



MEMORANDUM

TO: MSA Membership
FROM: VP Finance, Tyler Harnish
DATE: November 25, 2020
RE: Annual General Meeting – Financial Report

MacGillivray Chartered Accountants & Business Advisors have audited MSA’s financial statements for the year ending April 30, 2020 which was led by Senior Partner, Jamie Mitchell. The audited financial statements include the statement of financial position, statement of operations, statement of changes in fund balances, and statement of cash flows.

The Student Activity Fee for summer 2019 was \$102.00, unchanged from 2018/19. The Apprenticeship Fee was \$10.20, an increase of 2% from 2018/19 and due to changes in Ministry funding, the MCACES Fee was dissolved in March 2019 resulting in a one-time payment of \$117,895.

With the onset of the Student Choice Initiative that came into effect September 1, 2019 – the Student Activity Fee was broken down into Essential and Non-Essential Fees – please see chart below. In total, \$2,873,573 in revenue was generated from all student fees compared to \$3,474,822 generated in the prior year, a decrease of 21%

Essential Fees	Per Semester Fee	Fees Collected	Non Essential Fees	Per Semester Fee	Fees Collected
Student Centre Fee	\$19.75	\$572,129	Campus Food Bank Fee	\$2.50	\$57,258
Health & Dental Plan Fee	\$101.62	\$2,866,880	Student Events & Orientation Fee	\$20.00	\$400,907
Universal Transit Pass Fee	\$107.14	\$275,298	Student Clubs Fee	\$5.75	\$115,022
Academic Services Fee	\$11.00	\$320,192	Student Government Fee	\$9.75	\$223,150
Career Services Fee	\$5.25	\$152,195			
Counselling Services Fee	\$7.75	\$226,588			
Apprenticeship Fee	\$10.20	\$26,484			
Student Activity Fee (Summer 2019 only)	\$102.00	\$380,087			



The 2019/20 audit has confirmed:

A consolidated net income of \$275,517, which is comprised of a net operating income of \$477,429 and a capital loss of \$201,912. Of the \$477,429 net operating income, \$232,049 is unrestricted and \$245,380 is internally restricted.

The major expenses for fiscal 2019/20 were:

Capital Asset & Location	Total Cost
2 Gas Floor Fryer – Urban Fork	\$9,690
Stainless Steel Countertop – Brewed Awakenings	\$1,890
Paint, countertops, heat lamps Pizza Pizza	\$5,122
Condensing unit on walk-in freezer – Urban Fork	\$7,868
Char Broil Grill – Urban Fork	\$2,786
Mixer – Urban Fork	\$4,477
Serving Station – Board Room	\$6,420

The MSA received funding from the Mohawk Gives Back fund which was established in 2016 to allow for funding to support capital improvements and investments that are recommended by, and for the benefits of students. The MSA received a total of \$70,663 which includes the following items that are all located in the Arnie.

Capital Asset	Total Cost
50 Folding tables and leg kits	\$27,283
65 Stackable chairs and storage dollies	\$24,546
16 Round tables with storage carts	\$5,200
River Seating	\$13,634

Another significant item to note is the Internally Restricted funds (Note 11). Under the Student Choice Initiative, the operating activity was tracked throughout the year and any resulting surplus was recorded as an internally restricted fund. Any surpluses generated in 2019/20 are to be used in future years to help support the delivery of goods and services within the same framework it was initially collected. Prior to the Student Choice Initiative, the only other internally restricted fund was the Health & Dental Plan Fund. The following chart, excluding the Health & Dental Plan Fund, summarizes the surplus generated by each fee in 2019/20. The Health & Dental Plan Fund below summarizes the accumulation of surplus funds generated under the Health & Dental Plan Fund, since inception, on September 1, 2010.

Internally Restricted Funds	2020	2019
Health & Dental Plan Fund	\$661,131	\$638,681
Student Centre Building Fund	\$81,529	
Universal Transit Pass Fund	\$13,117	
Academic Services Fund	\$33,826	
Career Services Fund	\$1,356	
Counselling Services Fund	\$33,856	
Food Bank Fund	\$110	
Student Events and Orientation Fund	\$33,335	
Clubs Fund	\$32,320	
	\$884,061	\$638,681



Mohawk Students' Association
135 Fennell Ave West, Room G109
Hamilton, ON L9C 0E5

The MSA's financial position continues to be strong with \$5,599,186 in cash holdings. This strong financial position can be attributed to strong enrolment numbers, opt in rates under the Student Choice Initiative of 61% and 92% for the fall and winter semesters, respectively, unforeseen and sudden cut backs in spending in the final six weeks of operations due to COVID-19 and a credit from Student Care for April 2020 due to COVID-19.

**MOHAWK STUDENTS'
ASSOCIATION**

FINANCIAL STATEMENTS

APRIL 30, 2020



INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Mohawk Students' Association

Opinion

We have audited the financial statements of Mohawk Students' Association ("Organization"), which comprise the statement of financial position as at April 30, 2020, and the statement of operations, statement of changes in fund balances and statement of 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 results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO").

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 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 ASNPO, 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.

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 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 AUDITORS' 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 18, 2020

CHARTERED PROFESSIONAL ACCOUNTANTS
LICENSED PUBLIC ACCOUNTANTS



MOHAWK STUDENTS' ASSOCIATION

STATEMENT OF FINANCIAL POSITION

AS AT APRIL 30, 2020

	<i>Operating Fund</i>	<i>Capital Fund</i>	<i>2020 Total</i>	<i>Operating Fund</i>	<i>Capital Fund</i>	<i>2019 Total</i>
ASSETS						
Current						
Cash	\$ 5,599,186	\$ -	\$ 5,599,186	\$ 4,820,741	\$ -	\$ 4,820,741
Accounts receivable (notes 3 & 15)	72,636	-	72,636	23,480	-	23,480
Inventory (note 4)	29,900	-	29,900	32,688	-	32,688
Prepaid expenses	27,318	-	27,318	17,110	-	17,110
	<u>5,729,040</u>	<u>-</u>	<u>5,729,040</u>	<u>4,894,019</u>	<u>-</u>	<u>4,894,019</u>
Due from (to) other funds	395,739	(395,739)	-	738,181	(738,181)	-
Capital assets (note 5)	-	2,399,058	2,399,058	-	2,930,882	2,930,882
	<u>\$ 6,124,779</u>	<u>\$ 2,003,319</u>	<u>\$ 8,128,098</u>	<u>\$ 5,632,200</u>	<u>\$ 2,192,701</u>	<u>\$ 7,824,901</u>

See accompanying notes to the financial statements



MOHAWK STUDENTS' ASSOCIATION

STATEMENT OF FINANCIAL POSITION

AS AT APRIL 30, 2020

	<i>Operating Fund</i>	<i>Capital Fund</i>	<i>2020 Total</i>	<i>Operating Fund</i>	<i>Capital Fund</i>	<i>2019 Total</i>
LIABILITIES						
Current						
Accounts payable and accrued liabilities (note 3)	\$ 409,119	\$ -	\$ 409,119	\$ 466,472	\$ -	\$ 466,472
Payable to Mohawk College of Applied Arts and Technology (note 6)	<u>270,107</u>	<u>-</u>	<u>270,107</u>	<u>191,257</u>	<u>-</u>	<u>191,257</u>
	679,226	-	679,226	657,729	-	657,729
Deferred grants and revenue	<u>300</u>	<u>340,530</u>	<u>340,830</u>	<u>6,647</u>	<u>328,000</u>	<u>334,647</u>
	<u>679,526</u>	<u>340,530</u>	<u>1,020,056</u>	<u>664,376</u>	<u>328,000</u>	<u>992,376</u>
COMMITMENTS (note 13)						
FUND BALANCES						
Unrestricted operating	4,561,192	-	4,561,192	4,329,143	-	4,329,143
Capital Fund (note 7)	-	(395,739)	(395,739)	-	(738,181)	(738,181)
Investment in capital assets (note 7)	-	2,058,528	2,058,528	-	2,602,882	2,602,882
Internally restricted (note 11)	<u>884,061</u>	<u>-</u>	<u>884,061</u>	<u>638,681</u>	<u>-</u>	<u>638,681</u>
	<u>5,445,253</u>	<u>1,662,789</u>	<u>7,108,042</u>	<u>4,967,824</u>	<u>1,864,701</u>	<u>6,832,525</u>
	<u>\$ 6,124,779</u>	<u>\$ 2,003,319</u>	<u>\$ 8,128,098</u>	<u>\$ 5,632,200</u>	<u>\$ 2,192,701</u>	<u>\$ 7,824,901</u>

Approved on behalf of the Board

Director _____

Director _____

See accompanying notes to the financial statements



MOHAWK STUDENTS' ASSOCIATION

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED APRIL 30, 2020

	<i>Operating Fund</i>	<i>Capital Fund</i>	<i>2020 Total</i>	<i>Operating Fund</i>	<i>Capital Fund</i>	<i>2019 Total</i>
Revenue						
Student fees	\$ 2,570,920	\$ 302,653	\$ 2,873,573	\$ 2,973,845	\$ 500,977	\$ 3,474,822
Medical plan fees (note 11)	2,866,880	-	2,866,880	2,563,086	-	2,563,086
Business operations	1,418,928	-	1,418,928	1,779,576	-	1,779,576
General departments	136,335	-	136,335	161,216	-	161,216
Interest income	28,460	78,042	106,502	-	85,538	85,538
Unrealized loss on investments	-	-	-	-	(16,046)	(16,046)
Amortization of deferred grant	-	58,133	58,133	-	44,001	44,001
	<u>7,021,523</u>	<u>438,828</u>	<u>7,460,351</u>	<u>7,477,723</u>	<u>614,470</u>	<u>8,092,193</u>
Expenses						
Business operations	1,357,687	-	1,357,687	1,772,551	-	1,772,551
General departments	2,573,556	-	2,573,556	2,532,486	-	2,532,486
Medical plan premiums (note 11)	2,611,678	-	2,611,678	2,278,798	-	2,278,798
Special projects	1,173	-	1,173	96,919	-	96,919
Amortization capital assets	-	640,740	640,740	-	647,440	647,440
Loss on disposal of capital assets	-	-	-	-	1,720	1,720
	<u>6,544,094</u>	<u>640,740</u>	<u>7,184,834</u>	<u>6,680,754</u>	<u>649,160</u>	<u>7,329,914</u>
Excess (deficiency) of revenue over expenses	<u>\$ 477,429</u>	<u>\$ (201,912)</u>	<u>\$ 275,517</u>	<u>\$ 796,969</u>	<u>\$ (34,690)</u>	<u>\$ 762,279</u>

See accompanying notes to the financial statements



MOHAWK STUDENTS' ASSOCIATION

STATEMENT OF CHANGES IN FUND BALANCES

FOR THE YEAR ENDED APRIL 30, 2020

	<i>Unrestricted</i>	<i>Internally Restricted (note 11)</i>	<i>Operating Fund Total</i>	<i>Capital Fund Total</i>	<i>2020 Total</i>	<i>2019 Total</i>
Balance, beginning of year	\$ 4,329,143	\$ 638,681	\$ 4,967,824	\$ 1,864,701	\$ 6,832,525	\$ 6,070,246
Excess (deficiency) of revenue over expenses	232,049	245,380	477,429	(201,912)	275,517	762,279
Balance, end of year	<u>\$ 4,561,192</u>	<u>\$ 884,061</u>	<u>\$ 5,445,253</u>	<u>\$ 1,662,789</u>	<u>\$ 7,108,042</u>	<u>\$ 6,832,525</u>

See accompanying notes to the financial statements



MOHAWK STUDENTS' ASSOCIATION

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED APRIL 30, 2020

	2020	2019
Cash flows from operating activities		
Excess of revenue over expenditures	\$ 275,517	\$ 762,279
Adjustments for items which do not effect cash		
Amortization of capital assets	640,740	647,439
Amortization of deferred grants	(58,133)	(44,000)
Loss on disposal of capital assets	-	1,720
Unrealized loss on investments	-	16,046
Change in non-cash working capital items (note 10)	<u>(41,426)</u>	<u>110,200</u>
	<u>816,698</u>	<u>1,493,684</u>
Cash flows from investing activities		
Purchase of capital assets (note 7)	(108,916)	(674,422)
Proceeds from disposal of capital assets	<u>-</u>	<u>1,783,123</u>
	<u>(108,916)</u>	<u>1,108,701</u>
Cash flows from financing activities		
Contribution related to capital assets	<u>70,663</u>	<u>100,000</u>
Increase in cash	778,445	2,702,385
Cash, beginning of year	<u>4,820,741</u>	<u>2,118,356</u>
Cash, end of year	<u>\$ 5,599,186</u>	<u>\$ 4,820,741</u>

See accompanying notes to the financial statements



MOHAWK STUDENTS' ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED APRIL 30, 2020

1. NATURE OF OPERATIONS

The Mohawk Students' Association ("the Association") is a not-for-profit corporation that represents all 20,000 students of Mohawk College. Whether these students are located at Fennell, IAHS or the Stoney Creek campus and whether they are full-time, part-time, apprenticeship or continuing education, the Association has supported service and advocacy to students since December 1964.

Mission:

To enhance all students' college experiences through leadership, support and advocacy.

Vision:

We respectfully support and advocate for our students through strong leadership, teamwork and communication to promote academic success.

Using Core values we will demonstrate our commitment to continuously develop services, programming and entertainment to promote student success in every way.

We will always advocate for each of our students to promote fairness and equity as part of their Mohawk experience.

Values:

Accountability to our membership for all our decisions and actions

Advocating for the benefit of our membership

Respecting students and their diversity in interests and needs

Integrity in our business activities and community affiliations

Leadership through example and opportunities

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations. The significant accounting policies adopted by the Association are detailed as follows:

(a) Fund accounting

In order to ensure observance of limitations and restrictions placed on the use of the resources available to the Association, such resources are classified for accounting and reporting purposes into funds according to the activities or objectives specified.

The Operating Fund is used to account for day to day operations. Funds are provided from student fees, and revenues from various facilities and programs.

The Capital Fund records the capital assets and the related accumulated amortization. Funds are provided through the collection of student fees from each Association member and from interest earned on investments.



MOHAWK STUDENTS' ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED APRIL 30, 2020

2. SIGNIFICANT ACCOUNTING POLICIES, continued

(b) Revenue recognition

The Association follows the deferral method of accounting for contributions. Revenue from student fees, net of refunds and special levies, are recognized in the period to which the fee relates. 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 fund the Association's operating expenses, initiatives, events and student activities;
2. The capital fund fee is to fund the cost of major renovations and repairs;
3. The medical plan fee is to provide health and dental benefits to students.

Revenue from business operations is recorded as the service is provided.

Interest income is recorded as earned.

(c) Inventory

Inventories of food and beverage products are valued at the lower of cost and net realizable value. Cost is determined on a first-in, first-out basis.

(d) Capital assets

Capital assets are recorded at cost in the Capital Fund and amortized on a straight line basis at the following annual rates:

Computer equipment	3 years
Furniture and fixtures	5 years
Leasehold improvements	10 years

(e) Financial instruments

The Association initially measures its financial assets and financial liabilities at fair value. It subsequently measures all of its financial assets and financial liabilities, other than investments, at amortized cost. Investments are measured at fair value. Changes in fair value are recognized in the statement of operations.

Financial assets subsequently measured at amortized cost include accounts receivable. Financial liabilities subsequently measured at amortized cost include accounts payable and accrued liabilities.

Transaction costs are expensed as incurred.

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

(f) Allocation of expenses

The Association records a number of its expenses by function: Business Operations and General Departments. The expenses recorded within each function related directly to those functions and allocation by function is based on usage of expenses to perform mandated services.



MOHAWK STUDENTS' ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED APRIL 30, 2020

2. SIGNIFICANT ACCOUNTING POLICIES, continued

(g) Use of estimates

The preparation of financial statements 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 deferred capital contributions and accounts payable and accrued liabilities. Actual results could differ from those estimates.

3. GOVERNMENT RECEIVABLES AND PAYABLES

Included in accounts receivable are statutory receivables of \$6,370 as at April 30, 2020 related to the recovery of HST. As at April 30, 2019 there was a balance of \$14,206 included in accounts payable related to HST and payroll remittances payable.

Also included in accounts receivable as at April 30, 2020 is \$39,649 related to the Canada Emergency Wage subsidy program discussed further in Note 15.

4. INVENTORY

Inventory is comprised of the following:

	2020	2019
Food	\$ 23,254	\$ 23,922
Beverages	<u>6,646</u>	<u>8,766</u>
	<u>\$ 29,900</u>	<u>\$ 32,688</u>

Inventories recognized as expenses during the year amounted to \$507,205 (2019 - \$649,246).

5. CAPITAL ASSETS

	<i>Cost</i>	<i>Accumulated amortization</i>	<i>2020 Net</i>	<i>2019 Net</i>
Computer equipment	\$ 537,602	\$ 537,602	\$ -	\$ -
Furniture and fixtures	1,858,380	1,589,608	268,772	295,200
Leasehold improvements	<u>6,607,511</u>	<u>4,477,225</u>	<u>2,130,286</u>	<u>2,635,682</u>
	<u>\$ 9,003,493</u>	<u>\$ 6,604,435</u>	<u>\$ 2,399,058</u>	<u>\$ 2,930,882</u>



MOHAWK STUDENTS' ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED APRIL 30, 2020

6. PAYABLE TO MOHAWK COLLEGE OF APPLIED ARTS AND TECHNOLOGY

The breakdown of amounts due from or due to Mohawk College is as follows:

	2020	2019
Due to Mohawk College	\$ 301,358	\$ 243,090
Less: Due from Mohawk College	<u>31,251</u>	<u>51,833</u>
Net payable to Mohawk College	<u>\$ 270,107</u>	<u>\$ 191,257</u>

7. CAPITAL FUND

The change in the capital fund balance for the year ended April 30, 2020 is calculated as follows:

	<i>Capital asset activities</i>	<i>Investment in capital assets</i>	<i>Capital Fund</i>
Student activity fee	\$ 302,653	\$ -	\$ 302,653
Interest income	78,042	-	78,042
Deferred contribution related to capital assets	70,663	(70,663)	-
Amortization of deferred grant	-	58,133	58,133
Purchase of capital assets	(108,916)	108,916	-
Amortization of capital assets	<u>-</u>	<u>(640,740)</u>	<u>(640,740)</u>
Decrease	342,442	(544,354)	(201,912)
Beginning balance	<u>(738,181)</u>	<u>2,602,882</u>	<u>1,864,701</u>
Ending balance	<u>\$ (395,739)</u>	<u>\$ 2,058,528</u>	<u>\$ 1,662,789</u>

8. POST-EMPLOYMENT BENEFITS - RETIREMENT BENEFITS

CAAT Pension Plan

All of the Association'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 Association 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 Association does not recognize any share of the Plan's pension surplus or deficit as insufficient information is available to identify the Association'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 Association made contributions to the Plan and its associated retirement compensation arrangement of \$78,772 (2019 - \$110,196) which has been included in the statement of operations.



MOHAWK STUDENTS' ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED APRIL 30, 2020

9. STUDENT CENTRE LEASE

The Association has agreed to lease the Student Centre from Mohawk College of Applied Arts and Technology (the "College") until 2045, and the agreement states that as long as the College continues to operate at the Fennell Campus, the lease agreement will automatically be renewed for the same rent. If, at any time during the term of the lease, the College is required to move from the premises at Fennell Avenue, for whatever reason, including expropriation, it is agreed that the College shall have the option of either paying the Association for the fair market value of the present building, or to replace the Student Centre building with an equivalent building at the new site of the College. The lease provides for annual minimum rent of \$1 and requires that the Association pay a share of all operating expenses incurred by the College in connection with the Student Centre. The Association incurred operating expenses in 2020 of \$314,785 (2019 - \$334,949).

10. CHANGE IN NON CASH WORKING CAPITAL ITEMS

	2020	2019
Accounts receivable	\$ (49,156)	\$ 4,099
Prepaid expenses	(10,208)	6,280
Inventory	2,788	(8,944)
Accounts payable and accrued liabilities	(57,353)	1,908
Payable to Mohawk College of Applied Arts and Technology	78,850	105,612
Deferred grants and revenue	(6,347)	1,245
	<u>\$ (41,426)</u>	<u>\$ 110,200</u>



MOHAWK STUDENTS' ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED APRIL 30, 2020

11. INTERNALLY RESTRICTED

Effective September 1, 2010, the Association entered into an agreement with Student Health Alliance Inc. ("Studentcare") to provide a health and dental benefit plan for the Association's full time students.

Total revenues for fiscal 2020 amounted to \$2,866,880 (2019 - \$2,563,086) with health plan expense amounting to \$2,611,678 (2019 - \$2,278,796). The surplus of \$255,202 (2019 - \$284,290), net of administration charges allocated by the Association of \$232,752 has been reflected as an increase of the internally restricted fund as of April 30, 2020. Included in accounts payable and accruals at year end is the final amount due of \$198,178 (2019 - \$315,967) related to fiscal 2020.

Additional internally restricted funds were established to support the following programs and initiatives in the current year:

- (a) Student Centre Building Fund - to support major capital projects and the operation of the Student Centre
- (b) Universal Transit Pass Fund - to facilitate student travel around the Hamilton area
- (c) Academic Services Fund - to provide programs and services to support academic success for Mohawk students
- (d) Career Services Fund - to provide career-related supports and services for Mohawk students
- (e) Counselling Services Fund - to provide for legal counselling and educational workshops for Mohawk students
- (f) Food Bank Fund - to provide food and essentials for students in times of need
- (g) Student Events and Orientation Fund - to run events through the year at all Mohawk campuses to ensure students are getting the most out of their college experience
- (h) Clubs Fund - to provide oversight and support for student clubs and groups on campus
- (i) Student Government Fund - to support the cost of the elected Board of Directors who provide governance, advocacy and strategic direction

	2020	2019
Health and Dental Plan Fund	\$ 661,131	\$ 638,681
Student Centre Building Fund	81,529	-
Universal Transit Pass Fund	13,117	-
Academic Services Fund	33,826	-
Career Services Fund	1,356	-
Counselling Services Fund	33,856	-
Food Bank Fund	110	-
Student Events and Orientation Fund	33,335	-
Clubs Fund	32,320	-
Student Government Fund	(6,519)	-
	<u>\$ 884,061</u>	<u>\$ 638,681</u>



MOHAWK STUDENTS' ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED APRIL 30, 2020

12. FINANCIAL INSTRUMENTS

The Association's financial instruments consist of cash, accounts receivable, accounts payable and due to Mohawk College. The fair values of these financial instruments approximate their carrying value due to the relatively short periods to maturity of these items.

Liquidity and funding risk is managed by the preparation of an annual budget and holding adequate cash reserves.

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 as follows:

General objective, policies and processes

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

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

Liquidity risk

Liquidity risk is defined as the risk that the Association may not be able to settle or meet its obligations as they become due.

Interest rate risk

The financial risk is the risk to the Association's earnings that arises from fluctuations in interest rates and the degree of volatility of these rates. The Association does not use derivative instruments to reduce its exposure to interest risk.

Credit risk

Credit risk arises from the potential that a counterparty will fail to perform its obligation. The Association is exposed to credit risk from customers. However, the Association's businesses have a significant number of diverse customers which reduces the concentration of credit risk.

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

13. COMMITMENTS

The Association has entered into a five year agreement to lease retail space from Mohawk College at the athletic and recreation centre, the term of which ends August 31, 2023. Under the terms of the agreement the Association is committed to paying base annual rent of approximately \$10,000.

The Association has negotiated a three year agreement, ending March 31, 2021, with Mohawk College for the provision of information technology services at a remaining cost of \$103,583.



MOHAWK STUDENTS' ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED APRIL 30, 2020

14. MOHAWK COLLEGE

The Association has an economic interest in the College. The Association, an independent organization, provides a wide variety of services to the students of the College. The College collects the student activity fees on behalf of the Association and transfers these fees to the Association.

15. GOVERNMENT ASSISTANCE

During the year the Organization applied to the Canada Emergency Wage Subsidy ("CEWS") to obtain relief from payroll costs during the Covid-19 pandemic. \$39,649 was claimed under the CEWS program and was recorded as a reduction of salaries and wages expenses included in the Statement of Operations. The entire balance is included in accounts receivable as at April 30, 2020.

The Organization also utilized the 10% Temporary Wage Subsidy ("TEWS") by reducing payroll remittances to Canada Revenue Agency for pay periods between March 18, 2020 and year-end. The amount claimed under the TEWS program during the year amounted to \$22,750 and was also recorded as a direct reduction of salaries and wages expenses in the Statement of Operations.

16. COVID-19

During the year and subsequent to year-end, the global spread of the COVID-19 pandemic has created material uncertainty for business continuity across a broad range of industries. The economic impact of the virus could be severe and long lasting as unprecedented measures are being taken to mitigate the consequences of the pandemic. Management is continuing to carefully monitor and evaluate the impact as the situation evolves. No adjustments have been considered necessary for the impairment of assets to this point with the exception of routine spoilage of food inventory.

