

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

Financial Statements
June 30, 2019



Independent auditor's report

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

Our opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of The Southern Alberta Institute of Technology Students' Association (the Association) as at June 30, 2019 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.

What we have audited

The Association's financial statements comprise:

- the statement of financial position as at June 30, 2019;
 - the statement of operations and changes in fund balances for the year then ended;
 - the statement of cash flows for the year then ended; and
 - the notes to the financial statements, which include a summary of significant accounting policies.
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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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Association in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

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.

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"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.



In preparing the financial statements, management is responsible for assessing the Association'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 Association or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Association's financial reporting process.

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 Association'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 Association'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 Association 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.

PricewaterhouseCoopers LLP

Chartered Professional Accountants

Calgary, Alberta
December 2, 2019

The Southern Alberta Institute of Technology Students' Association

Statement of Financial Position

As at June 30, 2019

					2019	2018
	General Fund \$	Health and Dental Plan Fund \$	Capital Asset Fund \$	Restricted SA Building Fund \$	Total \$	Total \$
Assets						
Current assets						
Cash and cash equivalents	500,194	907,458	636,225	4,938,721	6,982,598	6,357,671
Short-term investments	59,390	169,764	132,316	234,681	596,151	805,888
Accounts receivable	368,272	-	-	-	368,272	319,719
Inventories	67,610	-	-	-	67,610	72,826
Prepaid expenses	176,566	-	-	-	176,566	80,792
	1,172,032	1,077,222	768,541	5,173,402	8,191,197	7,636,896
Deposits	-	155,396	-	-	155,396	155,396
Investments (note 3)	20,502	58,606	45,677	4,458,783	4,583,568	5,686,087
Capital assets (note 4)	-	-	3,822,379	-	3,822,379	2,028,467
	1,192,534	1,291,224	4,636,597	9,632,185	16,752,540	15,506,846
Liabilities						
Current liabilities						
Accounts payable and accrued liabilities (note 8)	210,975	-	-	-	210,975	451,041
Deferred revenue (note 5)	22,116	371,204	-	-	393,320	341,044
	233,091	371,204	-	-	604,295	792,085
Fund balances						
Unrestricted	698,968	-	-	-	698,968	514,742
Internally restricted (note 6(a))	260,475	-	338,553	-	599,028	599,028
Externally restricted (note 6(b))	-	920,020	475,665	9,632,185	11,027,870	11,572,524
Internally restricted – invested in capital assets	-	-	3,822,379	-	3,822,379	2,028,467
	959,443	920,020	4,636,597	9,632,185	16,148,245	14,714,761
	1,192,534	1,291,224	4,636,597	9,632,185	16,752,540	15,506,846
Commitments (note 9)						

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 Changes in Fund Balances

For the year ended June 30, 2019

					2019	2018
	General Fund	Health and Dental Plan Fund	Capital Asset Fund	Restricted SA Building Fund	Total	Total
	\$	\$	\$	\$	\$	\$
Revenues						
Student fees	2,063,161	-	21,454	1,491,054	3,575,669	3,572,527
Sales	3,043,029	-	-	-	3,043,029	3,051,621
Dental plan	-	1,006,253	-	-	1,006,253	951,392
Health plan	-	885,183	-	-	885,183	832,955
Locker revenue	226,354	-	-	-	226,354	236,110
Investment income	65,972	13,182	10,274	129,569	218,997	230,397
Other	65,421	57,790	-	-	123,211	171,756
Donations and sponsorship	71,775	-	-	-	71,775	90,738
Realized and unrealized gain (loss) on investments	-	-	-	42,525	42,525	(90,680)
Room rentals	16,887	-	-	-	16,887	10,116
Advertising revenue	15,720	-	-	-	15,720	52,976
	<u>5,568,319</u>	<u>1,962,408</u>	<u>31,728</u>	<u>1,663,148</u>	<u>9,225,603</u>	<u>9,109,908</u>
Expenses						
Salaries, wages and benefits	2,666,264	-	-	-	2,666,264	2,637,057
Purchases	1,397,373	-	-	-	1,397,373	1,357,006
Dental plan premium	-	1,195,544	-	-	1,195,544	1,092,773
Health plan premium	-	912,472	-	-	912,472	766,809
Administrative	458,309	3,398	-	660	462,367	727,084
Event costs	382,881	-	-	-	382,881	403,896
Amortization	-	-	250,753	-	250,753	269,614
Lobbying and conference costs	153,754	-	-	-	153,754	204,729
Other	54,938	45,199	-	-	100,137	148,550
Promotions	75,737	-	-	-	75,737	62,265
Office supplies	73,800	-	-	-	73,800	78,914
Repairs and maintenance	49,023	-	-	-	49,023	56,047
Donations and sponsorship	43,335	-	-	-	43,335	44,013
Printing costs	28,679	-	-	-	28,679	92,037
	<u>5,384,093</u>	<u>2,156,613</u>	<u>250,753</u>	<u>660</u>	<u>7,792,119</u>	<u>7,940,794</u>
Excess (deficiency) of revenues over expenses for the year	184,226	(194,205)	(219,025)	1,662,488	1,433,484	1,169,114
Fund balances – Beginning of year	775,217	1,114,225	2,839,074	9,986,245	14,714,761	13,545,647
Interfund transfers – purchase of capital assets	-	-	2,016,548	(2,016,548)	-	-
Fund balances – End of year	<u>959,443</u>	<u>920,020</u>	<u>4,636,597</u>	<u>9,632,185</u>	<u>16,148,245</u>	<u>14,714,761</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 June 30, 2019

	2019 \$	2018 \$
Cash provided by (used in)		
Operating activities		
Deficiency of revenues over expenditures for the year	(9,979)	(171,924)
Changes in non-cash working capital items		
Accounts receivable	(48,553)	29,999
Inventories	5,216	(4,878)
Prepaid expenses	(95,774)	(14,283)
Accounts payable and accrued liabilities	(240,066)	181,068
Deferred revenue	52,276	(124,174)
	(326,901)	67,732
	(336,880)	(104,192)
Investing activities		
Investment income – Capital Asset Fund and Restricted SA Building Fund	139,843	184,849
Purchase of investments	(960,111)	(1,266,163)
Proceeds from sale of investments	2,314,232	2,119,568
Purchase of capital assets	(2,044,665)	(417,020)
	(550,701)	621,234
Financing activities		
Student fees – Capital Asset Fund	21,454	21,435
Student fees – Restricted SA Building Fund	1,491,054	1,489,744
	1,512,508	1,511,179
Increase in cash and cash equivalents during the year	624,927	2,028,221
Cash and cash equivalents – Beginning of year	6,357,671	4,329,450
Cash and cash equivalents – End of year	6,982,598	6,357,671
Cash and cash equivalents consist of		
Cash on hand in bank	5,545,130	4,433,563
Money market funds	1,437,468	1,924,108
	6,982,598	6,357,671

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

The Southern Alberta Institute of Technology Students' Association

Notes to Financial Statements

June 30, 2019

1 Purpose of Association

The Southern Alberta Institute of Technology Students' Association (the Association, SAITSA or the 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 Association operates as 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 Summary of 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.

Fund 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.

- **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 Plan Fund.

- **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 Board of Directors.

A minimum balance of cash and investments of \$25,000 (2018 – \$25,000) must be maintained at all times in the Capital Asset Fund.

The Southern Alberta Institute of Technology Students' Association

Notes to Financial Statements

June 30, 2019

- **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.

Revenue recognition

The Association follows the restricted fund method of accounting.

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. 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 changes in fund balances in the appropriate fund.

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

Contributed goods/services

Contributed volunteer services are not recognized in the financial statements because of the difficulty in determining their value. Contributed goods are not recognized in the financial statements.

Cash and cash equivalents

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

Short-term investments

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

The Southern Alberta Institute of Technology Students' Association

Notes to Financial Statements

June 30, 2019

Long-term investments

Long-term investments are recorded at market value with distributions and realized and unrealized gains recognized in the statement of operations and changes in fund balances as investment income.

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 in the Capital Asset Fund 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

Capital items in progress are not subject to amortization until they are put into use.

The Association reviews its capital assets for impairment whenever events or changes in circumstances indicate that the capital asset no longer has any long-term service potential for the Association. If the carrying amount is greater than residual value, the asset is written down to its estimated residual value.

Deposits

Deposits consist 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 (2018 – \$155,396) must be maintained at all times with the insurance provider.

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.

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, inventories and deposits. The financial liabilities subsequently measured at amortized cost include accounts payable and accrued liabilities and deferred revenue.

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

The Southern Alberta Institute of Technology Students' Association

Notes to Financial Statements

June 30, 2019

are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be significant.

3 Investments

Investments consist of preferred shares, government and corporate bonds and term deposits with interest rates varying from 2.00% to 5.38% (2018 – 1.63% to 5.25%) and maturity dates from September 14, 2020 to January 15, 2025 (2018 – October 11, 2018 to January 15, 2025).

4 Capital assets

			2019	2018
	Cost \$	Accumulated amortization \$	Net \$	Net \$
Furniture and equipment	552,856	500,615	52,241	81,291
Electronics and food equipment	976,784	859,068	117,716	219,955
Computer equipment	182,549	168,641	13,908	11,913
Leasehold improvements	2,269,934	1,807,392	462,542	555,884
Building (work-in-progress) (note 9)	3,175,972	-	3,175,972	1,159,424
	7,158,095	3,335,716	3,822,379	2,028,467

5 Deferred revenue

Deferred revenue consists of the following:

	2019 \$	2018 \$
Health and dental	371,202	321,625
SAITSA One Gift Card	11,422	10,704
Survival Guide advertising	10,696	8,715
	393,320	341,044

The Southern Alberta Institute of Technology Students' Association

Notes to Financial Statements

June 30, 2019

6 Restricted fund balances

a) Internally

The Association has internally restricted the following amounts:

	2019 \$	2018 \$
Contingency reserve	260,475	260,475
Future capital asset expenditures	338,553	338,553
	<hr/> 599,028	<hr/> 599,028

b) Externally

Externally restricted fund balances represent the following:

	2019 \$	2018 \$
Restricted building reserve	9,632,185	9,986,245
Student health and dental plan	920,020	1,114,225
Future capital asset expenditures	475,665	472,054
	<hr/> 11,027,870	<hr/> 11,572,524

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:

Interest rate and price 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 Association has mitigated this risk by having its investments managed professionally by a fund manager.

Credit risk

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

The Southern Alberta Institute of Technology Students' Association

Notes to Financial Statements

June 30, 2019

8 Government remittances

Government remittances consist of amounts that are required to be paid to 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 \$4,954 (2018 – \$2,115) is included in accounts payable and accrued liabilities.

9 Commitments

On July 8, 2018, SAITSA entered into an agreement with SAIT. SAITSA has committed to gift SAIT \$9 million (cash gift) before or by July 31, 2020 to assist in the financing of the construction of a new SAITSA headquarters (the Capital Expansion Project). If conditions are not fulfilled by either party by July 31, 2020, or SAIT does not commence the Capital Expansion Project, the cash gift will be refunded to SAITSA with accrued interest, but less SAIT's direct out-of-pocket costs incurred to such date. During the year, SAITSA has gifted \$2 million (2018 – \$nil).