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**THE STUDENTS COMMISSION OF  
CANADA / LA COMMISSION DES  
ETUDIANTS DU CANADA**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2018**

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## INDEPENDENT AUDITOR'S REPORT

To the Members of The Students Commission of Canada,

### Qualified Opinion

We have audited the financial statements of The Students Commission of Canada / La commission des étudiants du Canada (the organization), which comprise the statement of financial position as at December 31, 2018, and the statements of operations and changes in net assets (deficit) 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 Students Commission of Canada / La commission des étudiants du Canada as at December 31, 2018 and the 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 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.

## INDEPENDENT AUDITOR'S REPORT (continued)

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 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 your 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.

*Pemylegion Chung LLP*

Chartered Professional Accountants  
Licensed Public Accountants

June 26, 2019  
Toronto, Ontario

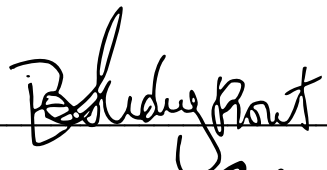
**THE STUDENTS COMMISSION OF CANADA /  
LA COMMISSION DES ETUDIANTS DU CANADA**


**STATEMENT OF FINANCIAL POSITION**

**AS AT DECEMBER 31, 2018**

	<b>2018</b>	<b>2017</b>
<b>ASSETS</b>		
Current assets		
Guaranteed investment certificates (notes 3 and 5)	\$ 107,586	\$ 86,703
Amounts receivable	123,732	167,166
HST rebate recoverable	18,804	20,180
Prepaid expenses	<u>23,163</u>	<u>-</u>
	<u>\$ 273,285</u>	<u>\$ 274,049</u>
<b>LIABILITIES NET ASSETS</b>		
Current liabilities		
Bank indebtedness (resulting from outstanding cheques) (note 5)	\$ 66,876	\$ 96,841
Loans payable (note 6)	-	6,000
Accounts payable and accrued liabilities	26,172	63,536
Payroll source deductions payable	6,832	10,502
Deferred contributions (note 4)	<u>194,491</u>	<u>77,813</u>
	<u>294,371</u>	<u>254,692</u>
Net assets (deficit)		
Unrestricted	<u>(21,086)</u>	<u>19,357</u>
	<u>\$ 273,285</u>	<u>\$ 274,049</u>

Approved on behalf of the Board:

  
\_\_\_\_\_, Director

  
\_\_\_\_\_, Director

see accompanying notes

**THE STUDENTS COMMISSION OF CANADA /  
LA COMMISSION DES ETUDIANTS DU CANADA**

**STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS (DEFICIT)**

**FOR THE YEAR ENDED DECEMBER 31, 2018**

	<b>2018</b>	<b>2017</b>
<b>REVENUE</b>		
Fee for service	\$ 1,124,434	\$ 791,254
Contributions	456,523	480,034
Conference	53,645	43,927
Public Health Agency of Canada	37,183	9,850
Ontario Ministry of Children, Community and Social Services	25,250	40,800
Interest and other	<u>890</u>	<u>2,397</u>
	<u>1,697,925</u>	<u>1,368,262</u>
<b>EXPENSES</b>		
Personnel	965,149	694,234
Youth travel and accommodations	340,258	220,808
Program	111,082	165,962
Occupancy (note 6)	80,778	73,917
Partnerships	79,213	61,363
Information technology	70,491	59,676
Office and general	39,240	53,495
Telephone and internet	27,952	22,738
Professional fees	15,176	5,201
Insurance	<u>9,029</u>	<u>9,474</u>
	<u>1,738,368</u>	<u>1,366,868</u>
<b>EXCESS OF REVENUE OVER EXPENSES FOR THE YEAR</b>	(40,443)	1,394
Net assets, beginning of year	<u>19,357</u>	<u>17,963</u>
<b>NET ASSETS (DEFICIT), END OF YEAR</b>	<u>\$ (21,086)</u>	<u>\$ 19,357</u>

see accompanying notes

**THE STUDENTS COMMISSION OF CANADA /  
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**STATEMENT OF CASH FLOWS**

**FOR THE YEAR ENDED DECEMBER 31, 2018**

	<b>2018</b>	<b>2017</b>
<b>OPERATING ACTIVITIES</b>		
Excess of revenue over expenses for the year	\$ (40,443)	\$ 1,394
Net change in non-cash working capital items (see below)	<u>97,291</u>	<u>(42,680)</u>
Cash generated from (used for) operating activities	<u>56,848</u>	<u>(41,286)</u>
<b>FINANCING ACTIVITIES</b>		
Proceeds from loans	60,000	48,500
Principal repayment of loans	<u>(66,000)</u>	<u>(42,500)</u>
Net cash generated from (used for) financing activities	<u>(6,000)</u>	<u>6,000</u>
<b>INVESTING ACTIVITIES</b>		
Purchase of guaranteed investment certificates	<u>(20,883)</u>	<u>(925)</u>
<b>NET INCREASE (DECREASE) IN CASH FOR THE YEAR</b>	29,965	(36,211)
Bank indebtedness (resulting from outstanding cheques), beginning of year	<u>(96,841)</u>	<u>(60,630)</u>
<b>BANK INDEBTEDNESS (RESULTING FROM OUTSTANDING CHEQUES), END OF YEAR</b>	<u>\$ (66,876)</u>	<u>\$ (96,841)</u>
Net change in non-cash working capital items:		
Decrease (increase) in current assets-		
Amounts receivable	\$ 43,434	\$ (156,166)
HST rebate recoverable	1,376	(3,496)
Prepaid expenses	(23,163)	47,588
Increase (decrease) in current liabilities-		
Accounts payable and accrued liabilities	(37,365)	68,784
Loans payable	(6,000)	6,000
Payroll source deductions payable	(3,670)	(5,158)
Deferred contributions	<u>116,679</u>	<u>5,768</u>
	<u>\$ 97,291</u>	<u>\$ (42,680)</u>

see accompanying notes

# THE STUDENTS COMMISSION OF CANADA / LA COMMISSION DES ETUDIANTS DU CANADA

## NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2018

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The Students Commission of Canada / La commission des etudiants du Canada (the organization) is incorporated without share capital and continued under the Canada Not-for-profit Corporations Act. The organization is exempt from income tax in Canada as a registered charitable organization under the Income Tax Act (Canada).

The organization's mandate is to assist youth to prevent, address and overcome economic, social and academic issues faced by youth.

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Management is responsible for the preparation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations. Outlined below are those policies considered particularly significant:

#### **Revenue recognition**

The principal sources of revenue and recognition of these revenues for financial statement purposes are as follows:

##### *Contributions*

The organization follows the deferral method of revenue recognition for contributions.

Externally restricted contributions, including grants and restricted donations, related to current expenses are recognized as revenue in the current year. Externally restricted contributions received in the year for expenses to be incurred in the following year are recorded as deferred contributions. Unrestricted contributions, including donations and amounts received from fundraising, is recorded when received.

##### *Contributed materials and services*

Contributed materials and services which are normally purchased by the organization are not recorded in the accounts.

##### *Fee for service*

Fee for service revenue is recognized in the period in which the services are performed.

##### *Conference revenue*

Conference revenue is recognized in the period in which the conference takes place.

##### *Interest income*

Interest income is recognized as revenue over the term of the guaranteed investment certificates.

### 2. FINANCIAL INSTRUMENTS

The organization's financial instruments include guaranteed investment certificates, amounts receivable, bank indebtedness (resulting from outstanding cheques), loans payable, accounts payable and accrued liabilities. Amounts receivable, bank indebtedness (resulting from outstanding cheques), loans payable, accounts payable and accrued liabilities are initially recorded at fair value and are subsequently recorded net of any provisions for impairment in value. Guaranteed investment certificates are recorded at cost plus accrued interest, which approximates fair value.

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**3. GUARANTEED INVESTMENT CERTIFICATES**

Guaranteed investment certificates are issued and held by a major Canadian chartered bank, bear interest rates ranging from 1.00% to 2.43% and mature between December 2019 and April 2020. The guaranteed investment certificates are used to secure the organization's operating bank account overdraft protection (see note 5)

**4. DEFERRED CONTRIBUTIONS**

Deferred contributions is composed of the following:

	2018	2017
Public Health Agency of Canada	\$ 98,651	\$ -
Ontario Trillium Foundation	26,563	-
Department of Canadian Heritage	-	62,375
Other	<u>69,277</u>	<u>15,438</u>
	<u>\$ 194,491</u>	<u>\$ 77,813</u>

Continuity of deferred contributions for the year is as follows:

	2018	2017
Deferred contributions, beginning of year	\$ 77,813	\$ 72,045
Add cash received from contributions	573,201	485,802
Less contributions recognized	<u>(456,523)</u>	<u>(480,034)</u>
Deferred contributions, end of year	<u>\$ 194,491</u>	<u>\$ 77,813</u>

**5. OVERDRAFT PROTECTION ON OPERATING BANK ACCOUNT**

The organization has overdraft protection on its operating bank account to a maximum of \$80,000 which bears an annual interest rate the bank's prime plus 5%. The overdraft protection is secured by the organization's guaranteed investment certificates (see note 3) and is repayable on demand. As at December 31, 2018, the operating bank account was not in an overdraft position (\$23,958 overdraft position as at December 31, 2017).



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**6. TRANSACTIONS WITH RELATED PARTIES**

*Office rental*

The organization rents office and programming space on a month-to-month basis in Toronto, Ontario. The space is 50% owned by an employee of the organization. Total payments made by the organization to the employee in respect of rent for the year were \$24,476 (\$24,476 in 2017). Rent payments to the employee are recorded at the exchange value. It is management's opinion that the organization's rental costs are at or below market value.

*Operating loans from former executive director and the current executive director*

During the year, the former executive director and the current executive director made loans to the organization to assist with funding operations as follows:

- In 2017, the former executive director loaned the organization \$6,000, which was repaid in 2018. No amounts were loaned from the former executive director in 2018.
- In 2018, the current executive director loaned the organization \$60,000, all of which was repaid as at December 31, 2018 (\$42,500 loaned to the organization, all of which was repaid in 2017).

As at December 31, 2018, no amounts were payable to related parties in respect of operating loans (\$6,000 as at December 31, 2017). All amounts due to related parties are unsecured and payable on demand. Amounts due to related parties bear no interest.