

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

Financial Statements
June 30, 2017



October 26, 2017

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 June 30, 2017 and the statements of operations and changes in fund balances and cash flows for the period from May 1, 2016 to June 30, 2017, 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.

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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 June 30, 2017 and the results of its operations and its cash flows for the period from May 1, 2016 to June 30, 2017 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 June 30, 2017 | As at April 30, 2016 |
|---|-----------------------|--|--------------------------------|--|---------------------------|----------------------------|
| | General Fund \$ | Health & Dental Plan Fund \$ | Capital Asset Fund \$ | Restricted SA Building Fund \$ | Total \$ | Total \$ |
| Assets | | | | | | |
| Current assets | | | | | | |
| Cash | 644,314 | 1,050,410 | 580,650 | 2,054,076 | 4,329,450 | 4,463,522 |
| Short-term investments | 102,925 | 214,162 | 166,917 | 521,387 | 1,005,391 | 976,056 |
| Accounts receivable | 349,718 | - | 2,010 | - | 351,728 | 424,077 |
| Inventories | 67,948 | - | - | - | 67,948 | 96,189 |
| Prepaid expenses | 66,509 | - | - | - | 66,509 | 59,691 |
| | 1,231,414 | 1,264,572 | 749,577 | 2,575,463 | 5,821,026 | 6,019,535 |
| Deposit | - | 155,396 | - | - | 155,396 | 155,396 |
| Investments (note 3) | 37,625 | 107,550 | 83,825 | 6,194,355 | 6,423,355 | 6,174,545 |
| Capital assets (note 4) | - | - | 1,881,061 | - | 1,881,061 | 1,302,011 |
| | 1,269,039 | 1,527,518 | 2,714,463 | 8,769,818 | 14,280,838 | 13,651,487 |
| Liabilities | | | | | | |
| Current liabilities | | | | | | |
| Accounts payable and accrued liabilities (note 8) | 253,331 | 16,642 | - | - | 269,973 | 505,799 |
| Deferred revenue (note 5) | 158,549 | 306,669 | - | - | 465,218 | 865,729 |
| | 411,880 | 323,311 | - | - | 735,191 | 1,371,528 |
| Fund balances | | | | | | |
| Unrestricted | 596,684 | - | - | - | 596,684 | 865,280 |
| Internally restricted (note 6(a)) | 260,475 | - | 338,553 | - | 599,028 | 595,834 |
| Externally restricted (note 6(b)) | - | 1,204,207 | 494,849 | 8,769,818 | 10,468,874 | 9,516,834 |
| Internally restricted – invested in capital assets | - | - | 1,881,061 | - | 1,881,061 | 1,302,011 |
| | 857,159 | 1,204,207 | 2,714,463 | 8,769,818 | 13,545,647 | 12,279,959 |
| | 1,269,039 | 1,527,518 | 2,714,463 | 8,769,818 | 14,280,838 | 13,651,487 |

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 14 month period May 1, 2016 to June 30, 2017 | For the 12 month period ended April 30, 2016 |
|--|-----------------------|--|--------------------------------|--|---|---|
| | General Fund \$ | Health & Dental Plan Fund \$ | Capital Asset Fund \$ | Restricted SA Building Fund \$ | Total \$ | Total \$ |
| Revenues | | | | | | |
| Student fees | 2,022,166 | - | 23,495 | 1,463,190 | 3,508,851 | 3,505,126 |
| Sales | 3,157,568 | - | - | - | 3,157,568 | 2,781,869 |
| Dental plan | - | 979,314 | - | - | 979,314 | 855,370 |
| Health plan | - | 912,594 | - | - | 912,594 | 745,720 |
| Locker revenue | 216,149 | - | - | - | 216,149 | 197,545 |
| Investment income | 11,177 | 10,232 | 7,198 | 242,750 | 271,357 | 201,427 |
| Advertising revenue | 58,671 | - | - | - | 58,671 | 86,897 |
| Other | 78,441 | 52,138 | 20 | - | 130,599 | 115,304 |
| Donations and sponsorship | 126,887 | - | - | - | 126,887 | 111,421 |
| Unrealized gain (loss) on investments | - | - | - | 20,354 | 20,354 | (82,105) |
| Room rentals | 15,175 | - | - | - | 15,175 | 19,324 |
| | <u>5,686,234</u> | <u>1,954,278</u> | <u>30,713</u> | <u>1,726,294</u> | <u>9,397,519</u> | <u>8,537,898</u> |
| Expenses | | | | | | |
| Salaries, wages and benefits | 2,782,837 | - | - | - | 2,782,837 | 2,243,862 |
| Purchases | 1,446,513 | - | - | - | 1,446,513 | 1,354,297 |
| Dental plan premium | - | 1,121,925 | - | - | 1,121,925 | 886,031 |
| Health plan premium | - | 793,674 | - | - | 793,674 | 655,310 |
| Event costs | 516,124 | - | - | - | 516,124 | 445,519 |
| Administrative | 463,176 | - | - | - | 463,176 | 352,892 |
| Amortization | - | - | 263,379 | - | 263,379 | 239,852 |
| Lobbying and conference costs | 246,713 | - | - | - | 246,713 | 196,987 |
| Other | 136,117 | 441 | 151 | 531 | 137,240 | 83,704 |
| Office supplies | 99,127 | - | - | - | 99,127 | 87,162 |
| Printing costs | 85,510 | - | - | - | 85,510 | 113,201 |
| Promotions | 62,939 | - | - | 94 | 63,033 | 57,109 |
| Repairs and maintenance | 57,724 | - | - | - | 57,724 | 63,544 |
| Donations and sponsorship | 38,916 | - | - | - | 38,916 | 33,730 |
| Room rentals | 15,940 | - | - | - | 15,940 | 14,777 |
| | <u>5,951,636</u> | <u>1,916,040</u> | <u>263,530</u> | <u>625</u> | <u>8,131,831</u> | <u>6,827,977</u> |
| (Deficiency) excess of revenues over expenses | (265,402) | 38,238 | (232,817) | 1,725,669 | 1,265,688 | 1,709,921 |
| Fund balances – Beginning of period | 1,122,561 | 1,165,969 | 2,370,119 | 7,621,310 | 12,279,959 | 10,570,038 |
| Interfund transfers – purchase of capital assets | - | - | 577,161 | (577,161) | - | - |
| Fund balances – End of period | <u>857,159</u> | <u>1,204,207</u> | <u>2,714,463</u> | <u>8,769,818</u> | <u>13,545,647</u> | <u>12,279,959</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 14 month period May 1, 2016 to June 30, 2017 | For the 12 month period ended April 30, 2016 |
|--|---|---|
| Cash provided by (used in) | | |
| Operating activities | | |
| (Deficiency) excess of revenues over expenditures | (227,164) | 348,409 |
| Changes in non-cash working capital items | | |
| Accounts receivable | 65,035 | 92,841 |
| Inventories | 28,241 | 20,436 |
| Prepaid expenses | (10,006) | (9,495) |
| Accounts payable and accrued liabilities | (235,826) | 231,080 |
| Deferred revenue | (400,511) | (18,303) |
| | (553,067) | 316,559 |
| | (780,231) | 664,968 |
| Investing activities | | |
| Investment income – Capital Asset Fund and Restricted SA Building Fund | 249,948 | 182,991 |
| Purchase of investments | (2,146,953) | (1,998,832) |
| Proceeds from sale of investments | 1,898,908 | 1,594,536 |
| Purchase of capital assets | (842,429) | (482,907) |
| | (840,526) | (704,212) |
| Financing activities | | |
| Student fees – Capital Asset Fund | 23,495 | 123,238 |
| Student fees – Restricted SA Building Fund | 1,463,190 | 1,377,240 |
| | 1,486,685 | 1,500,478 |
| (Decrease) increase in cash | (134,072) | 1,461,234 |
| Cash – Beginning of period | 4,463,522 | 3,002,288 |
| Cash – End of period | 4,329,450 | 4,463,522 |

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, 2017

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) Change in year end

The financial year-end of the Association was changed from April 30 to June 30. Accordingly, the statement of financial position is prepared as at June 30, 2017, and the statements of operations and changes in fund balances and cash flows are for the period from May 1, 2016 to June 30, 2017.

b) 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 (2017 – 54.8%; April 30, 2016 – 53.2% 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% (April 30, 2016 – 2.9%) 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

June 30, 2017

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 (2017 – 0.60%; April 30, 2016 – 3.6% of Student Fees Revenue).

A minimum balance of cash and investments of \$25,000 (April 30, 2016 – \$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 (2017 – 41.70%; April 30, 2016 – 40.3% of Student Fee Revenue).

c) 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 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 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.

d) 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.

The Southern Alberta Institute of Technology Students' Association

Notes to Financial Statements

June 30, 2017

e) Cash

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.

f) Short-term investments

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

g) Long-term investments

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

h) 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 in progress items 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.

i) 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 (April 30, 2016 – \$155,396) must be maintained at all times.

j) 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.

The Southern Alberta Institute of Technology Students' Association

Notes to Financial Statements

June 30, 2017

k) 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, inventory, prepaid expenses, and deposits. The financial liabilities subsequently measured at amortized cost include accounts payable, accrued liabilities and deferred revenue.

l) 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.

m) Comparative figures

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

3 Investments

Investments consist of preferred shares, convertible debt, government and corporate bonds and term deposits with interest rates varying from 1.10% – 5.25% and maturity dates from August 2, 2017 to January 15, 2025.

4 Capital assets

| | | | June 30, 2017 | April 30, 2016 |
|--------------------------------|------------|-----------------------------------|------------------|-------------------|
| | Cost \$ | Accumulated amortization \$ | Net \$ | Net \$ |
| Furniture and equipment | 550,621 | 436,903 | 113,718 | 144,556 |
| Electronics and food equipment | 955,111 | 618,695 | 336,416 | 243,003 |
| Computer equipment | 156,890 | 141,467 | 15,423 | 23,972 |
| Leasehold improvements | 2,238,768 | 1,618,283 | 620,485 | 672,622 |
| Building under construction | 795,019 | - | 795,019 | 217,858 |
| | 4,696,409 | 2,815,348 | 1,881,061 | 1,302,011 |

The Southern Alberta Institute of Technology Students' Association

Notes to Financial Statements

June 30, 2017

5 Deferred revenue

Deferred revenue consists of the following:

| | June 30, 2017 \$ | April 30, 2016 \$ |
|----------------------------|------------------------|-------------------------|
| Health and dental | 306,669 | 573,248 |
| Student fees | 124,050 | 260,014 |
| Yearbook advertising | 12,132 | 15,965 |
| SAITSA One Gift Card | 13,644 | 14,972 |
| Survival Guide advertising | 7,723 | 1,030 |
| Room rental | 1,000 | 500 |
| | <hr/> | <hr/> |
| | 465,218 | 865,729 |

6 Restricted fund balances

a) Internally

The Association has internally restricted the following amounts:

| | June 30, 2017 \$ | April 30, 2016 \$ |
|-----------------------------------|------------------------|-------------------------|
| Contingency reserve | 260,475 | 257,281 |
| Future capital asset expenditures | 338,553 | 338,553 |
| | <hr/> | <hr/> |
| | 599,028 | 595,834 |

b) Externally

Externally restricted fund balances represent the following:

| | June 30, 2017 \$ | April 30, 2016 \$ |
|-----------------------------------|------------------------|-------------------------|
| Restricted building reserve | 8,769,818 | 7,621,310 |
| Student health and dental plan | 1,204,207 | 1,165,969 |
| Future capital asset expenditures | 494,849 | 729,555 |
| | <hr/> | <hr/> |
| | 10,468,874 | 9,516,834 |

The Southern Alberta Institute of Technology Students' Association

Notes to Financial Statements

June 30, 2017

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 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.

b) 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.

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 \$32,252 (April 30, 2016 – \$37,123) are included in accounts payable and accrued liabilities.