

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

Financial Statements
June 30, 2020



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, 2020 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, 2020;
 - 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 7, 2020

The Southern Alberta Institute of Technology Students' Association

Statement of Financial Position

As at June 30, 2020

					2020	2019
	General Fund \$	Health and Dental Plan Fund \$	Capital Asset Fund \$	Restricted SA Building Fund \$	Total \$	Total \$
Assets						
Current assets						
Cash and cash equivalents	8,174,113	-	586,180	74,125	8,834,418	6,982,598
Short-term investments	-	-	-	1,118,106	1,118,106	596,151
Accounts receivable	400,541	65,770	-	-	466,311	368,272
Inventories	78,237	-	-	-	78,237	67,610
Prepaid expenses	138,042	-	-	-	138,042	176,566
Due to/from funds	(7,135,552)	829,408	139,193	6,166,951	-	-
	1,655,381	895,178	725,373	7,359,182	10,635,114	8,191,197
Reserves (note 4)	-	989,988	-	-	989,988	155,396
Investments (note 5)	-	-	-	3,905,659	3,905,659	4,583,568
Capital assets (note 6)	-	-	3,629,280	-	3,629,280	3,822,379
	1,655,381	1,885,166	4,354,653	11,264,841	19,160,041	16,752,540
Liabilities						
Current liabilities						
Accounts payable and accrued liabilities (note 10)	249,864	-	-	-	249,864	210,975
Deferred revenue (note 7)	21,347	362,627	-	-	383,974	393,320
	271,211	362,627	-	-	633,838	604,295
Fund balances						
Unrestricted	1,123,695	-	-	-	1,123,695	698,968
Internally restricted (note 8(a))	260,475	-	338,553	-	599,028	599,028
Externally restricted (note 8(b))	-	1,522,539	386,820	11,264,841	13,174,200	11,027,870
Internally restricted – invested in capital assets	-	-	3,629,280	-	3,629,280	3,822,379
	1,384,170	1,522,539	4,354,653	11,264,841	18,526,203	16,148,245
	1,655,381	1,885,166	4,354,653	11,264,841	19,160,041	16,752,540

Approved by the Members

_____ Director _____ Director

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, 2020

					2020	2019
	General Fund	Health and Dental Plan Fund	Capital Asset Fund	Restricted SA Building Fund	Total	Total
	\$	\$	\$	\$	\$	\$
Revenues						
Student fees	2,102,490	-	21,863	1,519,477	3,643,830	3,575,669
Sales	2,318,238	-	-	-	2,318,238	3,043,029
Dental plan	-	937,434	-	-	937,434	1,006,253
Health plan	-	814,876	-	-	814,876	885,183
Government subsidies	410,020	-	-	-	410,020	-
Investment income	90,795	6,407	4,150	103,195	204,547	218,997
Locker revenue	189,070	-	-	-	189,070	226,354
Donations and sponsorship	74,823	-	-	-	74,823	71,775
Other	32,880	139	399	739	34,157	123,211
Advertising revenue	30,981	-	-	-	30,981	15,720
Realized and unrealized gain on investments	-	-	-	9,245	9,245	42,525
Room rentals	7,560	-	-	-	7,560	16,887
	5,256,857	1,758,856	26,412	1,632,656	8,674,781	9,225,603
Other income	35,000	-	-	-	35,000	-
	5,291,857	1,758,856	26,412	1,632,656	8,709,781	9,225,603
Expenses						
Salaries, wages and benefits	2,549,111	-	-	-	2,549,111	2,666,264
Purchases	1,088,043	-	-	-	1,088,043	1,397,373
Dental plan premium	-	665,302	-	-	665,302	1,195,544
Health plan premium	-	487,364	-	-	487,364	912,472
Administrative	457,811	3,671	-	-	461,482	462,367
Event costs	347,081	-	-	-	347,081	382,881
Amortization	-	-	308,356	-	308,356	250,753
Lobbying and conference costs	130,343	-	-	-	130,343	153,754
Office supplies	68,599	-	-	-	68,599	73,800
Donations and sponsorship	58,065	-	-	-	58,065	43,335
Promotions	53,862	-	-	-	53,862	75,737
Other	48,462	-	-	-	48,462	100,137
Repairs and maintenance	45,414	-	-	-	45,414	49,023
Printing costs	20,339	-	-	-	20,339	28,679
	4,867,130	1,156,337	308,356	-	6,331,823	7,792,119
Excess (deficiency) of revenues over expenses for the year	424,727	602,519	(281,944)	1,632,656	2,377,958	1,433,484
Fund balances – Beginning year	959,443	920,020	4,636,597	9,632,185	16,148,245	14,714,761
Fund balances – End of year	1,384,170	1,522,539	4,354,653	11,264,841	18,526,203	16,148,245

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, 2020

	2020 \$	2019 \$
Cash provided by (used in)		
Operating activities		
Excess (deficiency) of revenues over expenditures for the year	1,027,246	(9,979)
Changes in non-cash working capital items		
Accounts receivable	(98,039)	(48,553)
Inventories	(10,627)	5,216
Prepaid expenses	38,524	(95,774)
Reserves	(834,592)	-
Accounts payable and accrued liabilities	38,889	(240,066)
Deferred revenue	(9,346)	52,276
	(875,191)	(326,901)
	152,055	(336,880)
Investing activities		
Investment income – Capital Asset Fund and Restricted SA Building Fund	107,345	139,843
Purchase of investments	(2,139,236)	(960,111)
Proceeds from sale of investments	2,305,573	2,314,232
Purchase of capital assets	(115,257)	(2,044,665)
	158,425	(550,701)
Financing activities		
Student fees – Capital Asset Fund	21,863	21,454
Student fees – Restricted SA Building Fund	1,519,477	1,491,054
	1,541,340	1,512,508
Increase in cash and cash equivalents during the year	1,851,820	624,927
Cash and cash equivalents – Beginning of year	6,982,598	6,357,671
Cash and cash equivalents – End of year	8,834,418	6,982,598
Cash and cash equivalents consist of		
Cash on hand in bank	8,760,293	5,545,130
Money market funds	74,125	1,437,468
	8,834,418	6,982,598

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, 2020

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 Change in accounting policy

Effective July 1, 2019, the Association adopted the new standard in the Chartered Professional Accountants of Canada Handbook, Part III – Accounting for Not-for-Profit Organizations Section 4433 (Tangible Capital Assets Held by Not-for-Profit Organizations).

The adoption of Section 4433 – Tangible Capital Assets Held by Not-for-Profit Organizations resulted in a change to the Association's accounting policies with respect to componentization and amortization of tangible capital assets. The cost of tangible capital assets made up of significant separable component parts is now allocated to the component parts when practicable and when estimates can be made of the estimated useful lives of the separate components.

In accordance with the transitional provisions in Section 4433, the cost and related accumulated amortization of those tangible capital assets identified as having significant separable components were not allocated to their component parts as at July 1, 2019, as there is no material impact to the financial statements.

Also, in accordance with Section 4433, the Association's accounting policies with respect to capital assets have been revised (note 3).

3 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 Board of Directors.

The Southern Alberta Institute of Technology Students' Association

Notes to Financial Statements

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- **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 (2019 – \$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 Board of Directors.

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.

Government subsidies are recognized as revenue in the year received or receivable if the amount can be reasonably estimated and collection is reasonably assured.

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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.

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 work-in-progress are not subject to amortization until they are put into use.

Capital assets are tested for impairment when conditions indicate that a capital asset no longer contributes to the Association's ability to provide goods and services, or that the value of future economic benefits or service potential associated with the capital asset is less than its net carrying amount. When conditions indicate that a capital asset is impaired, the net carrying amount of the capital asset is written down to the asset's fair value or replacement cost. The writedowns of capital assets are recognized as expenses in the statement of operations and changes in fund balances. Writedowns are not subsequently reversed.

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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 reserves. 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.

4 Reserves

Reserves consist of amounts held related to the Association's Health and Dental Plan. The amounts are non-interest bearing, and a reserve of \$989,988 (2019 – \$155,396) is currently held with the insurance provider. Reserves will be used in future years to fund the expenses of the Health and Dental Plan for the Association.

5 Investments

Investments consist of preferred shares, government and corporate bonds and term deposits with interest rates varying from 2.19% to 5.00% (2019 – 2.00% to 5.38%) and maturity dates from July 27, 2020 to July 15, 2026 (2019 – September 14, 2020 to January 15, 2025).

6 Capital assets

			2020	2019
	Cost \$	Accumulated amortization \$	Net \$	Net \$
Furniture and equipment	566,943	523,326	43,617	52,241
Electronics and food equipment	1,006,758	943,897	62,861	117,716
Computer equipment	231,957	191,154	40,803	13,908
Leasehold improvements	2,291,722	1,985,695	306,027	462,542
Building (work-in-progress) (note 11)	3,175,972	-	3,175,972	3,175,972
	7,273,352	3,644,072	3,629,280	3,822,379

The Southern Alberta Institute of Technology Students' Association

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7 Deferred revenue

Deferred revenue consists of the following:

	2020 \$	2019 \$
Health and dental	362,627	371,202
SAITSA One Gift Card	12,170	11,422
Survival Guide advertising	9,177	10,696
	<hr/> 383,974	<hr/> 393,320

8 Restricted fund balances

a) Internally

The Association has internally restricted the following amounts:

	2020 \$	2019 \$
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:

	2020 \$	2019 \$
Restricted building reserve	11,264,841	9,632,185
Student health and dental plan	1,522,539	920,020
Future capital asset expenditures	386,820	475,665
	<hr/> 13,174,200	<hr/> 11,027,870

9 Financial instruments

It is the opinion of management that the Association is not subject to significant 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

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June 30, 2020

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

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Association does not have a concentration of credit risk exposure with any one creditor. Management reviews its accounts receivable for collectibility, incorporating any impacts of COVID-19 on its ability to collect.

Liquidity risk

Liquidity risk is the risk that the Association will not be able to meet a demand for cash or fund its obligations as they come due. The Association manages its liquidity risk by monitoring cash flows from operations and monitoring and reviewing actual and forecasted cash flows that incorporate the effects of COVID-19 to ensure cash resources are available to meet these needs.

10 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 \$2,284 (2019 – \$4,954) is included in accounts payable and accrued liabilities.

11 Subsequent event

On July 8, 2018, Saita entered into an agreement with the Southern Alberta Institute of Technology Polytechnic (SAIT). Saita had committed to gift SAIT \$9,000,000 (cash gift) before or by July 31, 2020 to assist in the financing of the construction of a new Saita headquarters (the Capital Expansion Project). As at July 31, 2020, Saita had gifted SAIT a total of \$2,000,000; however, the "Conditions" (as set out and defined in the Gift Agreement) had not been fulfilled or waived by SAIT, nor had the "Purpose" (as set out and defined in the Gift Agreement) been met. Saita exercised its rights (as set out and defined in the Gift Agreement) and requested the return of the \$2,000,000 cash gift. Subsequent to year-end, all funds were returned to Saita.

12 COVID-19 pandemic

On March 11, 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) a global pandemic, resulting in significant public health measures and restrictions put in place. Restrictions such as travel bans, closure of non-essential businesses and physical distancing have caused disruption to businesses and a significant decline in global capital markets resulting in an economic slowdown.

The Southern Alberta Institute of Technology Students' Association

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The Association has closed its offices and operations since March 19, 2020 and continues to work from home. The Association has transitioned most of its direct programming online due to consideration of provincial and health restrictions and guidelines, with uncertainty as to when in-person classes will resume. Management has assessed the financial impact of COVID-19 as at June 30, 2020, including the collectibility of receivables, valuation of investments, assessment of provisions and the timing of revenue recognition. Management did not identify any significant impact to its financial statements as at June 30, 2020.

The long-term impact of the pandemic on the Association and the economy is not yet known, and information surrounding the global economic impact of COVID-19 and the estimated length of the pandemic continues to evolve. Future impacts of the pandemic may have financial effects on the Association's future revenues and operating results including membership numbers. It is not possible to estimate the results of future financial impacts of COVID-19 on the Association subsequent to June 30, 2020.