

The Students' Association of Bow Valley College

Financial Statements
June 30, 2018



October 5, 2018

Independent Auditor's Report

To the Members of The Students' Association of Bow Valley College

We have audited the accompanying financial statements of The Students' Association of Bow Valley College, which comprise the statement of financial position as at June 30, 2018 and the statements of operations and changes in net assets and cash flows for the year then ended, and the related notes, which comprise 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.

Auditor's 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, the auditor considers 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 qualified audit opinion.

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Basis for qualified opinion

The Students' Association of Bow Valley College relies on a third party to assess and collect student fees on their behalf, the completeness of which was not susceptible to satisfactory audit verification. Accordingly, our verification of these fees was limited to the amounts recorded in the records of The Students' Association of Bow Valley College. Therefore, we were not able to determine whether any adjustments might be necessary to student membership fees revenue, (deficiency) excess of revenues over expenses and cash flows from operating and financing activities for the years ended June 30, 2018 and June 30, 2017, current assets and deferred student health benefit plan premiums as at June 30, 2018 and June 30, 2017 and net assets as at the beginning and the end of the years ended June 30, 2018 and June 30, 2017. Our audit opinion on the financial statements for the year ended June 30, 2017 was modified accordingly because of the possible effects of this limitation in scope.

Qualified opinion

In our opinion, except for the possible effects of the matter described in the basis for qualified opinion paragraph, the financial statements present fairly, in all material respects, the financial position of The Students' Association of Bow Valley College as at June 30, 2018 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit-organizations.

PricewaterhouseCoopers LLP

Chartered Professional Accountants

The Students' Association of Bow Valley College

Statement of Financial Position

As at June 30, 2018

	2018 \$	2017 \$
Assets		
Current assets		
Cash	1,271,727	774,614
Short-term investments	-	254,728
Accounts receivable (note 4)	1,155	304,878
Student award funds receivable	-	2,735
Prepays	4,258	6,020
	<u>1,277,140</u>	<u>1,342,975</u>
Capital assets (note 5)	<u>88,225</u>	<u>88,025</u>
	<u>1,365,365</u>	<u>1,431,000</u>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	173,320	46,828
Deferred capital savings contributions (note 7)	148,529	164,160
Deferred student health benefit plan premiums (note 8)	<u>521,296</u>	<u>505,966</u>
	843,145	716,954
Net Assets		
Unrestricted (note 11)	<u>522,220</u>	<u>714,046</u>
	<u>1,365,365</u>	<u>1,431,000</u>
Commitments (note 12)		

Approved on Behalf of the Student Council

Loupeet Singh Mahla Executive member Deepankar Sharma Executive member

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

The Students' Association of Bow Valley College

Statement of Operations and Changes in Net Assets

For the year ended June 30, 2018

	2018 \$	2017 \$
Revenue		
Student membership fees	733,366	639,166
Student benefit plan premiums (note 8)	1,024,691	818,535
Awards (note 6)	8,036	32,028
Amortization of deferred capital savings contributions	15,631	19,601
Miscellaneous	16,654	17,419
Grants	-	8,630
	<u>1,798,378</u>	<u>1,535,379</u>
Expenses		
Student benefit plan premiums (note 8)	1,024,691	818,535
Grants (note 11)	377,024	8,019
Salaries and wages	281,518	236,743
Honoraria (note 9)	86,080	88,148
Events and meetings	59,791	53,434
Office	30,981	24,586
Professional fees	23,912	23,656
Memberships	21,067	11,893
Travel	19,392	20,276
Prizes and promotion	19,213	10,565
Student agendas	18,393	19,477
Amortization	15,631	17,743
Insurance	6,202	6,034
Marketing	4,535	3,594
Professional development	1,591	6,300
Bank charges	183	856
Awards	-	65,000
	<u>1,990,204</u>	<u>1,414,859</u>
(Deficiency) excess of revenue over expenses for the year	<u>(191,826)</u>	<u>120,520</u>
Net assets - Beginning of year	714,046	643,526
Prior year adjustment (note 3)	-	(50,000)
Net assets - Beginning of year - as adjusted	<u>714,046</u>	<u>593,526</u>
Net assets - End of year	<u>522,220</u>	<u>714,046</u>

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

The Students' Association of Bow Valley College

Statement of Cash Flows

For the year ended June 30, 2018

	2018 \$	2017 \$
Cash provided by (used in)		
Operating activities		
(Deficiency) excess of revenue over expenses for the year	(191,826)	120,520
Items not affecting cash		
Amortization	15,631	17,743
Amortization of deferred capital savings contributions	(15,631)	(19,601)
Other	-	4,855
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	(191,826)	123,517
Changes in non-cash working capital	282,847	(23,603)
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	91,021	99,914
Investing activities		
Purchase of capital assets	(15,831)	(1,858)
Purchase of short-term investments	-	(3,949)
Proceeds from short-term investments	254,728	-
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	238,897	(5,807)
Financing activities		
Net decrease in deferred award contributions	-	(12,260)
Net increase (decrease) in deferred student health benefit plan premiums	15,330	(25,739)
Changes in non-cash working capital related to financing activities	151,865	(46,969)
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	167,195	(84,968)
Increase in cash during the year	497,113	9,139
Cash - Beginning of year	774,614	765,475
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Cash - End of year	1,271,727	774,614
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The accompanying notes are an integral part of these financial statements.

The Students' Association of Bow Valley College

Notes to Financial Statements

June 30, 2018

1 Purpose of organization

The Students' Association of Bow Valley College (the Association) is a not-for-profit organization established to be a representative organization for its members, the students of Bow Valley College (the College), so that these students are supported, informed and safeguarded in their interests during their time spent as students of the College. Student fees are levied by the Association, as permitted by the Alberta Post Secondary Learning Act, on all students of the College deemed to be regular members as defined in the Association's by-laws. Student Association fees include student membership fees, award contributions and capital savings contributions.

The Association is not taxable under section 149(1) (I) of the Income Tax Act.

2 Summary of significant accounting policies

Basis of accounting

The financial statements of the Association have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO) as issued by the Canadian Accounting Standards Board and include the following policies.

Revenue recognition

The Association uses the deferral method of accounting for contributions. Externally restricted contributions are deferred and recognized as revenue in the year in which the related expenses are incurred. Externally restricted contributions for the purchase of capital assets are recognized as revenue as the related capital assets are amortized. Unrestricted contributions are recognized as revenue in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Revenue from student membership fees is recognized as revenue when the services are provided. Revenue from student benefit plan premiums is recognized as the related benefit plan premium expenses are incurred.

Student membership fees and benefit plan premiums are collected by the College on behalf of the Association. The student membership fees are deemed receivable once students are no longer able to withdraw from a course. Student benefit plan premiums are deemed receivable once students are no longer able to opt out of the benefits.

Short-term investments

Short-term investments consist of guaranteed investment certificates with terms of maturity greater than ninety days but no more than one year.

Contributed materials and services

The Association does not record contributed materials and services, including volunteer hours, in its financial statements.

The Students' Association of Bow Valley College

Notes to Financial Statements

June 30, 2018

Capital assets

Capital assets are recorded at cost less accumulated amortization. Contributed capital assets are recorded at their fair value at the date of contribution. During 2018, there were no contributed capital assets (2017 - \$nil). Capital assets are amortized on a declining balance basis as follows:

Computer equipment	45%
Office furniture	20%
Website	25%
Leasehold improvements	10%

Capital assets are not amortized until they are placed into use.

The Association reviews its capital assets for impairment whenever events or changes in circumstances indicate that their carrying values may not be recoverable. If the carrying amount is greater than the net recoverable amount, the asset is written down to its estimated fair value.

Financial instruments

The Association initially measures financial assets and financial liabilities at their fair value. It subsequently measures its financial assets and financial liabilities at amortized cost, other than investments which are reported at fair value. The financial assets subsequently measured at amortized cost include cash, accounts receivable and student award funds receivable. The financial liabilities subsequently measured at amortized cost include accounts payable and accrued liabilities.

The Association's exposures to risk on its financial instruments did not change from the prior period and are outlined as follows:

- Credit risk

The Association's exposure to credit risk is limited to accounts receivable and student award funds receivable. The majority of accounts receivable and student award funds receivable are from the College and management does not consider the Association to be exposed to undue credit risk.

- Liquidity risk

The Association is not exposed to significant liquidity risk as it does not currently hold investments and its cash balances are held with reputable Canadian financial institutions.

- Interest rate and other price risk

As the Association currently holds cash balances which are held with reputable Canadian financial institutions, management does not consider the Association to be exposed to significant interest rate or other price risk.

The Students' Association of Bow Valley College

Notes to Financial Statements

June 30, 2018

Measurement uncertainty

The preparation of financial statements in conformity with ASNPO requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. By their nature, estimates are subject to measurement uncertainty, and the effect on the financial statements of changes in such estimates in future periods could be significant.

3 Prior year adjustment

During the year ended June 30, 2017, the Association noted that \$50,000 of awards revenue was incorrectly recognized as revenue during the period ended June 30, 2016, and therefore an adjustment was applied to correct this item.

4 Accounts receivable

	2018 \$	2017 \$
Bow Valley College	1,155	304,878

5 Capital assets

	2018		2017	
	Cost \$	Accumulated amortization \$	Net \$	Net \$
Computer equipment	42,862	28,179	14,683	980
Office furniture	121,510	82,641	38,869	47,956
Website	17,085	14,551	2,534	3,380
Leasehold improvements	54,427	22,288	32,139	35,709
	235,884	147,659	88,225	88,025

6 Deferred award contributions

The Association receives contributions and there is a portion of student membership fees received which are externally restricted for the purpose of funding future award programs as needed.

	2018 \$	2017 \$
Balance - Beginning of year	-	12,260
Fees received for awards	8,036	19,768
Amounts recognized as revenue	(8,036)	(32,028)
Balance - End of year	-	-

The Students' Association of Bow Valley College

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7 Deferred capital savings contributions

a) Unspent capital savings contributions

A portion of the student membership fees received are externally restricted to ensure the Association has the necessary funds to support future capital expenditures and are recorded as capital savings contributions.

	2018 \$	2017 \$
Balance - Beginning of year	83,041	84,899
Amounts transferred to unamortized deferred capital savings contributions	(15,832)	(1,858)
Balance - End of year	<u>67,209</u>	<u>83,041</u>

b) Unamortized deferred capital savings contributions

Unamortized deferred capital savings contributions represent those contributions that have been expended on capital assets to date, which will be recognized in revenue as the related capital assets are amortized.

	2018 \$	2017 \$
Balance - Beginning of year	81,119	98,862
Amounts transferred in	15,832	1,858
Amortization of deferred contributions related to capital assets	(15,631)	(19,601)
Balance - End of year	81,320	81,119
Total unspent capital savings contributions	<u>67,209</u>	<u>83,041</u>
Total deferred capital savings contributions	<u>148,529</u>	<u>164,160</u>

8 Deferred student health benefit plan premiums

Fees for the student health benefit plan are levied by the Association and charged to the students. These fees are collected by the College on behalf of the Association. Fees collected in excess of the actual costs of the plan for the fiscal year are deferred for future premiums.

	2018 \$	2017 \$
Balance - Beginning of year	505,966	531,705
Fees received for health benefit plan	1,040,021	792,796
Amounts recognized as revenue	(1,024,691)	(818,535)
Balance - End of year	<u>521,296</u>	<u>505,966</u>

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9 Related party transactions

Executive and Student Council members receive honoraria from the Association. During the year, the Association paid the Executive and Student Council members honoraria totalling \$86,080 (2017 - \$88,148).

These transactions were recorded at the agreed upon exchange amounts between the Association and Executive and Student Council members.

10 Government remittances

Payroll source deductions amounting to \$2,133 (2017 - \$3,051) are owed to the federal government at June 30, 2018 and are included in accounts payable and accrued liabilities.

11 Gift to Bow Valley College

Beginning November 30, 2017, the Association has committed to gift the College \$1.25 million over ten years to support student success and enhance the student experience at the College. During the year, the Association has gifted \$370,000 (2017 - \$nil).

12 Commitments

The Association has an operating lease agreement for its premises with the College. In addition, the Association has committed to gift the College \$1.25 million over ten years. The total future minimum payments due are as follows:

	\$
2019	118,424
2020	110,000
2021	110,000
2022	110,000
2023	110,000
Thereafter	137,514