 395,011</u>	<u>\$ 277,950</u>
 <i>Results of operations</i>		
FOOD SALES AND RENTAL	\$ 13,746	\$ 17,521
COST OF SALES	<u>2,696</u>	<u>6,771</u>
GROSS PROFIT	<u>11,050</u>	<u>10,750</u>
EXPENSES	15,801	48,052
OPERATING LOSS	(4,751)	(37,302)
OTHER ITEMS	<u>137,909</u>	<u>167,544</u>
NET INCOME (LOSS) FOR THE YEAR	<u>\$ 133,158</u>	<u>\$ 130,242</u>
 <i>Cash flows</i>		
CASH FLOWS FROM (USED IN):		
OPERATIONS	\$ 109,823	\$ 129,824
INVESTING	(99,447)	-
FINANCING	<u>4,200</u>	<u>44,000</u>
NET CHANGE IN CASH	14,576	173,824
Cash at beginning of the year	<u>227,919</u>	<u>54,095</u>
CASH AT END OF THE YEAR	<u>\$ 242,495</u>	<u>\$ 227,919</u>

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

NOTES TO FINANCIAL STATEMENTS

APRIL 30, 2022

6. LOANS 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, 2022 is \$52,500 (2021 - \$62,500). Repayment of \$10,000 is expected in fiscal 2023.

Pitalite Corp. entered into an agreement to repay SCSU for arrears balances owing from the period of August 1, 2019 to January 31, 2022 in the amount of \$28,635. Previously a receivable, the remaining balance is set to be repaid commencing September 1, 2022 in 48 equal instalments.

7. PROPERTY AND EQUIPMENT

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	
			<u>2022</u>	<u>2021</u>
Computers	\$ 35,198	\$ 15,539	\$ 19,659	\$ 20,069
Equipment and furniture	<u>63,845</u>	<u>22,274</u>	<u>41,571</u>	<u>15,320</u>
	<u>\$ 99,043</u>	<u>\$ 37,813</u>	<u>\$ 61,230</u>	<u>\$ 35,389</u>

8. GOVERNMENT LOAN PAYABLE

During the year, in response to COVID-19 relief efforts, SCSU received government assistance in the form of a \$60,000 interest-free Canada Emergency Business Account (CEBA) loan. This loan is payable to the Government of Canada and repayment in full before December 31, 2023 will result in loan forgiveness of \$20,000. Any unpaid loan balance at December 31, 2023 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 2023, and 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 (2021 - \$127,500) is received annually from the University. These funds are used to offset the costs of operating SCSU Restaurant Inc. (Rex's Den). This subsidy is not comprised of student fees, and is passed directly through to the restaurant.

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

NOTES TO FINANCIAL STATEMENTS

APRIL 30, 2022

10. 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 \$196,821 (2021 - \$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 \$3,792 (2021 - \$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 2021 statement of operations.

11. 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.

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.