

Financial Statements of

**SAULT COLLEGE  
STUDENTS' UNION**

And Independent Auditors' Report thereon

Year ended April 30, 2019



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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Sault College Students' Union

### ***Opinion***

We have audited the financial statements of Sault College Students' Union (the Entity), which comprise:

- the statement of financial position as at April 30, 2019
- the statement of operations and net assets for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at April 30, 2019 and its results of operations, its changes in net financial assets 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 "***Auditors' Responsibilities for the Audit of the Financial Statements***" section of our auditors' report.

We are independent of the Entity 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 the 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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

### ***Auditors' 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 auditors' 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 the 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 Entity'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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Entity 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.
- 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.

*KPMG LLP*

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Chartered Professional Accountants, Licensed Public Accountants

Sault Ste. Marie, Canada

February 7, 2020

# SAULT COLLEGE STUDENTS' UNION

## Statement of Financial Position

April 30, 2019, with comparative information for 2018

	2019	2018
<b>Assets</b>		
Current assets:		
Cash	\$ 1,032,046	\$ 765,001
Accounts receivable	196	-
	<hr/> 1,032,242	<hr/> 765,001
Receivable from Sault College of Applied Arts and Technology, without interest or fixed payment	877,813	875,263
Prepaid expenses	1,101	3,714
Capital assets (note 2)	42,486	56,753
	<hr/> \$ 1,953,642	<hr/> \$ 1,700,731
<b>Liabilities and Net Assets</b>		
Current liabilities:		
Accounts payable and accrued liabilities (note 3)	\$ 204,178	\$ 189,393
Net assets	1,749,464	1,511,338
Commitments (note 5)		
	<hr/> \$ 1,953,642	<hr/> \$ 1,700,731

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

On behalf of the Board:

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# SAULT COLLEGE STUDENTS' UNION

## Statement of Operations and Net Assets

Year ended April 30, 2019, with comparative information for 2018

	2019	2018
<b>Revenues (Schedule 1):</b>		
Student fees (note 4)	\$ 1,245,025	\$ 1,129,819
Food sales	158,052	124,717
Meal plan	137,315	120,149
Liquor sales	72,284	77,539
Miscellaneous	23,890	16,432
	<u>1,636,566</u>	<u>1,468,656</u>
<b>Expenses (Schedule 1):</b>		
Salaries and benefits	444,073	482,415
Insurance	327,333	349,805
Contribution to Health & Wellness Building	202,394	196,653
Restaurant supplies	147,860	136,067
Interest on contribution	79,551	85,292
Contract services	62,525	52,710
Office and general	29,557	66,459
Travel	20,987	18,351
Utilities	20,502	13,527
Fees and dues	18,223	17,493
Amortization of capital assets	14,267	14,134
Professional fees	12,769	6,757
Advertising	12,336	12,281
Janitorial	2,948	6,241
Supplies	1,911	2,412
Repairs and maintenance	1,204	1,052
	<u>1,398,440</u>	<u>1,461,649</u>
Excess of revenue over expenses	238,126	7,007
Net assets, beginning of year	1,511,338	1,504,331
Net assets, end of year	\$ 1,749,464	\$ 1,511,338

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

# SAULT COLLEGE STUDENTS' UNION

## Statement of Cash Flows

Year ended April 30, 2019, with comparative information for 2018

	2019	2018
Cash provided by (used for):		
Operating activities:		
Excess of revenue over expenses	\$ 238,126	\$ 7,007
Items not involving cash:		
Amortization of capital assets	14,267	14,134
	252,393	21,141
Changes in non-cash assets and liabilities:		
(Increase) decrease in accounts receivable	(196)	4,424
(Increase) decrease in receivable from Sault College of Applies Arts and Technology	(2,550)	153,251
Decrease (increase) in prepaid expenses	2,613	(3,714)
Increase (decrease) in accounts payable and accrued liabilities	14,785	(10,140)
Increase in cash from operating activities	267,045	164,962
Investing:		
Purchase of capital assets	-	(1,334)
Increase in cash	267,045	163,628
Cash, beginning of year	765,001	601,373
Cash, end of year	\$ 1,032,046	\$ 765,001

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

# SAULT COLLEGE STUDENTS' UNION

Notes to Financial Statements

Year ended April 30, 2019

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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, 2019

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## 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, 2019

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## 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 Students' Union 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, 2019

## 2. Capital assets:

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Cost	Cost	Accumulated amortization	2019 Net book value
Restaurant equipment	\$ 69,266	\$ 40,397	\$ 28,869
Hardware	36,702	23,085	13,617
Website	5,900	5,900	–
	<hr/>	<hr/>	<hr/>
	\$ 111,868	\$ 69,382	\$ 42,486

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Cost	Cost	Accumulated amortization	2018 Net book value
Restaurant equipment	\$ 69,266	\$ 33,471	\$ 35,795
Hardware	36,702	15,744	20,958
Website	5,900	5,900	–
	<hr/>	<hr/>	<hr/>
	\$ 111,868	\$ 55,115	\$ 56,753

## 3. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are amounts payable of \$88,885 (2018 – \$85,990) and interest payable of \$39,046 (2018 – \$41,940) to the College relating to the Students' Union pledge to annually contribute to the cost of construction of the Student Life Centre.

# SAULT COLLEGE STUDENTS' UNION

Notes to Financial Statements

Year ended April 30, 2019

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#### 4. Related party transactions:

During the year, the Students' Union recognized student fee revenue of \$1,245,025 (2018 - \$1,143,762) 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, 2019, the Students' Union has a receivable from the College of \$877,813 (2018 - \$875,263). Of this balance receivable, \$Nil (2018 - \$16,000) are meal plan funds collected by the College to be transferred to the Students' Union and \$877,813 (2018 - \$859,263) relates to student fees collected by the College to be transferred to the Students' Union.

At April 30, 2019, the Students' Union has a payable of \$131,544 (2018 - \$132,026) to the College, which is included in accounts payable and accrued liabilities. Of this balance payable, \$3,613 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.

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Total pledged	\$ 3,000,000
Pledge paid to date	(660,511)
Pledge payable at April 30, 2019	(88,885)
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Pledge outstanding	\$ 2,250,604

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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.

# SAULT COLLEGE STUDENTS' UNION

## Schedule 1 - Statement of Operations by Fund

Year ended April 30, 2019, with comparative information for 2018

	Students' Union	Quality Improvement Fund	Subsidized Operations	Student Life Centre and Restaurant	Dental and Health Insurance	Athletic Building Fund	Athletic Equipment Fund	2019 Total	2018 Total
<b>Revenue:</b>									
Student fees	\$ 376,603	47,816	126,231	-	385,250	266,488	42,637	\$ 1,245,025	\$ 1,129,819
Food sales	-	-	-	158,052	-	-	-	158,052	124,717
Meal plan revenue	-	-	-	137,315	-	-	-	137,315	120,149
Liquor sales	-	-	-	72,284	-	-	-	72,284	77,539
Miscellaneous	17,887	-	-	6,003	-	-	-	23,890	16,432
	394,490	47,816	126,231	373,654	385,250	266,488	42,637	1,636,566	1,468,656
<b>Expenses:</b>									
Salaries and benefits	251,668	-	1,968	190,437	-	-	-	444,073	482,415
Insurance	1,750	-	10,355	-	315,228	-	-	327,333	349,805
Contribution to Health & Wellness Building	-	-	-	-	-	176,310	26,084	202,394	196,653
Restaurant supplies	-	-	-	147,860	-	-	-	147,860	136,067
Interest on building contribution	-	-	-	-	-	79,551	-	79,551	85,292
Contract services	30,834	-	26,191	5,500	-	-	-	62,525	52,710
Office and general	5,831	19,160	1,591	2,975	-	-	-	29,557	66,459
Travel	19,171	-	-	1,816	-	-	-	20,987	18,351
Utilities	-	-	17,331	3,171	-	-	-	20,502	13,527
Fees and dues	13,622	-	1,540	3,061	-	-	-	18,223	17,493
Amortization of capital assets	-	14,267	-	-	-	-	-	14,267	14,134
Professional fees	12,769	-	-	-	-	-	-	12,769	6,757
Advertising	12,336	-	-	-	-	-	-	12,336	12,281
Janitorial	-	2,948	-	-	-	-	-	2,948	6,241
Supplies	1,575	-	-	336	-	-	-	1,911	2,412
Repairs and maintenance	-	-	695	509	-	-	-	1,204	1,052
	349,556	36,375	59,671	355,665	315,228	255,861	26,084	1,398,440	1,461,649
Excess of revenue over expenses	44,934	11,441	66,560	17,989	70,022	10,627	16,553	238,126	7,007
Net assets, beginning of year	167,435	152,546	176,461	(264,768)	406,888	723,976	148,800	1,511,338	1,504,331
Net assets, end of year	\$ 212,369	163,987	243,021	(246,779)	476,910	734,603	165,353	\$ 1,749,464	1,511,338