

The Southern Alberta Institute of Technology Students' Association

Financial Statements
June 30, 2021

Independent Auditor's Report

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

Opinion

We have audited the financial statements of The Southern Alberta Institute of Technology Students' Association (the "Association"), which comprise the statement of financial position as at June 30, 2021, and the statements of operations and changes in fund balances and cash flows for the year then ended, and notes to the financial statements, which include a summary of significant accounting policies.

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 as at June 30, 2021, and its results of operations and its cash flows for the year then ended in accordance with Canadian Accounting Standards for Not-for-Profit Organizations.

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 are independent of the Association in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other matters

The financial statements of the organization for the year ended June 30, 2020 were audited by another auditor who expressed an unmodified opinion on those financial statements on December 7, 2020.

Responsibilities of Management and Those Charged with Governance 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.

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.

Calgary, Canada
December 6, 2021

The signature of Grant Thornton LLP is written in a cursive, handwritten style.

Chartered Professional Accountants

The Southern Alberta Institute of Technology Students' Association

Statement of Financial Position

As at June 30, 2021

	2021				2020
	General Fund \$	Health and Dental Plan Fund \$	Capital Asset Fund \$	Restricted SA Building Fund \$	Total \$
Assets					
Current assets					
Cash and cash equivalents	5,095,898	-	596,343	1,187,540	6,879,781
Short-term investments	-	-	-	2,122,680	2,122,680
Accounts receivable	495,127	254,378	-	-	749,505
Inventories	42,563	-	-	-	42,563
Prepaid expenses	85,903	-	-	-	85,903
Due to/from funds	(3,380,055)	966,517	2,162,184	251,354	-
	2,339,436	1,220,895	2,758,527	3,561,574	9,880,432
Reserves (note 3)	-	985,643	-	-	985,643
Investments (note 4)	-	-	-	7,920,763	7,920,763
Capital assets (note 5 and 10)	-	-	1,463,015	-	1,463,015
	2,339,436	2,206,538	4,221,542	11,482,337	20,249,853
Liabilities					
Current liabilities					
Accounts payable and accrued liabilities (note 6)	118,540	-	-	-	118,540
Deferred revenue (note 7)	21,327	687,984	-	-	709,311
	139,867	687,984	-	-	827,851
Fund balances					
Unrestricted	1,939,094	-	-	-	1,939,094
Internally restricted (note 8(a))	260,475	-	338,553	-	599,028
Externally restricted (note 8(b))	-	1,518,554	2,419,974	11,482,337	15,420,865
Internally restricted – invested in capital assets	-	-	1,463,015	-	1,463,015
	2,199,569	1,518,554	4,221,542	11,482,337	19,422,002
	2,339,436	2,206,538	4,221,542	11,486,993	20,249,853

Commitments (Note 9)

COVID-19 (Note 11)

Approved by the Members

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Liam Hunter

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Executive

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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, 2021

	2021				2020
	General Fund \$	Health and Dental Plan Fund \$	Capital Asset Fund \$	Restricted SA Building Fund \$	Total \$
Revenues					
Student fees	2,804,591	-	28,329	-	2,832,920
Dental plan	-	1,007,641	-	-	1,007,641
Health plan	-	928,950	-	-	928,950
Government subsidies	533,046	-	-	-	533,046
Investment income	41,777	-	10,118	217,496	269,391
Donations and sponsorship	27,800	-	-	-	27,800
Advertising revenue	23,708	-	-	-	23,708
Other	8,314	-	-	-	8,314
Sales	825	-	-	-	825
Locker revenue	-	-	-	-	-
Room rentals	-	-	-	-	-
	3,440,061	1,936,591	38,447	217,496	5,632,595
Other income	-	-	-	-	-
	3,440,061	1,936,591	38,447	217,496	5,632,595
Expenses					
Salaries, wages and benefits	1,862,477	-	-	-	1,862,477
Dental plan premium	-	1,014,901	-	-	1,014,901
Health plan premium	-	919,825	-	-	919,825
Administrative	384,949	5,850	-	-	390,799
Amortization	-	-	171,558	-	171,558
Event costs	125,859	-	-	-	125,859
Lobbying and conference costs	116,893	-	-	-	116,893
Purchases	33,455	-	-	-	33,455
Office supplies	27,503	-	-	-	27,503
Promotions	26,705	-	-	-	26,705
Other	23,710	-	-	-	23,710
Repairs and maintenance	18,783	-	-	-	18,783
Donations and sponsorship	4,328	-	-	-	4,328
Printing costs	-	-	-	-	-
	2,624,662	1,940,576	171,558	-	4,736,796
Excess (deficiency) of revenues over expenses for the year	815,399	(3,985)	(133,111)	217,496	895,799
Fund balances – Beginning year	1,384,170	1,522,539	4,354,653	11,264,841	18,526,203
Fund balances – End of period	2,199,569	1,518,554	4,221,542	11,482,337	19,422,002

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, 2021

	2021 \$	2020 \$
Cash provided by (used in)		
Operating activities		
Excess of revenues over expenses for the year	811,414	1,027,246
Changes in non-cash working capital items		
Accounts receivable	(283,194)	(98,039)
Inventories	35,674	(10,627)
Prepaid expenses	52,139	38,524
Reserves	4,345	(834,592)
Accounts payable and accrued liabilities	(131,324)	38,889
Deferred revenue	325,337	(9,346)
	2,977	(875,191)
	814,391	152,055
Investing activities		
Investment income – Capital Asset Fund and Restricted SA Building Fund	299,603	107,345
Purchases (net of proceeds) of investments	(5,091,667)	166,337
Proceeds of disposals (net purchases) of capital assets	1,994,707	(115,257)
	(2,797,357)	158,425
Financing activities		
Student fees – Capital Asset Fund	28,329	21,863
Student fees – Restricted SA Building Fund	-	1,519,477
	28,329	1,541,340
(Decrease) increase in cash and cash equivalents during the year	(1,954,637)	1,851,820
Cash and cash equivalents – Beginning of year	8,834,418	6,982,598
Cash and cash equivalents – End of year	6,879,781	8,834,418
Cash and cash equivalents consist of		
Cash on hand in bank	6,879,781	8,760,293
Money market funds	-	74,125
	6,879,781	8,834,418

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

The Southern Alberta Institute of Technology Students' Association

Notes to Financial Statements

For the year ended June 30, 2021

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 predominantly provided by student fees as determined by the Saitsa Board of Directors.

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 (2020— \$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

For the year ended June 30, 2021

2 Summary of significant accounting policies (Continued)

• 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 included in the general are recognized as revenue over the period for which services are delivered. Student fees included in the restricted SA building fund and capital asset fund are recognized as revenue when received.

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.

Net investment income includes interest income, dividends and changes in fair value less transactional costs. Net 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.

Donations and sponsorship are recognized when received or reasonable assurance is given that the amounts to be received can be reasonably estimated and collection is reasonably assured.

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

For the year ended June 30, 2021

2 Summary of significant accounting policies (Continued)

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, realized and unrealized gains and transaction costs recognized in the statement of operations and changes in fund balances as net investment income.

Capital assets

Capital assets are recorded at cost. The cost of capital assets made up of significant separable component costs is allocated to the component part when practicable and when estimates can be made of the estimated useful life of the separate component. 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 write-downs of capital assets are recognized as expenses in the statement of operations and changes in fund balances. Write-downs are not subsequently reversed.

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. Net realizable value is the estimated selling price in the ordinary course of business less the estimated variable selling costs. Inventories are written down to net realizable value when the cost is estimated to not be recoverable, the inventory is damaged, or it becomes obsolete. The amount of any

The Southern Alberta Institute of Technology Students' Association

Notes to Financial Statements

For the year ended June 30, 2021

2 Summary of significant accounting policies (Continued)

write-down of inventories to net realizable value and any losses are recognized as an expense, and included in the statement of operations and fund balances, in the period the write-down or loss occurs.

Government assistance

The Association recognizes government assistance toward current expenses in the statement of operations. When government assistance received is specified to relate to future expenses, the Association defers the assistance and recognizes it in the statement of operations as the related expenses are incurred. When government assistance relates to the acquisition of property, plant and equipment, the Association deducts the assistance from the cost of the related property, plant and equipment.

Financial instruments

The Association measures its financial instruments at fair value on initial recognition.

Equity instruments that are quoted in an active market are subsequently recorded at fair value. All other financial instruments are recorded at cost or amortized cost unless management has elected to record at fair value. The Association has elected to carry all investments at fair value. Cash and cash equivalents, accounts receivable, inventories, reserves, accounts payable and accrued liabilities and deferred revenue are measured at amortized cost.

Transaction costs related to financial instruments measured at fair value are expensed as incurred. For all other financial instruments, the transaction costs are added to the carrying value of the asset or netted against the carrying value of the liability and are then recognized over the expected life of the instrument using the straight-line method. Any premium or discount related to an instrument measured at amortized cost is amortized over the expected life of the item using the straight-line method and recognized in the statement of operations and changes in fund balances.

With respect to financial assets measured at cost or amortized cost, the Association recognizes in the statement of operations and changes in fund balances an impairment loss, if any, when it determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows. When the extent of impairment of a previously written down asset decreases and the decrease can be related to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed in the statement of operations and changes in fund balances in the period the reversal occurs.

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.

The Southern Alberta Institute of Technology Students' Association

Notes to Financial Statements

For the year ended June 30, 2021

2 Summary of significant accounting policies (Continued)

Assumptions are used in estimating the collectability of accounts receivable, net realizable value of inventories, fair value of investments, useful life and potential impairment of capital assets, and accrued liabilities. Management reviews its estimates annually based on current available information.

3 Reserves

Reserves consist of amounts held related to the Association's Health and Dental Plan. The amounts are interest bearing, a reserve of \$985,643 (2020 – \$989,988) 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.

4 Investments

Investments consist of preferred shares, government and corporate bonds and term deposits with interest rates varying from 1.75% to 5.85% per annum (2020 – 2.19% to 5.00%) and maturity dates from December 5, 2022 to December 1, 2051 (2020 – July 27, 2020 to July 15, 2026).

Included in net investment income are unrealized losses of \$71,989 (2020 – gains of \$9,245).

5 Capital assets

	2021		2020
	Cost \$	Accumulated amortization \$	Net \$
Furniture and equipment	569,881	541,435	28,446
Electronics and food equipment	1,009,113	982,327	26,786
Computer equipment	231,957	219,605	12,352
Leasehold improvements	2,291,722	2,072,263	219,459
Building (work-in-progress)	1,175,972	-	1,175,972
	5,278,645	3,815,630	1,463,015
			3,629,280

6 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 receivable of \$3,751 (2020 – payable of \$2,284) is included in accounts payable and accrued liabilities.

The Southern Alberta Institute of Technology Students' Association

Notes to Financial Statements

For the year ended June 30, 2021

7 Deferred revenue

Deferred revenue consists of the following:

	2021 \$	2020 \$
Health and dental	687,984	362,627
SAITSA One Gift Card	12,170	12,170
Survival Guide advertising	9,157	9,177
	<u>709,311</u>	<u>383,974</u>

8 Restricted fund balances

a) Internally

The Association has internally restricted the following amounts:

	2021 \$	2020 \$
Contingency reserve	260,475	260,475
Future capital asset expenditures	338,553	338,553
	<u>599,028</u>	<u>599,028</u>

b) Externally

Externally restricted fund balances represent the following:

	2021 \$	2020 \$
Restricted building reserve	11,482,337	11,264,841
Student health and dental plan	1,518,554	1,522,539
Future capital asset expenditures	2,419,974	386,820
	<u>15,420,865</u>	<u>13,174,200</u>

9 Commitments

On July 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 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. During fiscal 2021, all funds were returned to Saita and have been recorded against building (work in progress) in the capital assets.

The Southern Alberta Institute of Technology Students' Association

Notes to Financial Statements

For the year ended June 30, 2021

9 Commitments (Continued)

Saitsa has two lease agreements with SAIT in which Saitsa is charged an annual fee costs for the use of space within the Campus Centre, the Stan Grad Centre and the Senator Burns Building. The agreement for the Campus Centre is five years with a five-year renewal option and an annual fee of \$1 (2020 - \$1). The lease agreement for the Stan Grad and Senator Burns building is for ten years with a five-year renewal option with an annual fee of \$1 (2020 - \$1).

10 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 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 failure to discharge an obligation. The Association has a concentration of credit risk pertaining to its cash and cash equivalents, investments and accounts receivable.

The Association mitigates its exposure to credit loss pertaining to cash by placing its cash and cash equivalents and investments with reputable financial institutions.

The Association is exposed to credit risk to the extent that its customers may experience financial difficulty and would be unable to meet their obligations. However, the Association does not have a concentration of credit risk exposure on its accounts receivable with any one creditor, which minimizes its concentration of credit risk in this regard.

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 there is available cash resources to meet these needs.

The Southern Alberta Institute of Technology Students' Association

Notes to Financial Statements

For the year ended June 30, 2021

11 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.

As a result of the ongoing COVID-19 pandemic 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. The Association applied for and received the Canada Emergency Wage Subsidy ("CEWS") in the amount of \$533,046 throughout fiscal 2021 (2020 - \$410,020) with \$29,551 (2020 - \$Nil) included in accounts receivable at year end. Accordingly, this subsidy has helped the Association avoid a material negative impact on the financial position and results of operations of the club at this point in time.

Subsequent to year end in September 2021, on campus operations have resumed. Management has assessed the financial impact of COVID-19 as at June 30, 2021, including the collectability 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, 2021.

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, 2021.

12 Comparative figures

Comparative figures have been adjusted to conform to changes in the current year presentation.