

Financial Statements of

**SAULT COLLEGE
STUDENTS' UNION**

And Independent Auditors' Report thereon

Year ended April 30, 2021



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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, 2021
- the statement of operations and net assets for the year then ended
- the statement of cash flows for the year then ended
- and notes and schedule 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, 2021 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.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, stylized font and is underlined with a single horizontal stroke.

Chartered Professional Accountants, Licensed Public Accountants

Sault Ste. Marie, Canada

March 7, 2022

SAULT COLLEGE STUDENTS' UNION

Statement of Financial Position

April 30, 2021, with comparative information for 2020

	2021	2020
Assets		
Current assets:		
Cash	\$ 1,418,741	\$ 1,452,668
Accounts receivable	41,160	24,540
	1,459,901	1,477,208
Receivable from Sault College of Applied Arts and Technology, without interest or fixed terms of repayment		
	681,095	929,789
Capital assets (note 2)	18,623	32,473
	\$ 2,159,619	\$ 2,439,470

Liabilities and Net Assets

Current liabilities:		
Accounts payable and accrued liabilities (note 3)	\$ 35,198	\$ 368,064
Net assets	2,124,421	2,071,406
Commitments (note 6)		
	\$ 2,159,619	\$ 2,439,470

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, 2021, with comparative information for 2020

	2021	2020
Revenues (Schedule 1):		
Student fees (note 4)	\$ 725,924	\$ 1,357,892
Food sales	3,123	93,329
Meal plan	-	72,212
Liquor sales	402	45,090
Government grants (note 5)	121,655	19,836
Miscellaneous	12,910	18,939
	864,014	1,607,298
Expenses (Schedule 1):		
Salaries and benefits	230,927	396,330
Insurance	233,355	312,935
Contribution to Health & Wellness Building	197,073	208,329
Restaurant supplies	-	110,025
Interest on contribution	67,483	73,617
Contract services	21,408	69,530
Office and general	23,623	30,779
Travel	725	11,877
Utilities	-	18,228
Fees and dues	3,471	15,681
Amortization of capital assets	15,364	14,740
Professional fees	10,800	13,000
Advertising	6,633	6,668
Supplies	137	2,654
Repairs and maintenance	-	963
	810,999	1,285,356
Excess of revenue over expenses	53,015	321,942
Net assets, beginning of year	2,071,406	1,749,464
Net assets, end of year	\$ 2,124,421	\$ 2,071,406

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

SAULT COLLEGE STUDENTS' UNION

Statement of Cash Flows

Year ended April 30, 2021, with comparative information for 2020

	2021	2020
Cash provided by (used for):		
Operating activities:		
Excess of revenue over expenses	\$ 53,015	\$ 321,942
Items not involving cash:		
Amortization of capital assets	15,364	14,740
	68,379	336,682
Changes in non-cash assets and liabilities:		
Decrease in accounts receivable	(16,620)	(24,344)
Decrease (increase) in receivable from Sault College of Applies Arts and Technology	248,694	(51,976)
Decrease in prepaid expenses	-	1,101
(Decrease) increase in accounts payable and accrued liabilities	(332,866)	163,886
(Decrease) increase in cash from operating activities	(32,413)	425,349
Investing:		
Purchase of capital assets	(1,514)	(4,727)
(Decrease) increase in cash	(33,927)	420,622
Cash, beginning of year	1,452,668	1,032,046
Cash, end of year	\$ 1,418,741	\$ 1,452,668

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

SAULT COLLEGE STUDENTS' UNION

Notes to Financial Statements

Year ended April 30, 2021

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 and grants are recognized as revenue in the year in which the related expenses are incurred.

Food and liquor revenue is recognized at the point of sale. Donations, sponsorships and fundraising and other revenues are recognized in the year the amount is received or receivable as long as collection is reasonably assured.

(b) Government assistance:

The Association periodically applies for financial assistance under available government incentive programs. Government assistance relating to non-capital items is recorded as income in the year when the related expenditures are incurred. Government assistance relating to capital expenditures is deferred and amortized to income on the same basis as the related item of property, plant and equipment is depreciated.

(c) 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, 2021

1. Significant accounting policies (continued):

(d) 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.

(e) 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.

(f) 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, 2021

1. Significant accounting policies (continued):

(g) 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.

2. Capital assets:

Cost			2021	
	Cost	Accumulated amortization	Net book value	
Restaurant equipment	\$ 69,266	\$ 54,250	\$ 15,016	
Hardware	42,943	39,336	3,607	
Website	5,900	5,900	–	
	\$ 118,109	\$ 99,486	\$ 18,623	

SAULT COLLEGE STUDENTS' UNION

Notes to Financial Statements

Year ended April 30, 2021

2. Capital assets (continued):

Cost	Cost	Accumulated amortization	2020 Net book value
Restaurant equipment	\$ 69,266	\$ 47,324	\$ 21,942
Hardware	41,429	30,898	10,531
Website	5,900	5,900	–
	\$ 116,595	\$ 84,122	\$ 32,473

3. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of \$707 (2020 - \$629) which includes amounts payable for payroll related taxes.

4. Related party transactions:

During the year, the Students' Union recognized student fee revenue of \$725,924 (2020 - \$1,357,892) 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, 2021, the Students' Union has a receivable from the College of \$681,095 (2020 - \$929,789) related to student fees collected by the College to be transferred to the Students' Union.

At April 30, 2021, the Students' Union had no amounts payable related to shared services to the College of \$Nil (2020 - \$164,954), which are included in accounts payable and accrued liabilities.

5. Government grants:

During the year, the Students' Union applied for government assistance under the Canada Emergency Wage Subsidy ("CEWS") program, resulting in a subsidy revenue for the year ended April 30, 2021 of \$121,655 (2020 - \$19,836) which has been recorded as government grants in the statement of operations. At April 30, 2021, CEWS amounts claimed but not received of \$40,069 were recorded in accounts receivable (2020 - \$19,836).

SAULT COLLEGE STUDENTS' UNION

Notes to Financial Statements

Year ended April 30, 2021

6. Commitments:

The Students' 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	1,120,019
Pledge payable at April 30, 2021	—
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Pledge outstanding	\$ 1,879,981

7. Financial risks and concentration of credit risk:

(a) Liquidity risk:

Liquidity risk is the risk that the Students' Union will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Students' Union manages its liquidity risk by monitoring its operating requirements. There has been no change to the risk exposures from 2020.

(b) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The Students' Union is exposed to credit risk with respect to the accounts receivable. The Students' Union assesses, on a continuous basis, accounts receivable and provides for any amounts that are collectible in the allowance for doubtful accounts.

(c) Other risk:

In March 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization. This resulted in the Canadian and Provincial governments enacting emergency measures to combat the spread of the virus and Public Health Ontario on-site work recommendations that resulted in certain employees working remotely during the year.

Further overall operational and financial impact is highly dependent on the duration of COVID-19, including the potential occurrence of additional waves of the pandemic and could be affected by other factors that are currently not known at this time.

SAULT COLLEGE STUDENTS' UNION

Notes to Financial Statements

Year ended April 30, 2021

7. Financial risks and concentration of credit risk (continued):

(c) Other risk (continued):

At the time of approval of these financial statements, the Students' Union has experienced the following financial implications and undertaken the following activities in relation to the COVID-19 pandemic:

- Cancellation or postponement of certain events, the closure of the restaurant related to campus closures and the implementation of remote learning, resulting in a decrease in revenues and related expenditures.
- The Students' Union applied for the Canada Emergency Wage Subsidy and continues to apply for any government assistance available (note 5).

Management is actively monitoring the effect of the pandemic on its financial condition, liquidity, operations, suppliers, and workforce. Given the daily evolution of the pandemic and the global responses to curb its spread, the Students' Union is not able to fully estimate the effects of the pandemic on its results of operations, financial condition, or liquidity at this time.

SAULT COLLEGE STUDENTS' UNION

Schedule 1 - Statement of Operations by Fund

Year ended April 30, 2021, with comparative information for 2020.

	Students' Union	Quality Improvement Fund	Subsidized Operations	Student Life Centre and Restaurant	Dental and Health Insurance	Athletic Building Fund	Athletic Equipment Fund	2021 Total	2020 Total
Revenue:									
Student fees	\$ 309,528	19,587	37,729	-	274,611	78,701	5,768	\$ 725,924	\$ 1,357,892
Food sales	-	-	-	3,123	-	-	-	3,123	93,329
Meal plan revenue	-	-	-	-	-	-	-	-	72,212
Liquor sales	-	-	-	402	-	-	-	402	45,090
Government grants (note 5)	121,655	-	-	-	-	-	-	121,655	-
Miscellaneous	6,241	-	5,639	1,030	-	-	-	12,910	18,939
	437,424	19,587	43,368	4,555	274,611	78,701	5,768	864,014	1,587,462
Expenses:									
Salaries and benefits	225,689	-	275	4,963	-	-	-	230,927	376,494
Insurance	13,086	-	-	-	220,269	-	-	233,355	312,935
Contribution to Health & Wellness Building	-	-	-	-	-	170,989	26,084	197,073	208,329
Restaurant supplies	-	-	-	-	-	-	-	-	110,025
Interest on building contribution	-	-	-	-	-	67,483	-	67,483	73,617
Contract services	17,489	-	2,282	1,637	-	-	-	21,408	69,530
Office and general	9,162	11,103	1,915	1,443	-	-	-	23,623	30,779
Travel	725	-	-	-	-	-	-	725	11,877
Utilities	-	-	-	-	-	-	-	-	18,228
Fees and dues	169	-	-	2,752	-	-	-	3,471	15,681
Amortization of capital assets	8,437	-	550	6,927	-	-	-	15,364	14,740
Professional fees	10,800	-	-	-	-	-	-	10,800	13,000
Advertising	6,633	-	-	-	-	-	-	6,633	6,668
Supplies	137	-	-	-	-	-	-	137	2,654
Repairs and maintenance	-	-	-	-	-	-	-	-	963
	292,327	11,103	5,022	17,722	220,269	238,472	26,084	810,999	1,265,520
Excess (deficiency) of revenue over expenses	145,097	8,484	38,346	(13,167)	54,342	(159,771)	(20,316)	53,015	321,942
Net assets, beginning of year	363,428	212,283	315,269	(319,640)	510,953	798,664	190,449	2,071,406	1,749,464
Net assets, end of year	\$ 508,525	220,767	353,615	(332,807)	565,295	638,893	170,133	\$ 2,124,421	2,071,406