

**The Southern Alberta
Institute of Technology
Students' Association**

Financial Statements
April 30, 2016



November 24, 2016

Independent Auditor's Report

To the Members of The Southern Alberta Institute of Technology Students' Association

We have audited the accompanying financial statements of The Southern Alberta Institute of Technology Students' Association, which comprise the statement of financial position as at April 30, 2016 and the statements of operations and fund balances and cash flows for the year then ended, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

*PricewaterhouseCoopers LLP
111 5 Avenue SW, Suite 3100, Calgary, Alberta, Canada T2P 5L3
T: +1 403 509 7500, F: +1 403 781 1825*



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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of The Southern Alberta Institute of Technology Students' Association as at April 30, 2016 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

PricewaterhouseCoopers LLP

Chartered Professional Accountants

The Southern Alberta Institute of Technology Students' Association

Statement of Financial Position

As at April 30, 2016

					2016	2015
	General Fund \$	Health & Dental Plan Fund \$	Capital Asset Fund \$	Restricted SA Building Fund \$	Total \$	Total \$
Assets						
Current assets						
Cash and cash equivalents	1,255,066	1,226,862	808,881	1,172,713	4,463,522	3,002,288
Short-term investments	71,635	204,768	159,596	540,057	976,056	832,651
Accounts receivable	374,340	40,413	9,324	-	424,077	509,885
Inventories	96,189	-	-	-	96,189	116,625
Prepaid expenses	56,503	-	3,188	-	59,691	47,008
	1,853,733	1,472,043	980,989	1,712,770	6,019,535	4,508,457
Deposit	-	155,396	-	-	155,396	155,396
Investments (note 3)	67,108	111,778	87,119	5,908,540	6,174,545	6,005,980
Capital assets (note 4)	-	-	1,302,011	-	1,302,011	1,058,956
	1,920,841	1,739,217	2,370,119	7,621,310	13,651,487	11,728,789
Liabilities						
Current liabilities						
Accounts payable and accrued liabilities (note 8)	505,799	-	-	-	505,799	274,719
Deferred revenue (note 5)	292,481	573,248	-	-	865,729	884,032
	798,280	573,248	-	-	1,371,528	1,158,751
Fund balances						
Unrestricted	865,280	-	-	-	865,280	378,029
Internally restricted (note 6(a))	257,281	-	338,553	-	595,834	838,553
Externally restricted (note 6(b))	-	1,165,969	729,555	7,621,310	9,516,834	8,294,500
Internally restricted – invested in capital assets	-	-	1,302,011	-	1,302,011	1,058,956
	1,122,561	1,165,969	2,370,119	7,621,310	12,279,959	10,570,038
	1,920,841	1,739,217	2,370,119	7,621,310	13,651,487	11,728,789

Approved by the Members

_____ Executive _____ Executive

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

The Southern Alberta Institute of Technology Students' Association

Statement of Operations and Fund Balances

For the year ended April 30, 2016

					2016	2015
	General Fund	Health & Dental Plan Fund	Capital Asset Fund	Restricted SA Building Fund	Total	Total
	\$	\$	\$	\$	\$	\$
Revenues						
Student fees	2,004,648	-	123,238	1,377,240	3,505,126	3,318,057
Sales	2,781,869	-	-	-	2,781,869	2,772,390
Dental plan	-	855,370	-	-	855,370	856,533
Health plan	-	745,720	-	-	745,720	750,192
Locker revenue	197,545	-	-	-	197,545	203,951
Investment income	6,086	12,350	11,978	171,013	201,427	189,962
Advertising revenue	86,897	-	-	-	86,897	135,681
Other	80,494	33,130	1,680	-	115,304	67,407
Donations and sponsorship	111,421	-	-	-	111,421	76,770
Net change in fair value of investments	-	-	-	(82,105)	(82,105)	42,997
Room rentals	19,324	-	-	-	19,324	25,603
	<u>5,288,284</u>	<u>1,646,570</u>	<u>136,896</u>	<u>1,466,148</u>	<u>8,537,898</u>	<u>8,439,543</u>
Expenses						
Salaries, wages and benefits	2,243,862	-	-	-	2,243,862	2,385,402
Purchases	1,354,297	-	-	-	1,354,297	1,250,260
Dental plan premium	-	886,031	-	-	886,031	687,099
Health plan premium	-	655,310	-	-	655,310	547,773
Event costs	445,519	-	-	-	445,519	394,350
Administrative	352,892	-	-	-	352,892	361,934
Amortization	-	-	239,852	-	239,852	284,401
Lobbying and conference costs	196,930	-	-	57	196,987	177,414
Printing costs	113,201	-	-	-	113,201	98,558
Donations and sponsorship	89,871	-	-	968	90,839	70,961
Office supplies	87,162	-	-	-	87,162	95,275
Other	81,697	299	1530	178	83,704	63,569
Repairs and maintenance	63,544	-	-	-	63,544	127,322
Room rentals	14,777	-	-	-	14,777	14,622
	<u>5,043,752</u>	<u>1,541,640</u>	<u>241,382</u>	<u>1,203</u>	<u>6,827,977</u>	<u>6,558,940</u>
Excess of revenues over expenses	244,532	104,930	(104,486)	1,464,945	1,709,921	1,880,603
Fund balances – Beginning of year	878,029	1,061,039	2,256,747	6,374,223	10,570,038	8,689,435
Interfund transfers	-	-	217,858	(217,858)	-	-
Fund balances – End of year	<u>1,122,561</u>	<u>1,165,969</u>	<u>2,370,119</u>	<u>7,621,310</u>	<u>12,279,959</u>	<u>10,570,038</u>

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

The Southern Alberta Institute of Technology Students' Association

Statement of Cash Flows

For the year ended April 30, 2016

	2016 \$	2015 \$
Cash provided by (used in)		
Operating activities		
Excess of revenues over expenditures	348,409	475,056
Changes in non-cash working capital items		
Accounts receivable	85,808	(155,055)
Inventories	20,436	16,508
Prepaid expenses	(12,683)	35,066
Deposits	-	-
Accounts payable and accrued liabilities	231,080	47,057
Deferred revenue	(18,303)	58,805
	<u>306,338</u>	<u>2,381</u>
	<u>654,747</u>	<u>477,437</u>
Investing activities		
Investment income – Capital Asset Fund and Restricted SA Building Fund	182,991	173,171
Purchase of investments	(1,998,832)	(3,096,790)
Proceeds from sale of investments	1,604,757	1,253,950
Purchase of capital assets	(482,907)	(195,782)
	<u>(693,991)</u>	<u>(1,865,451)</u>
Financing activities		
Student fees – Capital Asset Fund	123,238	261,560
Student fees – Restricted SA Building Fund	1,377,240	1,212,240
	<u>1,500,478</u>	<u>1,473,800</u>
Increase in cash and cash equivalents	1,461,234	85,786
Cash and cash equivalents – Beginning of year	<u>3,002,288</u>	<u>2,916,502</u>
Cash and cash equivalents – End of year	<u>4,463,522</u>	<u>3,002,288</u>

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

The Southern Alberta Institute of Technology Students' Association

Notes to Financial Statements

April 30, 2016

1 Purpose of Association

The Southern Alberta Institute of Technology Students' Association ("Association", "SAITSA" or "SAIT Students' Association") was incorporated under the Societies Act on November 16, 1973 and is a representative organization, dedicated to enhancing student life by providing rewarding leadership opportunities and quality services.

The Southern Alberta Institute of Technology Students' Association operates an independent autonomous body separate from Southern Alberta Institute of Technology Polytechnic ("SAIT"). The Association is exempt from income taxes under Section 149 of the Income Tax Act.

2 Significant accounting policies

The Association's accounting and reporting policies conform to Canadian accounting standards for not-for-profit organizations ("ASNPO") and include the following accounting policies:

a) Fund accounting

The Association follows the restricted fund method of accounting. These financial statements represent the following four funds of the SAIT Students' Association:

General Fund

The SAIT Students' Association – General Fund was established to be SAITSA's operational fund. All of the business operations and all of the administrative and event expenditures of the Association are transacted through this fund. Operating funds are provided by student fees as determined by the SAITSA Students Executive Council (2016 – 53.2%; 2015 – 47.7% of Student Fee Revenue), with the balance of funding coming from various sources as identified in the financial statements. SAITSA Students Executive Council has established that 2.9% (2015 – 3.3%) of these operating funds be retained and used over the summer months to fund operations.

Health and Dental Plan Fund

The SAIT Students' Association – Health and Dental Plan Fund was established to operate the Student Health and Dental Plan. SAIT collects the students' health and dental plan fees on behalf of the Association. These fees are received from SAIT and deposited in the fund from which all premiums are paid to the insurance provider to adjudicate health and dental claims for the students. Premiums paid to the insurance provider are adjusted based on estimated usage of the plan and any surpluses or losses at the end of the fiscal year will be reflected in the Health and Dental Fund.

The Southern Alberta Institute of Technology Students' Association

Notes to Financial Statements

April 30, 2016

Capital Asset Fund

The SAIT Students' Association – Capital Asset Fund was established to plan for the acquisition of items fitting the requirements of a capital asset and to purchase and account for the assets. Funding is provided by student fees as determined by the SAITSA Students Executive Council (2016 – 3.6% 2015 – 8.7% of Student Fees Revenue).

A minimum balance of cash and investments of \$25,000 (2015 – \$25,000) must be maintained at all times in the Capital Asset Fund.

Restricted SA Building Fund

The SAIT Students' Association – Restricted SA Building Fund was established to accumulate funds to provide for the purchase of a building. Students will provide the direction for the expenditures through future student referendums. Revenue is allocated from Student Fees as determined by the SAITSA Students Executive Council (2016 – 40.3%; 2015 – 40.3% of Student Fee Revenue).

b) Revenue recognition

Student fees are recognized as revenue over the period for which services are delivered.

Health and dental revenues are recognized as revenue in the period to which the premiums collected relate to. Deferred revenue arises from health and dental premiums which are received prior to services being provided.

Advertising revenue is recognized when services are rendered. Sales revenue is recognized as revenue when services are rendered or when goods have been sold.

Locker revenue is recognized over the term of contract.

Investment income is recognized as revenue when earned and is recorded in the statement of operations and fund balances in the appropriate fund.

Other revenue includes event ticket revenue and revenue from room rentals and is recognized as services are provided.

c) Cash and cash equivalents

Cash and cash equivalents consists of cash held at financial institutions and on hand, including guaranteed investment certificates ("GICs") with initial terms to maturity of less than 90 days.

The Southern Alberta Institute of Technology Students' Association

Notes to Financial Statements

April 30, 2016

d) Short-term investments

Short-term investments consist of GICs with a maturity date greater than 90 days but less than one year.

e) Capital assets

Capital assets are recorded at cost. Amortization is provided on a basis and at rates designed to amortize the costs of the assets over their estimated useful lives. Amortization is recorded using the straight-line method as follows:

Furniture and equipment	7 years
Electronics and food equipment	4 years
Computer equipment	2 years
Leasehold improvements	14 years

f) Deposit

Deposit consists of amounts held related to the Association's Health and Dental Plan. The amounts are non-interest bearing. As part of the agreement relating to the Health and Dental Plan, a float of \$155,396 (2015 – \$155,396) must be maintained at all times.

g) Inventories

Inventories of food, beverages and merchandise are stated at the lower of cost, calculated on a first-in, first-out basis, and net realizable value.

h) Financial instruments

The Association initially measures its financial assets and financial liabilities at fair value. It subsequently measures its investments at fair value. The financial assets subsequently measured at amortized cost include cash and cash equivalents, accounts receivable, and deposits. The financial liabilities subsequently measured at amortized cost include accounts payable and accrued liabilities.

i) Measurement uncertainty

The preparation of financial statements in accordance with ASNPO requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. By their nature, these amounts are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be significant.

j) Comparative figures

Certain prior year figures have been reclassified to conform to the current year's presentation.

The Southern Alberta Institute of Technology Students' Association

Notes to Financial Statements

April 30, 2016

3 Investments

Investments consist of preferred shares, convertible debt, government and corporate bonds and term deposits with interest rates varying from 1.51% – 6.132% and maturity dates from August 9, 2015 to January 15, 2025.

4 Capital assets

			2016	2015
	Cost \$	Accumulated amortization \$	Net \$	Net \$
Furniture and equipment	567,610	423,054	144,556	154,777
Electronics and food equipment	763,716	520,713	243,003	111,150
Computer equipment	191,764	167,792	23,972	40,326
Leasehold improvements	2,197,943	1,525,321	672,622	752,703
Building	217,858	-	217,858	-
	3,938,891	2,636,880	1,302,011	1,058,956

5 Deferred revenue

Deferred revenue consists of the following:

	2016 \$	2015 \$
Health and dental	573,248	586,433
Student fees	260,014	263,936
Yearbook advertising	15,965	19,747
SAITSA One Gift Card	14,972	10,748
Survival Guide advertising	1,030	3,168
Room rental	500	-
	865,729	884,032

The Southern Alberta Institute of Technology Students' Association

Notes to Financial Statements

April 30, 2016

6 Restricted fund balances

a) Internally

The Association has internally restricted the following amounts:

	2016 \$	2015 \$
Contingency reserve ⁽ⁱ⁾	257,281	500,000
Future capital asset expenditures	338,553	338,553
	<hr/> 595,834	<hr/> 838,553

⁽ⁱ⁾The use of the contingency reserve was to fund a termination payment that was paid from the unrestricted fund balance in the prior year.

b) Externally

Externally restricted fund balances represent the following:

	2016 \$	2015 \$
Restricted building reserve	7,621,310	6,374,223
Student health and dental plan	1,165,969	1,061,039
Future capital asset expenditures	729,555	859,238
	<hr/> 9,516,834	<hr/> 8,294,500

7 Financial instruments

It is the opinion of management that the Association is not subject to significant credit, liquidity or currency risks related to these financial statements but has the following risks:

a) Interest rate risk

Interest rate risk is the risk that the fair value of the Association's interest bearing investments will fluctuate due to changes in prevailing market interest rates. The value of fixed income and debt securities such as bonds, or convertible debt, is affected by interest rates. Generally, the value of these securities increases if interest rates fall and decreases if interest rates rise.

The Southern Alberta Institute of Technology Students' Association

Notes to Financial Statements

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b) Price risk

Price risk is the risk that the fair value of investments will fluctuate as a result of changes in market prices. The investments of the Association are subject to normal pricing fluctuations and the risks inherent when investing through publicly traded markets. The Association has mitigated this risk by having its investments managed professionally by a fund manager.

8 Government remittances

Government remittances consist of amounts required to be paid or are recoverable from government authorities and are recognized when the amounts are due. In respect of government remittances, goods and services tax payable of \$37,123 (2015 – \$30,577) are included in accounts payable and accrued liabilities.

