

Financial Statements of

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

Year ended April 30, 2016



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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, 2016, 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, 2016, 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.

### *Other matters*

We draw attention to the fact that the supplementary information included in the schedule of operations does not form a part of the basic financial statements. We have not audited or reviewed this supplementary information and accordingly, we do not express an opinion or any assurance on this supplementary information.

Chartered Professional Accountants, Licensed Public Accountants.  
April 2, 2017  
Halifax, Canada

# SAINT MARY'S UNIVERSITY STUDENTS' ASSOCIATION

## Statement of Financial Position

April 30, 2016, with comparative information for 2015

	2016	2015
<b>Assets</b>		
Current assets:		
Cash (note 2)	\$ 364,052	\$ 407,556
Accounts receivable	53,011	76,681
Inventories	39,432	32,519
Prepaid expenses	5,457	39,219
	461,952	555,975
Advances to The Journal Publishing Society	-	11,500
Capital assets (note 3)	149,551	136,568
Investments (note 4)	51,542	51,675
	\$ 663,045	\$ 755,718
<b>Liabilities and Net Assets</b>		
Current liabilities:		
Accounts payable and accrued liabilities (note 5)	\$ 162,346	\$ 215,354
Deferred revenue	14,503	-
Due to Saint Mary's University (note 6)	-	20,855
	176,849	236,209
Deferred contributions (note 7):		
Expenses of future periods	51,272	58,072
Capital assets	44,302	-
Net assets:		
Unrestricted	235,373	33,603
Bursary fund (note 8)	50,000	50,000
Internally restricted (note 9)	-	262,121
Equity in capital assets (note 10)	105,249	115,713
	390,622	461,437
	\$ 663,045	\$ 755,718

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, 2016, with comparative information for 2015

	2016	2015
Revenue:		
Student fees:		
Health plan	\$ 2,260,583	\$ 1,911,695
Capital campaign (note 8)	20,855	126,765
Unrestricted	670,652	678,051
MBA Society student fee levy	4,298	2,710
AST Student fee revenue	21,542	20,256
Alumni contribution	4,000	-
Liquor services	(25,482)	2,149
Upass	978,875	965,936
	<u>3,935,323</u>	<u>3,707,562</u>
Expenditures:		
Health plan	2,260,583	1,911,695
Council	285,761	286,406
Upass	974,597	956,096
Information services	42,654	52,388
Administration	288,740	275,642
Programming	100,274	120,866
Publications	10,888	15,273
	<u>3,963,497</u>	<u>3,618,366</u>
Excess of (expenditures over revenue) revenue over expenditures before the undernoted	(28,174)	89,196
Amortization of capital assets	(49,457)	(74,942)
Amortization of deferred contributions	6,816	-
	<u>(42,641)</u>	<u>(74,942)</u>
Excess of (expenditures over revenue) revenue over expenditures	\$ (70,815)	\$ 14,254

See accompanying notes to financial statements.

# SAINT MARY'S UNIVERSITY STUDENTS' ASSOCIATION

## Statement of Net Assets

Year ended April 30, 2016, with comparative information for 2015

	Equity in capital assets	Bursary	Internally restricted	Unrestricted	Total 2016	Total 2015
Balance, beginning of year	\$ 115,713	\$ 50,000	\$ 262,121	\$ 33,603	\$ 461,437	\$ 447,183
Excess of (expenditures over revenue) revenue over expenditures	(42,641)	-	-	(28,174)	(70,815)	14,254
Transfer (note 8)	-	-	(262,121)	262,121	-	-
Net change in equity in capital assets	32,177	-	-	(32,177)	-	-
Balance, end of year	\$ 105,249	\$ 50,000	\$ -	\$ 235,373	\$ 390,622	\$ 461,437

See accompanying notes to financial statements.

# SAINT MARY'S UNIVERSITY STUDENTS' ASSOCIATION

## Statement of Cash Flows

Year ended April 30, 2016, with comparative information for 2015

	2016	2015
Cash provided by (used in):		
Operating activities:		
Excess of (expenditures over revenue) revenue over expenditures	\$ (70,815)	\$ 14,254
Add items not involving cash:		
Amortization of capital assets	49,457	74,942
Amortization of deferred contributions	(6,816)	-
Deferred contributions recognized as revenue	(6,800)	(6,800)
Change in non-cash operating working capital relating to operations:		
Accounts receivable	23,670	2,053
Inventories	(6,913)	1,965
Prepaid expenses	33,762	(20,240)
Accounts payable and accrued liabilities	(53,008)	(222,261)
Deferred revenue	14,503	-
	(22,960)	(156,087)
Financing and investing activities		
Principal payments on due to Saint Mary's University	(20,855)	(120,000)
Decrease in advances to The Journal Publishing Society	11,500	13,500
Net (increase) decrease in investments	133	(252)
Purchase of capital assets, net of amounts funded by deferred capital contributions of \$51,118 (2015 - nil)	(11,322)	(69,551)
	(20,544)	(176,303)
Decrease in cash	(43,504)	(332,390)
Cash, beginning of year	407,556	739,946
Cash, end of year	\$ 364,052	\$ 407,556

See accompanying notes to financial statements.

# SAINT MARY'S UNIVERSITY STUDENTS' ASSOCIATION

Notes to Financial Statements

Year ended April 30, 2016

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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.

# SAINT MARY'S UNIVERSITY STUDENTS' ASSOCIATION

Notes to Financial Statements (continued)

Year ended April 30, 2016

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## 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
Marketing improvements	Straight-line	5 years



# SAINT MARY'S UNIVERSITY STUDENTS' ASSOCIATION

Notes to Financial Statements (continued)

Year ended April 30, 2016

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## 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. Restricted cash:

Cash includes restricted balances related to deferred contributions - expenses of future periods of \$51,272 (2015 - \$58,072) and internally restricted net assets of \$nil (2015 - \$262,131).

# SAINT MARY'S UNIVERSITY STUDENTS' ASSOCIATION

Notes to Financial Statements (continued)

Year ended April 30, 2016

### 3. Capital assets:

			2016	2015
	Cost	Accumulated amortization	Net book value	Net book value
Lounge improvements	\$ 470,037	\$ 417,868	\$ 52,169	\$ 71,477
Lounge equipment	152,381	138,617	13,764	14,952
Computer equipment	20,650	16,013	4,637	8,114
Office equipment	69,367	62,747	6,620	2,705
Other equipment	34,166	32,509	1,657	2,234
Office renovations	68,266	19,342	48,924	7,079
Vehicles	77,189	55,437	21,752	29,979
Marketing improvements	10,765	10,737	28	28
	\$ 902,821	\$ 753,270	\$ 149,551	\$ 136,568

### 4. Investments:

	2016	2015
Cash and cash equivalents	\$ 1,217	\$ 21,263
Fixed rate deposit notes	24,440	24,666
Mutual funds	20,975	-
Equities	4,910	5,746
	\$ 51,542	\$ 51,675

### 5. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of \$32,198 (2015 - \$28,308), 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, 2016

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## 6. 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.

## 7. 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	2016	2015
Balance, beginning of year \$	58,072 \$	- \$	58,072 \$	64,872
Amounts received during the year	-	51,118	51,118	-
Less amounts recognized as revenue during the year	(6,800)	(6,816)	(13,616)	(6,800)
	\$ 51,272 \$	44,302 \$	95,574 \$	58,072

During the year, \$124,165 in student fee levys were collected to fund capital projects. Of this amount, \$20,855 was recognized as revenue and was used to fund repayment of amounts owing to Saint Mary's University related to capital projects and \$51,118 was used to fund capital projects during the year. The remaining \$52,129 is maintained in a capital fund with Saint Mary's University. At April 30, 2016, the total balance in the capital fund is \$109,662, which is to be used to fund capital projects on campus as approved by the Association and the Saint Mary's University Board of Governors.

## 8. 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, 2016

## 9. Internally restricted equity:

The Association had 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. The purpose of the policy was to avoid future increases in unrestricted net assets. Over the years, the Association has reduced the unrestricted net asset balance and as a result, the Board has approved the removal of the internal restriction and the transfer of the balance to unrestricted net assets.

	Program	Capital	2016	2015
Beginning of year	\$ 172,063	\$ 90,058	\$ 262,121	\$ 176,445
Transfer from operations	-	-	-	85,676
Transfer to unrestricted net assets	(172,063)	(90,058)	(262,121)	-
	\$ -	\$ -	\$ -	\$ 262,121

## 10. Equity in capital assets:

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

	2016	2015
Capital assets	\$ 149,551	\$ 136,568
Less amounts financed by:		
Due to Saint Mary's University	-	(20,855)
Deferred contributions - capital assets	(44,302)	-
	\$ 105,249	\$ 115,713

# SAINT MARY'S UNIVERSITY STUDENTS' ASSOCIATION

Notes to Financial Statements (continued)

Year ended April 30, 2016

## 10. Equity in capital assets (continued):

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

	2016	2015
Excess of revenues over expenditures:		
Amortization of capital assets	\$ (49,457)	\$ (74,942)
Amortization of deferred contributions - capital assets	6,816	-
	\$ (42,641)	\$ (74,942)
Net change in equity in capital assets:		
Capital assets acquired	\$ 11,322	\$ 69,551
Repayments of due to Saint Mary's University	20,855	120,000
	\$ 32,177	\$ 189,551

## 11. 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:

	2016	2015
Athletics	\$ 35,000	\$ 35,000
Telephone lease	7,383	6,818

# SAINT MARY'S UNIVERSITY STUDENTS' ASSOCIATION

Notes to Financial Statements (continued)

Year ended April 30, 2016

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## 12. 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.

#### (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.

# SAINT MARY'S UNIVERSITY STUDENTS' ASSOCIATION

Notes to Financial Statements (continued)

Year ended April 30, 2016

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## 12. Financial instruments (continued):

### (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 assesses, 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 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 forecasts to ensure it has sufficient funds to fulfill its obligations. There has been no change to the risk exposure from 2015.

# SAINT MARY'S UNIVERSITY STUDENTS' ASSOCIATION

## Schedule 1 - Liquor Services

Year ended April 30, 2016, with comparative information for 2015

	2016	2015
Lounge:		
Sales	\$ 277,312	\$ 298,401
Cost of sales, including supplies	101,751	122,756
Gross profit	175,561	175,645
Cover charge	3,064	875
	178,625	176,520
Expenditures:		
Wages and benefits	127,963	120,767
SOCAN fee	936	722
Repairs and maintenance	7,662	4,475
Miscellaneous	24,659	6,112
Equipment and video rentals	2,622	2,792
Management	35,461	34,699
Insurance	4,804	4,804
	204,107	174,371
Excess of (expenditures over revenue) revenue over expenditures\$	(25,482)	\$ 2,149



# SAINT MARY'S UNIVERSITY STUDENTS' ASSOCIATION

## Schedule 2 - Council Expenditures

Year ended April 30, 2016, with comparative information for 2015

	2016	2015
Honoraria	\$ 115,443	\$ 102,294
Athletic grant	35,000	35,000
Society grants	24,711	26,962
Memberships	61,260	62,131
Student conferences	15,027	13,799
Elections	4,149	6,545
Computer lease	1,167	1,288
Employee benefits	7,697	6,737
Miscellaneous	21,307	31,650
<b>Total expenditures</b>	<b>\$ 285,761</b>	<b>\$ 286,406</b>

# SAINT MARY'S UNIVERSITY STUDENTS' ASSOCIATION

## Schedule 3 - Information Services

Year ended April 30, 2016, with comparative information for 2015

	2016	2015
<b>Revenues:</b>		
Bus passes and tickets	\$ 32,370	\$ 37,017
Postage	528	648
Fax	1	26
Other	6	13
	<u>32,905</u>	<u>37,704</u>
<b>Expenditures:</b>		
Bus passes and tickets	31,412	41,182
Wages and benefits	31,647	36,082
Computer lease	371	658
Miscellaneous	392	660
Management	11,820	11,568
Phone cards, net	(83)	(58)
	<u>75,559</u>	<u>90,092</u>
<b>Excess of expenditures over revenues</b>	<b>\$ (42,654)</b>	<b>\$ (52,388)</b>

# SAINT MARY'S UNIVERSITY STUDENTS' ASSOCIATION

## Schedule 4 - Administration

Year ended April 30, 2016, with comparative information for 2015

	2016	2015
<b>Revenues:</b>		
Corporate commissions and donations	\$ 28,472	\$ 47,699
Photocopier	370	980
Interest income	6,116	1,282
	<u>34,958</u>	<u>49,961</u>
<b>Expenditures:</b>		
Salaries and benefits	203,344	189,339
Supplies	10,892	11,294
Telephone and postage	13,711	11,305
Bank charges and interest	5,157	15,088
Charter Day banquet	11,878	6,113
Miscellaneous	25,414	19,105
Professional fees	10,590	25,003
Bad debts	-	1,117
Repairs and maintenance	3,927	4,709
Insurance	30,769	25,341
Conferences	4,847	9,594
Staff training	569	4,402
Leases	2,600	3,193
	<u>323,698</u>	<u>325,603</u>
Excess of expenditures over revenues	\$ (288,740)	\$ (275,642)

# SAINT MARY'S UNIVERSITY STUDENTS' ASSOCIATION

## Schedule 5 - Programming

Year ended April 30, 2016, with comparative information for 2015

	2016	2015
Marketing and advertising:		
Revenue	\$ 1,860	\$ -
Expenditures	21,328	33,471
	<u>(19,468)</u>	<u>(33,471)</u>
Orientation week:		
Revenue	69,365	20,866
Expenditures	70,200	4,000
	<u>(835)</u>	<u>16,866</u>
General programming:		
Revenue	12,590	3,363
Expenditures	46,641	67,694
	<u>(34,051)</u>	<u>(64,331)</u>
Husky safety patrol:		
Revenue	5,000	5,000
Expenditures	50,920	44,930
	<u>(45,920)</u>	<u>(39,930)</u>
Excess of expenditures over revenues	\$ (100,274)	\$ (120,866)

# SAINT MARY'S UNIVERSITY STUDENTS' ASSOCIATION

## Schedule 6 - Publications

Year ended April 30, 2016, with comparative information for 2015

	2016	2015
Revenues:		
Yearbook student levy	\$ 49,245	\$ 50,000
	<u>49,245</u>	<u>50,000</u>
Expenditures:		
Yearbook production	60,133	64,473
Wages, benefits and other	-	800
	<u>60,133</u>	<u>65,273</u>
Excess of expenditures over revenues	\$ (10,888)	\$ (15,273)