

Financial Statements of

**SAINT MARY'S
UNIVERSITY STUDENTS'
ASSOCIATION**

And Independent Auditors' Report thereon

Year ended April 30, 2020



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INDEPENDENT AUDITORS' REPORT

To the Shareholder of Saint Mary's University Students' Association

Opinion

We have audited the financial statements of Saint Mary's University Students' Association (the Entity), which comprise:

- the statement of financial position as at April 30, 2020
- the statement of operating revenue and expenditures for the year then ended
- the statement of 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, 2020 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.

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.



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- 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

Halifax, Canada

December 17, 2020

SAINT MARY'S UNIVERSITY STUDENTS' ASSOCIATION

Statement of Financial Position

April 30, 2020, with comparative information for 2019

	2020	2019
Assets		
Current assets:		
Cash (note 2)	\$ 1,049,527	\$ 554,261
Accounts receivable	144,041	148,185
Inventories	35,630	44,865
Prepaid expenses	15,396	20,843
	<u>1,244,594</u>	<u>768,154</u>
Capital assets (note 3)	450,179	528,366
Investments (note 4)	56,073	55,194
	<u>\$ 1,750,846</u>	<u>\$ 1,351,714</u>

Liabilities and Net Assets

Current liabilities:		
Accounts payable and accrued liabilities (note 5)	\$ 926,051	\$ 546,178
Deferred contributions (note 6):		
Expenses of future periods	21,000	40,300
Capital assets	366,631	434,370
Net assets:		
Unrestricted	303,616	186,870
Bursary fund (note 7)	50,000	50,000
Equity in capital assets (note 8)	83,548	93,996
	<u>437,164</u>	<u>330,866</u>
	<u>\$ 1,750,846</u>	<u>\$ 1,351,714</u>

See accompanying notes to financial statements.

On behalf of the Students' Association

_____ President

SAINT MARY'S UNIVERSITY STUDENTS' ASSOCIATION

Statement of Operating Revenue and Expenditures

Year ended April 30, 2020, with comparative information for 2019

	2020	2019
Revenue:		
Student fees:		
Health plan	\$ 2,907,876	\$ 2,563,201
Unrestricted	718,765	694,333
MBA Society student fee levy	1,343	2,093
AST student fee revenue	22,725	19,196
Upass	1,156,652	1,166,066
	<u>4,807,361</u>	<u>4,444,889</u>
Expenditures:		
Health plan	2,907,876	2,563,201
Council	317,842	301,407
Upass	1,138,775	1,152,806
Information services	44,617	30,179
Liquor services	39,729	26,000
Administration	144,826	298,115
Programming	98,851	86,306
Publications	(3,851)	(12,794)
	<u>4,688,665</u>	<u>4,445,220</u>
Excess of revenue over expenditures (expenditures over revenue) before the undernoted	118,696	(331)
Amortization of capital assets	(80,137)	(65,497)
Amortization of deferred contributions	67,739	43,225
	<u>(12,398)</u>	<u>(22,272)</u>
Excess of revenue over expenditures (expenditures over revenue)	\$ 106,298	\$ (22,603)

See accompanying notes to financial statements.

SAINT MARY'S UNIVERSITY STUDENTS' ASSOCIATION

Statement of Net Assets

Year ended April 30, 2020, with comparative information for 2019

	Equity in capital assets	Bursary	Internally restricted	Unrestricted	Total 2020	Total 2019
Balance, beginning of year	\$ 93,996	\$ 50,000	\$ -	\$ 186,870	\$ 330,866	\$ 353,469
Surplus (deficiency) of revenues over expenditures	(12,398)	-	-	118,696	106,298	(22,603)
Net change in equity in capital assets	1,950	-	-	(1,950)	-	-
	\$ 83,548	\$ 50,000	\$ -	\$ 303,616	\$ 437,164	\$ 330,866

See accompanying notes to financial statements.

SAINT MARY'S UNIVERSITY STUDENTS' ASSOCIATION

Statement of Cash Flows

Year ended April 30, 2020, with comparative information for 2019

	2020	2019
Cash provided by (used in):		
Operations:		
Excess of revenue over expenditures (expenditures over revenue)	\$ 106,298	\$ (22,603)
Items not involving cash:		
Amortization of capital assets	80,137	65,497
Amortization of deferred contributions	(67,739)	(43,225)
Deferred contributions recognized as revenue	(19,300)	(9,872)
Accounts receivable	4,144	(90,014)
Inventories	9,235	(8,736)
Prepaid expenses	5,447	(2,252)
Accounts payable and accrued liabilities	379,873	419,827
	498,095	308,622
Financing:		
Purchase of capital assets	(1,950)	(425,706)
Net increase in deferred contributions	-	404,811
Net increase in investments	(879)	(1,843)
	(2,829)	(22,738)
Increase in cash	495,266	285,884
Cash, beginning of year	554,261	268,377
Cash, end of year	\$ 1,049,527	\$ 554,261

See accompanying notes to financial statements.

SAINT MARY'S UNIVERSITY STUDENTS' ASSOCIATION

Notes to Financial Statements

Year ended April 30, 2020, with comparative information for 2019

Saint Mary's University Students' Association (SMUSA) (the "Association") is incorporated as a corporation without share capital under the Act of Incorporation of Saint Mary's University Students' Association of Nova Scotia. The Association is the official representative organization of the students of Saint Mary's University. SMUSA works with the university on academic issues, lobbies government, and ensures the coordination of artistic, literary, educational, social and recreational activities for Saint Mary's students. The Association is a not-for-profit organization and, as such, is exempt from income taxes, provided certain requirements of the Income Tax Act are met.

1. Significant accounting policies:

The financial statements have been prepared by management in accordance with Canadian Accounting Standards for Not-For-Profit for Organizations in Part III of the CPA Canada Handbook.

(a) Revenue recognition:

The Association follows the deferral method of accounting for contributions. Under the Act of Incorporation Saint Mary's University Students' Association and regulations thereto, the Association is funded primarily by the student fees collected by Saint Mary's University.

Restricted contributions are recognized as revenue in the year in which the related expenses are incurred.

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.

Endowment contributions are recognized as direct increases in net assets.

Restricted investment income is recognized as revenue in the year in which the related expenses are incurred. Unrestricted investment income is recognized as revenue when earned.

SAINT MARY'S UNIVERSITY STUDENTS' ASSOCIATION

Notes to Financial Statements (continued)

Year ended April 30, 2020, with comparative information for 2019

1. Significant accounting policies (continued):

(b) Investments:

Investments are classified as held for trading and stated at fair value. In determining fair value, adjustments have not been made for transaction costs as they are not considered to be significant.

Fair value of investments are determined as follows:

Fixed income securities and equities are valued at year end quoted market prices where available. Where quoted market prices are not available, estimated fair values calculated using comparable securities.

Short-term notes, treasury bills and term deposits maturing within a year are stated at cost, which together with accrued interest income approximates fair value given the short-term nature of these investments.

Investment income, which is recorded on the accrual basis, includes interest income, dividends, net realized gains/losses on sale of securities and net unrealized gains/losses.

(c) Capital assets:

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Repairs and maintenance costs are charged to expense. Betterments which extend the life of an asset are capitalized. When a capital asset no longer contributes to the Association's ability to provide services, its carrying amount is written down to its residual value.

Capital assets are amortized on a straight-line basis using the following annual rates:

Asset	Rate
Lounge improvements	10 years
Lounge equipment	10 years
Computer equipment	3 years
Office equipment	10 years
Other equipment	10 years
Office renovations	10 years
Vehicles	5 years
Cash registers	3 years
Marketing improvements	5 years

SAINT MARY'S UNIVERSITY STUDENTS' ASSOCIATION

Notes to Financial Statements (continued)

Year ended April 30, 2020, with comparative information for 2019

1. Significant accounting policies (continued):

(d) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Freestanding derivative instruments that are not in a qualifying hedging relationship and 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 Association 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 straight-line method.

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 Association 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 value 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 Association expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future year, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

(e) Use of estimates:

The preparation of the financial statements in conformity with Canadian accounting standards for private enterprises 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 property, plant and equipment; provisions for impairment of trade accounts receivable; future income taxes; and assets and obligations related to employee future benefits. Actual results could differ from those estimates.

2. Restricted cash:

Cash includes restricted balances related to deferred contributions - expenses of future periods of \$21,000 (2019 - \$40,300).

SAINT MARY'S UNIVERSITY STUDENTS' ASSOCIATION

Notes to Financial Statements (continued)

Year ended April 30, 2020, with comparative information for 2019

3. Capital assets:

			2020		2019	
	Cost	Accumulated amortization	Net book value	Net book value		
Lounge improvements	\$ 565,297	\$ 459,371	\$ 105,926	\$ 118,353		
Lounge equipment	152,381	146,321	6,060	6,806		
Computer equipment	20,650	20,650	-	64		
Office equipment	69,367	69,351	16	1,570		
Other equipment	51,601	43,499	8,102	11,589		
Office renovations	472,565	143,214	329,351	388,769		
Vehicles	77,189	77,189	-	373		
Marketing improvements	12,896	12,173	724	842		
	\$ 1,421,946	\$ 971,768	\$ 450,179	\$ 528,366		

4. Investments:

	2020		2019	
Cash and cash equivalents	\$	3,141	\$	1,905
Mutual funds		28,869		29,376
Equities		24,063		23,913
	\$	56,073	\$	55,194

5. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of \$24,626 (2019 - \$38,657), which includes amounts payable for HST and payroll related taxes.

SAINT MARY'S UNIVERSITY STUDENTS' ASSOCIATION

Notes to Financial Statements (continued)

Year ended April 30, 2020, with comparative information for 2019

6. Deferred contributions:

Deferred contributions related to expenses of future periods represent unspent resources externally restricted resources for specific programs that are related to subsequent periods. Deferred contributions related to capital assets represent contributed capital assets and restricted contributions with which certain assets were originally purchased. Changes in the deferred contributions balance are as follows:

	Expenses of			
	future periods	Capital assets	2020	2019
Balance, beginning of year	\$ 40,300	\$ 434,370	\$ 474,670	\$ 122,956
Amounts received during the year	-	-	-	404,811
Less amounts recognized as revenue during the year	(19,300)	(67,739)	(87,039)	(53,097)
	\$ 21,000	\$ 366,631	\$ 387,631	\$ 474,670

During the year \$119,030 (2019 - \$121,300) in student fee levys were collected to fund capital projects on campus as approved by the Association and the Saint Mary's University Board of Governors. These funds are held on deposit with Saint Mary's University in a capital reserve fund. During the year, \$Nil was transferred from the capital reserve fund to other internal reserves and to fund program support costs. In 2019, \$300,000 was withdrawn from the capital reserve fund the purchase of capital assets. An additional \$92,301 was received from Saint Mary's University in 2019 towards the funding of these capital assets. At April 30, 2020, the total balance in the capital reserve fund is \$254,117 (2019 - \$131,411).

7. Bursary fund:

The Association has allocated \$50,000 to a fund, the income on which will be paid out annually to students of Saint Mary's University in the form of \$250 or \$500 bursaries.

SAINT MARY'S UNIVERSITY STUDENTS' ASSOCIATION

Notes to Financial Statements (continued)

Year ended April 30, 2020, with comparative information for 2019

8. Equity in capital assets:

(a) Equity in capital assets is calculated as follows:

	2020	2019
Capital assets	\$ 450,179	\$ 528,366
Less amounts financed by:		
Deferred contributions - capital assets	(366,631)	(434,370)
	\$ 83,548	\$ 93,996

(b) Change in equity in capital assets is calculated as follows:

	2020	2019
Excess of revenues over expenditures:		
Amortization of capital assets	\$ (80,137)	\$ (65,497)
Amortization of deferred contributions - capital assets	67,739	43,225
	\$ (12,398)	\$ (22,272)

	2020	2019
Net change in equity in capital assets:		
Amortization of capital assets	\$ 1,950	\$ 425,706
Amortization of deferred contributions - capital assets	-	(392,311)
	\$ 1,950	\$ 33,395

SAINT MARY'S UNIVERSITY STUDENTS' ASSOCIATION

Notes to Financial Statements (continued)

Year ended April 30, 2020, with comparative information for 2019

9. Related party transactions:

Saint Mary's University collects Students' Association fees from the students at no charge to the Students' Association. Saint Mary's University also remits Health Plan fees and Capital Campaign revenues on behalf of the Association.

The Association also pays Saint Mary's University for various services received during the year or for items purchased by the University on behalf of the Association. The total amount paid to the University is composed of the following items:

	2020	2019
Athletics	\$ 35,000	\$ 35,000
Telephone lease	5,153	7,205
	<u>\$ 40,153</u>	<u>\$ 42,205</u>

10. Financial risks:

(a) Fair value:

The carrying value of cash, restricted cash, accounts receivable, and accounts payable and accrued liabilities approximate their fair value because of the relatively short period to maturity of the instruments. The fair value of investments is based on year-end quoted market prices as disclosed in note 4.

(b) Associated risks:

Risk management relates to the understanding and active management of risks associated with all areas of the business and the associated operating environment. Investments are primarily exposed to interest rate volatility, market, credit and liquidity risk.

(i) Interest rate risk:

Interest rate risk is the risk that the market value of the Association's investments will fluctuate due to changes in market interest rates. The value of the Association's assets is affected by short-term changes in nominal interest rates. To mitigate this risk, the Association invests its portfolio primarily in fixed income and income producing instruments including cash and money market securities.

SAINT MARY'S UNIVERSITY STUDENTS' ASSOCIATION

Notes to Financial Statements (continued)

Year ended April 30, 2020, with comparative information for 2019

10. Financial risks (continued):

(b) Associated risks (continued):

(ii) Market risk:

Market risk is the risk that the value of an investment will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual financial instrument, its issuer or factors affecting all similar financial instruments traded in the market. As all of the Association's investments are carried at fair value with fair value changes recognized in the statement of operating revenue and expenditures, all changes in market conditions will directly result in an increase (decrease) in the excess of revenues over expenditures

(iii) Credit risk:

Credit risk is the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The Association is exposed to credit risk with respect to cash, accounts receivable, and investments. The Association limits the amount of credit exposure with its cash balances by only maintaining cash with major Canadian financial institutions and the investments must adhere to specific limitations as outlined in the Association's investment policies. The Association assesses, on a continuous basis, accounts receivable and provides for any amounts that are not collectible in the allowance for doubtful accounts; \$13,429 (2019 - \$13,429) has been allowed for in the current year.

(iv) Liquidity risk:

Liquidity risk is the risk that the Association will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Association manages its liquidity risk by monitoring its operating requirements and through the receipt of student fees. The Association prepares budget and cash flow forecasts to ensure it has sufficient funds to fulfill its obligations. There has been no change to the risk exposures from 2019

SAINT MARY'S UNIVERSITY STUDENTS' ASSOCIATION

Schedule 1 - Liquor Services
(Unaudited)

Year ended April 30, 2020, with comparative information for 2019

	2020	2019
Lounge:		
Sales	\$ 248,040	\$ 289,923
Cost of sales, including supplies	76,863	92,970
Gross profit	171,177	196,953
Cover charge	5,339	6,276
	176,516	203,229
Expenditures:		
Wages and benefits	126,910	134,183
SOCAN fee	1,741	3,552
Repairs and maintenance	1,002	5,520
Miscellaneous	26,128	29,353
Equipment and video rentals	14,963	12,476
Games room	-	305
Management	42,739	41,078
Insurance	2,762	2,762
	216,245	229,229
Excess of expenditures over revenues	\$ (39,729)	\$ (26,000)

SAINT MARY'S UNIVERSITY STUDENTS' ASSOCIATION

Schedule 2 - Council Expenditures
(Unaudited)

Year ended April 30, 2020, with comparative information for 2019

	2020	2019
Honoraria	\$ 117,645	\$ 102,505
Athletic grant	35,000	35,000
Society grants	19,883	22,153
Memberships	58,345	59,746
Student conferences	22,751	15,696
Elections	3,878	2,709
Computer lease	2,081	2,589
Employee benefits	7,908	6,311
Miscellaneous	50,351	54,698
Total expenditures	\$ 317,842	\$ 301,407

SAINT MARY'S UNIVERSITY STUDENTS' ASSOCIATION

Schedule 3 - Information Services
(Unaudited)

Year ended April 30, 2020, with comparative information for 2019

	2020	2019
Revenues:		
Bus passes and tickets	\$ 20,490	\$ 14,426
Postage	166	286
Other	109	1
	<u>20,765</u>	<u>14,713</u>
Expenditures:		
Bus passes and tickets	20,190	3,636
Wages and benefits	30,113	26,815
Postage	166	55
Computer lease	662	824
Miscellaneous	484	410
Management	13,767	13,152
	<u>65,382</u>	<u>44,892</u>
Excess of expenditures over revenues	\$ (44,617)	\$ (30,179)

SAINT MARY'S UNIVERSITY STUDENTS' ASSOCIATION

Schedule 4 - Administration
(Unaudited)

Year ended April 30, 2020, with comparative information for 2019

	2020	2019
Revenues:		
Corporate commissions and donations	\$ 17,074	\$ 16,691
Photocopier	533	1,552
Interest income	25,837	23,877
Grant revenue	68,531	1
	<u>111,975</u>	<u>42,121</u>
Expenditures:		
Salaries and benefits	170,179	199,701
Supplies	6,688	9,501
Telephone and postage	6,521	10,407
Bank charges and interest	3,931	3,671
Charter Day banquet	498	8,500
Miscellaneous	(2,625)	25,168
Professional fees	23,039	25,722
Repairs and maintenance	4,026	4,671
Insurance	27,414	27,166
Conferences	8,506	10,969
Staff training	2,178	8,026
HST	94	94
Leases	6,352	6,640
	<u>256,801</u>	<u>340,236</u>
Excess of expenditures over revenues	\$ (144,826)	\$ (298,115)

SAINT MARY'S UNIVERSITY STUDENTS' ASSOCIATION

Schedule 5 - Programming
(Unaudited)

Year ended April 30, 2020, with comparative information for 2019

	2020	2019
Marketing and advertising:		
Revenue	\$ 27,060	\$ 27,905
Expenditures	43,985	59,308
	(16,925)	(31,403)
Orientation week:		
Revenue	59,265	83,638
Expenditures	78,738	83,247
	(19,473)	391
General programming:		
Revenue	25,034	32,294
Expenditures	39,200	44,293
	(14,166)	(11,999)
Husky safety patrol:		
Revenue	21,527	15,165
Expenditures	69,814	58,460
	(48,287)	(43,295)
Excess of expenditures over revenues	\$ (98,851)	\$ (86,306)

SAINT MARY'S UNIVERSITY STUDENTS' ASSOCIATION

Schedule 6 - Publications
(Unaudited)

Year ended April 30, 2020, with comparative information for 2019

	2020	2019
Revenues:		
Yearbook student levy	\$ 43,656	\$ 45,644
Expenditures:		
Yearbook production	35,000	31,000
Wages, benefits and other	4,805	1,850
	39,805	32,850
Excess of revenues over expenditures	\$ 3,851	\$ 12,794