

**Conestoga Students
Incorporated
Financial Statements
For the year ended April 30, 2016**

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Independent Auditor's Report

To the Board of Directors of Conestoga Students Incorporated:

We have audited the accompanying financial statements of Conestoga Students Incorporated, which comprise the balance sheet as at April 30, 2016, the statements of changes in fund balances, operations and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Conestoga Students Incorporated as at April 30, 2016 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.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

Waterloo, Ontario
October 19, 2016

Conestoga Students Incorporated Balance Sheet

April 30					2016	2015
	Operating Fund	Health and Wellness Fund	Operating Fund Reserve	Total	Total	
Assets						
Current						
Cash (Note 2)	\$ 172,713	\$ 37,333	\$ 242,320	\$ 452,366	\$	353,020
Short-term investments (Note 3)	-	-	757,680	757,680		932,839
Accounts receivable	686,573	-	-	686,573		597,078
Prepaid expenses	110,812	-	-	110,812		51,130
	<u>970,098</u>	<u>37,333</u>	<u>1,000,000</u>	<u>2,007,431</u>		<u>1,934,067</u>
Tangible capital assets (Note 4)	431,562	-	616,162	1,047,724		1,075,236
Due from Conestoga Student Services Inc. (Note 6)	497,460	-	-	497,460		-
	<u>\$ 1,899,120</u>	<u>\$ 37,333</u>	<u>\$ 1,616,162</u>	<u>\$ 3,552,615</u>	<u>\$</u>	<u>3,009,303</u>

Liabilities and Fund Balances

Current						
Accounts payable and accrued liabilities (Note 7)	\$ 96,961	\$ -	\$ -	\$ 96,961	\$	51,424
Deferred revenue	769,197	-	-	769,197		654,438
	<u>866,158</u>	<u>-</u>	<u>-</u>	<u>866,158</u>		<u>705,862</u>
Investment in Conestoga Student Services Inc. (Note 5)	39,400	-	-	39,400		-
	<u>905,558</u>	<u>-</u>	<u>-</u>	<u>905,558</u>		<u>705,862</u>
Fund balances						
Internally restricted	-	37,333	1,000,000	1,037,333		1,206,365
Internally restricted - tangible capital assets	431,562	-	616,162	1,047,724		1,075,236
Unrestricted	562,000	-	-	562,000		21,840
	<u>993,562</u>	<u>37,333</u>	<u>1,616,162</u>	<u>2,647,057</u>		<u>2,303,441</u>
	<u>\$ 1,899,120</u>	<u>\$ 37,333</u>	<u>\$ 1,616,162</u>	<u>\$ 3,552,615</u>	<u>\$</u>	<u>3,009,303</u>

On behalf of the Board:

_____ President and CEO

_____ Chair of the Board

The accompanying notes are an integral part of these financial statements.

**Conestoga Students Incorporated
Statement of Changes in Fund Balances**

For the year ended April 30

2016

2015

	Operating Fund	Health and Wellness Fund	Operating Fund Reserve	Total	Total
Fund balances, beginning of year	\$ 471,584	\$ 206,365	\$ 1,625,492	\$ 2,303,441	\$ 2,119,192
Excess (deficiency) of revenue over expenses for the year	371,829	37,333	(65,546)	343,616	184,249
Interfund transfer prior surplus (Note 8)	(291,095)	291,095	-	-	-
Interfund transfer (Note 8)	441,244	(497,460)	56,216	-	-
Fund balances, end of year	\$ 993,562	\$ 37,333	\$ 1,616,162	\$ 2,647,057	\$ 2,303,441

The accompanying notes are an integral part of these financial statements.

**Conestoga Students Incorporated
Statement of Operations**

For the year ended April 30

2016

2015

	(Unaudited) Operating Fund Budget	Operating Fund	Health and Wellness Fund	Operating Fund Reserve	Total	Total
Revenue						
Student fees (Notes 9 and 12)	\$ 2,513,932	\$ 2,671,421	\$ 121,483	\$ -	\$ 2,792,904	\$ 2,518,183
Grand River Transit (Note 10)	42,300	42,813	-	-	42,813	36,305
Interest	15,700	13,239	-	-	13,239	17,605
Pub	35,000	22,964	-	-	22,964	27,467
Activities	254,175	236,937	-	-	236,937	246,419
Miscellaneous	-	-	-	-	-	331
Donation	1,000	513	-	-	513	775
	2,862,107	2,987,887	121,483	-	3,109,370	2,847,085
Expenses (Schedules)						
Student services	1,689,532	1,578,354	84,150	-	1,662,504	1,508,171
Board	117,500	121,362	-	-	121,362	83,293
Pub	45,000	28,546	-	-	28,546	18,273
Activities	615,575	575,077	-	-	575,077	636,660
Entertainment	202,500	191,318	-	-	191,318	284,404
Subsidy	17,000	9,442	-	-	9,442	11,920
Amortization	-	72,459	-	65,546	138,005	120,115
	2,687,107	2,576,558	84,150	65,546	2,726,254	2,662,836
Excess (deficiency) of revenue over expenses before other expenses	175,000	411,329	37,333	(65,546)	383,116	184,249
Other expenses						
Loss from investee (Note 5)	-	(39,500)	-	-	(39,500)	-
Excess (deficiency) of revenue over expenses for the year	\$ 175,000	\$ 371,829	37,333	\$ (65,546)	\$ 343,616	\$ 184,249

The accompanying notes are an integral part of these financial statements.

Conestoga Students Incorporated Statement of Cash Flows

For the year ended April 30	2016	2015
Cash flows from operating activities		
Excess (deficiency) of revenue over expenses for the year	\$ 343,616	\$ 184,249
Items not involving cash		
Amortization	138,005	120,115
Loss from investee	39,500	-
	521,121	304,364
Changes in non-cash working capital balances		
Accounts receivable	(89,495)	(70,512)
Prepaid expenses	(59,682)	(27,172)
Accounts payable and accrued liabilities	45,537	(157,444)
Deferred revenue	114,759	773
	532,240	50,009
Cash flows from investing activities		
Purchase of tangible capital assets	(110,493)	(339,039)
Proceeds from short term investments	625,940	1,172,695
Purchase of short term investments	(450,781)	(932,839)
Investment in Conestoga Student Services Inc.	(100)	-
	64,566	(99,183)
Cash flows from financing activities		
Advances to Conestoga Student Services Inc.	(497,460)	-
	99,346	(49,174)
Increase (decrease) in cash during the year	99,346	(49,174)
Cash, beginning of year	353,020	402,194
Cash, end of year	\$ 452,366	\$ 353,020

The accompanying notes are an integral part of these financial statements.

Conestoga Students Incorporated

Notes to Financial Statements

April 30, 2016

1. Summary of Significant Accounting Policies

Nature of Operations Conestoga Students Incorporated ("the organization") was incorporated without share capital and is a not-for-profit organization which provides various services to students of Conestoga College Institute of Technology and Advanced Learning.

Basis of Accounting The financial statements have been prepared using Canadian accounting standards for not-for-profit organizations (ASNPO).

Fund Accounting The Operating Fund reports the assets, liabilities, revenues and expenses related to the services provided for students.

The Operating Fund Reserve reports the assets, liabilities, revenues and expenses related to the specific tangible capital assets that are purchased from this fund. These purchases must be approved by the organization's Board of Directors.

The Health and Wellness Fund reports the assets, liabilities, revenues and expenses related to the operations of the Health and Wellness Centre.

Tangible Capital Assets Tangible capital assets are recorded at cost. Amortization based on the estimated useful life of the asset is as follows:

Furniture and fixtures	-10% diminishing balance basis
Photography equipment	-20% diminishing balance basis
Office equipment	-10 to 30% diminishing balance basis
Sanctuary renovations	-10% diminishing balance basis
Vehicles	-20% diminishing balance basis

One-half of the annual rate is provided in the year of acquisition and no amortization is provided in the year of disposal.

When a tangible capital asset no longer has any long-term service potential to the organization, the excess of its net carrying amount over any residual value is recognized as an expense in the statement of operations. Any unamortized deferred contribution amount related to the tangible capital asset is recognized in revenue in the statement of operations, provided that all restrictions have been complied with.

Leases Leases entered into that transfer substantially all the benefits and risks associated with ownership are recorded as the acquisition of tangible capital assets and the incurrence of an obligation. The asset is amortized in a manner consistent with tangible capital assets owned by the organization, and the obligation, including interest thereon, is liquidated over the term of the lease. All other leases are accounted for as operating leases, and the rental costs are expensed on incurred.

Conestoga Students Incorporated

Notes to Financial Statements

April 30, 2016

1. Summary of Significant Accounting Policies (Continued)

Revenue Recognition	The organization follows the restricted fund method of accounting for fees and revenue. Fees and revenue related to general operations and the student health plan are recognized as revenue of the Operating Fund in the year in which the services are rendered. Any funds received in advance of service delivery are recorded as deferred revenue. All other restricted fees and revenue are recognized as revenue of the appropriate restricted fund in the period of receipt.
Contributed Services	Elected members contribute their time to assist the organization in carrying out the administration of the students activities. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.
Income Taxes	The organization is a not-for-profit entity and is not subject to income taxes.
Use of Estimates	The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Estimates are used for accounting for such items as accrued liabilities and useful lives of tangible capital assets. Actual results could differ from management's best estimates as additional information becomes available in the future.
Investments Subject to Control	The organization accounts for its wholly-owned investment in Conestoga Student Services Inc. ("CSSI") using the equity method. Under this method, the investee's earnings is recorded as income and added to the carrying value of the investment shown on the balance sheet.
Employee Future Benefits	The organization has a defined contribution pension plan for staff, by way of an RRSP plan. The pension costs are charged to operations as contributions are due. Contributions are a defined amount based on a percentage of salary.

Conestoga Students Incorporated

Notes to Financial Statements

April 30, 2016

1. Summary of Significant Accounting Policies (Continued)

Financial Instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, equities are traded in an active market are reported at fair value, with any unrealized gains and losses reported in operations. All other financial instruments are reported at cost or amortized cost less impairment, if applicable. Financial assets are tested for impairment when changes in sale or circumstances indicate the asset could be impaired. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items remeasured at fair value at each balance sheet date and charged to the financial instrument for those measured at amortized cost.

2. Cash

The organization's bank account is held at one chartered bank and earns nominal interest.

3. Short-Term Investments

The organization's short-term investments are held at one chartered bank in Canadian cashable guaranteed investment certificates bearing interest at 0.75% and 1.30% and maturing between December 2017 and April 2019.

Conestoga Students Incorporated
Notes to Financial Statements

April 30, 2016

4. Tangible Capital Assets

	2016		2015	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Operating Fund				
Furniture and fixtures	\$ 204,596	\$ 78,469	\$ 156,968	\$ 67,100
Office equipment	182,901	75,618	176,253	64,067
Photography equipment	22,661	20,639	22,661	20,133
Vehicles	302,848	106,718	302,848	57,686
	\$ 713,006	\$ 281,444	\$ 658,730	\$ 208,986
Net book value		\$ 431,562		\$ 449,744
Operating Fund Reserve				
Office equipment	\$ 155,221	\$ 88,247	\$ 155,221	\$ 80,599
Furniture and fixtures	196,682	83,735	196,682	71,185
Sanctuary renovations	931,174	494,933	874,958	449,585
	\$ 1,283,077	\$ 666,915	\$ 1,226,861	\$ 601,369
Net book value		\$ 616,162		\$ 625,492

Conestoga Students Incorporated Notes to Financial Statements

April 30, 2016

5. Investment in Conestoga Student Services Inc.

The organization is the sole shareholder of Conestoga Student Services Inc. (CSSI). CSSI runs a restaurant franchise and a wellness centre. It is incorporated under the laws of Ontario as a profit-oriented entity and is subject to income tax. The organization and CSSI share the same Board of Directors.

The financial summary of this unconsolidated entity as at April 30, 2016 is as follows:

	<u>2016</u>
Total assets	\$ 493,475
Total liabilities	\$ 532,875
Shareholder's deficiency	\$ (39,400)
Revenue	\$ 15,883
Expenses	\$ 55,383
Net loss	\$ (39,500)
Cash flow from operating activities	\$ (39,389)
Cash flow from investing activities	\$ (34,800)
Cash flow from financing activities	\$ 525,488

6. Related Party Balances

The organization has the following balances with related parties during the year:

	<u>2016</u>
Due from Conestoga Student Services Inc.	<u>\$ 497,460</u>

The loan is interest-free with no fixed repayment terms, the loan will be repaid with future profits of Conestoga Student Services Inc.

In addition to the loan above, included within accounts receivable is \$27,928 owing from Conestoga Student Services Inc., this amount is expected to be repaid within one year.

7. Accounts Payable and Accrued Liabilities

Included in accounts payable and accrued liabilities are government remittances payable of \$9,462 (2015 - \$4,855).

Conestoga Students Incorporated Notes to Financial Statements

April 30, 2016

8. Interfund Transfer

During the year, the Board of Directors approved an interfund transfer from the Operating Fund to the Operating Fund Reserve in the amount of \$56,216 to cover the cost of tangible capital asset acquisitions. The Board of Directors approved transfers \$291,095 which represents the accumulation of previous years' surpluses to the Health and Wellness Fund. The Board of Directors approved a transfer of \$497,460 from the Health and Wellness Fund to the Operating Fund to fund the start up operations of Conestoga Student Services Inc.

9. Student Fees

The organization received fees for the Health and Dental plans during the year and paid premiums to the provider. A breakdown of the net revenue included in student fees is as follows:

	<u>2016</u>	<u>2015</u>
Gross revenue received	\$ 2,598,546	\$ 2,311,634
Amounts received related to 2017 fiscal year	(700,940)	(619,905)
Revenue receivable at year end	94,689	90,947
Amortization of 2016 fiscal year deferred revenue	<u>619,905</u>	<u>622,073</u>
Gross revenue	2,612,200	2,404,749
Premiums paid	<u>(2,490,717)</u>	<u>(2,282,513)</u>
Net revenue	<u>\$ 121,483</u>	<u>\$ 122,236</u>

Conestoga Students Incorporated
Notes to Financial Statements

April 30, 2016

10. Grand River Transit

The organization received gross revenue of \$994,268 (2015 - \$852,318) for Grand River Transit passes during the year.

11. Commitments

The organization has entered into operating leases for its equipment expiring between 2018 and 2019. The future minimum lease payments are as follows:

2017	\$	30,438
2018		30,438
2019		23,708
2020		<u>10,732</u>
	\$	<u>95,316</u>

12. Economic Dependence

The organization derives the majority of its revenue from student fees levied through Conestoga College Institute of Technology and Advanced Learning.

13. Employee Future Benefits

Pension plan contributions paid by the organization during the year totalled \$50,920 (2015 - \$27,022).

Conestoga Students Incorporated Notes to Financial Statements

April 30, 2016

14. Financial Instrument Risks

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Financial instruments which potentially subject the organization to concentrations of credit risk consist of short term investments and accounts receivable. The organization has 99% of receivables owing from Conestoga College Institute of Technology and Advanced Learning, however, management feels this credit risk is low. The organization has deposited the cash and investments with a reputable financial institution, from which management believes the risk of loss to be remote.

Liquidity Risk

Liquidity risk is the risk that the organization encounters difficulty in meeting its obligations associated with financial liabilities. Liquidity risk includes the risk that, as a result of operational liquidity requirements, the organization will not have sufficient funds to settle a transaction on the due date; will be forced to sell financial assets at a value which is less than what they are worth; or may be unable to settle or recover a financial asset. Liquidity arises from accounts payable and accrued liabilities.

Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate as a result of market factors. Market factors include two types of risk: interest rate risk and equity risk.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The organization is exposed to this risk through its short-term investments. The organization holds investments which involves risk of price changes due to, without limitation, such factors as interest rates and general economic conditions.

There have been no changes in exposure to the above mentioned risks from the prior year.

15. Comparative Amounts

The comparative amounts presented in the financial statements have been reclassified to conform to the current year's presentation.

Conestoga Students Incorporated Schedule of Student Services Expenses

For the year ended April 30	2016	2016	2015
	Budget (unaudited)	Actual	Actual
Advertising	\$ 21,500	\$ 18,806	\$ 34,908
Bank charges	15,000	17,953	19,028
Computers	23,000	20,120	13,623
Insurance	30,000	28,425	28,082
Membership fees	67,699	67,400	64,842
Office	21,500	16,850	19,862
Professional fees	25,000	18,930	16,749
Repairs and maintenance	10,000	3,619	2,157
Salaries, benefits and honorarium	1,419,833	1,421,465	1,246,281
Scholarship and bursaries	7,500	3,717	7,928
Shuttle bus	35,000	32,924	37,125
Telephone	8,500	8,347	12,783
Travel	5,000	3,948	4,803
	\$ 1,689,532	\$ 1,662,504	\$ 1,508,171

Schedule of Board Expenses

For the year ended April 30	2016	2016	2015
	Budget (unaudited)	Actual	Actual
Board meetings	\$ 27,500	\$ 23,405	\$ 12,959
Board connections	10,000	8,293	6,717
Community support	5,000	8,146	7,023
Conferences	40,000	48,914	32,508
Mental Health and Mindfulness initiative	10,000	10,000	24,086
Student awards and scholarships	15,000	15,000	-
Student rep program	10,000	7,604	-
	\$ 117,500	\$ 121,362	\$ 83,293

**Conestoga Students Incorporated
Schedule of Pub Revenue and Expenses**

<u>For the year ended April 30</u>	<u>2016</u>	<u>2016</u>	<u>2015</u>
	Budget (unaudited)	Actual	Actual
Revenue	\$ 35,000	\$ 22,964	\$ 27,467
Cost of goods sold	<u>45,000</u>	<u>28,546</u>	<u>18,273</u>
Excess (deficiency) of revenue over expenses for the year	<u>\$ (10,000)</u>	<u>\$ (5,582)</u>	<u>\$ 9,194</u>

Conestoga Students Incorporated Schedule of Activities Revenue and Expenses

<u>For the year ended April 30</u>	<u>2016</u>	<u>2016</u>	<u>2015</u>
	Budget (unaudited)	Actual	Actual
Revenue			
Agenda book sales	\$ 12,000	\$ 12,600	\$ 14,873
Club	5,000	5,000	5,000
Commissions	38,600	40,249	45,341
Massage and chiropractic therapy	60,000	51,574	52,973
Photography	5,500	5,575	5,327
Retail space rental	20,000	11,024	12,331
Self-serve revenue	19,325	22,270	20,641
Technology fee	30,000	30,000	30,000
Ticket sales	18,750	13,260	12,577
Work subsidy	45,000	45,385	47,356
	<u>254,175</u>	<u>236,937</u>	<u>246,419</u>
Expenses			
Agenda books	30,000	29,352	37,245
Cave supplies	2,000	291	1,969
Den supplies	5,000	4,655	4,501
Entertainment rentals	10,000	6,577	5,899
Food bank	8,000	3,245	8,852
Food subsidy	54,315	63,680	100,177
Massage and chiropractic therapy expenses	50,000	40,804	41,200
Orientation expenses	167,000	150,476	153,223
Salaries and honoraria	75,000	77,670	80,213
Self-serve	72,760	79,143	71,826
Student leadership conference	140,000	118,897	130,380
Ticket costs	1,500	287	1,175
	<u>615,575</u>	<u>575,077</u>	<u>636,660</u>
Deficiency of revenue over expenses for the year	\$ (361,400)	\$ (338,140)	\$ (390,241)

**Conestoga Students Incorporated
Schedule of Entertainment Expenses**

<u>For the year ended April 30</u>	<u>2016</u>	<u>2016</u>	<u>2015</u>
	Budget (unaudited)	Actual	Actual
Events	\$ 202,500	\$ 191,318	\$ 284,404

Schedule of Subsidy Expenses

<u>For the year ended April 30</u>	<u>2016</u>	<u>2016</u>	<u>2015</u>
	Budget (unaudited)	Actual	Actual
Clubs	\$ 17,000	\$ 9,442	\$ 11,920
