

Financial Statements

Neill Wycik Co-operative College Incorporated

Toronto, Ontario

April 30, 2020

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Independent Auditors' Report

To the Members of Neill Wycik Co-operative College Incorporated:

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Neill Wycik Co-operative College Incorporated, which comprise the statement of financial position as at April 30, 2020 and the statements of changes in net assets, operations 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 financial statements present fairly, in all material respects, the financial position of Neill Wycik Co-operative College Incorporated as at April 30, 2020, and the results of its operations and 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of Neill Wycik Co-operative College Incorporated 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 Neill Wycik Co-operative College Incorporated'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 Co-operative or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing Neill Wycik Co-operative College Incorporated's financial reporting process.

Independent Auditors' Report - continued

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 Neill Wycik Co-operative College Incorporated'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 Neill Wycik Co-operative College Incorporated's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Co-operative 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.

Independent Auditors' Report - continued

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.

Toronto, Ontario
September 28, 2020

A handwritten signature in cursive script that reads "Pruthi Yathu & Clark".

Chartered Professional Accountants, Licensed Public Accountants

Neill Wycik Co-operative College Incorporated

April 30, 2020

Statement of Financial Position	2020	2019
Current Assets		
Cash, Note 3	\$ 2,182,383	\$ 4,464,678
Temporary investments, Note 3	754,144	24,919
Rents receivable (net of allowance 2020 \$25,420, 2019 \$0)	76,481	57,767
Miscellaneous receivable (net of allowance 2020 \$2,260, 2019 \$0)	4,251	7,867
Prepaid expenses	29,956	26,973
Total Current	3,047,215	4,582,204
Long-Term Investments , Note 3	781,123	101,002
Capital Assets , Note 4	16,703,207	15,750,899
Social Activity (SAC) Reserve Funds , Note 3	59,858	40,262
	20,591,403	20,474,367

Approved by The Board

Director: Calvin Moes

Director: Lisa Frost

Neill Wycik Co-operative College Incorporated

April 30, 2020

Statement of Financial Position	2020	2019
Current Liabilities		
Accounts payable and accrued liabilities	\$ 412,407	\$ 470,529
Accrued mortgage interest	38,050	39,370
Rents paid in advance	708,690	722,609
Current portion of long-term debt, Note 5	409,312	392,329
Total Current	1,568,459	1,624,837
Long-Term Debt , Note 5	11,844,014	12,242,370
Total Liabilities	13,412,473	13,867,207
Net Assets , per statement		
SAC reserve, Note 8	80,854	63,971
Contributed surplus	111,549	111,549
Accumulated surplus	6,986,527	6,431,640
	7,178,930	6,607,160
	20,591,403	20,474,367

The notes on pages 13 through 19 form an integral part of these financial statements.

Neill Wycik Co-operative College Incorporated

Year ended April 30, 2020

Statement of Changes in Net Assets

	2020				2019	
	SAC Reserve	Contributed Surplus	Accumulated Surplus	Total	Total	
Balance, beginning of year	\$ 63,971	\$ 111,549	\$ 6,431,640	\$ 6,607,160	\$ 5,701,472	
Add (deduct)						
Surplus	0	0	571,770	571,770	905,688	
Transfer from (to) SAC reserve	16,883	0	(16,883)	0	0	
Balance, End of Year	80,854	111,549	6,986,527	7,178,930	6,607,160	

Neill Wycik Co-operative College Incorporated

Year ended April 30, 2020

Statement of Operations	2020		2019
	Note 6 Budget	Actual	Actual
Revenues			
Housing charges	\$ 3,853,710	\$ 3,989,570	\$ 3,910,571
Hotel	975,000	761,421	1,093,378
Commercial rents	108,616	137,767	136,315
Investment income	40,524	68,562	79,106
SAC fees	50,566	54,642	54,675
Parking, laundry and other	190,660	219,860	229,355
Wi-Fi	205,297	201,169	208,294
Total Revenues	5,424,373	5,432,991	5,711,694
Expenses			
Administrative overhead, schedule 1	944,241	942,471	914,092
Hotel, schedule 2	508,420	468,824	492,861
Cafe, schedule 3	109,012	80,675	87,631
Building, repair and maintenance, schedule 4	881,150	722,864	811,227
Amortization of loan transaction costs	0	10,955	10,955
Mortgage interest	473,267	471,947	485,658
Amortization	604,752	580,332	557,122
Municipal taxes	320,680	399,792	346,330
Utilities	641,674	521,381	511,749
Security	468,380	440,800	438,254
Wi-Fi expense	83,964	128,244	86,915
SAC activities	79,909	35,505	53,058
Bad debts	0	57,431	10,154
Total Expenses	5,115,449	4,861,221	4,806,006
Operating Surplus	308,924	571,770	905,688

Neill Wycik Co-operative College Incorporated

Year ended April 30, 2020

Schedule of Expenses	2020		2019
	Note 6 Budget	Actual	Actual
Schedule 1 - Administrative Overhead			
Salaries and benefits	\$ 363,009	\$ 400,711	\$ 405,948
Insurance	132,542	138,767	105,874
Bank service charges and interest	125,000	116,312	119,678
Computer supplies	45,000	55,106	58,440
Residence assistance rent incentives	48,400	57,334	50,609
Consulting, training and development	100,350	68,806	68,951
Moving day	3,000	451	3,334
Office supplies	20,500	11,429	20,571
Legal and audit	43,000	25,528	23,794
Membership dues and meeting	7,000	14,524	3,329
Communication	10,000	10,700	9,160
HST	25,000	19,968	21,338
Printing and photocopying	20,440	22,075	20,910
Advertising and promotion	1,000	760	2,156
	944,241	942,471	914,092
Schedule 2 - Hotel			
Salaries and benefits	370,420	357,590	363,604
Advertising and promotion	38,000	37,062	36,695
Laundry and linen	32,500	19,953	29,431
Cleaning supplies	10,000	10,875	5,612
Equipment replacement and repair	5,000	1,528	3,900
Office supplies	2,000	0	730
Staff training and development	4,000	1,721	3,550
Communication	1,500	1,429	1,342
Bank charges	35,000	27,097	43,931
Other	10,000	11,569	4,066
	508,420	468,824	492,861
Schedule 3 - Cafe			
Produce	71,500	47,544	59,189
Salaries and benefits	30,522	27,439	22,799
Cleaning materials	1,500	1,114	1,401
Utilities	500	221	286
Other	4,990	4,357	3,956
	109,012	80,675	87,631

Neill Wycik Co-operative College Incorporated

Year ended April 30, 2020

Schedule of Expenses - continued

		2020	2019
	Note 6		
	Budget	Actual	Actual
Schedule 4 - Building, Repair and Maintenance			
Salaries and benefits	\$ 329,288	\$ 265,712	\$ 285,290
Plumbing	65,000	57,188	56,150
Routine maintenance	110,000	100,980	107,998
Clean-up and upgrading	50,000	26,028	53,696
Mechanical	26,000	50,418	49,546
Elevators	29,080	25,396	27,204
Pest control	25,000	12,560	18,061
Cleaning supplies	18,000	17,274	12,312
HST	68,402	67,295	56,092
Fire alarm	49,000	30,014	37,677
Locks	10,000	3,017	13,925
Waste	9,000	7,721	9,121
Carpet	29,380	22,848	28,669
Appliances	2,500	1,356	3,531
Paint	2,000	0	1,900
Electrical	15,000	20,205	23,556
Furniture and fixtures	10,000	4,960	4,915
Roof repairs	1,500	2,988	1,740
Plastering and tiling	1,000	0	0
Central air conditioning	7,000	0	574
Windows and glass	11,500	3,724	7,165
Engineering fees	2,000	300	1,488
Doors and hardware	10,000	2,637	10,264
Member laundry reimbursement	500	243	353
	881,150	722,864	811,227

Neill Wycik Co-operative College Incorporated

Year ended April 30, 2020

Statement of Cash Flows	2020	2019
Operating Activities		
Operating surplus	\$ 571,770	\$ 905,688
Items not requiring an outlay of cash:		
Amortization	585,299	562,266
Amortization of loan transaction costs	10,955	10,955
	<u>1,168,024</u>	<u>1,478,909</u>
Changes in Non-Cash Working Capital		
Accounts receivable	(15,098)	1,062
Prepaid expenses	(2,983)	(295)
Accounts payable and accrued liabilities	(59,442)	71,589
Rents paid in advance	(13,919)	44,847
	<u>1,076,582</u>	<u>1,596,112</u>
Investing Activities		
Decrease (increase) in investments and reserve funds	(1,428,942)	3,250,673
Purchase of capital assets	(1,537,607)	(2,461,884)
	<u>(2,966,549)</u>	<u>788,789</u>
Financing Activities		
Principal repayment of long-term debt	(392,328)	(378,764)
	<u>(392,328)</u>	<u>(378,764)</u>
Net cash increase (decrease) during the year	(2,282,295)	2,006,137
Cash position beginning of year	4,464,678	2,458,541
Cash Position End of Year	<u>2,182,383</u>	<u>4,464,678</u>

Neill Wycik Co-operative College Incorporated

April 30, 2020

Notes to Financial Statements

Status and Nature of Activities

The Co-operative is incorporated under the Co-operative Corporations Act as a corporation without share capital to provide housing primarily for post secondary students. From May to August a number of units are converted to a hotel.

A Board of Directors is elected from the Co-operative's membership which is made up of residents.

The Co-operative claims an exemption from income tax under section 149(1)(l) of the Income Tax Act as a non-profit corporation. No portion of the Co-operative's income is available for the personal benefit of any member.

Note 1

Significant Accounting Policies

Basis of Accounting

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.

Temporary Investments

The Co-operative considers short-term, highly liquid investments purchased with an original term of twelve months or less to be temporary investments.

Capital Assets

Capital assets are recorded at cost. Amortization is provided annually at rates calculated to write-off the assets over their estimated useful lives as follows:

Building	2.5% declining balance
Equipment	20% declining balance
Computer equipment	30% declining balance
Computer software	100% declining balance
Wireless internet infrastructure	7 years straight-line
SAC equipment	20% declining balance

Note 1 Significant Accounting Policies - continued

Revenue Recognition

Residential rents, parking and commercial rents are recognized when due at the beginning of each month. Hotel, cafe and laundry income are recognized when services are provided.

Investment income includes interest from cash and fixed income investments. Revenue is recognized on an accrual basis. Interest from fixed income investments is recognized over the term of these investments using the effective interest method.

Financial Instruments

(a) Measurement of Financial Instruments

The Co-operative initially measures its financial assets and financial liabilities at fair value.

The Co-operative subsequently measures all its financial assets and financial liabilities at amortized cost, except investments in equity instruments that are quoted in an active market which are measured at fair value. Changes in fair value are recognized in income. The Co-operative currently has no equity investments traded in active markets.

Financial assets measured at amortized cost include cash, guaranteed investment certificates and accounts receivable.

Financial liabilities measured at amortized cost include accounts payable, amounts due to members and long-term debt.

(b) Impairment

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in income. 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 income.

Use of Estimates

The preparation of financial statements requires management to make assumptions about future events that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Note 2 Financial Instruments - continued

Risk Management Policy

The Co-operative is exposed to various risks through its financial instruments. The following analysis provides a measure of the risks at April 30, 2020:

Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a loss.

The Co-operative is subject to concentrations of credit risk through its cash accounts. The Co-operative maintains cash balances in excess of insured amounts at some Canadian financial institutions. The Co-operative monitors this risk as cash balances fluctuate.

The Co-operative is also subject to concentrations of credit risk through its accounts receivable. Housing charges are due on the first day of the month. Accounts receivable represent rent that is at least one month past due. The credit risk associated with receivables from current members and commercial tenants is offset somewhat by the Co-operative holding rent deposits. The Co-operative also mandates its student members to prepay their rent prior to the start of each university semester.

Liquidity Risk

Liquidity risk is the risk that the Co-operative will encounter difficulty in meeting obligations associated with financial liabilities. The Co-operative is exposed to this risk mainly in respect of its long-term debt. This risk is reduced because of considerable sums invested in guaranteed investment certificates.

Note 2 Financial Instruments - continued

Market Risk

Market risk is the risk of loss that may arise from changes in market factors such as interest and foreign exchange rates. These fluctuations may be significant. The methods and assumptions management uses when accessing market risks have not changed substantially from the prior period and are summarized below:

(i) Interest Rate Risk

The Co-operative manages its investments based on its cash flow needs and with a view to optimizing its investment income. The Co-operative has invested its excess cash in low risk interest bearing vehicles such as bonds and guaranteed investment certificates as the means for managing its interest rate risk.

The average interest rate on cash and investments during the period was 1.70% (2019, 1.62%).

The effective interest rate realized on long term investments during the year varied from 2.1% to 2.7% (2019, 4.8%). The average interest rate was 2.7% (2019, 4.8%). These investments have maturity dates between February 2, 2021 and February 15, 2022.

(ii) Foreign Currency Risk

The Co-operative's functional currency is the Canadian dollar. The Co-operative has set up a US currency bank account to mitigate the effects of any transactions related to the hotel operations that are done using US currency. Few such transactions occurred during the period and as a result, it is the opinion of management that the Co-operative is not exposed to significant foreign currency risk.

Neill Wycik Co-operative College Incorporated

April 30, 2020

Note 3 Cash, Investments and Reserve Funds

	2020	2019
Cash		
Petty cash	\$ 2,800	\$ 3,377
Operating current account	516,509	444,132
Capital current account	359,023	707,178
Broker's cash account	1,304,051	3,309,991
	<u>2,182,383</u>	<u>4,464,678</u>
Temporary Investments		
Bonds	<u>754,144</u>	<u>24,919</u>
Long-Term Investments		
Guaranteed investment certificates	816,096	0
Bonds	<u>24,885</u>	<u>141,264</u>
	<u>840,981</u>	<u>141,264</u>
	<u>3,777,508</u>	<u>4,630,861</u>
Composed of:		
Cash	2,182,383	4,464,678
Temporary investments	754,144	24,919
Long-term investments	781,123	101,002
SAC reserve	<u>59,858</u>	<u>40,262</u>
	<u>3,777,508</u>	<u>4,630,861</u>

Note 4 Capital Assets

	Cost	Accumulated Amortization	Net 2020	Net 2019
Land	\$ 989,666	\$ 0	\$ 989,666	\$ 989,666
Building	22,740,086	(7,187,370)	15,552,716	14,566,555
Equipment	1,674,955	(1,536,328)	138,627	168,986
Computer equipment	68,033	(66,831)	1,202	1,717
Wireless internet infrastructure	268,652	(268,652)	0	266
SAC equipment	54,809	(33,813)	20,996	23,709
	<u>25,796,201</u>	<u>(9,092,994)</u>	<u>16,703,207</u>	<u>15,750,899</u>

Neill Wycik Co-operative College Incorporated

April 30, 2020

Note 5 Long-Term Debt

The Co-operative's mortgage is with Vancity Community Investment Bank. Details of the mortgage at April 30 are:

Initial principal balance	- \$14,000,000
Interest rate	- 3.800%
Term	- 10 years ending September 1, 2025
Amortization period	- 25 years ending September 1, 2040
Monthly principal and interest payments	- \$72,133

The status of the long-term debt is as follows:

	2020	2019
Advances received	\$ 14,000,000	\$ 14,000,000
Principal repaid	(1,687,336)	(1,295,008)
Mortgage transaction costs, net of amortization	(59,338)	(70,293)
Total long-term debt	12,253,326	12,634,699
Less current portion	409,312	392,329
Long-term portion	11,844,014	12,242,370

Long-term debt principal repayments to be made during the next five years are as follows:

Year ended April 30,	2021	\$ 409,312
	2022	424,046
	2023	440,312
	2024	456,372
	2025	475,539

Note 6 Budget Figures

The unaudited budget figures are those approved by the Co-operative's membership. These figures are provided solely for comparative purposes.

Note 7 Transactions With Members

Over 80% of the Co-operative's revenue has been derived from or on behalf of members of the Co-operative.

Note 8 Restrictions on Net Assets

The social activity reserve (SAC) is internally restricted by Board of Directors. These are funds set aside for future costs to replace or repair SAC owned capital assets such as gym equipment, BBQ's, televisions, and other high expense replacement or repair costs arising unexpectedly.

Neill Wycik Co-operative College Incorporated

April 30, 2020

Note 9 Contractual Obligation

The Co-operative is committed under an existing contract with O'Connor Electric to upgrade the fire alarm. The total contract price is \$406,540 plus HST. Of the total, \$291,232 plus HST has been reflected in these financial statements..

Note 10 Future Uncertainty Resulting from the Pandemic

There is significant uncertainty around the long-term economic and business consequences of COVID-19. The market value of the Co-operative's investments may be affected. Hotel revenues will be reduced significantly as the hotel has been closed for the foreseeable future. The Co-operative expects student occupancy to be 70% capacity for the new school year. The Co-operative has increased credit risk exposure as a result of possible financial difficulties of members and commercial tenants. The Co-operative is currently working with the members and commercial tenants and does not foresee any significant collection issues. The Co-operative has also applied for the Canada Emergency Wage Subsidy (CEWS) and Canada Emergency Business Account (CEBA) loan to help with financial constraints resulting from COVID-19. It is not possible to estimate the actual financial effects at this time.