

Financial Statements of

**SAULT COLLEGE
STUDENTS' UNION**

Year ended April 30, 2016



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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, 2016, 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 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, 2016, 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

March 31, 2017

Sault Ste Marie, Canada

SAULT COLLEGE STUDENTS' UNION

Statement of Financial Position

April 30, 2016, with comparative information for 2015

	2016	2015
		Restated (note 6)
Assets		
Current assets:		
Cash	\$ 688,590	\$ 566,810
Accounts receivable	2,808	623
	691,398	567,433
Receivable from Sault College of Applied Arts and Technology, without interest or fixed payment	886,597	1,003,689
Capital assets (note 2)	60,212	65,674
	\$ 1,638,207	\$ 1,636,796
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities (note 3)	\$ 164,823	\$ 144,488
Net assets	1,473,384	1,492,308
Commitments (note 5)		
	\$ 1,638,207	\$ 1,636,796

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

On behalf of the Board:

SAULT COLLEGE STUDENTS' UNION

Statement of Operations and Net Assets

Year ended April 30, 2016, with comparative information for 2015

	2016	2015
		Restated (note 6)
Revenues (Schedule 1):		
Student fees	\$ 1,077,432	\$ 1,236,525
Food sales	190,484	202,647
Meal plan	124,517	131,601
Liquor sales	69,771	88,457
Miscellaneous	25,542	23,752
	<u>1,487,746</u>	<u>1,682,982</u>
Expenses (Schedule 1):		
Salaries and benefits	490,534	557,054
Insurance	332,017	365,499
Restaurant supplies	196,544	215,903
Contribution to Health & Wellness Building	159,642	77,861
Interest on contribution	96,220	50,070
Contract services	70,688	105,627
Office and general	43,968	54,140
Travel	22,745	26,553
Utilities	18,836	26,449
Professional fees	17,498	5,610
Fees and dues	15,538	15,493
Advertising	15,394	16,515
Amortization of capital assets	11,366	10,185
Janitorial	11,203	33,132
Supplies	2,641	4,137
Repairs and maintenance	1,836	3,387
	<u>1,506,670</u>	<u>1,567,615</u>
Excess (deficiency) of revenue over expenses	(18,924)	115,367
Net assets, beginning of year as previously reported	1,424,538	1,376,941
Reversal of prior year over accrual (note 6)	67,770	—
Net assets, beginning of year as restated	<u>1,492,308</u>	<u>1,376,941</u>
Net assets, end of year	<u>\$ 1,473,384</u>	<u>\$ 1,492,308</u>

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

SAULT COLLEGE STUDENTS' UNION

Statement of Cash Flows

Year ended April 30, 2016, with comparative information for 2015

	2016	2015
		Restated (note 6)
Cash provided by (used for):		
Operating activities:		
Excess (deficiency) of revenue over expenses	\$ (18,924)	\$ 115,367
Items not involving cash:		
Amortization of capital assets	11,366	10,185
	(7,558)	125,552
Changes in non-cash assets and liabilities:		
Decrease (increase) in accounts receivable	(2,185)	6,375
Decrease in receivable from Sault College of Applies Arts and Technology	117,092	314,929
Increase in accounts payable	20,335	131,218
Increase in cash from operating activities	127,684	578,074
Investing:		
Purchase of capital assets	(5,904)	(23,976)
Increase in cash	121,780	554,098
Cash, beginning of year	566,810	12,712
Cash, end of year	\$ 688,590	\$ 566,810

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

SAULT COLLEGE STUDENTS' UNION

Notes to Financial Statements

Year ended April 30, 2016

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

Year ended April 30, 2016

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
Hardware	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

Year ended April 30, 2016

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 entity 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

Year ended April 30, 2016

2. Capital assets:

Cost	Cost	Accumulated amortization	2016 Net book value
Restaurant equipment	\$ 69,266	\$ (19,619)	\$ 49,647
Hardware	12,362	(3,764)	8,598
Website	5,900	(3,933)	1,967
	<u>\$ 87,528</u>	<u>\$ (27,316)</u>	<u>\$ 60,212</u>

Cost	Cost	Accumulated amortization	2015 Net book value
Restaurant equipment	\$ 69,265	\$ (12,691)	\$ 56,574
Hardware	6,459	(1,292)	5,167
Website	5,900	(1,967)	3,933
	<u>\$ 81,624</u>	<u>\$ (15,950)</u>	<u>\$ 65,674</u>

3. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are amounts payable of \$80,481 (2015 – \$77,861) and interest payable of \$47,449 (2015 – \$50,070) to the College relating to the cost of construction of the Student Life Centre. The Students' Union has a \$3,000,000 commitment.

Also included in accounts payable and accrued liabilities are government remittances payable totaling \$3,328 (2015 - \$4,419) which includes amounts for HST and payroll taxes.

SAULT COLLEGE STUDENTS' UNION

Notes to Financial Statements

Year ended April 30, 2016

4. Related party transactions:

During the year, the Students' Union recognized student fee revenue of \$1,077,432 (2015 - \$1,234,525) which was collected by the College, relating to student health and dental insurance, student meal plan, and other Students' Union fees for operations, the Student Life Centre commitment and capital purchases and improvement.

At April 30, 2016, the Students' Union has a receivable from the College of \$886,597 (2015 - \$1,003,689). Of this balance receivable, \$3,489 (2015 - \$13,116) are meal plan funds collected by the College to be transferred to the Students' Union and \$883,108 (2015 - \$990,572) relates to student fees collected by the College to be transferred to the Students' Union.

At April 30, 2016, the Students' Union has a payable of \$150,155 (2015 - \$127,931) to the College, which is included in accounts payable and accrued liabilities. Of this balance payable, \$22,225 relates to operating costs and meal plan transfers owing to the College. The remaining balance relates to the Students' Union's payment 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 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 paid	157,021
Principal payable at April 30, 2016	80,481
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Commitment outstanding	<u>\$ 2,762,498</u>

The Student Union has a commitment for leased office equipment with a minimum annual payment of \$1,280 plus applicable taxes. The lease expires April 2021.

6. Reversal of prior year over accrual:

During the year, the Student Union noted that in the prior year an accrual had been made for shared costs according to the shared cost agreement with the College. The College was billing amounts payable under this agreement on an actual basis resulting in an over accrual of these costs. The impact of the reversal has been recorded retrospectively as a \$118,335 decrease in accounts payable, a \$50,565 decrease in receivable from Sault College of Applied Arts and Technology and a \$67,770 decrease in operating expenses. The net income and net assets for the year ended April 30, 2015 have been increased by \$67,770.

SAULT COLLEGE STUDENTS' UNION

Schedule 1 - Statement of Operations by Fund

Year ended April 30, 2016, with comparative information for 2015

								2016	2015
	Students'	Quality	Subsidized	Student Life	Dental and	Athletic	Athletic	Total	Restated
	Union	Improvement	Operations	Centre and	Health	Building	Equipment		(note 6)
		Fund		Restaurant	Insurance	Fund	Fund	Total	Total
Revenue:									
Student fees	\$ 389,318	48,002	91,204	-	270,496	240,009	38,403	\$ 1,077,432	\$ 1,236,525
Food sales	-	-	-	190,484	-	-	-	190,484	202,647
Liquor sales	-	-	-	69,771	-	-	-	69,771	88,457
Meal plan revenue	-	-	-	124,517	-	-	-	124,517	131,601
Miscellaneous	24,066	-	-	1,476	-	-	-	25,542	23,752
	413,384	48,002	91,204	386,248	270,496	240,009	38,403	1,487,746	1,682,982
Expenses:									
Salaries and benefits	277,516	-	11,075	201,943	-	-	-	490,534	557,054
Insurance	-	-	10,407	-	321,610	-	-	332,017	365,499
Restaurant supplies	-	-	-	196,544	-	-	-	196,544	215,903
Contract services	35,695	5,940	20,213	8,840	-	-	-	70,688	105,627
Contribution to Health & Wellness Building	-	-	-	-	-	159,642	-	159,642	77,861
Office and general	14,374	27,466	-	2,128	-	-	-	43,968	54,140
Utilities	-	-	9,643	9,193	-	-	-	18,836	26,449
Interest on building contribution	-	-	-	-	-	96,220	-	96,220	50,070
Janitorial	-	-	-	11,203	-	-	-	11,203	33,132
Travel	20,185	-	2,560	-	-	-	-	22,745	26,553
Advertising	15,394	-	-	-	-	-	-	15,394	16,515
Fees and dues	15,263	-	275	-	-	-	-	15,538	15,493
Amortization of capital assets	-	11,366	-	-	-	-	-	11,366	10,185
Professional fees	17,498	-	-	-	-	-	-	17,498	5,610
Supplies	2,641	-	-	-	-	-	-	2,641	4,137
Repairs and maintenance	-	-	325	1,511	-	-	-	1,836	3,387
	398,566	44,772	54,498	431,362	321,610	255,862	-	1,506,670	1,567,615
Excess (deficiency) of revenue over expenses	14,818	3,230	36,706	(45,114)	(51,114)	(15,853)	38,403	(18,924)	115,367
Net assets, beginning of year	291,744	129,542	9,323	(153,338)	342,027	664,038	141,202	1,492,308	1,376,941
Net assets, end of year	\$ 306,562	132,772	46,029	(198,452)	290,913	648,185	179,605	\$ 1,473,384	1,492,308