Financial Statements of

SAINT MARY'S UNIVERSITY STUDENTS' ASSOCIATION

Year ended April 30, 2015

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INDEPENDENT AUDITORS' REPORT

To the Students of Saint Mary's University

We have audited the accompanying financial statements of Saint Mary's University Students' Association, which comprise the statement of financial position as at April 30, 2015, the statements of operating revenue and expenditures, 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 the auditor's 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 Saint Mary's University Students' Association as at April 30, 2015, 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 Accountants
April 30, 2016
Halifax, Canada

SAINT MARY'S UNIVERSITY STUDENTS' ASSOCIATION

Statement of Financial Position

April 30, 2015, with comparative information for 2014

		2015		2014
Assets				
Current assets:				
Cash	$	17,812	$	498,629
Restricted cash		389,744		241,317
Accounts receivable		76,681		78,734
Inventories		32,519		34,484
Prepaid expenses		39,219		18,979
		555,975		872,143
Advances to The Journal Publishing Society, non-interest bearing, unsecured, no set terms of repayment		11,500		25,000
Capital assets (note 2)		136,568		141,959
Investments (note 3)		51,675		51,423
	$	755,718	$	1,090,525
Liabilities and Net Assets				
Current liabilities:				
Accounts payable and accrued liabilities	$	215,354	$	437,615
Current portion of due to Saint Mary's University (note 4)		20,855		120,000
		236,209		557,615
Due to Saint Mary's University (note 4)		-		20,855
Deferred contributions (note 5):				
Expenses of future periods		58,072		64,872
Net assets:				
Unrestricted		33,603		219,634
Bursary fund (note 6)		50,000		50,000
Internally restricted (note 7)		262,121		176,445
Equity in capital assets (note 8)		115,713		1,104
		461,437		447,183
	$	755,718	$	1,090,525

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, 2015, with comparative information for 2014

	2015	2014
Revenue:		
Student fees:		
Health plan	$ 1,911,695	$ 2,011,238
Capital campaign	126,765	129,879
Unrestricted	678,051	689,628
MBA Society student fee levy	2,710	5,588
AST Student fee revenue	20,256	10,672
Alumni contribution	-	4,000
Liquor services (Schedule 1)	2,149	31,198
Upass	965,936	1,010,041
	3,707,562	3,892,244
Expenditures:		
Health plan	1,911,695	2,001,918
Council (Schedule 2)	286,406	293,005
Upass	956,096	933,480
Information services (Schedule 3)	52,388	35,716
Administration (Schedule 4)	275,642	298,858
Programming (Schedule 5)	120,866	164,500
Publications (Schedule 6)	15,273	12,970
	3,618,366	3,740,447
Excess of revenues over expenditures before the undernoted	89,196	151,797
Amortization of capital assets	(74,942)	(66,121)
Excess of revenues over expenditures	$ 14,254	$ 85,676

The Association reports revenues and expenditures in the Schedules to the financial statements on a gross basis. See Schedules 1 through 6.

See accompanying notes to financial statements.

SAINT MARY'S UNIVERSITY STUDENTS' ASSOCIATION

Statement of Net Assets

Year ended April 30, 2015, with comparative information for 2014

	Equity in capital assets	Bursary	Internally restricted	Unrestricted	Total 2015	Total 2014
Balance, beginning of year	$ 1,104	$ 50,000	$ 176,445	$ 219,634	$ 447,183	$ 361,507
(Deficiency) excess of revenues over expenditures	(74,942)	-	-	89,196	14,254	85,676
Transfer	-	-	85,676	(85,676)	-	-
Net change in equity in capital assets	189,551	-	-	(189,551)	-	-
Balance, end of year	$ 115,713	$ 50,000	$ 262,121	$ 33,603	$ 461,437	$ 447,183

See accompanying notes to financial statements.

SAINT MARY'S UNIVERSITY STUDENTS' ASSOCIATION

Statement of Cash Flows

Year ended April 30, 2015, with comparative information for 2014

	2015	2014
Cash provided by (used in):		
Operating activities:		
Excess of revenues over expenditures	$ 14,254	$ 85,676
Add items not involving cash:		
Amortization of capital assets	74,942	66,121
Deferred revenue	(6,800)	-
Change in non-cash operating working capital relating to operations:		
Accounts receivable	2,053	(15,903)
Inventories	1,965	(7,979)
Prepaid expenses	(20,240)	7,344
Accounts payable and accrued liabilities	(222,261)	112,834
	(156,087)	248,093
Financing and investing activities		
Principal payments on due to Saint Mary's University	(120,000)	(113,880)
Net increase in deferred contributions	-	61,800
Decrease in advances to The Journal Publishing Society	13,500	5,000
Net (increase) decrease in investments	(252)	4,097
Purchase of capital assets	(69,551)	(51,699)
Increase in restricted cash	(148,427)	(174,004)
	(324,730)	(268,686)
Decrease in cash	(480,817)	(20,593)
Cash, beginning of year	498,629	519,222
Cash, end of year	$ 17,812	$ 498,629

See accompanying notes to financial statements.

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 registered charity under the Income Tax Act and accordingly 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.

(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.

1. Significant accounting policies (continued):

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 are 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	Basis	Rate
Lounge improvements	Straight-line	10 years
Lounge equipment	Straight-line	10 years
Computer equipment	Straight-line	3 years
Office equipment	Straight-line	10 years
Other equipment	Straight-line	10 years
Office renovations	Straight-line	10 years
Vehicles	Straight-line	5 years
Cash registers	Straight-line	3 years
Marketing improvements	Straight-line	5 years

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 period, 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 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. Actual results could differ from those estimates.

2. Capital assets:

		Cost		Accumulated amortization		2015 Net book value		2014 Net book value
Lounge improvements	$	470,037	$	398,560	$	71,477	$	64,744
Lounge equipment		147,065		132,113		14,952		29,625
Computer equipment		20,650		12,536		8,114		-
Office equipment		63,361		60,656		2,705		5,080
Other equipment		34,166		31,932		2,234		2,810
Office renovations		17,148		10,069		7,079		1,465
Vehicles		77,189		47,210		29,979		38,206
Marketing improvements		10,765		10,737		28		29
	$	840,381	$	703,813	$	136,568	$	141,959

3. Investments:

		2015		2014
Cash and cash equivalents	$	21,263	$	3,016
Fixed rate deposit notes		24,666		40,957
Equities		5,746		7,450
	$	51,675	$	51,423

4. Due to Saint Mary's University:

The Association financed renovations to the Gorsebrook Lounge with deferred contributions and through borrowings from Saint Mary's University. The balance owing to Saint Mary's University was repaid in full on May 19, 2015.

5. 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:

	2015	2014
Balance, beginning of year	$ 64,872	$ 3,072
Amounts received during the year	-	68,000
Less amounts recognized as revenue during the year	(6,800)	(6,200)
	$ 58,072	$ 64,872

6. 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.

7. Internally restricted equity:

The Association has adopted a policy of allocating the prior year's net income, if greater than $1,000, to fund programming initiatives, scholarships and bursaries, and capital expenditures. During the year, the Association allocated $85,676 (2014 - $112,204) to this fund.

	Program	Capital	2015	2014
Beginning of year	$ 120,657	$ 55,788	$ 176,445	$ 64,241
Transfer from operations	51,406	34,270	85,676	112,204
	$ 172,063	$ 90,058	$ 262,121	$ 176,445

8. Equity in capital assets:

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

	2015	2014
Capital assets	$ 136,568	$ 141,959
Less amounts financed by:		
Due to Saint Mary's University	(20,855)	(140,855)
	$ 115,713	$ 1,104

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

	2015	2014
Excess of revenues over expenditures:		
Amortization of capital assets	$ (74,942)	$ (66,121)
	$ (74,942)	$ (66,121)
Net change in equity in capital assets:		
Capital assets acquired	$ 69,551	$ 51,699
Repayments of due to Saint Mary's University	120,000	113,880
	$ 189,551	$ 165,579

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:

		2015		2014
Athletics	$	35,000	$	35,000
Telephone lease		6,818		7,389

10. **Accounts payable and accrued liabilities:**

Included in accounts payable and accrued liabilities are government remittances payable of $28,308 (2014 - $15,624), which includes amounts payable for HST and payroll related taxes.

11. **Financial instruments:**

(a) Fair value:

The carrying value of cash, restricted cash, accounts receivable, advances to The Journal Publishing Society 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 1. The carrying value of due to Saint Mary's University approximates its fair value as the terms and conditions of the borrowing arrangement is comparable to current market terms and conditions for similar items.

(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.

11. Financial instruments (continued):

(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.

(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 revenue and expenditures, all changes in market conditions will directly result in an increase (decrease) in excess of revenue 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, advances to The Journal Publishing Society 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 assess, on a continuous basis, accounts receivable and provides for any amounts that are not collectible in the allowance for doubtful accounts; $13,429 has been allowed for 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 forecasts to ensure it has sufficient funds to fulfill its obligations. There has been no change to the risk exposure from 2014.

SAINT MARY'S UNIVERSITY STUDENTS' ASSOCIATION

Schedule 1 - Liquor Services

Year ended April 30, 2015, with comparative information for 2014

	2015	2014
Lounge:		
Sales	$ 298,401	$ 361,881
Cost of sales, including supplies	122,756	143,664
Gross profit	175,645	218,217
Cover charge	875	1,449
	176,520	219,666
Expenditures:		
Wages and benefits	120,767	136,485
SOCAN fee	722	589
Repairs and maintenance	4,475	3,744
Miscellaneous	6,112	8,057
Equipment and video rentals	2,792	3,470
Management	34,699	32,972
Insurance	4,804	3,151
	174,371	188,468
Excess of revenues over expenditures	$ 2,149	$ 31,198

SAINT MARY'S UNIVERSITY STUDENTS' ASSOCIATION

Schedule 2 - Council Expenditures

Year ended April 30, 2015, with comparative information for 2014

	2015	2014
Honoraria	$ 102,294	$ 78,996
Athletic grant	35,000	35,000
Society grants	26,962	20,914
Memberships	62,131	78,018
Student conferences	13,799	12,199
Elections	6,545	11,641
Computer lease	1,288	1,516
Employee benefits	6,737	5,489
Miscellaneous	31,650	49,232
Total expenditures	$ 286,406	$ 293,005

SAINT MARY'S UNIVERSITY STUDENTS' ASSOCIATION
Schedule 3 - Information Services

Year ended April 30, 2015, with comparative information for 2014

	2015	2014
Revenues:		
Bus passes and tickets	$ 37,017	$ 42,061
Postage	648	649
Fax	26	26
Other	13	12
	37,704	42,748
Expenditures:		
Bus passes and tickets	41,182	35,510
Wages and benefits	36,082	30,764
Postage	-	305
Computer lease	658	505
Miscellaneous	660	513
Management	11,568	10,990
Phone cards, net	(58)	(123)
	90,092	78,464
Excess of expenditures over revenues	$ (52,388)	$ (35,716)

SAINT MARY'S UNIVERSITY STUDENTS' ASSOCIATION

Schedule 4 - Administration

Year ended April 30, 2015, with comparative information for 2014

	2015	2014
Revenues:		
Corporate commissions and donations	$ 47,699	$ 43,251
Leased space income	-	5,489
Photocopier	980	2,829
Interest income	1,282	3,185
Miscellaneous	-	35
	49,961	54,789
Expenditures:		
Salaries and benefits	189,339	179,367
Supplies	11,294	11,387
Telephone and postage	11,305	9,748
Bank charges and interest	15,088	25,425
Charter Day banquet	6,113	7,869
Miscellaneous	19,105	19,508
Professional fees	25,003	26,816
Bad debts	1,117	6,047
Repairs and maintenance	4,709	15,221
Insurance	25,341	23,180
Conferences	9,594	12,980
Staff training	4,402	12,972
HST	-	601
Leases	3,193	2,526
	325,603	353,647
Excess of expenditures over revenues	$ (275,642)	$ (298,858)

SAINT MARY'S UNIVERSITY STUDENTS' ASSOCIATION

Schedule 5 - Programming

Year ended April 30, 2015, with comparative information for 2014

		2015		2014
Marketing and advertising:				
Revenue	$	-	$	422
Expenditures		33,471		63,980
		(33,471)		(63,558)
Orientation week:				
Revenue		20,866		61,476
Expenditures		4,000		60,782
		16,866		694
General programming:				
Revenue		3,363		-
Expenditures		67,694		55,283
		(64,331)		(55,283)
Husky safety patrol:				
Revenue		5,000		5,000
Expenditures		44,930		51,353
		(39,930)		(46,353)
Excess of expenditures over revenues	$	(120,866)	$	(164,500)

SAINT MARY'S UNIVERSITY STUDENTS' ASSOCIATION

Schedule 6 - Publications

Year ended April 30, 2015, with comparative information for 2014

	2015	2014
Revenues:		
Handbook advertising revenue	$ -	$ 12,745
Yearbook student levy	50,000	50,000
	50,000	62,745
Expenditures:		
Handbook production	-	22,226
Yearbook production	64,473	50,000
Wages, benefits and other	800	3,489
	65,273	75,715
Excess of expenditures over revenues	$ (15,273)	$ (12,970)