

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

Financial Statements
April 30, 2015



October 15, 2015

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, 2015 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, 2015 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

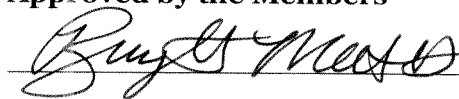
The Southern Alberta Institute of Technology Students' Association

Statement of Financial Position

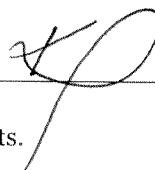
As at April 30, 2015

					2015	2014
	General Fund \$	Health & Dental Plan Fund \$	Capital Asset Fund \$	Restricted SA Building Fund \$	Total \$	Total \$
Assets						
Current assets						
Cash and cash equivalents	604,645	834,981	1,048,878	513,784	3,002,288	2,916,502
Short-term investments	166,429	296,360	79,402	290,460	832,651	277,860
Accounts receivable	397,758	109,836	2,291	-	509,885	354,830
Inventories	116,625	-	-	-	116,625	133,133
Prepaid expenses	47,008	-	-	-	47,008	82,074
	1,332,465	1,241,177	1,130,571	804,244	4,508,457	3,764,399
Deposit	-	155,396	-	-	155,396	155,396
Investments (note 3)	117,882	250,899	67,220	5,569,979	6,005,980	4,674,952
Capital assets (note 4)	-	-	1,058,956	-	1,058,956	1,147,577
	1,450,347	1,647,472	2,256,747	6,374,223	11,728,789	9,742,324
Liabilities						
Current liabilities						
Accounts payable and accrued liabilities	274,719	-	-	-	274,719	227,662
Deferred revenue (note 5)	297,599	586,433	-	-	884,032	825,227
	572,318	586,433	-	-	1,158,751	1,052,889
Fund balances						
Unrestricted	378,029	-	-	-	378,029	596,799
Internally restricted (note 6(a))	500,000	-	338,553	-	838,553	528,569
Externally restricted (note 6(b))	-	1,061,039	859,238	6,374,223	8,294,500	6,416,490
Internally restricted – invested in capital assets	-	-	1,058,956	-	1,058,956	1,147,577
	878,029	1,061,039	2,256,747	6,374,223	10,570,038	8,689,435
	1,450,347	1,647,472	2,256,747	6,374,223	11,728,789	9,742,324

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, 2015

					2015	2014
	General Fund	Health & Dental Plan Fund	Capital Asset Fund	Restricted SA Building Fund	Total	Total
	\$	\$	\$	\$	\$	\$
Revenues						
Student fees	1,844,257	-	261,560	1,212,240	3,318,057	2,941,800
Sales	2,772,390	-	-	-	2,772,390	2,629,856
Dental plan	-	856,533	-	-	856,533	796,928
Health plan	-	750,192	-	-	750,192	697,579
Locker revenue	203,951	-	-	-	203,951	171,601
Interest income	4,535	12,256	12,439	160,732	189,962	143,538
Advertising revenue	135,681	-	-	-	135,681	166,369
Other	67,407	-	-	-	67,407	54,553
Donations	48,500	-	-	-	48,500	49,606
Net change in fair value of investments	-	-	-	42,997	42,997	(35,038)
Sponsorship revenue	28,270	-	-	-	28,270	62,380
Room rentals	25,603	-	-	-	25,603	14,417
	<u>5,130,594</u>	<u>1,618,981</u>	<u>273,999</u>	<u>1,415,969</u>	<u>8,439,543</u>	<u>7,693,589</u>
Expenses						
Salaries, wages and benefits (note 9)	2,385,402	-	-	-	2,385,402	1,995,626
Purchases	1,250,260	-	-	-	1,250,260	1,181,940
Dental plan premium	-	687,099	-	-	687,099	651,854
Health plan premium	-	547,773	-	-	547,773	571,968
Event costs	394,350	-	-	-	394,350	307,045
Administrative	361,934	-	-	-	361,934	349,028
Amortization	-	-	284,401	-	284,401	253,134
Lobbying and conference costs	177,414	-	-	-	177,414	194,786
Repairs and maintenance	127,322	-	-	-	127,322	51,754
Printing costs	98,558	-	-	-	98,558	102,115
Office supplies	95,275	-	-	-	95,275	88,072
Other	63,283	266	20	-	63,569	44,864
Donations	43,100	-	-	-	43,100	27,179
Promotions	27,861	-	-	-	27,861	12,848
Room rentals	14,622	-	-	-	14,622	12,481
	<u>5,039,381</u>	<u>1,235,138</u>	<u>284,421</u>	<u>-</u>	<u>6,558,940</u>	<u>5,844,694</u>
Excess (deficiency) of revenues over expenses	91,213	383,843	(10,422)	1,415,969	1,880,603	1,848,895
Fund balances – Beginning of year	1,096,800	677,196	1,957,185	4,958,254	8,689,435	6,840,540
Interfund transfers	(309,984)	-	309,984	-	-	-
Fund balances – End of year	<u>878,029</u>	<u>1,061,039</u>	<u>2,256,747</u>	<u>6,374,223</u>	<u>10,570,038</u>	<u>8,689,435</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, 2015

	2015 \$	2014 \$
Cash provided by (used in)		
Operating activities		
Excess of revenues over expenditures (General Fund and Health & Dental Fund)	475,056	396,797
Changes in non-cash working capital items		
Accounts receivable	(155,055)	7,268
Inventories	16,508	(35,176)
Prepaid expenses	35,066	(14,612)
Deposits	-	(56,751)
Accounts payable and accrued liabilities	47,057	(67,462)
Deferred revenue	58,805	(1,699)
	2,381	(168,432)
	477,437	228,365
Investing activities		
Interest income – Capital Asset Fund and Restricted SA Building Fund	173,171	131,894
Purchase of investments	(3,096,790)	(1,530,435)
Proceeds from sale of investments	1,253,950	49,034
Purchase of capital assets	(195,782)	(77,785)
	(1,865,451)	(1,427,292)
Financing activities		
Student fees – Capital Asset Fund	261,560	440,628
Student fees – Restricted SA Building Fund	1,212,240	1,167,783
	1,473,800	1,608,411
Increase in cash and cash equivalents	85,786	409,484
Cash and cash equivalents – Beginning of year	2,916,502	2,507,018
Cash and cash equivalents – End of year	3,002,288	2,916,502

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, 2015

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 Student Executive Council (2015 – 47.7%; 2014 – 43.7% 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 3.3% (2014 – 3.5%) 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 SAITSA. 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, 2015

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 Student Executive Council (2015 – 8.7% 2014 – 11.4% of Student Fee Revenue).

A minimum balance of cash and investments of \$25,000 (2014 – \$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 SAIT Students' Association building. Students will provide the direction for the expenditures through future student referendums. Revenue is allocated from Student Fees as determined by the SAITSA Student Executive Council (2015 – 40.3%; 2014 – 41.4% 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, 2015

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 (2014 – \$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, 2015

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

	<u>2015</u>		<u>2014</u>	
	Cost	Accumulated	Net	Net
	\$	amortization	\$	\$
		\$		
Furniture and equipment	568,299	413,522	154,777	159,353
Electronics and food equipment	605,503	494,353	111,150	78,710
Computer equipment	247,519	207,193	40,326	13,029
Leasehold improvements	2,181,348	1,428,645	752,703	896,485
	<u>3,602,669</u>	<u>2,543,713</u>	<u>1,058,956</u>	<u>1,147,577</u>

5 Deferred revenue

Deferred revenue consists of the following:

	2015	2014
	\$	\$
Health and dental	586,433	539,093
Student fees	263,936	239,717
Yearbook advertising	19,747	22,044
Room rental and other	10,748	12,775
Survival Guide advertising	3,168	11,598
	<u>884,032</u>	<u>825,227</u>

The Southern Alberta Institute of Technology Students' Association

Notes to Financial Statements

April 30, 2015

6 Restricted fund balances

a) Internally

SAITSA has internally restricted the following amounts:

	2015 \$	2014 \$
Contingency reserve	500,000	500,000
Future capital asset expenditures	338,553	28,569
	<hr/> 838,553	<hr/> 528,569

b) Externally

Externally restricted fund balances represent the following:

	2015 \$	2014 \$
Restricted building reserve	6,374,223	4,958,254
Student health and dental plan	1,061,039	677,196
Future capital asset expenditures	859,238	781,040
	<hr/> 8,294,500	<hr/> 6,416,490

7 Financial instruments

The Association has assessed the relevant financial risks of its financial instruments.

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.

b) Credit risk

SAITSA does not have a concentration of credit exposure with any one party. SAITSA does not consider that it is exposed to undue credit risk.

The Southern Alberta Institute of Technology Students' Association

Notes to Financial Statements

April 30, 2015

c) 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.

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 \$30,577 (2014 – \$23,752) are included in accounts payable and accrued liabilities.

9 Employee termination benefits

During the fiscal year, a key member of the management team left their employment resulting in a termination payment of \$248,301 which was paid during the year and is included in salaries, wages, and benefits.