

Financial Statements of

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

Year ended April 30, 2017



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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, 2017, 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, 2017, 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  
February 26, 2018  
Halifax, Canada

# SAINT MARY'S UNIVERSITY STUDENTS' ASSOCIATION

## Statement of Financial Position

April 30, 2017, with comparative information for 2016

	2017	2016
<b>Assets</b>		
Current assets:		
Cash (note 2)	\$ 406,449	\$ 364,052
Accounts receivable	51,468	53,011
Inventories	32,414	39,432
Prepaid expenses	9,876	5,457
	<u>500,207</u>	<u>461,952</u>
Capital assets (note 3)	154,642	149,551
Investments (note 4)	53,351	51,542
	<u>\$ 708,200</u>	<u>\$ 663,045</u>
<b>Liabilities and Net Assets</b>		
Current liabilities:		
Accounts payable and accrued liabilities (note 5)	\$ 224,569	\$ 162,346
Deferred revenue	-	14,503
	<u>224,569</u>	<u>176,849</u>
Deferred contributions (note 6):		
Expenses of future periods	44,472	51,272
Capital assets	51,078	44,302
Net assets:		
Unrestricted	234,517	235,373
Bursary fund (note 7)	50,000	50,000
Equity in capital assets (note 8)	103,564	105,249
	<u>388,081</u>	<u>390,622</u>
	<u>\$ 708,200</u>	<u>\$ 663,045</u>

See accompanying notes to financial statements.

On behalf of the Students' Association:

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President

# SAINT MARY'S UNIVERSITY STUDENTS' ASSOCIATION

## Statement of Operating Revenue and Expenditures

Year ended April 30, 2017, with comparative information for 2016

	2017	2016
<b>Revenue:</b>		
Student fees:		
Health plan	\$ 2,310,023	\$ 2,260,583
Capital campaign (note 8)	-	20,855
Unrestricted	703,296	670,652
MBA Society student fee levy	2,193	4,298
AST Student fee revenue	22,217	21,542
Alumni contribution	-	4,000
Upass	1,167,792	978,875
	<u>4,205,521</u>	<u>3,960,805</u>
<b>Expenditures:</b>		
Health plan	2,310,023	2,260,583
Council	254,250	285,761
Upass	1,150,945	974,597
Information services	41,819	42,654
Liquor services	39,320	25,482
Administration	306,135	288,740
Programming	78,595	100,274
Publications	2,501	10,888
	<u>4,183,588</u>	<u>3,988,979</u>
Excess of revenue over expenditures (expenditures over revenue) before the undernoted	21,933	(28,174)
Amortization of capital assets	(35,133)	(49,457)
Amortization of deferred contributions	10,659	6,816
	<u>(24,474)</u>	<u>(42,641)</u>
<b>Excess of expenditures over revenue</b>	<b>\$ (2,541)</b>	<b>\$ (70,815)</b>

See accompanying notes to financial statements.

# SAINT MARY'S UNIVERSITY STUDENTS' ASSOCIATION

## Statement of Net Assets

Year ended April 30, 2017, with comparative information for 2016

	Equity in capital assets	Bursary	Internally restricted	Unrestricted	Total 2017	Total 2016
Balance, beginning of year	\$ 105,249	\$ 50,000	\$ -	\$ 235,373	\$ 390,622	\$ 461,437
Excess (deficiency) of revenues over expenditures	(24,474)	-	-	21,933	(2,541)	(70,815)
Net change in equity in capital assets	22,789	-	-	(22,789)	-	-
Balance, end of year	\$ 103,564	\$ 50,000	\$ -	\$ 234,517	\$ 388,081	\$ 390,622

See accompanying notes to financial statements.

# SAINT MARY'S UNIVERSITY STUDENTS' ASSOCIATION

## Statement of Cash Flows

Year ended April 30, 2017, with comparative information for 2016

	2017	2016
Cash provided by (used in):		
Operating activities:		
Excess of revenues over expenditures	\$ (2,541)	\$ (70,815)
Add items not involving cash:		
Amortization of capital assets	35,133	49,457
Amortization of deferred contributions	(10,659)	(6,816)
Deferred contributions recognized as revenue	(6,800)	(6,800)
Change in non-cash operating working capital relating to operations:		
Accounts receivable	1,543	23,670
Inventories	7,018	(6,913)
Prepaid expenses	(4,419)	33,762
Accounts payable and accrued liabilities	62,223	(53,008)
Deferred revenue	(14,503)	14,503
	<u>66,995</u>	<u>(22,960)</u>
Financing and investing activities		
Principal payments on due to Saint Mary's University	-	(20,855)
Decrease in advances to The Journal Publishing Society	-	11,500
Net (increase) decrease in investments	(1,809)	133
Purchase of capital assets, net of amounts funded by deferred capital contributions of \$17,435 (2016 - \$51,118)	(22,789)	(11,322)
	<u>(24,598)</u>	<u>(20,544)</u>
Increase (decrease) in cash	42,397	(43,504)
Cash, beginning of year	364,052	407,556
Cash, end of year	<u>\$ 406,449</u>	<u>\$ 364,052</u>

See accompanying notes to financial statements.

# SAINT MARY'S UNIVERSITY STUDENTS' ASSOCIATION

Notes to Financial Statements

Year ended April 30, 2017

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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, 2017

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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
Cash registers	Straight-line	3 years
Marketing improvements	Straight-line	5 years



# SAINT MARY'S UNIVERSITY STUDENTS' ASSOCIATION

Notes to Financial Statements (continued)

Year ended April 30, 2017

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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 \$44,472 (2016 - \$51,272).

# SAINT MARY'S UNIVERSITY STUDENTS' ASSOCIATION

Notes to Financial Statements (continued)

Year ended April 30, 2017

### 3. Capital assets:

			2017		2016	
	Cost	Accumulated amortization	Net book value		Net book value	
Lounge improvements	\$ 492,826	\$ 423,603	\$ 69,223	\$	52,169	
Lounge equipment	152,381	141,314	11,067		13,764	
Computer equipment	20,650	19,491	1,159		4,637	
Office equipment	69,367	64,534	4,833		6,620	
Other equipment	51,601	33,038	18,563		1,657	
Office renovations	68,266	32,022	36,244		48,924	
Vehicles	77,189	63,664	13,525		21,752	
Marketing improvements	10,765	10,737	28		28	
	\$ 943,045	\$ 788,403	\$ 154,642	\$	149,551	

### 4. Investments:

	2017		2016	
Cash and cash equivalents	\$	439	\$	1,217
Fixed rate deposit notes		12,083		24,440
Mutual funds		30,999		20,975
Equities		9,830		4,910
	\$	53,351	\$	51,542

### 5. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of \$49,534 (2016 - \$32,198), 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, 2017

## 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	2017	2016
Balance, beginning of year \$	51,272 \$	44,302 \$	95,574 \$	58,072
Amounts received during the year	-	17,435	17,435	51,118
Less amounts recognized as revenue during the year	(6,800)	(10,659)	(17,459)	(13,616)
	\$ 44,472 \$	\$ 51,078 \$	\$ 95,550 \$	\$ 95,574

During the year \$125,223 (2016 - \$124,165) in student fee levys were collected to fund capital projects. Of this amount nil (2016 - \$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 \$17,435 (2016 - \$51,118) was used to fund capital projects during the year. The remaining \$107,788 (2016 - \$52,129) is maintained in a capital fund with Saint Mary's University. At April 30, 2017, the total balance in the capital fund is \$223,058 (2016 - \$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.

## 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, 2017

## 8. Equity in capital assets:

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

	2017	2016
Capital assets	\$ 154,642	\$ 149,551
Less amounts financed by:		
Deferred contributions - capital assets	(51,078)	(44,302)
	\$ 103,564	\$ 105,249

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

	2017	2016
Excess of revenues over expenditures:		
Amortization of capital assets	\$ (35,133)	\$ (49,457)
Amortization of deferred contributions - capital assets	10,659	6,816
	\$ (24,474)	\$ (42,641)
Net change in equity in capital assets:		
Capital assets acquired	\$ 40,224	\$ 62,440
Less: amounts funded by deferred contributions	(17,435)	(51,118)
Repayments of due to Saint Mary's University	-	20,855
	\$ 22,789	\$ 32,177

## 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:

	2017	2016
Athletics	\$ 35,000	\$ 35,000
Telephone lease	6,844	7,383

# SAINT MARY'S UNIVERSITY STUDENTS' ASSOCIATION

Notes to Financial Statements (continued)

Year ended April 30, 2017

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## 10. Financial instruments:

### (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.

#### (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.

# SAINT MARY'S UNIVERSITY STUDENTS' ASSOCIATION

Notes to Financial Statements (continued)

Year ended April 30, 2017

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## 10. 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, 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 (2016 - \$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 2016.

# SAINT MARY'S UNIVERSITY STUDENTS' ASSOCIATION

## Schedule 1 - Liquor Services

Year ended April 30, 2017, with comparative information for 2016

	2017	2016
Lounge:		
Sales	\$ 301,918	\$ 277,312
Cost of sales, including supplies	94,010	101,751
Gross profit	207,908	175,561
Cover charge	1,496	3,064
	211,568	178,625
Expenditures:		
Wages and benefits	169,199	127,963
SOCAN fee	4,684	936
Repairs and maintenance	10,554	7,662
Miscellaneous	17,872	24,659
Equipment and video rentals	8,841	2,622
Management	36,525	35,461
Insurance	3,213	4,804
	250,888	204,107
Excess of expenditures over revenues	\$ (39,320)	\$ (25,482)

# SAINT MARY'S UNIVERSITY STUDENTS' ASSOCIATION

## Schedule 2 - Council Expenditures

Year ended April 30, 2017, with comparative information for 2016

	2017	2016
Honoraria	\$ 100,050	\$ 115,443
Athletic grant	35,000	35,000
Society grants	5,736	24,711
Memberships	45,531	61,260
Student conferences	16,263	15,027
Elections	1,460	4,149
Computer lease	1,686	1,167
Employee benefits	7,311	7,697
Miscellaneous	41,213	21,307
<b>Total expenditures</b>	<b>\$ 254,250</b>	<b>\$ 285,761</b>



# SAINT MARY'S UNIVERSITY STUDENTS' ASSOCIATION

## Schedule 3 - Information Services

Year ended April 30, 2017, with comparative information for 2016

	2017	2016
<b>Revenues:</b>		
Bus passes and tickets	\$ 32,093	\$ 32,370
Postage	379	528
Fax	-	1
Other	12	6
	<u>32,484</u>	<u>32,905</u>
<b>Expenditures:</b>		
Bus passes and tickets	31,588	31,412
Wages and benefits	29,030	31,647
Postage	379	-
Computer lease	536	371
Miscellaneous	586	392
Management	12,175	11,820
Phone cards, net	9	(83)
	<u>74,303</u>	<u>75,559</u>
Excess of expenditures over revenues	\$ (41,819)	\$ (42,654)

# SAINT MARY'S UNIVERSITY STUDENTS' ASSOCIATION

## Schedule 4 - Administration

Year ended April 30, 2017, with comparative information for 2016

	2017	2016
Revenues:		
Corporate commissions and donations	\$ 22,466	\$ 28,472
Photocopier	1,933	370
Interest income	9,983	6,116
	<u>34,382</u>	<u>34,958</u>
Expenditures:		
Salaries and benefits	211,327	203,344
Supplies	17,365	10,892
Telephone and postage	10,054	13,711
Bank charges and interest	4,664	5,157
Charter Day banquet	12,507	11,878
Miscellaneous	9,412	25,414
Professional fees	36,310	10,590
Bad debts	1,810	-
Repairs and maintenance	5,519	3,927
Insurance	9,111	30,769
Conferences	17,072	4,847
Staff training	1,671	569
Leases	3,755	2,600
	<u>340,517</u>	<u>323,698</u>
Excess of expenditures over revenues	\$ (306,135)	\$ (288,740)

# SAINT MARY'S UNIVERSITY STUDENTS' ASSOCIATION

## Schedule 5 - Programming

Year ended April 30, 2017, with comparative information for 2016

	2017	2016
Marketing and advertising:		
Revenue	\$ 1,200	\$ 1,860
Expenditures	19,776	21,328
	(18,576)	(19,468)
Orientation week:		
Revenue	71,961	69,365
Expenditures	56,256	70,200
	15,705	(835)
General programming:		
Revenue	30,410	12,590
Expenditures	64,855	46,641
	(34,445)	(34,051)
Husky safety patrol:		
Revenue	10,500	5,000
Expenditures	51,779	50,920
	(41,279)	(45,920)
Excess of expenditures over revenues	\$ (78,595)	\$ (100,274)

# SAINT MARY'S UNIVERSITY STUDENTS' ASSOCIATION

## Schedule 6 - Publications

Year ended April 30, 2017, with comparative information for 2016

	2017	2016
Revenues:		
Yearbook student levy	\$ 50,000	\$ 49,245
	50,000	49,245
Expenditures:		
Yearbook production	52,501	60,133
Wages, benefits and other	-	-
	52,501	60,133
Excess of expenditures over revenues	\$ (2,501)	\$ (10,888)