

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

Financial Statements
June 30, 2018



May 13, 2019

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, 2018 and the statements of operations and changes in 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.

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

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



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, 2018 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.

PricewaterhouseCoopers LLP

Chartered Professional Accountants

The Southern Alberta Institute of Technology Students' Association

Statement of Financial Position

As at June 30, 2018

					2018	2017
	General Fund \$	Health and Dental Plan Fund \$	Capital Asset Fund \$	Restricted SA Building Fund \$	Total \$	Total \$
Assets						
Current assets						
Cash and cash equivalents	694,328	1,057,458	636,804	3,969,081	6,357,671	4,329,450
Short-term investments	37,625	107,550	83,825	576,888	805,888	1,005,391
Accounts receivable	319,719	-	-	-	319,719	351,728
Inventories	72,826	-	-	-	72,826	67,948
Prepaid expenses	80,792	-	-	-	80,792	66,509
	1,205,290	1,165,008	720,629	4,545,969	7,636,896	5,821,026
Deposits	-	155,396	-	-	155,396	155,396
Investments (note 3)	40,387	115,446	89,978	5,440,276	5,686,087	6,423,355
Capital assets (note 4)	-	-	2,028,467	-	2,028,467	1,881,061
	1,245,677	1,435,850	2,839,074	9,986,245	15,506,846	14,280,838
Liabilities						
Current liabilities						
Accounts payable and accrued liabilities (note 8)	451,041	-	-	-	451,041	269,973
Deferred revenue (note 5)	19,419	321,625	-	-	341,044	465,218
	470,460	321,625	-	-	792,085	735,191
Fund balances						
Unrestricted	514,742	-	-	-	514,742	596,684
Internally restricted (note 6(a))	260,475	-	338,553	-	599,028	599,028
Externally restricted (note 6(b))	-	1,114,225	472,054	9,986,245	11,572,524	10,468,874
Internally restricted - invested in capital assets	-	-	2,028,467	-	2,028,467	1,881,061
	775,217	1,114,225	2,839,074	9,986,245	14,714,761	13,545,647
	1,245,677	1,435,850	2,839,074	9,986,245	15,506,846	14,280,838

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

					Year ended June 30, 2018	14-month period from May 1, 2016 to June 30, 2017
	General Fund \$	Health and Dental Plan Fund \$	Capital Asset Fund \$	Restricted SA Building Fund \$	Total \$	Total \$
Revenues						
Student fees	2,061,348	-	21,435	1,489,744	3,572,527	3,508,851
Sales	3,051,621	-	-	-	3,051,621	3,157,568
Dental plan	-	951,392	-	-	951,392	979,314
Health plan	-	832,955	-	-	832,955	912,594
Locker revenue	236,110	-	-	-	236,110	216,149
Investment income	36,466	9,082	7,102	177,747	230,397	271,357
Advertising revenue	52,976	-	-	-	52,976	58,671
Other	124,411	46,328	1,017	-	171,756	130,599
Donations and sponsorship	90,738	-	-	-	90,738	126,887
Realized and unrealized (loss) gain on investments	(5,152)	-	266	(85,794)	(90,680)	20,354
Room rentals	10,116	-	-	-	10,116	15,175
	5,658,634	1,839,757	29,820	1,581,697	9,109,908	9,397,519
Expenses						
Salaries, wages and benefits	2,637,057	-	-	-	2,637,057	2,782,837
Purchases	1,357,006	-	-	-	1,357,006	1,446,513
Dental plan premium	-	1,092,773	-	-	1,092,773	1,121,925
Health plan premium	-	766,809	-	-	766,809	793,674
Event costs	403,896	-	-	-	403,896	516,124
Administrative	657,311	69,647	-	126	727,084	463,176
Amortization	-	-	269,614	-	269,614	263,379
Lobbying and conference costs	204,729	-	-	-	204,729	246,713
Other	147,301	510	-	739	148,550	137,240
Office supplies	78,914	-	-	-	78,914	99,127
Printing costs	92,037	-	-	-	92,037	85,510
Promotions	62,265	-	-	-	62,265	63,033
Repairs and maintenance	56,047	-	-	-	56,047	57,724
Donations and sponsorship	44,013	-	-	-	44,013	38,916
Room rentals	-	-	-	-	-	15,940
	5,740,576	1,929,739	269,614	865	7,940,794	8,131,831
(Deficiency) excess of revenues over expenses for the period	(81,942)	(89,982)	(239,794)	1,580,832	1,169,114	1,265,688
Fund balances – Beginning of period	857,159	1,204,207	2,714,463	8,769,818	13,545,647	12,279,959
Interfund transfers – purchase of capital assets	-	-	364,405	(364,405)	-	-
Fund balances – End of period	775,217	1,114,225	2,839,074	9,986,245	14,714,761	13,545,647

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

The Southern Alberta Institute of Technology Students' Association
Statement of Cash Flows

	Year ended June 30, 2018 \$	14-month period from May 1, 2016 to June 30, 2017 \$
Cash provided by (used in)		
Operating activities		
Deficiency of revenues over expenditures for the period	(171,924)	(227,164)
Changes in non-cash working capital items		
Accounts receivable	29,999	65,035
Inventories	(4,878)	28,241
Prepaid expenses	(14,283)	(10,006)
Accounts payable and accrued liabilities	181,068	(235,826)
Deferred revenue	(124,174)	(400,511)
	<u>67,732</u>	<u>(553,067)</u>
	<u>(104,192)</u>	<u>(780,231)</u>
Investing activities		
Investment income – Capital Asset Fund and Restricted SA Building Fund	184,849	249,948
Purchase of investments	(1,266,163)	(2,146,953)
Proceeds from sale of investments	2,119,568	1,898,908
Purchase of capital assets	(417,020)	(842,429)
	<u>621,234</u>	<u>(840,526)</u>
Financing activities		
Student fees – Capital Asset Fund	21,435	23,495
Student fees – Restricted SA Building Fund	1,489,744	1,463,190
	<u>1,511,179</u>	<u>1,486,685</u>
Increase (decrease) in cash and cash equivalents during the period	<u>2,028,221</u>	<u>(134,072)</u>
Cash and cash equivalents – Beginning of period	<u>4,329,450</u>	<u>4,463,522</u>
Cash and cash equivalents – End of period	<u>6,357,671</u>	<u>4,329,450</u>
Cash and cash equivalents consist of		
Cash on hand in bank	4,433,563	3,422,412
Money market funds	1,924,108	907,038
	<u>6,357,671</u>	<u>4,329,450</u>

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, 2018

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.

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, 2018, and the statements of operations and changes in fund balances and cash flows are for the year ended June 30, 2018.

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.

The Southern Alberta Institute of Technology Students' Association

Notes to Financial Statements

June 30, 2018

- **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.

A minimum balance of cash and investments of \$25,000 (2017 - \$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.

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.

The Southern Alberta Institute of Technology Students' Association

Notes to Financial Statements

June 30, 2018

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.

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 (2017 – \$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.

The Southern Alberta Institute of Technology Students' Association

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June 30, 2018

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

Comparative figures

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

3 Investments

Investments consist of preferred shares, convertible debt, government and corporate bonds and term deposits with interest rates varying from 1.63% to 5.25% and maturity dates from October 11, 2018 to January 15, 2025.

4 Capital assets

			2018	2017
	Cost	Accumulated amortization	Net	Net
	\$	\$	\$	\$
Furniture and equipment	552,857	471,566	81,291	113,718
Electronics and food equipment	963,654	743,699	219,955	336,416
Computer equipment	167,562	155,649	11,913	15,423
Leasehold improvements	2,269,933	1,714,049	555,884	620,485
Building (work-in-progress)	1,159,424	-	1,159,424	795,019
	5,113,430	3,084,963	2,028,467	1,881,061

The Southern Alberta Institute of Technology Students' Association

Notes to Financial Statements

June 30, 2018

5 Deferred revenue

Deferred revenue consists of the following:

	2018 \$	2017 \$
Health and dental	321,625	306,669
Student fees	-	124,050
Yearbook advertising	-	12,132
SAITSA One Gift Card	10,704	13,644
Survival Guide advertising	8,715	7,723
Room rental	-	1,000
	<hr/> 341,044	<hr/> 465,218

6 Restricted fund balances

a) Internally

The Association has internally restricted the following amounts:

	2018 \$	2017 \$
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:

	2018 \$	2017 \$
Restricted building reserve	9,986,245	8,769,818
Student health and dental plan	1,114,225	1,204,207
Future capital asset expenditures	472,054	494,849
	<hr/> 11,572,524	<hr/> 10,468,874

The Southern Alberta Institute of Technology Students' Association

Notes to Financial Statements

June 30, 2018

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.

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 \$2,115 (2017 – \$32,252) is included in accounts payable and accrued liabilities.