

The Southern Alberta Institute of Technology
Students' Association
Financial Statements
June 30, 2022

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, 2022, 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, 2022, 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.

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 5, 2022

The logo for Grant Thornton LLP, featuring the company name in a stylized, cursive script.

Chartered Professional Accountants

The Southern Alberta Institute of Technology Students' Association

Statement of Financial Position

As at June 30, 2022

					2022	2021
	General Fund \$	Health and Dental Plan Fund \$	Capital Asset Fund \$	Restricted SA Building Fund \$	Total \$	Total \$
Assets						
Current assets						
Cash and cash equivalents	4,268,053	-	601,778	225,679	5,095,510	6,879,781
Short-term investments	-	-	-	2,585,821	2,585,821	2,122,680
Accounts receivable	1,571,956	960,636	-	-	2,532,592	749,505
Inventories	36,685	-	-	-	36,685	42,563
Prepaid expenses	50,468	-	-	-	50,468	85,903
Due to/from funds	(2,970,798)	599,959	2,119,484	251,355	-	-
	<u>2,956,364</u>	<u>1,560,595</u>	<u>2,721,262</u>	<u>3,062,855</u>	10,301,076	9,880,432
Reserves (note 3)	-	835,057	-	-	835,057	985,643
Investments (note 4)	-	-	-	7,640,993	7,640,993	7,920,763
Capital assets (note 5)	-	-	1,557,097	-	1,557,097	1,463,015
	<u>2,956,364</u>	<u>2,395,652</u>	<u>4,278,359</u>	<u>10,703,848</u>	20,334,223	20,249,853
Liabilities						
Current liabilities						
Accounts payable and accrued liabilities (note 6)	277,152	-	-	-	277,152	118,540
Deferred revenue (note 7)	12,823	881,123	-	-	893,946	709,311
	<u>289,975</u>	<u>881,123</u>	<u>-</u>	<u>-</u>	1,171,098	827,851
Fund balances						
Unrestricted	2,405,914	-	-	-	2,405,914	1,939,094
Internally restricted (note 8(a))	260,475	-	338,553	-	599,028	599,028
Externally restricted (note 8(b))	-	1,514,529	2,382,709	10,703,848	14,601,086	15,420,865
Internally restricted – invested in capital assets	-	-	1,557,097	-	1,557,097	1,463,015
	<u>2,666,389</u>	<u>1,514,529</u>	<u>4,278,359</u>	<u>10,703,848</u>	19,163,125	19,422,002
	<u>2,956,364</u>	<u>2,395,652</u>	<u>4,278,359</u>	<u>10,703,848</u>	20,334,223	20,249,853

Commitments (Note 9)

Approved by the Members



Executive



Executive

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

The Southern Alberta Institute of Technology Students' Association

Statement of Operations and Changes in Fund Balances

For the year ended June 30, 2022

	2022				2021	
	General Fund \$	Health and Dental Plan Fund \$	Capital Asset Fund \$	Restricted SA Building Fund \$	Total \$	Total \$
Revenues						
Student fees	2,705,213	-	166,504	-	2,871,717	2,832,920
Health plan	-	1,374,200	-	-	1,374,200	928,950
Dental plan	-	1,280,484	-	-	1,280,484	1,007,641
Sales	627,253	-	-	-	627,253	825
Donations and sponsorship	132,115	-	-	-	132,115	27,800
Locker revenue	88,008	-	-	-	88,008	-
Other	76,800	-	-	-	76,800	8,314
Government subsidies (Note 11)	24,801	-	-	-	24,801	533,046
Advertising revenue	21,879	-	-	-	21,879	23,708
Room rentals	5,071	-	-	-	5,071	-
Investment income	6,690	-	15,701	55,514	77,905	341,383
Unrealized loss on investments	-	-	-	(834,003)	(834,003)	(71,989)
	<u>3,687,830</u>	<u>2,654,684</u>	<u>182,205</u>	<u>(778,489)</u>	<u>5,746,230</u>	<u>5,632,595</u>
Expenses						
Salaries, wages and benefits	1,805,396	-	-	-	1,805,396	1,862,477
Health plan premium	-	1,297,544	-	-	1,297,544	919,825
Dental plan premium	-	1,210,579	-	-	1,210,579	1,014,901
Administrative	439,021	150,586	-	-	589,607	390,799
Event costs	383,949	-	-	-	383,949	125,859
Purchases	342,579	-	-	-	342,579	33,455
Amortization	-	-	125,388	-	125,388	171,558
Lobbying and conference costs	125,382	-	-	-	125,382	116,893
Office supplies	32,232	-	-	-	32,232	27,503
Promotions	27,882	-	-	-	27,882	26,705
Repairs and maintenance	20,855	-	-	-	20,855	18,783
Other	16,929	-	-	-	16,929	23,710
Printing costs	13,579	-	-	-	13,579	-
Donations and sponsorship	13,206	-	-	-	13,206	4,328
	<u>3,221,010</u>	<u>2,658,709</u>	<u>125,388</u>	<u>-</u>	<u>6,005,107</u>	<u>4,736,796</u>
Excess (deficiency) of revenues over expenses for the year	466,820	(4,025)	56,817	(778,489)	(258,877)	895,799
Fund balances – Beginning year	<u>2,199,569</u>	<u>1,518,554</u>	<u>4,221,542</u>	<u>11,482,337</u>	<u>19,422,002</u>	<u>18,526,203</u>
Fund balances – End of period	<u>2,666,389</u>	<u>1,514,529</u>	<u>4,278,359</u>	<u>10,703,848</u>	<u>19,163,125</u>	<u>19,422,002</u>

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

The Southern Alberta Institute of Technology Students' Association

Statement of Cash Flows

For the year ended June 30, 2022

	2022 \$	2021 \$
Cash provided by (used in)		
Operating activities		
Excess of revenues over expenses for the year	462,795	811,414
Changes in non-cash working capital items		
Accounts receivable	(1,783,087)	(283,194)
Inventories	5,878	35,674
Prepaid expenses	35,435	52,139
Reserves	150,586	4,345
Accounts payable and accrued liabilities	158,612	(131,324)
Deferred revenue	184,635	325,337
	<u>(785,146)</u>	<u>814,391</u>
Investing activities		
Investment income – Capital Asset Fund and Restricted SA Building Fund	71,215	299,603
Purchases (net of proceeds) of investments	(1,017,374)	(5,091,667)
Proceeds of disposals (net purchases) of capital assets	(219,470)	1,994,707
	<u>(1,165,629)</u>	<u>(2,797,357)</u>
Financing activities		
Student fees – Capital Asset Fund	166,504	28,329
	<u>(1,784,271)</u>	<u>(1,954,637)</u>
Decrease in cash and cash equivalents during the year	(1,784,271)	(1,954,637)
Cash and cash equivalents – Beginning of year	6,879,781	8,834,418
Cash and cash equivalents – End of year	5,095,510	6,879,781

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, 2022

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 contributions are paid to the benefits provider to adjudicate health and dental claims for the students. Contributions paid to the benefits provider are adjusted based on actual 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 \$50,000 (2021– \$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, 2022

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 Fund 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 (loss) includes interest income, dividends less transactional costs. Net investment income (loss) 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, which 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, 2022

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. There were no cash equivalents held as at June 30, 2022 or 2021.

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 fair 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 (loss).

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.

The Southern Alberta Institute of Technology Students' Association

Notes to Financial Statements

For the year ended June 30, 2022

2 Summary of significant accounting policies (Continued)

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 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 capital assets, the Association deducts the assistance from the cost of the related capital asset.

Financial instruments

The Association measures its financial instruments at fair value on initial recognition, except for certain non-arm's length transactions which are measured at cost or fair value, depending on the nature of the transaction.

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 and has no non-arm's length transactions measured 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.

The Southern Alberta Institute of Technology Students' Association

Notes to Financial Statements

For the year ended June 30, 2022

2 Summary of significant accounting policies (Continued)

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.

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 \$835,057 (2021– \$985,643) 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 1.25% to 5.0% per annum (2021 – 1.75% to 5.85%) and maturity dates from July 19, 2023 to June 1, 2032 (2021 – December 5, 2022 to December 1, 2051).

5 Capital assets

			2022	2021
	Cost \$	Accumulated amortization \$	Net \$	Net \$
Furniture and equipment	585,367	557,252	28,115	28,446
Electronics and food equipment	1,178,614	1,006,886	171,728	26,786
Computer equipment	242,361	234,352	8,009	12,352
Leasehold improvements	2,315,801	2,142,528	173,273	219,459
Building (work-in-progress)	1,175,972	-	1,175,972	1,175,972
	5,498,115	3,941,018	1,557,097	1,463,015

The Southern Alberta Institute of Technology Students' Association

Notes to Financial Statements

For the year ended June 30, 2022

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 payable of \$10,058 (2021– receivable of \$3,751) is included in accounts payable and accrued liabilities.

7 Deferred revenue

Deferred revenue consists of the following:

	2022 \$	2021 \$
Health and dental	881,123	687,984
SAITSA One Gift Card	-	12,170
Survival Guide advertising	12,823	9,157
	<u>893,946</u>	<u>709,311</u>

8 Restricted fund balances

a) Internally

The Association has internally restricted the following amounts:

	2022 \$	2021 \$
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:

	2022 \$	2021 \$
Restricted building reserve	10,703,848	11,482,337
Student health and dental plan	1,514,529	1,518,554
Future capital asset expenditures	2,382,709	2,419,974
	<u>14,601,086</u>	<u>15,420,865</u>

The Southern Alberta Institute of Technology Students' Association

Notes to Financial Statements

For the year ended June 30, 2022

9 Commitments

Saitsa has two lease agreements with SAIT in which Saitsa is charged an annual fee for the use of space within the Campus Centre, the Stan Grad Centre and the Senator Burns Building. The agreement for the Campus Centre was terminated effective July 1, 2022 (with a July 31, 2022 departure date) and replaced with a temporary premises lease agreement in the Senator Burns Building due to the demolition of the Campus Centre and construction of a new building. The lease term is for a period of 3 years, which will be automatically extended, if required, to coincide with occupancy in the new building. The annual fee remains at \$1 (2021 - \$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 (2021 - \$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 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, 2022

11 Government subsidies - 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 being put in place. As a result, the Association closed its offices and operations on March 19, 2020 and transitioned most of its direct programming online in order to comply with the provincial and health restrictions and guidelines. In September 2021, on campus operation resumed.

The Association applied for and received the Canada Emergency Wage Subsidy ("CEWS") in the amount of \$24,801 throughout fiscal 2022 (2021 - \$533,046) with \$Nil (2021 - \$29,551) included in accounts receivable at year end. The CEWS subsidy helped the Association avoid a material negative impact on the financial position and results of operations.