



**THE SEVENTH MEETING OF THE FIFTH BOARD OF DIRECTORS OF DURHAM
COLLEGE STUDENTS INCORPORATED
NOVEMBER 24, 2021
Student Centre room 217 and Video conference**

1. Call to Order

2. The Administration of the Declaration of Office to Members Elect

Ryan Gentle	School of Justice and Emergency Services
Pruthvik Jaswal	School of Interdisciplinary Studies
Meg Bent	School of Media, Art and Design

3. Adoption of the Agenda

RESOLUTION 2021-07-01

That the agenda for the seventh meeting of the Board of Directors be adopted.

4. Declaration of Conflict of Interest

5. Adoption of the Minutes of the previous meeting

RESOLUTION 2021-07-02

That the minutes of the meeting of the Board of Directors held on October 20, 2021 be adopted.

6. The businesses of the Board

RESOLUTION 2021-07-03

That the Board of Directors now sits as a Committee of the Whole for the purpose of receiving the report of the Public Accountant for the fiscal year ending April 30, 2021 and the Management Letter Report for the fiscal year ending April 30, 2021 and the Executive Chairperson and Chief Elected Officer shall preside at that meeting. At the conclusion of the presentation and question session the Chairperson shall conclude the business of the Committee of the Whole and the Committee shall Rise and Report.

7. The meeting of the Committee of the Whole

8. Report of the Public Accountant and Board Letter

RESOLUTION 2021-07-04

That the Audited Financial Statements for the Fiscal Year Ending April 30, 2021 prepared by Baker Tilly KPM LLP, the Public Accountant of Record for Durham College Students Incorporated be adopted, and that two of the Executive Chairperson, Managing Director and Deputy Chairperson be authorized to sign the statement on behalf of the Board of Directors.

RESOLUTION 2021-07-05

Moved by: Director Eduardo Akeson

Seconded by: Director Michelle Conn

That the Board Letter Report for the fiscal year ending April 30, 2021 prepared by Baker Tilly KPM LLP, the Public Accountant of Record for Durham College Students Incorporated be received, and that two of the Executive Chairperson, Managing Director and Deputy Chairperson be authorized to sign the statement on behalf of the Board of Directors.

9. Report of the Executive Chair and General Manager

10. Reorganization of the Standing Committee

RESOLUTION 2021-07-06

That ---, ---, ---, (insert up to three names) be appointed to the Standing Committee.

11. Other Reports

Candidate in Default – 2021 Fall By-Election (for information only)

12. Statements or Questions by Members

13. Supplemental agenda

14. Next meeting

Board of Directors December 15, 2021

Standing Committee December 1, 2021

15. Adjournment

RESOLUTION 2021-07-07

That the meeting now adjourn to December 15, 2021 or the call of the Chair.



**DURHAM COLLEGE STUDENTS INCORPORATED
BOARD OF DIRECTORS MEETING MINUTES
October 20, 2021**

The Sixth Meeting of the Fifth Board of Directors of the Durham College Students Incorporated met on October 20, 2021 at 5:30 p.m. via videoconference.

Fifth Board of Directors

Present:	Christine Kozminski	External Director
	Taneisha Jordon	Class A - Health and Social Services
	Rebecca Beaulieu	Class F – Hospitality and Horticultural Science
	Aneri Pandya	Class G - Business, Information Technology and Management (arrived 5:14 p.m.)
(non-voting)	Jenna Peace	Executive Chairperson and Chief Elected Officer
	Faris Lehn	General Manager
	Charles Wilson	Operations Manager and Secretary of the Board of Directors
	Joshua Reece	Financial Controller
(other)	Ryan Gentle <i>at 6:00 p.m.)</i>	Member elect for Class B of the Membership (<i>left at 6:00 p.m.)</i>
	Yvonne Armstrong	Board Observer (<i>left at 6:00 p.m.)</i>
Absent:	Akashkumar Radadiya	Class E - Science and Engineering Technology (<i>disqualified at 6:15 p.m.)</i>

CALL TO ORDER

The meeting was called to order at 5:36 p.m.

ADOPTION OF THE AGENDA

RESOLUTION 2021-06-01

Moved by: Director Taneisha Jordon

Seconded by: Director Rebecca Beaulieu

That the agenda for the Sixth meeting of the Board of Directors be adopted.

-CARRIED (2021-06-01)

DECLARATION OF CONFLICT OF INTEREST

No Conflicts of Interest were declared.

ADOPTION OF THE MINUTES OF THE PREVIOUS MEETING

RESOLUTION 2021-06-02

Moved by: Director Christine Kozminski

Seconded by: Director Taneisha Jordon

That the minutes of the meeting of the Board of Directors held on September 30, 2021 be adopted.

-CARRIED (2021-06-02)

MOTIONS

Annual General Meeting date

RESOLUTION 2021-06-03

Moved by: Director Rebecca Beaulieu

Seconded by: Director Christine Kozminski

That resolution 2021-05-04 be rescinded.

-CARRIED (2021-06-03)

RESOLUTION 2021-06-04

Moved by: Director Taneisha Jordon

Seconded by: Director Christine Kozminski

That the Date of the Annual General Meeting be set as January 19, 2021 with voting being opened from January 17, 2021 at 9:00 a.m. until January 20, 2021 at 3:00 p.m.

-CARRIED (2021-06-04)

REPORT OF THE EXECUTIVE CHAIR AND GENERAL MANAGER

The Report of the Executive Chair and the General Manager were presented.

REPORTS OF THE STANDING COMMITTEE

RESOLUTION 2021-06-05

Moved by: *Director Christine Kozminski*

Seconded by: *Director Aneri Pandya*

That report of the Standing Committee Meeting held on October 13, 2021 be adopted.

-CARRIED (2021-06-05)

STATEMENTS OR QUESTIONS BY MEMBERS

Statements were made and questions were asked by members.

A MATTER OF PRIVILEGE

The Secretary of the Board, in the name of the Standing Committee, sought leave to rise on a matter of privilege. The Chair granted leave for the Secretary of the Board to rise on a matter of privilege.

The Secretary of the Board, in the name of the Standing Committee, noted that the proper functioning of the Board of Directors has been impeded by the continued absence of the member designate for Class E of the membership (Science and Engineering Technology). The Secretary of the Board informed that in the opinion of the Standing Committee this was a prima facia breach of privilege.

The Chair sought advice from the Secretary of the Board in his role as the Parliamentarian on this matter. The Secretary of the Board advised that there was no provision dealing with a matter of Privilege under the Board Procedural Policy, therefore the Secretary of the Board advised that the expression of parliamentary contained in Robert's Rules of Order (12th edition) would be authoritative on the matter. Under Robert's Rules of Order: Newly Revised (12th edition) a matter of privilege can be either individual or effecting the assembly, and in this case can relate to the conduct of the officer and members of the Board of Directors in regard to continued disruption to the proceedings of the Board.

The Secretary of the Board also advised under section 4.7 of the Board Procedural Policy any discipline of an officer or director of the corporation must take place in closed session. The Secretary of the Board also confirmed that according to the direction of the Standing Committee, the Secretary of the Board has discussed the matter with Board's Solicitor.

The Chair found that a prima facia case of privilege existed.

RESOLUTION 2021-06-P01

Moved by: Director Christine Kosinski

Seconded by: Director Tanisha Jordon

That the board of Directors now proceed to a closed session in accordance with section 4.7 of the Board Procedural Policy and to review legal advice on that matter of privilege subject to the Solicitor Client Privilege.

-CARRIED (2021-06-P01)

The Board met in closed session to deal with the mater of privilege.

In the course of the closed session the following resolutions were considered:

RESOLUTION 2021-06-P02

Moved by: Director Tanisha Jordon

Seconded by: Director Aneri Panya

That the Notice Requirements of the Board Procedural Policy be suspended, and the Board of Directors deal now with motions relating to the advice of the Corporation's Solicitor on the matter of privilege.

-CARRIED (2021-06-P02)

RESOLUTION 2021-06-P03

Moved by: Director Tanisha Jordon

Seconded by: Director Rebecca Beaulieu

That Section 6.9 (a) of By-law number 1 be amended as follows:

6.9 (a) (i) The term of office of the Directors shall be one year, beginning on May 1 and ending on April 30 the following year, provided that a Director shall continue to hold office until a successor is duly elected pursuant to the By-Laws, and unless the Director is disqualified under these By-Laws from being a Director or is otherwise removed or resigns in accordance with these By-Laws.

(ii) Notwithstanding subsection (i) should a Director be absent for more than three (3) consecutive Board of Directors' meetings without being authorized to do so by a resolution of the Board of Directors, then that Director shall be deemed to have resigned from their office.

-CARRIED (2021-06-P03)

RESOLUTION 2021-06-P04

Moved by: Director Tanisha Jordon

Seconded by: Director Rebecca Beaulieu

That Section 6.6 (a) be rescinded and replaced as follows:

"a person who is not a Member of the class which they were elected by"

-CARRIED(2021-06-P04)

The Board then returned to the matter of privilege raised by the Secretary of the Board of Directors, in the name of the Standing Committee.

The Chair, after submissions from the Secretary of the Board and others found that the privileges of the Board has been breached. The Chair decided that the matter was urgent enough to warrant immediate consideration.

RESOLUTION 2021-06-P05

Moved by: Director Tanisha Jordon

Seconded by: Director Rebecca Beaulieu

That the Board of Directors, after consulting with legal counsel, declare that Akashkumar Radadiya is disqualified from his office of Director for Class E of the Membership comprising Science and Engineering Technology effective October 21, 2021, and directs the Secretary of the Board and the Executive Chair to arrange for a membership meeting to appoint a new member from that class.

-CARRIED (2021-06-P05)

RESOLUTION 2021-06-P06

Moved by: Director Aneri Padya

Seconded by: Director Rebecca Beaulieu

That the Board now resumes an open session.

-CARRIED (2021-06-P06)

The Secretary of the Board presented that a matter of privilege was discussed in closed session and four resolution were carried. The Secretary of the Board sought consent to have the resolutions published in the minutes of the meeting, the Board agreed.

VACANCY IN THE MEMBERSHIP

The Secretary of the Board informed the Board of a vacancy in the membership due to the disqualification of Akashkumar Radadiya by resolution of the Board of Directors number 2021-06-P05 dated October 20, 2021.

NEXT MEETING

Board of Directors November 24, 2021
Standing Committee November 10, 2021

ADJOURNMENT

RESOLUTION 2021-06-06

Moved by: Director Rebecca Beaulieu

Seconded by: Director Rebecca Beaulieu

***That the meeting now adjourn to November 24, 2021 or the call of the
Chair.***

-CARRIED (2021-06-06)

The meeting adjourned at 6:20 p.m.

FINANCIAL STATEMENTS OF

DURHAM COLLEGE STUDENTS INC.

April 30, 2021

Draft - November 8, 2021

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INDEPENDENT AUDITOR'S REPORT

To the Members of
Durham College Students Inc.

Opinion

We have audited the financial statements of Durham College Students Inc. (the "Organization"), which comprise the statement of financial position as at April 30, 2021, the statement of operations, statement of changes in fund balances 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 Organization as at April 30, 2021, 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.

INDEPENDENT AUDITOR'S REPORT, continued

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 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.

Chartered Professional Accountants
Licensed Public Accountants

Courtice, Ontario
Enter date for report

DURHAM COLLEGE STUDENTS INC.
STATEMENT OF FINANCIAL POSITION
As at April 30, 2021

	April 30 2021 \$	April 30 2020 \$
ASSETS		
Current assets		
Cash	6,753,818	5,974,983
Short term investments (Note 3)	551,898	551,156
Government assistance receivable (Note 4)	222,486	-
Prepaid expenses	207,942	194,080
Due from Durham College (Note 5)	233,222	178,565
	7,969,366	6,898,784
Restricted cash - Student Building fund	537,641	-
Tangible capital assets (Note 6)	280,604	66,774
	8,787,611	6,965,558
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	242,799	331,999
Government remittances payable	14,588	29,065
Insurance contract liability (Note 7)	143,623	133,397
Deferred revenue - Health & Dental (Note 8)	1,174,065	1,230,316
	1,575,075	1,724,777
NET ASSETS		
Unrestricted	3,985,686	2,871,298
Investment in capital assets	280,604	66,774
Health fund - internally restricted	2,408,605	1,552,709
Building fund - internally restricted	537,641	750,000
	7,212,536	5,240,781
	8,787,611	6,965,558

Approved on behalf of the board

_____ Director

_____ Director

The accompanying notes are an integral part of these financial statements

DURHAM COLLEGE STUDENTS INC.
STATEMENT OF OPERATIONS
For the year ended April 30, 2021

	2021	2020
	\$	\$
Membership and other revenue		
Health fees (Note 7)	3,345,573	3,329,010
Student fees (Note 9)	2,103,878	1,983,186
Other income	5,742	92,644
	<u>5,455,193</u>	<u>5,404,840</u>
Expenses		
Health expenses (Note 7)	2,368,134	2,180,448
Wages and benefits (Note 10)	918,614	946,190
Occupancy expenses	157,487	157,519
Campus life	126,992	198,207
Administrative	91,227	98,644
Outreach services	71,382	94,766
Marketing and communication	63,783	83,802
Professional fees	35,770	42,375
Amortization	23,962	32,927
Governance	21,079	30,881
Riot Radio	9,436	22,722
Clubs & Societies	5,374	11,812
	<u>3,893,240</u>	<u>3,900,293</u>
Excess of revenues over expenditures from operations	1,561,953	1,504,547
Government assistance (Note 4)	409,802	-
Excess of revenues over expenditures for the year	<u>1,971,755</u>	<u>1,504,547</u>

The accompanying notes are an integral part of these financial statements

DURHAM COLLEGE STUDENTS INC.
STATEMENT OF CHANGES IN FUND BALANCES
For the year ended April 30, 2021

	2021	2020
	\$	\$
Unrestricted fund		
Balance, beginning of year	2,871,298	3,213,811
Excess of revenue over expenses	1,971,755	1,504,547
Transfer to capital asset fund	18,429	(39,655)
Transfer to health fund (Note 7)	(1,103,830)	(1,057,405)
Transfer from health fund (Note 7)	247,934	-
Transfer to building fund (Note 5)	(20,000)	(750,000)
Transfer from building fund	100	-
Balance, end of year	3,985,686	2,871,298
Invested in Capital Assets		
Balance, beginning of year	66,774	27,120
Purchase of capital assets	5,533	72,581
Amortization for the year	(23,962)	(32,927)
Transfer from building fund (Note 5)	232,259	-
Balance, end of year	280,604	66,774
Health fund		
Balance, beginning of year	1,552,709	495,304
Excess of revenue over expenses of the health fund (Note 7)	1,103,830	1,057,405
Transfer to unrestricted fund (Note 7)	(247,934)	-
Balance, end of year	2,408,605	1,552,709
Building fund		
Balance, beginning of year	750,000	-
Transfer to unrestricted fund	(100)	-
Transfer from unrestricted fund (Note 5)	20,000	750,000
Transfer to the Invested in Capital Assets Fund (Note 5)	(232,259)	-
Balance, end of year	537,641	750,000

The accompanying notes are an integral part of these financial statements

DURHAM COLLEGE STUDENTS INC.

STATEMENT OF CASH FLOWS

For the year ended April 30, 2021

	2021	2020
	\$	\$
CASH PROVIDED FROM (USED FOR)		
Operating activities		
Net Income	1,971,755	1,504,547
Adjustments for		
Amortization	23,962	32,927
Re-invested interest income	(742)	(706)
	<u>1,994,975</u>	<u>1,536,768</u>
Change in non-cash working capital items		
Accounts receivable	-	44,269
Government assistance receivable	(222,486)	-
Prepaid expenses	(13,862)	(37,796)
Due from Durham College	(54,657)	(147,871)
Accounts payable and accrued liabilities	(89,199)	130,521
Government remittances payable	(14,477)	29,065
Insurance contract liability	10,226	15,347
Deferred revenue - Health & Dental	(56,251)	960,831
	<u>(440,706)</u>	<u>994,366</u>
	<u>1,554,269</u>	<u>2,531,134</u>
Investing activities		
Purchase of tangible capital assets	(237,792)	(72,581)
	<u>(237,792)</u>	<u>(72,581)</u>
Increase (decrease) in cash	1,316,477	2,458,553
Cash, beginning of year	5,974,983	3,516,430
Cash, end of year	<u>7,291,459</u>	<u>5,974,983</u>
Cash consists of:		
Cash	6,753,818	5,974,983
Restricted cash - Student Building Fund	537,641	-
	<u>7,291,459</u>	<u>5,974,983</u>

The accompanying notes are an integral part of these financial statements

DURHAM COLLEGE STUDENTS INC.
NOTES TO THE FINANCIAL STATEMENTS
For the year ended April 30, 2021

1. **NATURE OF OPERATIONS**

Durham College Students Inc. (the "Organization") was incorporated on July 10, 2017 without share capital and operates as a not-for-profit organization that is tax exempt under the Income Tax Act. The Organization is a service-based association that puts Durham College students' needs at the forefront, and provides quality campus engagement for every full-time student.

2. **SIGNIFICANT ACCOUNTING POLICIES**

(a) *Basis of presentation*

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNFPO).

(b) *Financial instruments*

The Organization initially measures its financial assets and financial liabilities at fair value, except for certain non-arm's length transactions. The Organization subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in excess of revenue over expenditures.

Financial assets measured at amortized cost include cash, short-term investments, restricted cash - Student Building fund, and amounts due from Durham College.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities and insurance contract liability.

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in excess of revenue over expenditures. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in excess of revenue over expenditures.

The Organization recognizes its transaction costs in excess of revenue over expenditure in the period incurred. However, financial instruments that will not be subsequently measured at fair value are adjusted by the transaction costs that are directly attributable to their origination, issuance or assumption

(c) *Short-term investments*

Short-term investments purchased with maturity of three months or more, but less than a year are classified as short-term investments.

The accompanying notes are an integral part of these financial statements

DURHAM COLLEGE STUDENTS INC.
NOTES TO THE FINANCIAL STATEMENTS
For the year ended April 30, 2021

2. **SIGNIFICANT ACCOUNTING POLICIES, continued**

(d) *Tangible capital assets*

Tangible capital assets are stated at cost or deemed cost less accumulated amortization and are amortized over their estimated useful lives at the following rates and methods:

Equipment		
Computer equipment	Straight-line	3 years
Furniture and fixtures	Straight-line	3 years
Leasehold improvements	Straight-line	5 years

Equipment refers to the capital equipment purchased to operate a Booster Juice business as outlined in the Operational Agreement (Note 5). The business is non-operational as at year end and therefore will not be subject to amortization until in use.

Tangible capital assets are reviewed for impairment whenever events or conditions indicate that the assets no longer contribute to the Organization's ability to provide services or that the service potential of the assets are less than their net carrying amount. When conditions indicate that a capital asset is impaired, the net carrying amount of the asset is written down to the asset's fair value or replacement cost.

(e) *Revenue recognition*

Durham College Students Inc. follows the deferral method of accounting for contributions.

Student fees consist of Student Association Wellness and Student Life fees and Student Centre - Capital Investment fees and Riot Radio fees. Student Association Wellness and Student Life fees are used to fund health and counselling, campus safety and academic support, as well as student life programming including clubs, associations and organizations. Student Centre - Capital Investment fees are collected to fund the operations of the Student Centre, which includes; cleaning, operation and general repair, occupier's liability insurance and operational staff. Riot Radio fees fund production time at Riot Radio.

Unrestricted contributions for student fees are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Unrestricted contributions for health fees are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Student health insurance premiums provide coverage for students on an annual basis ending August 31. Deferred revenue includes the portion of fall and winter student health fees revenue for the period of coverage May to August of the following year.

All other revenue is recognized as revenue when received or receivable, if the amount can reasonably estimated and collection is reasonably assured.

The accompanying notes are an integral part of these financial statements

DURHAM COLLEGE STUDENTS INC.
NOTES TO THE FINANCIAL STATEMENTS
For the year ended April 30, 2021

2. **SIGNIFICANT ACCOUNTING POLICIES, continued**

(f) *Health fund*

The Health fund is funded by the excess of health fund revenues over expenditures from student health insurance plan and supports the Organization's initiatives that relate to the health and well-being of students.

(g) *Building fund*

The Building fund is an internally restricted board allocation of funds to be used towards the future purchase of space for the Organization. The funds have been set aside in a separate bank account for future capital spending.

(h) *Contributed services*

The operations of the Organization depend on both the contribution of time by volunteers and donated materials from various sources. The fair value of donated materials and services cannot be reasonably determined and are therefore not reflected in these financial statements.

(i) *Measurement uncertainty*

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Estimates are used when accounting for items and matters such as allowance for uncollectible accounts receivable, amortization, asset valuations, deferred revenue and contingencies. Actual results could differ from these estimates.

On March 11, 2020, the World Health Organization categorized COVID-19 as a pandemic. The potential economic effects within the Organization's environment and in the global markets, possible disruption in supply chains, and measures being introduced at various levels of government to curtail the spread of the virus (such as travel restrictions, closures of non-essential municipal and private operations, imposition of quarantines and social distancing) could have a material impact on the Organization's operations. The extent of the impact of this outbreak and related containment measures on the Organization's operations cannot be reliably estimated at this time.

The accompanying notes are an integral part of these financial statements

DURHAM COLLEGE STUDENTS INC.
NOTES TO THE FINANCIAL STATEMENTS
For the year ended April 30, 2021

2. SIGNIFICANT ACCOUNTING POLICIES, continued

(j) Measurement uncertainty, continued

As an emerging risk, the duration and full financial effect of the COVID-19 pandemic is unknown at this time, as is the efficacy of the government and central bank interventions, and other mitigating measures. Any estimate of the length and severity of these developments is therefore subject to significant uncertainty, and accordingly estimates of the extent to which the COVID-19 pandemic may materially and adversely affect the Organization's operations, financial results and condition in future periods are also subject to significant uncertainty. Therefore, uncertainty about judgments, estimates, and assumptions made by management during the preparation of the Organization's financial statements related to potential impacts of the COVID-19 outbreak on revenue, expenses, assets, liabilities, and note disclosures could result in a material adjustment to the carrying value of the asset or liability affected.

The Organization has taken the following actions in response to the pandemic:

- Temporary work from home arrangements for employees;
- Temporarily suspending all in-person events; and
- Applying for all grants and subsidies the Organization is eligible for.

3. SHORT-TERM INVESTMENTS

Short-term investments consists of two non-redeemable guaranteed investment certificates ("GIC") that have an annual interest rate of 0.15%. The GICs mature October 2021 and April 2022, respectively.

4. GOVERNMENT ASSISTANCE

In fiscal 2021, the Organization determined that it was eligible for the Canada Emergency Wage Subsidy ("CEWS") and the Canada Emergency Rent Subsidy ("CERS").

CEWS is a wage subsidy for eligible employers whose business has been affected by COVID-19, and who have experienced a reduction in revenue during the pandemic. CEWS provides a subsidy of up to 75% of eligible remuneration, paid by an eligible entity to each eligible employee – up to a maximum of \$847 per week.

CERS is a rent subsidy for eligible employers whose business has been affected by COVID-19, and who have experienced a reduction in revenue during the pandemic. CERS provides a subsidy to qualifying property owners and tenants, to cover part of their property expenses, starting on September 27, 2020 until June 2021.

As at April 30, 2021, \$191,347 of CEWS and \$31,139 of CERS is included in government assistance receivable balance.

The accompanying notes are an integral part of these financial statements

DURHAM COLLEGE STUDENTS INC.
NOTES TO THE FINANCIAL STATEMENTS
For the year ended April 30, 2021

4. GOVERNMENT ASSISTANCE, continued

Total government assistance included in income for the year was:

	2021
	\$
Government assistance - CEWS	378,663
Government assistance - CERS	31,139
	<u>409,802</u>

5. RELATED PARTY TRANSACTIONS

The Organization is governed by a board of directors consisting of student representatives from Durham College.

In 2017, the Organization entered into an operational agreement with Durham College. Under this agreement, Durham College is responsible to collect certain ancillary fees from students, which include; a Student Association Wellness and Student Life fee comprising the membership fee collected from the Organization's members, the Student Centre - Capital Investment levy collected to support the day-to-day operations of the Organization, the Riot Radio fee, and student health and dental fees, which are then remitted to the Organization. No further ancillary student fees collected by Durham College are remitted to the Organization. A new one year agreement was signed March 1, 2021.

Under the operational agreement, the Organization has committed to assume the food operations at the Student Centre including a Booster Juice and a grill concept, effective on a date agreed upon by the parties and within 90 days of full opening of all campus food services as approved by Durham College Risk Management. As part of this commitment the Organization paid the college \$232,259 (Note 6) from the building fund for the capital equipment located in the hospitality space in the Student Centre. The Organization has also committed \$33,580 to upgrade the Student Centre seating area to better prepare for the physical distancing requirements as a result of COVID-19. The Organization has contributed a minimum of \$20,000 for the 2020-2021 academic year to the building fund, as outlined in the Operational Agreement.

On March 1, 2021, the Organization entered into an rental agreement with Durham College for space in the Student Centre building. The Organization has agreed to pay annual rent, including HST, of \$243,750 to Durham College in equal monthly instalments until March 31, 2022. This agreement has a one year renewal term at the end of the lease. The rent will increase \$2,373 monthly when the food operations are open in the Student Centre.

The operations of the Organization depend on the contribution of services from Durham College. The fair value of the services cannot be reasonably determined and are therefore not reflected in these financial statements.

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

The accompanying notes are an integral part of these financial statements

DURHAM COLLEGE STUDENTS INC.
NOTES TO THE FINANCIAL STATEMENTS
For the year ended April 30, 2021

5. **RELATED PARTY TRANSACTIONS, continued**

The amount due from Durham College is non-interest bearing and has no specific terms of repayment.

6. **TANGIBLE CAPITAL ASSETS**

	Cost	Accumulated Amortization	2021 Net Book Value	2020 Net Book Value
	\$	\$	\$	\$
Computer equipment	17,728	11,403	6,325	4,325
Furniture & fixtures	33,532	32,835	697	7,352
Leasehold improvements	81,224	39,901	41,323	55,097
Equipment (Note 5)	232,259	-	232,259	-
	364,743	84,139	280,604	66,774

7. **HEALTH FUND AND RELATED DISBURSEMENTS**

All full-time Durham College students are required to pay for health and dental insurance as part of the base student fees. Students can opt-out of these plans if they have alternative coverage.

On September 1, 2018, the Organization began to self-insure the health and dental plan. All annual surpluses are invested in the health fund reserve. The Organization is liable for health and dental claims made by students for the lesser of one year after the service date of the claim or 90 days after coverage terminates. A provision has been made in the amount of \$143,623 for claims incurred to April 30, 2021 but not yet reported using applicable industry rates.

In order to mitigate risk, the Organization pays an annual stop loss premium for the health plan based on projected future claims. The Organization is insured for claims that exceed 120% of the projected future claims. The Organization reviews the health fund reserve semi-annually to ensure a minimum reserve amount of 20% of projected claims not covered by the stop loss insurance.

The Organization entered into an agreement with an insurance consulting company to provide program management services with respect to the student health and dental plan. If terminated without cause, the contract requires the Organization to pay a fee equivalent to program management fees for a full policy year based on the current years enrolment. The agreement is effective until August 31, 2021.

The Organization agreed to contribute one-time "COVID-19 Emergency Funding" for students affected by the pandemic, administered by the Financial Aide Office of Durham College. The agreement stipulated the amount of \$247,934 to be transferred from the health fund to pay for the support.

The accompanying notes are an integral part of these financial statements

DURHAM COLLEGE STUDENTS INC.
NOTES TO THE FINANCIAL STATEMENTS
For the year ended April 30, 2021

7. HEALTH FUND AND RELATED DISBURSEMENTS, continued

	2021 \$	2020 \$
Revenue		
Student health levy (net of opt-out)	3,345,573	3,329,010
Expenses		
Claims	1,659,717	1,704,262
Health plan premiums	277,482	305,308
Program management fees	183,001	170,878
COVID emergency funding support	247,934	-
	2,368,134	2,180,448
Health - wages, salaries and benefits (Note 10)	121,543	91,157
Excess of revenue over expenses of the health fund	855,896	1,057,405

8. DEFERRED REVENUE

	2021 \$	2020 \$
Health insurance deferred revenue		
Opening balance	1,230,316	269,485
Funds received, health (net of opt-out)	3,289,322	4,289,841
Funds earned in the year	(3,345,573)	(3,329,010)
Total health deferred revenue	1,174,065	1,230,316

9. STUDENT FEES

	2021 \$	2020 \$
Wellness and Student Life	1,173,254	1,084,072
Student Centre	771,642	768,291
Riot Radio	158,982	130,823
	2,103,878	1,983,186

The accompanying notes are an integral part of these financial statements

DURHAM COLLEGE STUDENTS INC.
NOTES TO THE FINANCIAL STATEMENTS
For the year ended April 30, 2021

10. **WAGES AND BENEFITS**

	2021 \$	2020 \$
Outreach	373,143	362,518
Clubs and Societies	145,870	152,311
Riot Radio	127,293	123,713
Health	121,543	91,157
Management	75,825	60,206
Executive	40,411	36,808
Legal Aid	21,523	21,675
Marketing	8,096	55,450
Campus life	4,910	42,352
	918,614	946,190

Management and administrative compensation totaling \$315,543 (2020 - \$320,000), was allocated to various functions based on time spent.

11. **COMMITMENTS**

The Organization has committed to a \$1 million contribution in the form of a pledge to the Durham College Foundation, payable over 5 years according to the following schedule. The purpose of the commitment is to support the Building for Skills campaign for the Durham College Phase IV Whitby Campus Revitalization initiative, specifically the expansion of the Centre for Skilled Trades and Technology (CSTT). In return, the Organization will be permitted usage and occupancy of designated spaces in the Whitby Campus Main Building and Oshawa Campus Gordon Willey Building.

	2021 \$
September 2021	200,000
September 2022	200,000
September 2023	200,000
September 2024	200,000
September 2025	200,000
	1,000,000

The accompanying notes are an integral part of these financial statements

DURHAM COLLEGE STUDENTS INC.
NOTES TO THE FINANCIAL STATEMENTS
For the year ended April 30, 2021

12. CONTINGENT LIABILITIES

On October 28, 2018, a lawsuit was initiated against the Organization by former employees alleging wrongful dismissal. The claim is for \$450,000 plus legal costs. The likelihood of the claim being successful is not known. The Organization has filed a statement of defence and it is the intention of the Organization to aggressively defend this lawsuit.

13. SUBSEQUENT EVENTS

Subsequent to the year end, the Organization intends to purchase two Guaranteed Investment Certificates (GIC). The Board has approved one GIC for \$870,000 to be purchased using the Health fund and the second GIC for \$900,000 will be purchased using the unrestricted fund.

14. FINANCIAL INSTRUMENTS

The Organization is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about Organization's risk exposure and concentration as of April 30, 2021.

(a) Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. As the cash balance and short-term investments are held with a major Canadian financial institution there is a concentration of credit risk with one bank in Canada. The risk is managed by using a major bank that is a high credit quality financial institution as determined by rating agencies. The carrying amount of cash and short-term investments included on the statement of financial position represent the maximum credit exposure. The Organization is not exposed to significant credit risk related to accounts receivable as these are primarily due from Durham College and expect to be collected in full.

(b) Interest rate risk

The guaranteed investment certificates included in short-term investments bear interest at a fixed rate of interest and as such are subject to interest rate price risk resulting from changes in fair value from market fluctuations in interest rates. The Organization manages this risk through investing in fixed-rate securities of short to medium term maturity and plans to hold the securities to maturity. The exposure to this risk increased primarily due to interest rate volatility caused by the COVID-19 pandemic.

Unless otherwise noted, it is management's opinion that the Organization is not exposed to significant other price risks arising from these financial instruments. These risks have been updated for the impact of COVID-19. Management continues its assessment given the fluidity of COVID-19's global impact.

The accompanying notes are an integral part of these financial statements

November 10, 2021

Members of the Board of Directors
Durham College Students Inc.
2000 Simcoe Street N
Oshawa, Ontario
L1H 7K4

Baker Tilly KDN LLP
272 Charlotte St.
Peterborough, ON
Canada K9J 2V4

T: (705) 742-3418
F: (705) 742-9775

www.bakertilly.ca

Re: Audit of the Financial Statements of Durham College Students Inc.

We have been engaged to express an audit opinion on the financial statements of Durham College Students Inc. ("the organization") for the year ended April 30, 2021. We have substantially completed our audit and are pleased to report on the following items.

The purpose of this report is to summarize certain aspects of the audit that we believe to be of interest to the Board of Directors. This report should be read in conjunction with the draft financial statements and our report thereon.

Auditor Independence

Through our planning process, we identify any potential independence threats and communicate any concerns we identify. The organization, management and the Board of Directors have a proactive role in this process, and are responsible for understanding the independence requirements applicable to the organization and its auditor. You must bring to our attention any concerns you may have, or any knowledge of situations or relationships between the organization, management, personnel (acting in an oversight or financial reporting role) and our Firm, its partners/principals and audit team personnel that may reasonably be thought to bear on our independence.

In determining which relationships to report, these standards require us to consider relevant rules and related interpretations prescribed by the Chartered Professional Accountants of Ontario and applicable legislation, covering such matters as:

- (a) Holding a financial interest, either directly or indirectly, in a client;
- (b) Holding a position, either directly or indirectly, that gives the right or responsibility to exert significant influence over the financial or accounting policies of a client;
- (c) Personal or business relationships of immediate family, close relatives, partners or retired partners, either directly or indirectly, with a client;
- (d) Economic dependence on a client; and
- (e) Provision of services in addition to the audit engagement.

In accordance with our professional requirements, we advise you that we are not aware of any relationships between the organization and our Firm that, in our professional judgement, may reasonably be thought to bear on our independence.

Accordingly, we hereby confirm that our audit engagement team, our Firm and the other Baker Tilly Canada offices are independent with respect to the organization within the meaning of the Code of Professional Conduct Rule 204 of the Chartered Professional Accountants of Ontario.

Our Responsibilities as Auditor

As stated in the engagement letter, our responsibility as auditor of your organization is to express an opinion on whether the financial statements present fairly, in all material respects, the financial position, results of operations and cash flows of the organization in accordance with Canadian Accounting Standards for Not-for-Profit Organizations.

An audit is performed to obtain reasonable but not absolute assurance as to whether the financial statements are free of material misstatement. Due to the inherent limitations of an audit, there is an unavoidable risk that some misstatements of the financial statements will not be detected (particularly intentional misstatements concealed through collusion), even though the audit is properly planned and performed.

Our audit includes:

- Assessing the risk that the financial statements may contain material misstatements that, individually or in the aggregate, are material to the financial statements taken as a whole;
- Examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements;
- Assessing the accounting principles used, and their application;
- Assessing the significant estimates made by management;
- Concluding 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; and
- Evaluating 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.

As part of our audit, we obtained a sufficient understanding of the business and internal control structure of the organization to plan the audit. This included management's assessment of:

- The risk that the financial statements may be materially misstated as a result of fraud and error; and
- The internal controls put in place by management to address such risks.

The engagement team undertook a documented planning process prior to commencement of the audit to identify concerns, address independence considerations, assess the engagement team requirements, and plan the audit work and timing.

An audit does not relieve management or those responsible for governance of their responsibilities for the preparation of the organization's financial statements.

Board of Directors' Responsibilities

The Board of Directors' role is to act in an objective, independent capacity as a liaison between the auditor, management and the board of directors to ensure the auditor has a facility to consider and discuss governance and audit issues with parties not directly responsible for operations.

The Board of Directors' responsibilities include:

- Being available to assist and provide direction in the audit planning process when and where appropriate;
- Meeting with the auditor as necessary and prior to release and approval of financial statements to review audit, disclosure and compliance issues;
- Where necessary, reviewing matters raised by the auditor with appropriate levels of management, and reporting back to the auditor their findings;
- Making known to the auditor any issues of disclosure, corporate governance, fraud or illegal acts, non-compliance with laws or regulatory requirements that are known to them, where such matters may impact the financial statements or Independent Auditor's Report;
- Providing guidance and direction to the auditor on any additional work the auditor feels should be undertaken in response to issues raised or concerns expressed;
- Making such enquiries as appropriate into the findings of the auditor with respect to corporate governance, management conduct, cooperation, information flow and systems of internal controls;
- Reviewing the draft financial statements prepared by management, including the presentation, disclosures and supporting notes and schedules, for accuracy, completeness and appropriateness, and then approve the draft financial statements; and
- Pre-approving all professional services and allowable consulting services to be provided by the auditor.

Audit Approach

Outlined below are certain aspects of our audit approach which are intended to help you in discharging your oversight responsibilities. Our general approach to the audit of Durham College Students Inc. was to assess the risks of material misstatement in the financial statements and then respond by designing audit procedures.

Independent Auditor's Report

We anticipate that our Independent Auditor's Report will be issued without modification.

Our Independent Auditor's Report will be dated no earlier than the date on which we have obtained sufficient appropriate audit evidence on which to base our audit opinion on the financial statements, including evidence that all the statements and disclosures that comprise the financial statements have been prepared and the Board of Directors has approved the financial statements.

Illegal Acts, Fraud, Intentional Misstatements and Errors

Our auditing procedures, including tests of your accounting records, were limited to those considered necessary in the circumstances and will not necessarily disclose all illegal acts should any exist. Under CAS, we consider the organization's control environment, governance structure, circumstances encountered during the audit and the potential likelihood of fraud and illegal acts occurring.

These procedures are not designed to test for fraudulent or illegal acts, nor will they necessarily detect such acts or recognize them as such, even if the effect on the financial statements is material. However, should we become aware that an illegal or possibly illegal act or act of fraud may have occurred, other than one considered clearly inconsequential, we will communicate directly to the Board of Directors.

It is management's responsibility to detect and prevent illegal action. If such acts are discovered or the Board of Directors members become aware of circumstances under which the organization may have been involved in fraudulent, illegal or regulatory non-compliance situations, such circumstances must be disclosed to us.

Testing during our audit did not reveal any illegal, improper or questionable payments or acts, nor any acts committed with the intent to deceive, involving either misappropriation of assets or misrepresentation of assets or misrepresentation of financial information.

Related Party Transactions

During our audit, we conduct various tests and procedures to identify transactions considered to involve related parties. Related parties exist when one party has the ability to exercise, directly or indirectly, control, joint control or significant influence over the other. Two or more parties are related when they are subject to common control, joint control or common significant influence. Related parties also include management, directors and their immediate family members and companies with which these individuals have an economic interest.

All related party transactions that were identified during the audit have been represented by management to have been disclosed in the notes to financial statements, recorded in accordance with Canadian Accounting Standards for Not-for-Profit Organizations, and have been reviewed with you.

Management has advised that no other related party transactions have occurred that have not been disclosed to us. The Board of Directors is required to advise us if it is aware of or suspects any other related party transactions have occurred, which have not been disclosed in the financial statements.

Significant Accounting Principles and Policies

Management is responsible for the appropriate selection and application of accounting policies. Our role is to review the appropriateness and application as part of our audit. The significant accounting principles and policies are disclosed in the notes to the financial statements.

The accounting policies adopted may be acceptable policies under Canadian Accounting Standards for Not-for-Profit Organizations; however, alternative policies may also be acceptable under Canadian Accounting Standards for Not-for-Profit Organizations. The organization and the Board of Directors have a responsibility to not adopt extreme or inappropriate interpretations of Canadian Accounting Standards for Not-for-Profit Organizations that may have inappropriate or misleading results. Alternative policies, if adopted, may produce significant changes in the reported results of the operations, financial position and disclosures of the organization.

The Board of Directors has a responsibility to review the accounting policies adopted by the organization, and where alternative policies are available, make determinations as to the most appropriate policies to be adopted in the circumstances. If members of the Board of Directors believe that the adoption or change in accounting policy may produce an inappropriate or misleading result in financial reporting or disclosure, this concern must be discussed with management and us.

There were no new accounting policies adopted or changes to the application of accounting policies of the organization during the year.

Accounting Estimates

Management is responsible for the accounting estimates included in the financial statements. Estimates and the related judgements and assumptions are based on management's knowledge of the business and past experience about current and future events.

Our responsibility as auditor is to obtain sufficient appropriate evidence to provide reasonable assurance that management's accounting estimates are reasonable within the context of the financial statements as a whole. An audit includes performing appropriate procedures to verify the:

- Calculation of accounting estimates;
- Analyzing of key factors such as underlying management assumptions;
- Materiality of estimates individually and in the aggregate in relation to the financial statements as a whole;
- Estimate's sensitivity to variation and deviation from historical patterns;
- Estimate's consistency with the entity's business plans; and
- Other audit evidence.

Risk-based

Our risk-based approach focuses on obtaining sufficient appropriate audit evidence to reduce the risk of material misstatement in the financial statements to an appropriately low level. This means that we focus our audit work on areas that have a higher risk of being materially misstated.

Existence of prepaid expenses

Right and obligations of property, plant and equipment

Valuation and allocation of property, plant and equipment

Completeness of accounts payable and accrued liabilities

Occurrence, completeness and accuracy of revenue

Occurrence, completeness and accuracy of expenses

Occurrence of payroll

Key Audit Matters

There are no key audit matters to be communicated in the auditor's report.

Materiality

Materiality is used throughout the audit and in particular when:

- a) Identifying and assessing risk of material misstatement;
- b) Determining the nature, timing and extent of further audit procedures; and
- c) Evaluating the effect of uncorrected misstatements, if any, on the financial statements and in forming an opinion on the Auditor's Report.

Materiality is defined as:

Materiality is the term used to describe the significance of financial statement information to decision makers. An item of information, or an aggregate of items, is material if it is probable that its omission or misstatement would influence or change a decision. Materiality is a matter of professional judgement in the particular circumstances.

We used an overall materiality of \$110,000 and a performance materiality of \$82,500. The overall materiality for last year's audit was \$108,000 and the performance materiality was \$81,000.

Audit Procedures

The objective of the tests of controls is to evaluate whether certain controls operated effectively. The objective of the tests of details is to detect material misstatements in the account balances and transaction streams. Substantive analytical procedures are used to identify differences between recorded amounts and predictable expectations in larger volumes of transactions over time.

In response to our risk assessment and based on our understanding of internal controls, we adopted a substantive approach for the audit.

Evaluation of Internal Controls

Audits include a review and evaluation of the system of internal controls to assist in determining the level of reliance that may or should be placed on the system in assessing the nature and extent of audit procedures to be undertaken.

During the course of our audit, we encountered the following specific internal control matters that we wish to bring to your attention:

Payroll data controls

Observation and implication

During our review of the Organization's internal control processes and procedures, we noted that the controls around input of part-time payroll could be strengthened. We did observe some good controls in this area such; the supervisor or manager approves all time sheets, the controller reviews the hours to ensure they are correctly calculated and the controller ensures there is a sign off by a supervisor or manager before it is entered into the payroll system. We did note though, that there was no formal policy for the post-approval and authorization process of the Financial Controller's part-time student timesheet entries into Neb's PAYweb. The result is the danger that intentional or unintentional errors could be made and not detected in regards to part-time payroll.

Recommendation

We recommend that the General Manager review and approve the manual timesheet entries made into Neb's PAYweb.

Management Response

Management plans to address this identified deficiency by having either the General or Operations Managers review and sign-off on the Financial Controllers test payroll run which reconciles with the approved timesheet, for secondary acknowledgement of the reconciliation.

Organization Surplus

Observation and implication

DC Students Inc. currently has an unrestricted surplus of \$3.6 Million, as at year end. While CRA has indicated that a Not for Profit Organization (NPO) may earn a profit from time to time provided that the profit is generally unanticipated and incidental to carrying out the entity's not-for-profit purposes. It may not intentionally earn a profit to finance future capital projects, nor may it accumulate excess funds to earn investment income that will be used to finance ongoing expenses, even if those funds were accumulated from members' contributions. The repercussions of maintaining a large fund surplus and annual profit are that CRA has the authority to remove an NPO's tax free status. As a result of the surpluses, DC Students Inc. has also accumulated a significant cash reserve. Effective cash management can increase the return earned on the DC Students Inc.'s resources. Investing cash can also reduce the risk of theft by increasing the number of controls in place to access the Organization's excess cash.

We acknowledge management's efforts to mitigate the amount of unrestricted surplus and cash reserve including the strategic plans that have been approved by the Board and will be implemented subsequent to year end. These strategic plans include ongoing discussions, planning efforts and board motions for short and long-term capital projects with Durham College. Additionally, the purchase of two Guaranteed Investment Certificates, including one GIC for \$870,000 to be purchased using the Health fund and the second GIC for \$900,000 will be purchased using the unrestricted fund. Lastly, we observe the commitment of a \$1 million contribution in the form of a pledge to the Durham College Foundation, payable over 5 years from the unrestricted fund. These strategic plans will help to significantly reduce the unrestricted surplus in the future.

Recommendation

It is reasonable for the Organization to maintain an adequate amount of working capital to ensure operations are stable and liabilities can be discharged when due. Additionally, Organizations need to maintain an adequate reserve for contingencies given the uncertainty of the times we are living in due to unanticipated situations such as the COVID-19 global pandemic. We recommend management continue efforts to work toward quantifying operating reserves that represent these minimum requirements.

The formal planning for use of the remaining unrestricted surplus funds should continue to be refined, as and where necessary, and it should take into consideration the specific mandate of the DC Students Inc. This plan should also be linked to the strategic plan of the DC Students Inc. Changes and updates to the plans should be communicated to members and other interested parties. Additionally, a formal investment policy should be drafted that outlines the procedures for investing excess cash of the DC Students Inc. The policy should specify who is authorized to make investment decisions and the acceptable type of investments based on the DC Students Inc.'s risk tolerance.

Management Response

DCSI considers being able to hold a surplus invaluable and necessary in being able to move forward on these initiatives with our Durham College Partners:

- The pending launch of the Booster Juice Franchise will bring new, related and significant costs that can reasonably be expected in bringing the franchise operational, especially during such uncertain times (less students on campus; public health guidance, etc.).
- Update ML1B Cottage for two-year use as DCSI main Whitby Office (architectural, engineering, etc.)
- Full renovation of Room 180 (architectural, engineering, etc.)
- Full renovation of Student Services Lounge (architectural, engineering, etc.)
- Occupancy of B105 and B105A, doubling studio space (multi-media and content creation HUB), (architectural, engineering, etc.)
- Should proposed Student Hub/International building proceed with DCSI as a partner, the DCSI will work with Barry Bryan Associates, at its own cost, to redesign the bottom two floors of the proposed new Student Hub building/ International Centre.

Modify fee description

Observation and implication

During the year, there was a change of fee description from "Student Centre fee" to "Student Centre fee - Capital Investment", this is suggestive that this fee is for future capital investment, which is misleading since the approved description of the fee is for administration and operation of the Student Centre as noted by the board in its annual fee review, which has not changed from prior years.

As a result of this new fee name, there is a risk that members could misinterpret the proper use of the fee and perceive that it is restricted for future capital investment purposes and thereby creating a possible expectation that the unspent portion would be deferred annually.

Recommendation

To mitigate risk of the perception of an external restriction and prevent ambiguity surrounding the use of the student centre fee, we recommend that the Organization remove the "Capital Investment" verbiage from the public fee description, so there is no suggestion that the fee is restricted externally for capital investments and therefore no deferral is needed.

Management Response

Management will propose to Durham College to revert back to the former fee description "Student Centre fee" as it is more reflective of the purpose of the funds for general operations and administration.

Significant Misstatements

In the course of our audit, we have not found any material misstatements or unadjusted items that, in aggregate, exceed materiality thresholds established for the audit, nor have we found significant misstatements that would likely cause future financial statements to be materially misstated.

Uncorrected Misstatements

In the course of our audit, we have aggregated uncorrected financial statement misstatements which are summarized in the accompanying schedule. Management has deemed the effects of these misstatements to be immaterial, both individually and in the aggregate, to the financial statements taken as a whole. Management has agreed to correct these misstatements.

Significant Unusual Transactions

We are not aware of any significant transactions entered into by the organization that you should be informed about.

Disagreements with Management

We are required to communicate any disagreements with management, whether or not resolved, about matters that are individually or in aggregate significant to the organization's financial statements or Auditor's Report. Disagreements may arise over:

- Selection or application of accounting principles;
- Assumptions and related judgements for accounting estimates;
- Financial statement disclosures;
- Scope of the audit; or
- Wording of the Auditor's Report.

In the course of our audit, we did not have any significant disagreements with management, nor were we under any significant time pressures or poor working conditions. We are not aware of any cause for concern as to management's attitude, competence or credibility with respect to matters affecting the financial statements.

Other Matters

On March 11, 2020, the World Health Organization categorized COVID-19 as a pandemic. The potential economic effects within the Organization's environment and in the global markets, possible disruption in supply chains, and measures being introduced at various levels of government to curtail the spread of the virus (such as travel restrictions, closures of non-essential municipal and private operations, imposition of quarantines and social distancing) could have a material impact on the Organization's operations. The extent of the impact of this outbreak and related containment measures on The Organization's operations cannot be reliably estimated at this time.

As an emerging risk, the duration and full financial effect of the COVID-19 pandemic is unknown at this time, as is the efficacy of the government and central bank interventions, and other mitigating measures. Any estimate of the length and severity of these developments is therefore subject to significant uncertainty, and accordingly estimates of the extent to which the COVID-19 pandemic may materially and adversely affect the Organization's operations, financial results and condition in future periods are also subject to significant uncertainty. Therefore, uncertainty about judgments, estimates, and assumptions made by management during the preparation of the Organization's financial statements related to potential impacts of the COVID-19 outbreak on revenue, expenses, assets, liabilities, and note disclosures could result in a material adjustment to the carrying value of the asset or liability affected.

The Organization has taken the following actions in response to the pandemic:

- Temporary work from home arrangements for employees;
- Temporarily suspending all in-person events; and
- Applying for all grants and subsidies the Organization is eligible for.

Difficulties Encountered During the Audit

We encountered no significant difficulties during our audit that should be brought to the attention of the Board of Directors.

Fees

Our fees for services rendered during the period January 1, 2021 to October 12, 2021 are as follows:

Assurance services: \$15,910
Professional services: \$14,125

Management Letter

We have submitted to management a letter on internal controls and any other matters that we feel should be brought to the attention of management.

Conclusion

We wish to express our appreciation for the co-operation we received during the audit from the organization's management.

Should any member of the Board of Directors wish to discuss or review any matter addressed in this letter or any other matters related to financial reporting, please do not hesitate to contact us at any time.

To ensure there is a clear understanding and record of the matters discussed, we ask that members of the Board of Directors sign their acknowledgement in the spaces provided below.

Yours truly,

Baker Tilly KDN LLP

per: Laura Wilson, CPA, CA
Partner

Acknowledgement of Board of Directors:

We have read the above disclosures.

Durham College Students Inc.

Name

Date

Name

Date

Schedule of Uncorrected Misstatements

Description of Misstatement	Proposed Adjustments Dr (Cr)				
	Statement of Income		Balance Sheet		
	Identified Misstatements	Likely Aggregate Misstatements	Assets	Liabilities	Opening Equity
To SLAM the entry incorrectly posted to current year.	6,755	6,755	-	-	-
To record PY government assistance receivable.	-	(26,533)	-	-	26,533
To capitalize website betterment costs (not adjusted as this is a judgemental error - mgt considers the website costs ongoing maintenance).	(30,002)	(30,002)	30,002	-	-
To record the occupancy payable for rent increase for the months of March - April 2021.	14,370	14,370	-	(14,370)	-
a) Totals		(35,410)	30,002	(14,370)	26,533
b) Misstatements corrected by management		-	-	-	-
c) Likely aggregate misstatements net of corrections (a - b)		(35,410)	30,002	(14,370)	26,533
d) Effect of unadjusted misstatements from previous year's errors		-	-	-	-
e) Aggregate likely misstatements (c + d)		(35,410)	30,002	(14,370)	26,533
f) Final overall materiality		110,000	110,000	110,000	110,000
g) Amount remaining for further possible misstatement (f - e)		74,590	79,998	95,630	83,467



Durham College Student Association
Office of the Chief Returning Officer

NOTICE OF DEFAULT **Elections Policy**

To: UTSAV PRAKASHKUMAR ACHARYA
DIRECTOR FOR CLASS C OF THE MEMBERSHIP COMPRISING THE
SCHOOL OF MEDIA, ART, AND DESIGN
utsavprakashkumar.acharya@dcmail.ca
DELIVERED BY EMAIL

From: Charles Wilson
Chief Returning Officer and Secretary of the Board
Durham College Students Inc.

Take notice that you are in default of the requirements of the Elections Policy because:

A	X	You have failed to file the required campaign expense report by the prescribed deadline. (Section 70(a(j)) of the Elections Policy)
B		You have spent more than the spending limit for the office which you sought. (Section 70(a(ij)) of the Elections Policy)
C		You misrepresented the campaign expenses on the expense report. (Section 70(a(iii)) of the Elections Policy)

This notice indicates that you are in default.

Section 70 of the Elections Policy (b) of the Elections Policy gives the following penalties for a default.

- 70 (b) A candidate who is in default will:
- (i) forfeits any office to which they were elected and the office is deemed to be vacant; and
 - (ii) for a period of 12 months the candidate is ineligible to be elected or appointed to any office of the Corporation.

Charles Wilson, B.A. (Hons), M.P.A.
Chief Returning Officer Secretary of the Board of Directors
charles.wilson@durhamcollege.ca
2000 Simcoe St. N., Oshawa, ON L1G 0C5

However, if the default occurs under section 70(a(i)) of the Elections Policy, the default may be cured under section 70 (c) and (d) of the Elections Policy within ten days.

In any event, a candidate who is in default is not entitled to refund of campaign expenses.

The date of this notice of default is:

The date which this default may be cured is:

DATED AT OSHAWA, ONTARIO, this 22nd day of November, 2021.

Wilson, C.R.O.

WILSON, CRO