

Financial Statements of

**SAULT COLLEGE
STUDENTS' UNION**

Year ended April 30, 2017



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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, 2017, 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, 2017, 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

Sault Ste Marie, Canada

January 26, 2018

SAULT COLLEGE STUDENTS' UNION

Statement of Financial Position

April 30, 2017, with comparative information for 2016

	2017	2016
Assets		
Current assets:		
Cash	\$ 601,373	\$ 688,590
Accounts receivable	-	2,808
	601,373	691,398
Receivable from Sault College of Applied Arts and Technology, without interest or fixed payment	1,028,514	886,597
Capital assets (note 2)	69,553	60,212
	\$ 1,699,440	\$ 1,638,207
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities (note 3)	\$ 195,109	\$ 164,823
Net assets	1,504,331	1,473,384
Commitments (note 5)		
	\$ 1,699,440	\$ 1,638,207

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, 2017, with comparative information for 2016

	2017	2016
Revenues (Schedule 1):		
Student fees (note 4)	\$ 1,143,762	\$ 1,103,516
Food sales	148,356	190,484
Meal plan	104,874	124,517
Liquor sales	90,530	69,771
Miscellaneous	15,702	25,542
	<u>1,503,224</u>	<u>1,513,830</u>
Expenses (Schedule 1):		
Salaries and benefits	495,291	490,534
Insurance	307,136	332,017
Restaurant supplies	175,692	196,544
Contribution to Health & Wellness Building	191,099	185,726
Interest on contribution	90,847	96,220
Contract services	66,759	70,688
Office and general	29,619	43,968
Travel	22,944	22,745
Utilities	20,004	18,836
Professional fees	13,854	17,498
Fees and dues	15,371	15,538
Advertising	15,090	15,394
Amortization of capital assets	13,666	11,366
Janitorial	11,404	11,203
Supplies	3,400	2,641
Repairs and maintenance	101	1,836
	<u>1,472,277</u>	<u>1,532,754</u>
Excess (deficiency) of revenue over expenses	30,947	(18,924)
Net assets, beginning of year as previously reported	1,473,384	1,424,538
Reversal of prior year over accrual	-	67,770
Net assets, beginning of year as restated	<u>1,473,384</u>	<u>1,492,308</u>
Net assets, end of year	\$ <u>1,504,331</u>	\$ <u>1,473,384</u>

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

SAULT COLLEGE STUDENTS' UNION

Statement of Cash Flows

Year ended April 30, 2017, with comparative information for 2016

	2017	2016
Cash provided by (used for):		
Operating activities:		
Excess (deficiency) of revenue over expenses	\$ 30,947	\$ (18,924)
Items not involving cash:		
Amortization of capital assets	13,666	11,366
	44,613	(7,558)
Changes in non-cash assets and liabilities:		
Decrease (increase) in accounts receivable	2,808	(2,185)
Decrease (increase) in receivable from Sault College of Applies Arts and Technology	(141,917)	117,092
Increase in accounts payable	30,286	20,335
Increase (decrease) in cash from operating activities	(64,210)	127,684
Investing:		
Purchase of capital assets	(23,007)	(5,904)
Increase (decrease) in cash	(87,217)	121,780
Cash, beginning of year	688,590	566,810
Cash, end of year	\$ 601,373	\$ 688,590

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

SAULT COLLEGE STUDENTS' UNION

Notes to Financial Statements

Year ended April 30, 2017

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, 2017

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, 2017

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, 2017

2. Capital assets:

Cost	Cost	Accumulated amortization	2017 Net book value
Restaurant equipment	\$ 69,266	\$ 26,544	\$ 42,722
Hardware	35,368	8,537	26,831
Website	5,900	5,900	–
	<u>\$ 110,534</u>	<u>\$ 40,981</u>	<u>\$ 69,553</u>

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>

3. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are amounts payable of \$83,190 (2016 – \$80,481) and interest payable of \$44,740 (2016 – \$47,449) to the College relating to the Students' Union pledge to annually contribute to the cost of construction of the Student Life Centre.

Also included in accounts payable and accrued liabilities are government remittances receivable totaling \$4,424 (2016 – payable of \$3,328) which includes amounts for HST and payroll taxes.

SAULT COLLEGE STUDENTS' UNION

Notes to Financial Statements

Year ended April 30, 2017

4. Related party transactions:

During the year, the Students' Union recognized student fee revenue of \$1,143,762 (2016 - \$1,103,516) 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, 2017, the Students' Union has a receivable from the College of \$1,028,514 (2016 - \$886,597). Of this balance receivable, \$2,130 (2016 - \$3,489) are meal plan funds collected by the College to be transferred to the Students' Union and \$1,026,384 (2016 - \$883,108) relates to student fees collected by the College to be transferred to the Students' Union.

At April 30, 2017, the Students' Union has a payable of \$146,240 (2016 - \$150,155) to the College, which is included in accounts payable and accrued liabilities. Of this balance payable, \$18,310 relates to operating costs and meal plan transfers owing to the College. The remaining balance relates to the Students' Union's pledge payment towards the cost of the Student Life Centre.

5. Commitments:

The Student Union has pledged to pay 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 total pledge.

The pledge payment will occur over the course of fifteen years with the final payment on October 31, 2029. Interest is accruing on the outstanding pledge at 3.38% per annum. The pledge will be paid out of future surplus generated from student fees.

Total pledged	\$ 3,000,000
Pledge paid to date	(319,327)
Pledge payable at April 30, 2017	(83,190)
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Pledge outstanding	\$ 2,597,483

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. Comparative information:

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year. The changes do not affect prior year excess of revenue over expenses.

SAULT COLLEGE STUDENTS' UNION

Schedule 1 - Statement of Operations by Fund

Year ended April 30, 2017, with comparative information for 2016

	Students' Union	Quality Improvement Fund	Subsidized Operations	Student Life Centre and Restaurant	Dental and Health Insurance	Athletic Building Fund	Athletic Equipment Fund	2017 Total	2016 Total
Revenue:									
Student fees	\$ 367,427	46,510	-	88,369	371,701	232,549	37,206	\$ 1,143,762	\$ 1,103,516
Food sales	-	-	-	148,356	-	-	-	148,356	190,484
Meal plan revenue	-	-	-	104,874	-	-	-	104,874	124,517
Liquor sales	-	-	-	90,530	-	-	-	90,530	69,771
Miscellaneous	10,795	-	-	4,907	-	-	-	15,702	25,542
	378,222	46,510	-	437,036	371,701	232,549	37,206	1,503,224	1,513,830
Expenses:									
Salaries and benefits	301,948	-	-	193,343	-	-	-	495,291	490,534
Insurance	1,750	-	10,975	-	294,411	-	-	307,136	332,017
Restaurant supplies	-	-	-	175,692	-	-	-	175,692	196,544
Contract services	41,780	-	20,137	4,842	-	-	-	66,759	70,688
Contribution to Health & Wellness Building	-	-	-	-	-	165,015	26,084	191,099	185,726
Office and general	8,915	19,033	-	1,671	-	-	-	29,619	43,968
Utilities	-	-	12,604	7,400	-	-	-	20,004	18,836
Interest on building contribution	-	-	-	-	-	90,847	-	90,847	96,220
Janitorial	-	2,418	1,689	7,297	-	-	-	11,404	11,203
Travel	20,691	-	120	2,133	-	-	-	22,944	22,745
Advertising	15,090	-	-	-	-	-	-	15,090	15,394
Fees and dues	14,611	-	760	-	-	-	-	15,371	15,538
Amortization of capital assets	-	13,666	-	-	-	-	-	13,666	11,366
Professional fees	11,199	-	-	2,655	-	-	-	13,854	17,498
Supplies	3,037	-	-	363	-	-	-	3,400	2,641
Repairs and maintenance	-	-	-	101	-	-	-	101	1,836
	419,021	35,117	46,285	395,497	294,411	255,862	26,084	1,472,277	1,532,754
Excess (deficiency) of revenue over expenses	(40,799)	11,393	(46,285)	41,539	77,290	(23,313)	11,122	30,947	(18,924)
Net assets, beginning of year	332,482	132,772	87,879	(198,452)	290,913	648,185	179,605	1,473,384	1,492,308
Fund transfers	(75,765)	-	-	-	-	127,932	(52,167)	-	-
Net assets, end of year	\$ 215,918	144,165	41,594	(156,913)	368,203	752,804	138,560	\$ 1,504,331	1,473,384