

Financial Statements of

**SAULT COLLEGE
STUDENTS' UNION**

Year ended April 30, 2015



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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Sault College Students' Union

We have audited the accompanying financial statements of Sault College Students' Union, which comprise the statement of financial position as at April 30, 2015, the statement of operations and net assets, and cash flows for the year then ended, and notes, comprising 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.

Auditors' 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 our 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, we consider 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 in our audit is sufficient and appropriate to provide a basis for our audit opinion.



Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Sault College Students' Union as at April 30, 2015, 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.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

April 26, 2016

Sault Ste. Marie, Canada

SAULT COLLEGE STUDENTS' UNION

Statement of Financial Position

April 30, 2015, with comparative information for 2014

	2015	2014
Assets		
Current assets:		
Cash	\$ 566,810	\$ 12,712
Accounts receivable	623	6,998
	<u>567,433</u>	<u>19,710</u>
Receivable from Sault College of Applied Arts and Technology, without interest or fixed repayment	1,054,254	1,318,618
Capital assets (note 2)	65,674	51,883
	<u>\$ 1,687,361</u>	<u>\$ 1,390,211</u>

Liabilities and Net Assets

Current liabilities:		
Accounts payable and accrued liabilities (note 3)	\$ 262,823	\$ 13,270
Net assets	1,424,538	1,376,941
Commitments (note 5)		
	<u>\$ 1,687,361</u>	<u>\$ 1,390,211</u>

See accompanying notes to financial statements.

On behalf of the Board:

SAULT COLLEGE STUDENTS' UNION

Statement of Operations and Net Assets

Year ended April 30, 2015, with comparative information for 2014

	2015	2014
Revenue (Schedule 1):		
Student fees	\$ 1,236,525	\$ 1,054,277
Food sales	202,647	147,411
Liquor sales	88,457	74,016
Meal plan	131,601	95,299
Miscellaneous	23,752	22,047
	<hr/> 1,682,982	<hr/> 1,393,050
Expenses (Schedule 1):		
Salaries and benefits	557,054	524,749
Insurance	365,499	161,236
Restaurant supplies	215,903	204,561
Contract services	131,547	82,406
Contribution to Health & Wellness Building	77,861	-
Office and general	69,740	32,255
Utilities	52,699	26,250
Interest on contribution	50,070	-
Janitorial	33,132	34,471
Travel	26,553	21,719
Advertising	16,515	7,446
Fees and dues	15,493	19,248
Amortization of capital assets	10,185	5,765
Professional fees	5,610	16,973
Supplies	4,137	7,290
Repairs and maintenance	3,387	1,966
	<hr/> 1,635,385	<hr/> 1,146,335
Excess of revenue over expenses	47,597	246,715
Net assets, beginning of year	1,376,941	-
Transfer from Sault College of Applied Arts and Technology	-	1,130,226
Net assets, end of year	<hr/> \$ 1,424,538	<hr/> \$ 1,376,941

See accompanying notes to financial statements.

SAULT COLLEGE STUDENTS' UNION

Statement of Cash Flows

Year ended April 30, 2015, with comparative information for 2014

	2015	2014
Cash provided by (used in):		
Operations:		
Excess of revenue over expenses	\$ 837,027	\$ 572,725
Item not involving cash:		
Amortization of capital assets	10,185	5,765
	847,212	578,490
Changes in non-cash operating working capital:		
Decrease (increase) in accounts receivable	6,375	(6,998)
Decrease (increase) in receivable from Sault College of Applied Arts and Technology	264,364	(188,392)
Increase in accounts payable and accrued liabilities	249,553	13,270
	1,367,504	396,370
Investing:		
Purchase of capital assets	(23,976)	(57,648)
Increase in cash	1,343,528	338,722
Cash, beginning of year	12,712	-
Cash, end of year	\$ 1,356,240	\$ 338,722

See accompanying notes to financial statements.

SAULT COLLEGE STUDENTS' UNION

Notes to Financial Statements

Year ended April 30, 2015

Nature of operations:

Sault College Students' Union (the "Students' Union") is a private company incorporated without share capital effective May 1, 2013. Its principal activity is the support of student activities at the Sault College of Applied Arts and Technology (the "College").

1. Significant accounting policies:

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the CPA Canada Handbook - Accounting. The Students' Union's significant accounting policies are as follows:

(a) Revenue recognition:

The Students' Union follows the deferral method of accounting for contributions.

Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred.

(b) Fund accounting:

The Students' Union fund accounts for student fees, other revenue and expenses which are for the general operations of the Students' Union.

The Quality Improvement Fund accounts for the costs relating to the purchase of new equipment and capital assets.

The Subsidized Operations fund accounts for costs relating to occupancy and other expenses billed by the College to the Students' Union.

The Student Life Centre and Restaurant fund accounts for revenue and expenses from the operations of the Odeno Restaurant.

The Dental and Health Insurance fund accounts for revenue and expenses relating to student health and dental insurance premiums.

The Athletic Building Fund accounts for student fees and the disbursement of the student commitment relating to the Student Life Centre.

The Athletic Equipment Fund accounts for student fees and the repayment of the equipment loan for the Student Life Centre.

SAULT COLLEGE STUDENTS' UNION

Notes to Financial Statements (continued)

Year ended April 30, 2015

1. Significant accounting policies (continued):

(c) Related party transactions:

Monetary and non-monetary related party transactions and non-monetary related party transactions that have commercial substance are measured at the exchange amount when they are in the normal course of operations, except when the transaction is an exchange of a product or property held-for-sale in the normal course of operations. Where the transaction is not in the normal course of operations, it is measured at the exchange amount when there is a substantive change in the ownership of the item transferred and there is independent evidence of the exchange amount.

All other related party transactions are measured at the carrying amount.

(d) Capital assets:

Capital assets are stated at cost, less accumulated amortization. Amortization is provided using the straight-line method and following annual rates:

Asset	Rate
Restaurant equipment	10 years
Computer	5 years
Website	3 years

The carrying amount of an item of capital assets is tested for recoverability whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized when the asset's carrying amount is not recoverable and exceeds its fair value.

The Students' Union has a website classified as an intangible asset that has been recorded at cost. This asset is amortized on a straight-line basis over the estimated useful life of 3 years.

(e) Use of estimates:

The preparation of the financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Significant items subject to such estimates and assumptions include the carrying amounts of capital assets; and provisions for impairment of accounts receivable. Actual results could differ from those estimates. These estimates are reviewed periodically and, as adjustments become necessary, they are reported in earnings in the year in which they become known.

SAULT COLLEGE STUDENTS' UNION

Notes to Financial Statements (continued)

Year ended April 30, 2015

1. Significant accounting policies (continued):

(f) Financial instruments:

(i) Initial measurement:

Financial instruments are recorded at fair value on initial recognition. Equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Home has not elected to carry any such financial instruments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the effective interest rate method.

(ii) Impairment:

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Students' Union determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying amount of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Student expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement.

SAULT COLLEGE STUDENTS' UNION

Notes to Financial Statements (continued)

Year ended April 30, 2015

2. Capital assets:

	2015		
	Cost	Accumulated amortization	Net book value
Restaurant equipment	\$ 69,266	\$ 12,691	\$ 56,574
Computer	6,459	1,292	5,167
Website	5,900	1,967	3,933
	<u>\$ 81,625</u>	<u>\$ 15,950</u>	<u>\$ 65,674</u>

	2014		
	Cost	Accumulated amortization	Net book value
Restaurant equipment	\$ 57,647	\$ 5,765	\$ 51,883
	<u>\$ 57,647</u>	<u>\$ 5,765</u>	<u>\$ 51,883</u>

3. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are a amounts payable of \$77,861 (2014 - Nil) and interest payable of \$50,070 (2014 - Nil) to the College relating to cost of the construction of the Student Life Centre. The Students' Union has a \$3,000,000 commitment with the first payment being due on April 30, 2015.

Also included in accounts payable and accrued liabilities are government remittances payable totaling \$4,419 (2014- \$7,147) which includes amounts for HST and payroll taxes.

SAULT COLLEGE STUDENTS' UNION

Notes to Financial Statements (continued)

Year ended April 30, 2015

4. Related party transactions:

During the year, the Students' Union received \$1,008,890 (2014 - \$748,000) in funds flowed from the College. Of these funds, \$400,000 (2014 - \$600,000) related to accumulated fund surplus that the Students' Union had accumulated while still a part of the College.

At April 30, 2015, the Students' Union has a receivable from the College of \$1,054,254 (2014 - \$1,318,618). Of this balance receivable, \$13,116 are meal plan funds receivable collected by the College to be transferred to the Students' Union and \$1,041,137 (2014 - \$1,258,618) relates to the student fees collected by the College to be transferred to the Students' Union.

For the 2015 fiscal year, revenue recognized that is collected and to be flowed to the Students' Union by the College totals \$1,368,126 (2014 - \$1,149,576). Of this total, \$586,673 relating to student health and dental insurance and student meal plan was paid to the Student Union. The remaining balance relates to other Students' Union fees collected by the College for operations, the Student Life Centre commitment and capital purchases and improvement.

At April 30, 2015, the Students' Union has a payable of \$246,266 (2014 - \$Nil) to the College, which is included in accounts payable and accrued liabilities. Of this balance payable, \$118,335 relates to operating costs shared with the College. The remaining balance relates to the April 30, 2015, payment toward the Students' Union's commitment towards the cost of the Student Life Centre.

5. Commitments:

The Student Union is committed to paying the College \$3,000,000 towards the cost of the construction of the Student Life Centre. The Student Union previously paid \$927,000 toward the cost of the building which is separate of the \$3,000,000 commitment.

The repayment will occur over the course of fifteen years with the first payment to be made on April 30, 2015, and the final payment on October 31, 2029. Interest is accruing on the outstanding commitment at 3.38% per annum. The commitment will be paid out of future surplus generated from student fees.

Total committed	\$ 3,000,000
Principal payable at April 30, 2015	(77,861)
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Commitment outstanding	\$ 2,922,139

The Students' Union paid the College on January 6, 2016, as part of their receipt of student fees from the College.

SAULT COLLEGE STUDENTS' UNION

Schedule 1 - Statement of Operations by Fund

Year ended April 30, 2015, with comparative information for 2014

	Students' Union	Quality Improvement Fund	Subsidized Operations	Student Life Centre and Restaurant	Dental and Health Insurance	Athletic Building Fund	Athletic Equipment Fund	2015	2014
Revenue:									
Student fees	\$ 364,659	47,907	91,023	-	455,072	239,536	38,328	\$ 1,236,525	\$ 1,054,277
Food sales	-	-	-	202,647	-	-	-	202,647	147,411
Liquor sales	-	-	-	88,457	-	-	-	88,457	74,016
Meal plan	-	-	-	131,601	-	-	-	131,601	95,299
Miscellaneous	20,577	-	-	3,175	-	-	-	23,752	22,047
	385,236	47,907	91,023	425,880	455,072	239,536	38,328	1,682,982	1,393,050
Expenses:									
Salaries and benefits	251,136	-	82,725	223,193	-	-	-	557,054	524,749
Insurance	1,850	-	11,170	-	352,479	-	-	365,499	161,236
Restaurant supplies	-	-	-	215,903	-	-	-	215,903	204,561
Contract services	81,415	22,223	15,763	12,146	-	-	-	131,547	82,406
Contribution to Health & Wellness Building	-	-	-	-	-	77,861	-	77,861	-
Office and general	15,003	35,253	15,600	3,884	-	-	-	69,740	32,255
Utilities	-	-	44,764	7,935	-	-	-	52,699	26,250
Interest on building contribution	-	-	-	-	-	50,070	-	50,070	-
Janitorial	-	-	26,379	6,753	-	-	-	33,132	34,471
Travel	24,534	-	2,019	-	-	-	-	26,553	21,719
Advertising	16,515	-	-	-	-	-	-	16,515	7,446
Fees and dues	15,218	-	275	-	-	-	-	15,493	19,248
Amortization of capital assets	-	10,185	-	-	-	-	-	10,185	5,765
Professional fees	5,610	-	-	-	-	-	-	5,610	16,973
Supplies	1,784	-	-	2,353	-	-	-	4,137	7,290
Repairs and maintenance	-	-	2,996	391	-	-	-	3,387	1,966
	413,065	67,661	201,691	472,558	352,479	127,931	-	1,635,385	1,146,335
Excess (deficiency) of revenue over expenses	(27,829)	(19,754)	(110,668)	(46,678)	102,593	111,605	38,328	47,597	246,715
Net assets, beginning of year	319,573	149,296	119,991	(106,660)	239,434	552,433	102,874	1,376,941	-
Transfer from Sault College of Applied Arts and Technology	-	-	-	-	-	-	-	-	1,130,226
Net assets, end of year	\$ 291,744	\$ 129,542	\$ 9,323	\$ (153,338)	\$ 342,027	\$ 664,038	\$ 141,202	\$ 1,424,538	\$ 1,376,941