

**SHERIDAN STUDENT UNION INC.**

FINANCIAL STATEMENTS

APRIL 30, 2020





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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Sheridan Student Union Inc.

### *Opinion*

We have audited the financial statements of Sheridan Student Union Inc. (the "Organization"), which comprise the statement of financial position as at April 30, 2020, and the statements of operations, 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 the Organization as at April 30, 2020, and its results of operations 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 the Organization 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 the Organization'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 the Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization's financial reporting process.

### *Auditor's Responsibilities for the Audit of the Financial Statements*

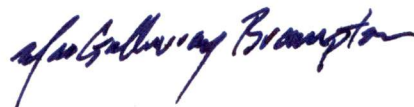
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee 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:

## INDEPENDENT AUDITOR'S REPORT, CONTINUED

- 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 the Organization'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 the Organization'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 the Organization 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.

Mississauga, Ontario  
November 13, 2020



CHARTERED PROFESSIONAL ACCOUNTANTS  
LICENSED PUBLIC ACCOUNTANTS







**SHERIDAN STUDENT UNION INC.**

## STATEMENT OF OPERATIONS

FOR THE YEAR ENDED APRIL 30, 2020

	2020	2019
<b>Revenue</b>		
Student fees	\$ 8,099,942	\$ 6,821,785
Medical plan fees	4,519,634	4,516,534
Food and beverage operations	990,636	1,592,794
Interest income	360,094	306,027
Other	115,668	75,462
	<u>14,085,974</u>	<u>13,312,602</u>
<b>Expenditures</b>		
Medical plan premiums	4,496,473	3,799,870
Employment and benefits (Note 13)	1,810,696	2,141,451
Food and beverage operations	1,127,561	1,496,892
Student activity	502,719	951,022
General and administrative	521,008	624,160
Amortization	299,422	284,385
Repairs and maintenance	245,945	224,654
Loss on disposal of capital assets	177	-
	<u>9,004,001</u>	<u>9,522,434</u>
<b>Excess of revenue over expenditures</b>	<u>\$ 5,081,973</u>	<u>\$ 3,790,168</u>

See accompanying Notes to the financial statements



**SHERIDAN STUDENT UNION INC.**

## STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED APRIL 30, 2020

	<i>Invested in capital assets</i>	<i>Internally restricted</i>	<i>Unrestricted</i>	<i>2020 Total</i>	<i>2019 Total</i>
<b>Net assets, beginning of year</b>	\$ 1,142,961	\$ 15,958,875	\$ 3,002,161	\$ 20,103,997	\$ 16,313,829
Excess (deficiency) of revenue over expenditures	(299,599)	5,674,209	(292,637)	5,081,973	3,790,168
Invested in capital assets (Note 8)	6,046,138	(5,957,419)	(88,719)	-	-
Interfund transfers (Note 10)	-	1,909,033	(1,909,033)	-	-
<b>Net assets, end of year</b>	<u>\$ 6,889,500</u>	<u>\$ 17,584,698</u>	<u>\$ 711,772</u>	<u>\$ 25,185,970</u>	<u>\$ 20,103,997</u>

See accompanying Notes to the financial statements



**SHERIDAN STUDENT UNION INC.**

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED APRIL 30, 2020

	2020	2019
<b>Cash flows from operating activities</b>		
Excess of revenue over expenditures	\$ 5,081,973	\$ 3,790,168
Adjustments for non cash items		
Amortization	299,422	284,385
Loss on disposal of capital assets	177	-
Total adjustments	<u>299,599</u>	<u>284,385</u>
Change in non-cash working capital items		
Accounts receivable	9,605	(39,705)
Inventory	(26,615)	2,763
Prepaid expenses	(9,265)	99,387
Amount due to Sheridan College	(3,831,711)	3,209,128
Accounts payable and accrued liabilities	1,919,466	66,213
Government remittances payable	(28,141)	(1,862)
Deferred revenue	<u>16,492</u>	<u>(5,766)</u>
	<u>3,431,403</u>	<u>7,404,711</u>
<b>Cash flows from investing activities</b>		
Purchase of capital assets	(2,141,021)	(3,301,177)
Proceeds on disposal of capital assets	<u>2,300</u>	<u>-</u>
	<u>(2,138,721)</u>	<u>(3,301,177)</u>
<b>Increase in cash and cash equivalents</b>	1,292,682	4,103,534
<b>Cash and cash equivalents, beginning of year</b>	<u>19,608,761</u>	<u>15,505,227</u>
<b>Cash and cash equivalents, end of year</b>	<u>\$ 20,901,443</u>	<u>\$ 19,608,761</u>

See accompanying Notes to the financial statements





# SHERIDAN STUDENT UNION INC.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED APRIL 30, 2020

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### 1. NATURE OF OPERATIONS

Sheridan Student Union Inc. (the "Organization") is incorporated without share capital under the laws of the Province of Ontario. The Organization operates for the benefit of all Sheridan College Institute of Technology and Advanced Learning ("Sheridan College") students as a non profit organization. The Organization is a non profit organization within the meaning of The Income Tax Act (Canada) section 149(1)(L) and, accordingly, is exempt from income taxes.

The Organization provides a wide variety of services to enhance the students college experience including a student health and dental plan, food and beverage operations, legal counselling, employment opportunities and housing assistance.

### 2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements of the Organization have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. Significant accounting policies adopted by the Organization are as follows:

#### (a) Revenue recognition

The Organization follows the deferral method of accounting for contributions. Revenue from student fees, net of refunds, and special levies are recognized when received. The student fees are comprised of the following:

- 1) Various student fees, comprised of essential and non-essential fees, collectively known as activity fees which are used to cover the Organization's operating expenses, initiatives, events and student activities;
- 2) Building restricted fund fee which is collected for the purpose of paying for the cost of major renovations to the buildings that the students utilize;
- 3) Mandatory medical fee to provide critical health and dental service to the students;
- 4) Capital fund fee which is used to cover the cost of major repairs and maintenance which are capitalized and new capital asset purchases;
- 5) Shuttle bus fee to support shuttle bus services for students to travel between the three campuses of Sheridan College.

Revenue from food and beverage operations and other commercial activities are recorded as the related service is provided. Contributions restricted for the purchase of capital assets are deferred and recognized as revenue on the same basis as the amortization of the related capital asset.

#### (b) Cash and cash equivalents

Cash and cash equivalents include cash and cash in trust held by Sheridan College on behalf of the Organization.

#### (c) Inventory

Inventory is comprised of food and alcoholic and non-alcoholic beverages for resale and is valued at the lower of cost and net realizable value. Cost is determined on the first-in, first-out basis.





**SHERIDAN STUDENT UNION INC.**

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED APRIL 30, 2020

## 2. SIGNIFICANT ACCOUNTING POLICIES, continued

## (d) Capital assets

The Organization reports capital assets at cost and amortizes the assets over their estimated useful lives. Amortization is provided annually using the following methods at the following annual rates:

Computer equipment	Declining balance	33%
Computer software	Declining balance	33%
Office equipment	Declining balance	20%
Furniture and fixtures	Declining balance	20%
Restaurant and bar equipment	Declining balance	20%
Sound and lighting	Declining balance	20%
Leasehold improvements	Straight-line	5 years
Smallwares	Declining balance	33%
License fee	Straight-line	10 years
Elevator	Straight-line	25 years

## (e) Financial instruments

The Organization initially measures its financial assets and financial liabilities at fair value. It subsequently measures all of its financial assets and financial liabilities at amortized cost.

Financial assets subsequently measured at amortized cost include accounts receivable. Financial liabilities subsequently measured at amortized cost include accounts payable and accrued liabilities and amounts due to Sheridan College.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment.

## (f) Impairment of long-lived assets

The preparation of financial statements in conformity with generally accepted accounting principles requires that long lived assets, including capital assets, are amortized over their useful lives. The Organization reviews long lived assets for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. If the sum of the undiscounted cash flows expected to result from the use and eventual disposition of a group of assets is less than its carrying amount, it is considered impaired. An impairment loss is measured as the amount by which the carrying amount of the group of asset exceeds its fair value. At April 30, 2020, no such impairment has occurred.

## (g) Contributed services

A substantial number of volunteers contribute a significant amount of their time each year. Because of the difficulty in determining fair value, contributed services are not recognized in the financial statements.



**SHERIDAN STUDENT UNION INC.**

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED APRIL 30, 2020

## 2. SIGNIFICANT ACCOUNTING POLICIES, continued

## (h) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Significant items subject to such estimates and assumptions include the rate of amortization of capital assets and accounts payable and accrued liabilities. Actual results could differ from management's best estimates as additional information becomes available in the future.

## 3. CASH AND CASH EQUIVALENTS

	2020	2019
Operating	\$ 3,316,148	\$ 3,649,886
Building fund	7,583,160	11,265,351
Capital fund	2,400,151	1,973,098
Medical fund	4,376,454	2,417,930
Shuttle bus fund	304,201	302,496
Health & counselling fund	471,583	-
Academic support fund	138,063	-
Campus safety fund	235,691	-
Building operating fund	1,121,751	-
Student life fund	393,313	-
Club fund	247,913	-
Food bank fund	126,861	-
Student Life HST fund	598	-
Sheridan Life radio fund	185,556	-
	<u>\$ 20,901,443</u>	<u>\$ 19,608,761</u>

As at April 30, 2020 a total of \$18,900,499 of cash was held by Sheridan College on behalf of the Organization (2019 - \$18,618,999). All accounts, with the exception of the operating funds, are internally restricted by the Organization.

## 4. ACCOUNTS RECEIVABLE

	2020	2019
Trade accounts receivable	\$ 106,731	\$ 76,336
Less allowance for doubtful accounts	(40,000)	-
	<u>\$ 66,731</u>	<u>\$ 76,336</u>



**SHERIDAN STUDENT UNION INC.**

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED APRIL 30, 2020

## 5. INVENTORY

	2020	2019
Food	\$ 22,780	\$ 21,765
Beverage	31,621	20,474
Other supplies	25,466	11,013
	<u>\$ 79,867</u>	<u>\$ 53,252</u>

Inventories recognized as expense during the year amount to \$423,481 (2019 - \$711,161).

## 6. CAPITAL ASSETS

	Cost	Accumulated amortization	2020 Net	2019 Net
Computer equipment	\$ 118,311	\$ 87,195	\$ 31,116	\$ 25,373
Computer software	69,450	51,875	17,575	3,911
Office equipment	75,250	39,011	36,239	25,073
Furniture and fixtures	715,961	540,129	175,832	206,677
Restaurant and bar equipment	594,222	424,749	169,473	153,405
Sound and lighting	428,720	325,990	102,730	128,412
Leasehold improvements	1,015,480	473,630	541,850	356,528
Smallwares	37,251	35,970	1,281	1,921
License fee	30,000	6,000	24,000	-
Elevator	140,555	39,355	101,200	106,822
Construction in progress	5,688,204	-	5,688,204	4,042,256
	<u>\$ 8,913,404</u>	<u>\$ 2,023,904</u>	<u>\$ 6,889,500</u>	<u>\$ 5,050,378</u>

The net book value of capital assets at April 30, 2020 includes the cost of construction in progress and therefore not available for use. No amortization has been taken on these assets in the current year.

## 7. DUE TO SHERIDAN COLLEGE

The balance due to Sheridan College is comprised of the following:

	2020	2019
Utilities	\$ 9,191	\$ 4,572
Hazel McCallion Campus 2A Building Project	126,847	3,973,315
Other	10,138	-
	<u>\$ 146,176</u>	<u>\$ 3,977,887</u>





**SHERIDAN STUDENT UNION INC.**

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED APRIL 30, 2020

## 7. DUE TO SHERIDAN COLLEGE, continued

The Organization has an economic interest in Sheridan College. The Organization, an independent organization, provides a wide variety of services to the students of Sheridan College. Sheridan College collects student fees on behalf of the Organization and holds the funds in trust until required by the Organization for operations.

## 8. INVESTED IN CAPITAL ASSETS

The change in net assets invested in capital assets is calculated as follows:

	2020	2019
Excess of expenses over revenue:		
Amortization of capital assets	\$ 299,422	\$ 284,385
Loss on disposal of capital assets	<u>177</u>	<u>-</u>
	<u>\$ 299,599</u>	<u>\$ 284,385</u>
Change in investments in capital assets:		
Capital assets acquired, net	\$ 2,141,021	\$ 3,301,177
Proceeds on disposal of capital assets	(2,300)	-
Amount repaid (funded) to (by) Sheridan College	<u>3,907,417</u>	<u>(3,907,417)</u>
	<u>\$ 6,046,138</u>	<u>\$ (606,240)</u>

## 9. INTERNALLY RESTRICTED

	2020	2019
Capital fund	\$ 2,400,151	\$ 1,973,098
Building fund	7,583,160	11,265,351
Student Health and Dental Plan	4,376,454	2,417,930
Shuttle Bus fund	304,201	302,496
Health and Counselling fund	471,583	-
Academic Support fund	138,063	-
Campus Safety fund	235,691	-
Building Operating fund	1,121,752	-
Student Life fund	393,313	-
Clubs fund	247,913	-
Food bank fund	126,861	-
Sheridan Student Life Radio fund	<u>185,556</u>	<u>-</u>
	<u>\$ 17,584,698</u>	<u>\$ 15,958,875</u>

The internally restricted funds were established to support the following programs and initiatives:

- (a) Capital fund - to support the furnishing of student centre spaces and provide equipment and capital needs related to student centres at all three campuses;
- (b) Building fund - to support major capital projects in the student centres;
- (c) Student Health and Dental Plan - for the payment of student health and dental plan premiums;





## SHERIDAN STUDENT UNION INC.

### NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED APRIL 30, 2020

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#### 9. INTERNALLY RESTRICTED, continued

- (a) Shuttle Bus fund - to support transportation related initiatives to facilitate student travel between the three campuses of Sheridan College;
- (b) Health and Counselling fund - to support access to basic medical care, mental health or counselling services available through the student health plan and premiums for the Empower Me Program;
- (c) Academic Support fund - to support the provision of academic supports including the intranet portal development;
- (d) Campus Safety fund - to support the provision of the SafeWalk service, including staffing, training, service provision and promotion;
- (e) Building Operating fund - to support the cost of repairs and maintenance, utilities, cleaning, operational staffing, and security costs in student centres at three Sheridan campuses;
- (f) Student Life fund - to support the coordination and operation of Sheridan Student Union's programming and initiatives on all three Sheridan College campuses, including events, Board elections, and student leaders who develop and execute events and initiatives;
- (g) Clubs fund - to support infrastructure that provides funding opportunities, staffing and promotional support, and oversight and regulation for clubs that operate on campus;
- (h) Food bank fund - to support students through access to food and essentials;
- (i) Sheridan Life Radio fund - to support the operation of Sheridan Life Radio, Sheridan College's campus radio community;

#### 10. INTERFUND TRANSFERS

Consistent with prior years the Building, Capital, Student Health and Dental Plan, and Shuttle Bus funds are internally restricted by the Organization. Funds are transferred as related expenditures are incurred related to capital projects, significant repairs and maintenance projects, and plan premiums. In addition, in the current year the Board approved the transfer of \$60,000 from unrestricted funds to the Sheridan Life Radio fund.

#### 11. POST-EMPLOYMENT BENEFITS - RETIREMENT BENEFITS

##### CAAT Pension Plan

All of the Organization's full-time employees, and some of the part-time employees, are members of the Colleges of Applied Arts and Technology Pension Plan (the "Plan"), which is a multi-employer jointly sponsored defined benefit plan for eligible employees of public colleges and related employers in Ontario. The Organization makes contributions to the Plan equal to those of the employees. Contribution rates are set by the Plan's governors to ensure the long term viability of the Plan. Any pension surplus or deficit is a joint responsibility of the members and employers which may affect future contribution rates. The Organization does not recognize any share of the Plan's pension surplus or deficit as insufficient information is available to identify the Organization's share of the underlying pension assets and liabilities. The most recent actuarial valuation filed with pension regulators as at January 1, 2020 indicated an actuarial surplus of \$2,857,800,000.

The Organization made contributions to the Plan and its associated retirement compensation arrangement of \$90,530 (2019 - \$103,325) which has been included in the statement of operations.



## SHERIDAN STUDENT UNION INC.

### NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED APRIL 30, 2020

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#### 12. FINANCIAL INSTRUMENTS

The Organization's financial instruments consist of account receivable, accounts payable and accrued liabilities and amounts due to Sheridan College. The fair values of these financial instruments approximate their carrying value due to the relatively short periods to maturity of these items.

*Financial instrument risk exposure and management*

Management has established policies and procedures to manage risks related to financial instruments, with the objective of minimizing any adverse effects on financial performance. A brief description of management's assessments of these risks is described below.

*General objective, policies and processes*

The Board and management are responsible for the determination of the Organization's risk management objectives and policies and designing operating processes that ensure the effective implementation of the objectives and policies. In general, the Organization measures and monitors risk through the preparation and review of monthly reports.

It is management's opinion that the Organization is not exposed to any significant interest rate, foreign currency and credit risk arising from its financial instruments. All of the Organization's cash is held at one major Canadian financial institution.

*Liquidity risk*

Liquidity risk is defined as the risk that the Organization may not be able to settle or meet its obligations as they become due. Liquidity risk is managed by the preparation of an annual budget and by holding adequate cash reserves.

The Organization believes the exposure to the above risks have not changed in the past year.

#### 13. GOVERNMENT ASSISTANCE

The Organization utilized the Canada Revenue Agency ("CRA") 10% Temporary Wage Subsidy ("TWS") for pay periods between March 18, 2020 and year-end. The amount claimed under the TWS program during this period amounted to \$25,000 and will be realized by reducing payroll remittances to the CRA subsequent to the year-end. The amount is included in accounts receivable on the Statement of Financial position as at April 30, 2020 and has been recorded as a direct reduction of salaries and wages expenses in the Statement of Operations.

#### 14. COMMITMENTS

As at April 30, 2020 the Organization has approved the following commitments to Sheridan College:

- (a) Sheridan College and the Sheridan Student Union are in the process of completing a major new capital build at the Mississauga Campus that will include many of the same amenities offered at their other two campus locations, within a building that will be shared with athletics and a student senate component. The Board of Directors of the Organization have committed to fund their proportionate share of the project which is estimated to be \$19,959,000. The debenture commitment to this project will be financed through future Building Fees that are collected by the Organization. As of April 30, 2020 approximately \$5,707,000 of project costs have been incurred and are reflected as construction in process net of applicable recoverable HST.





**SHERIDAN STUDENT UNION INC.**

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED APRIL 30, 2020

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## 14. COMMITMENTS, continued

- (b) In a prior year the Board of Directors approved a contribution of \$150,000 to support the Sheridan College Portal Project. As of April 30, 2020, \$75,000 has been paid and the Organization has committed to pay the balance of \$75,000 over the next three years at \$25,000 per year.

The Organization has entered into the following commitments with other third parties as follows:

The Organization has entered into commitments for its food and beverage operations under multiple year agreement ending on various dates to September 2020. Minimum payments under these arrangements are \$5,000.

Subsequent to year end the Organization has entered into a 3 year commitment for the provision of services related to a virtual clubs College Community. The Organization has committed to costs estimated at \$32,000 per year for a 3 year period.

## 15. COVID-19

In March 2020, the World Health Organization declared a pandemic following the emergence and rapid spread of a novel strain of coronavirus ("COVID-19"). The continued spread of COVID-19 and the actions being taken by governments, businesses and individuals to limit this pandemic may adversely impact the Organization's operations. As a result of this, on March 23, 2020, the government of Ontario ordered the closure of all non-essential businesses effective March 24, 2020. On March 16, 2020, Sheridan College closed its campuses and has planned for continuing education throughout the summer and fall semesters through online curriculum which could have implications on enrolment and ancillary revenues. This has resulted in a significant economic uncertainty, of which the potential impact on the Organization's future financial results is difficult to reliably measure at this time. Management is carefully monitoring and evaluating the impact, however, no adjustments have been made to these financial statements as a result of this uncertainty.

