

Financial Statements of

**SAULT COLLEGE
STUDENTS' UNION**

And Independent Auditor's Report thereon

Year ended April 30, 2023



KPMG LLP

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INDEPENDENT AUDITOR'S 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, 2023
- 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, 2023 and its results of operations, its changes in net 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 "***Auditor's Responsibilities for the Audit of the Financial Statements***" section of our auditor's 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.

Auditor's 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 auditor's 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.



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- 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 auditor's 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 auditor's 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

Chartered Professional Accountants, Licensed Public Accountants

Sault Ste. Marie, Canada

February 9, 2024

SAULT COLLEGE STUDENTS' UNION

Statement of Financial Position

April 30, 2023, with comparative information for 2022.

	2023	2022
Assets		
Current assets:		
Cash	\$ 2,029,706	\$ 1,530,437
Accounts receivable	857	3,946
	<hr/>	<hr/>
	2,030,563	1,534,383
Receivable from Sault College of Applied Arts and Technology, without interest or fixed terms of repayment	608,078	807,919
Prepaid expenses	3,423	-
Capital assets (note 2)	10,664	10,901
	<hr/>	<hr/>
	\$ 2,652,728	\$ 2,353,203

Liabilities and Net Assets

Current liabilities:		
Accounts payable and accrued liabilities (note 3)	\$ 562,106	\$ 161,234
Net assets	2,090,622	2,191,969
Commitments (note 5)		
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	\$ 2,652,728	\$ 2,353,203

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, 2023, with comparative information for 2022.

	2023	2022
Revenues (Schedule 1):		
Student fees (note 4)	\$ 1,751,740	\$ 1,061,346
Food sales	70,431	-
Liquor sales	38,803	-
Government grants	-	49,281
Miscellaneous	132,494	12,039
	<u>1,993,468</u>	<u>1,122,666</u>
Expenses (Schedule 1):		
Salaries and benefits	474,886	291,044
Insurance	986,214	373,630
Contribution to Health & Wellness Building	377,472	194,719
Restaurant supplies	65,537	-
Interest on contribution	54,588	61,142
Contract services	51,770	48,252
Office and general	24,056	19,360
Travel	11,414	15,454
Fees and dues	5,172	1,172
Amortization of capital assets	12,086	9,145
Professional fees	16,677	24,000
Advertising	14,578	11,158
Supplies	365	1,676
Repairs and maintenance	-	4,366
	<u>2,094,815</u>	<u>1,055,118</u>
Excess (deficiency) of revenue over expenses	(101,347)	67,548
Net assets, beginning of year	2,191,969	2,124,421
Net assets, end of year	\$ 2,090,622	\$ 2,191,969

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

SAULT COLLEGE STUDENTS' UNION

Statement of Cash Flows

Year ended April 30, 2023, with comparative information for 2022.

	2023	2022
Cash provided by (used for):		
Operating activities:		
Excess (deficiency) of revenue over expenses	\$ (101,347)	\$ 67,548
Items not involving cash:		
Amortization of capital assets	12,086	9,145
	(89,261)	76,693
Changes in non-cash assets and liabilities:		
Decrease in accounts receivable	3,089	37,214
Increase (decrease) in receivable from Sault College of Applies Arts and Technology	199,841	(126,824)
Increase in prepaid expenses	(3,423)	-
Increase in accounts payable and accrued liabilities	400,872	126,036
Increase in cash from operating activities	511,118	113,119
Investing:		
Purchase of capital assets	(11,849)	(1,423)
Increase in cash	499,269	111,696
Cash, beginning of year	1,530,437	1,418,741
Cash, end of year	\$ 2,029,706	\$ 1,530,437

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

SAULT COLLEGE STUDENTS' UNION

Notes to Financial Statements

Year ended April 30, 2023

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, 2023

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, 2023

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:

				2023
Cost		Accumulated Cost	amortization	Net book value
Restaurant equipment	\$ 69,266	\$ 69,266		\$ –
Hardware	56,215	45,551		10,664
Website	5,900	5,900		–
	<u>\$ 131,381</u>	<u>\$ 120,717</u>		<u>\$ 10,664</u>

SAULT COLLEGE STUDENTS' UNION

Notes to Financial Statements

Year ended April 30, 2023

2. Capital assets (continued):

Cost	Accumulated Cost	amortization	2022 Net book value
Restaurant equipment	\$ 69,266	\$ 65,950	\$ 3,316
Hardware	44,366	36,781	7,585
Website	5,900	5,900	–
	\$ 119,532	\$ 108,631	\$ 10,901

3. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of \$5,710 (2022 - \$2,823) which includes amounts payable for payroll related taxes.

4. Related party transactions:

During the year, the Students' Union recognized student fee revenue of \$1,816,078 (2022 - \$1,061,346) 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, 2023, the Students' Union has a receivable from the College of \$672,416 (2022 - \$807,919) related to student fees collected by the College to be transferred to the Students' Union.

5. 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	1,414,542
Pledge payable at April 30, 2023	101,469
Pledge outstanding	\$ 1,483,989

The Students' Union has committed \$200,000 from the Quality Improvement Fund for the construction of a student-use pavilion on Sault College property.

SAULT COLLEGE STUDENTS' UNION

Notes to Financial Statements

Year ended April 30, 2023

6. 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 2022.

(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.

SAULT COLLEGE STUDENTS' UNION

Schedule 1 - Statement of Operations by Fund

Year ended April 30, 2023, with comparative information for 2022.

	Students' Union	Quality Improvement Fund	Subsidized Operations	Student Life Centre and Restaurant	Dental and Health Insurance	Athletic Building Fund	Athletic Equipment Fund	Food Bank	2023 Total	2022 Total
Revenue:										
Student fees	\$ 402,401	36,335	113,685	-	911,345	248,243	39,731	-	\$ 1,751,740	\$ 1,061,346
Food sales	-	-	-	70,431	-	-	-	-	70,431	-
Liquor sales	-	-	-	38,803	-	-	-	-	38,803	-
Government grants (note 5)	-	-	-	-	-	-	-	-	-	49,281
Miscellaneous	18,541	-	-	3,832	-	-	-	110,121	132,494	12,039
	420,942	36,335	113,685	113,066	911,345	248,243	39,731	110,121	1,993,468	1,122,666
Expenses:										
Salaries and benefits	383,436	-	650	71,612	-	-	-	19,188	474,886	291,044
Insurance	-	-	12,329	-	973,885	-	-	-	986,214	373,630
Contribution to Health & Wellness Building	-	-	-	-	-	201,273	176,199	-	377,472	194,719
Restaurant supplies	-	-	-	65,537	-	-	-	-	65,537	-
Interest on building contribution	-	-	-	-	-	54,588	-	-	54,588	61,142
Contract services	35,363	3,500	6,256	6,651	-	-	-	-	51,770	48,252
Office and general	7,390	1,711	-	2,286	-	-	-	12,669	24,056	19,360
Travel	11,414	-	-	-	-	-	-	-	11,414	15,454
Fees and dues	5,172	-	-	-	-	-	-	-	5,172	1,172
Amortization of capital assets	-	8,771	-	3,315	-	-	-	-	12,086	9,145
Professional fees	15,078	-	-	1,599	-	-	-	-	16,677	24,000
Advertising	14,578	-	-	-	-	-	-	-	14,578	11,158
Supplies	106	-	-	259	-	-	-	-	365	1,676
Repairs and maintenance	-	-	-	-	-	-	-	-	-	4,366
	472,537	13,982	19,235	151,259	973,885	255,861	176,199	31,857	2,094,815	1,055,118
Excess (deficiency) of revenue over expenses	(51,595)	22,353	94,450	(38,193)	(62,540)	(7,618)	(136,468)	78,264	(101,347)	67,548
Net assets, beginning of year	355,201	243,484	301,103	-	484,261	603,148	204,772	-	2,191,969	2,124,421
Net assets, end of year	\$ 303,606	265,837	395,553	(38,193)	421,721	595,530	68,304	78,264	\$ 2,090,622	2,191,969