

Financial Statements

York Federation of Students

April 30, 2023

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Independent auditor's report

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To the Members of
York Federation of Students

Opinion

We have audited the financial statements of York Federation of Students (the "Federation"), which comprise the statement of financial position as at April 30, 2023, 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 York Federation of Students as at April 30, 2023, and its results of its 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 Federation 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 these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Federation'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 Federation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Federation'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 the Federation'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 Federation'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 Federation 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.

Markham, Canada
November XX, 2023

Chartered Professional Accountants
Licensed Public Accountants

York Federation of Students

Statement of Operations - Operating

Year ended April 30

2023

2022

Revenue (Note 7)		
Student levies	\$ 2,337,900	\$ 2,413,345
Administration fee	545,443	487,200
Interest and sundry	157,388	31,490
Member services	103,072	41,993
	<u>3,143,803</u>	<u>2,974,028</u>
Expenditures		
Amortization	6,393	3,360
Campaigns	268,751	209,154
Clubs funding	120,339	42,317
Conferences and meetings	9,732	550
Elections	27,473	18,627
Insurance	17,579	14,261
Member services costs	81,857	21,247
Office, stationery and computer expense	18,436	29,145
Photocopier	70,249	60,472
Professional fees	68,975	49,983
Programming	710,317	281,749
Promotions	14,638	10,187
Rent and occupancy costs	1,749	-
Salaries and benefits	1,472,427	1,039,242
Student advocacy and services	25,032	110,949
Sundry	43,098	5,585
Telephone	16,184	22,933
	<u>2,973,229</u>	<u>1,919,761</u>
Excess of revenue over expenditures from operating activities	170,574	1,054,267
Net Health Care activities (Page 4)	<u>(448,389)</u>	<u>495,742</u>
(Deficiency) excess of revenue over expenditures	<u>\$ (277,815)</u>	<u>\$ 1,550,009</u>

See accompanying notes to the financial statements.

York Federation of Students
Statement of Operations - Health Care

Year ended April 30

2023**2022**

Revenue (Note 7)		
Health care fees	\$ 8,966,366	\$ 8,751,438
Interest income	151,382	24,886
	<u>9,117,748</u>	<u>8,776,324</u>
Expenditures		
Premiums	9,093,609	7,793,382
Administration fee	472,528	487,200
	<u>9,566,137</u>	<u>8,280,582</u>
Net Health Care activities	\$ (448,389)	\$ 495,742

See accompanying notes to the financial statements.

York Federation of Students Statement of Financial Position

April 30

2023

2022

Assets

Current

Cash	\$ 4,420,246	\$ 2,844,758
Receivables		
Health Care	6,709,326	7,229,657
Other	31,370	60,299
Inventory	142,115	19,952
Prepaid expenses	<u>12,787</u>	<u>19,491</u>
	11,315,844	10,174,157
Cash - contingency reserves	668,969	627,391
Cash - restricted for Health Care	4,362,549	4,229,301
Claims fluctuation reserve - Health Care (Note 3)	1,064,940	1,074,827
Capital assets (Note 4)	<u>13,369</u>	<u>11,403</u>
	<u>\$ 17,425,671</u>	<u>\$ 16,117,079</u>

Liabilities

Current

Accounts payable and accrued liabilities (Note 5)	\$ 1,691,959	\$ 156,971
Deferred revenue - Health Care	<u>2,866,001</u>	<u>2,814,582</u>
	<u>4,557,960</u>	<u>2,971,553</u>

Net assets

Net assets invested in capital assets	13,369	11,403
Contingency reserves (Note 6)	668,969	627,391
Health Care	9,270,814	9,719,203
Unrestricted	<u>2,914,559</u>	<u>2,787,529</u>
	<u>12,867,711</u>	<u>13,145,526</u>
	<u>\$ 17,425,671</u>	<u>\$ 16,117,079</u>

Commitments (Note 8)

Approved by the Council

_____ Director

_____ Director

See accompanying notes to the financial statements.

York Federation of Students
Statement of Changes in Net Assets
Year ended April 30

	Invested in capital assets	Internally Restricted Contingency reserves (Note 6)	Health Care Fund	Unrestricted	2023	2022
Beginning of year	\$ 11,403	\$ 627,391	\$ 9,719,203	\$ 2,787,529	\$ 13,145,526	\$ 11,595,517
(Deficiency) excess of revenue over expenditures	-	-	(448,389)	170,574	(277,815)	1,550,009
Net purchase of capital assets	8,359	-	-	(8,359)	-	-
Interest earned	-	41,578	-	(41,578)	-	-
Amortization allocation	(6,393)	-	-	6,393	-	-
End of year	\$ 13,369	\$ 668,969	\$ 9,270,814	\$ 2,914,559	\$ 12,867,711	\$ 13,145,526

See accompanying notes to the financial statements.

York Federation of Students

Statement of Cash Flows

Year ended April 30

2023

2022

Increase (decrease) in cash

Operating activities

(Deficiency) excess of revenue over expenditures	\$ (277,815)	\$ 1,550,009
Item not affecting cash		
Amortization	6,393	3,360
Changes in non-cash working capital		
Receivables	549,260	(4,161,232)
Inventory	(122,163)	(7,882)
Prepaid expenses	6,704	(8,804)
Claims fluctuation reserve - Health Care	9,887	55,059
Accounts payable and accrued liabilities	1,534,988	13,222
Deferred revenue - Health Care	51,419	270,768
	<u>1,758,673</u>	<u>(2,285,500)</u>

Investing activities

Purchase of capital assets	<u>(8,359)</u>	<u>(12,628)</u>
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Increase (decrease) in cash 1,750,314 (2,298,128)

Cash, beginning of year 7,701,450 9,999,578

Cash, end of year \$ 9,451,764 \$ 7,701,450

Cash balance consists of:

Restricted for contingency reserves	\$ 668,969	\$ 627,391
Restricted for Health Care	4,362,549	4,229,301
Unrestricted	<u>4,420,246</u>	<u>2,844,758</u>
	<u>\$ 9,451,764</u>	<u>\$ 7,701,450</u>

See accompanying notes to the financial statements.

York Federation of Students

Notes to the Financial Statements

April 30, 2023

1. Nature of operations

York Federation of Students (the “Federation”), a not-for-profit association, was incorporated without share capital on September 15, 1978 under The Corporations Act (Ontario). The Federation acts as the central undergraduate student union of York University (the “University”) and represents the student body in all matters affecting students, including the administration of the health plan offered at the University. The Federation is exempt from income taxes under Section 149.

2. Summary of significant accounting policies

Basis of presentation

The Federation has prepared these financial statements in accordance with Canadian accounting standards for not-for-profit organizations (“ASNPO”).

Financial instruments

Initial measurement

The Federation's financial instruments are measured at fair value when issued or acquired. Fair value is the amount of consideration that would be agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

Subsequent measurement

At each reporting date, the Federation measures its financial assets and liabilities at cost or amortized cost (less impairment in the case of financial assets). The financial instruments measured at amortized cost are cash, receivables, claims fluctuation reserve and accounts payable.

For financial assets measured at cost or amortized cost, the Federation regularly assesses whether there are any indications of impairment. If there is an indication of impairment, and the Federation determines that there is a significant adverse change in the expected timing or amount of future cash flows from the financial asset, it recognizes an impairment loss in the statement of operations. Any reversals of previously recognized impairment losses are recognized in operations in the year the reversal occurs.

Inventory

Inventory is valued at the lower of cost and net realizable value. Cost is determined on a first in, first out basis. The inventory consists of TTC, movie, grammarly and event tickets to be sold to students.

York Federation of Students

Notes to the Financial Statements

April 30, 2023

2. Summary of significant accounting policies (continued)

Capital assets

Capital assets are recorded at cost and amortized over their estimated useful lives using the straight-line method of amortization.

Furniture and fixtures	6 years
Computer equipment	3 years

Capital assets are tested for impairment when events or changes in circumstances indicate that an asset might be impaired. The assets are tested for impairment by comparing their net carrying value to their fair value or replacement cost. If the asset's fair value or replacement cost is determined to be less than its net carrying value, the resulting impairment is reported in the statement of operations. Any write-downs recognized are not reversed.

Revenue recognition

Student levies are recognized as revenue over the school year.

Health care premiums are charged on a September to August coverage year and are recorded as revenue in the period they are earned. The Federation is acting as a principle with respect to the Health Care benefit plan and revenue is recognized using the percentage-of-completion method. Costs incurred as related to total estimated costs to be incurred is the basis of measurement of the percentage-of-completion.

Revenue from member services, administration, and sundry is recognized at point-of-sale or when the services are rendered and collection is reasonably assured.

Use of estimates

Management reviews the carrying amounts of items in the financial statements at each balance sheet date to assess the need for revision or any possibility of impairment. Many items in the preparation of these financial statements require management's best estimate. Management determines these estimates based on assumptions that reflect the most probable set of economic conditions and planned courses of action.

These estimates are reviewed periodically and adjustments are made to net income as appropriate in the year they become known.

Items subject to significant management estimates include deferred revenue - Health Care, claims fluctuation reserve - Health Care and useful lives in determination of amortization on capital assets.

York Federation of Students

Notes to the Financial Statements

April 30, 2023

3. Claims fluctuation reserve - Health Care

Claims fluctuation reserve

A claims fluctuation reserve is held by the insurance carrier on behalf of the Federation. It represents a maximum level of 15% of the annual premiums. This reserve is appropriated for the purposes of funding health care plan deficits and future health care premiums. These funds are held by the insurance carrier during the lifetime of the contract. Only upon termination of the contract would a final accounting be prepared and any funds remaining would be refunded.

Refund

Health care premiums are charged by the insurance carrier based on an experience-rating. Any excess of premiums paid above the claims fluctuation reserve will be refunded to the Federation or applied towards future payments.

These balances are provided by the insurance carrier based on their calculations.

4. Capital assets

			<u>2023</u>	<u>2022</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Furniture and fixtures	\$ 83,534	\$ (80,680)	\$ 2,854	\$ 806
Computer equipment	<u>98,039</u>	<u>(87,524)</u>	<u>10,515</u>	<u>10,597</u>
	<u>\$ 181,573</u>	<u>\$ (168,204)</u>	<u>\$ 13,369</u>	<u>\$ 11,403</u>

5. Accounts payable and accrued liabilities

Included in accounts payable and accrued liabilities are government remittances of \$Nil (2022 - \$Nil).

6. Contingency reserves

The Federation established a policy to set up contingency reserves for Operating and Health Care. The purpose of these reserves is to accumulate balances up to the equivalent of a minimum of six months of operations in order to provide a financial fall back for the Federation during times of unforeseen circumstances.

7. Revenue

Gross revenue from all sources including health care, net of administration fees, totals \$11,716,108 (2022 - \$11,263,152).

York Federation of Students

Notes to the Financial Statements

April 30, 2023

8. Commitments

The Federation has entered into agreements to lease office equipment and agreements for rent for various periods until 2025. Minimum lease payments for equipment and minimum payments for rent in aggregate are as follows:

2025	\$	53,955
2026		33,008
2027		28,758
2028		<u>28,758</u>
	\$	<u>144,479</u>

9. Financial instrument risks

The Federation's main financial instrument risk exposure is detailed as follows:

Credit risk

The Federation has determined that the financial assets with credit risk exposure are receivables and the claims fluctuation reserve since failure of any of these parties to fulfill their obligations could result in significant financial losses for the Federation. The Federation is also exposed to concentration risk in that all of its cash is held with one financial institution and the balances held are in excess of Canadian Deposit Insurance Corporation Limits.

Liquidity risk

The Federation's liquidity risk represents the risk that the Federation could encounter difficulty in meeting obligations associated with its financial liabilities. The Federation is, therefore, exposed to liquidity risk with respect to its accounts payable and accrued liabilities.

Other risk

It is management's opinion that the Federation is not exposed to significant interest rate, currency or market risks arising from its financial instruments.

There are no changes in risks from the prior year.