

**DRAFT**

**STUDENTS' ASSOCIATION OF NORQUEST COLLEGE**

**Financial Statements**

**Year Ended June 30, 2023**

**DRAFT**

**STUDENTS' ASSOCIATION OF NORQUEST COLLEGE**  
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**Year Ended June 30, 2023**

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## INDEPENDENT AUDITOR'S REPORT

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To the Members of Students' Association of NorQuest College

### *Opinion*

We have audited the financial statements of Students' Association of NorQuest College (the association), which comprise the statement of financial position as at June 30, 2023, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the association as at June 30, 2023, and the results of its operations and 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 *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the association in accordance with 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 association'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 association or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the association's financial reporting process.

### *Auditor's 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 auditor's 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 these 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:

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Independent Auditor's Report to the To the Members of Students' Association of the University of Alberta (continued)

- 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 association'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 association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's 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 auditor's report. However, future events or conditions may cause the association to cease to continue as a going concern.
- 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.

We 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.

Edmonton, AB

CHARTERED PROFESSIONAL ACCOUNTANTS

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**STUDENTS' ASSOCIATION OF NORQUEST COLLEGE**  
**Statement of Financial Position**  
**As at June 30, 2023**

	2023	2022
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash	\$ 946,421	\$ 2,365,183
Accounts receivable	6,953	13,731
Prepaid expenses (Note 2)	339,205	5,368
	<u>1,292,579</u>	2,384,282
<b>TERM DEPOSITS (Note 3)</b>	<b>1,844,525</b>	<b>605,345</b>
<b>EQUIPMENT (Note 4)</b>	<b>41,879</b>	<b>44,453</b>
	<u>\$ 3,178,983</u>	<u>\$ 3,034,080</u>
<b>LIABILITIES</b>		
<b>CURRENT</b>		
Accounts payable and accrued liabilities (Note 5)	\$ 263,379	\$ 413,023
Unearned revenue (Note 6)	820,175	639,389
	<u>1,083,554</u>	<u>1,052,412</u>
<b>COMMITMENT (Note 7)</b>		
<b>NET ASSETS</b>		
Invested in equipment	41,879	44,453
Internally restricted (Note 8)	1,891,498	1,415,496
Unrestricted	162,052	521,719
	<u>2,095,429</u>	<u>1,981,668</u>
	<u>\$ 3,178,983</u>	<u>\$ 3,034,080</u>

**ON BEHALD OF THE STUDENTS' COUNCIL**

\_\_\_\_\_ *Member*

\_\_\_\_\_ *Member*

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**STUDENTS' ASSOCIATION OF NORQUEST COLLEGE**  
**Statement of Operations**  
**Year Ended June 30, 2023**

	2023	2022
<b>REVENUE</b>		
U-passes	\$ 2,360,439	\$ 1,554,288
Student benefit premiums	2,311,254	2,069,679
Student fees	952,528	761,063
Interest	80,464	15,705
Donations	7,567	2,949
Advertising	2,090	8,540
Activities	834	3,530
Government assistance	-	2,772
	<u>5,715,176</u>	<u>4,418,526</u>
<b>EXPENSES</b>		
U-passes	2,413,440	1,497,597
Health and dental premiums	1,767,572	1,437,276
Salaries, contract fees and benefits	715,490	726,149
Supplies and services	147,240	129,980
Bad debts	99,208	71,964
Public relations, marketing and fundraising	64,319	68,053
Contribution to NorQuest College Foundation	50,106	180,000
Honoraria ( <i>Note 9</i> )	46,474	21,054
Tickets and passes	32,016	27,320
Travel	25,720	12,007
Amortization of equipment	9,156	8,562
Professional fees	7,324	18,085
	<u>5,378,065</u>	<u>4,198,047</u>
<b>EXCESS OF REVENUE OVER EXPENSES FROM OPERATIONS</b>	<b>337,111</b>	<b>220,479</b>
<b>OTHER EXPENSES</b>		
Expansion costs	<u>223,350</u>	-
<b>EXCESS OF REVENUE OVER EXPENSES</b>	<b>\$ 113,761</b>	<b>\$ 220,479</b>

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**STUDENTS' ASSOCIATION OF NORQUEST COLLEGE**  
**Statement of Changes in Net Assets**  
**Year Ended June 30, 2023**

	Invested in Equipment	Internally Restricted (Note 8)	Unrestricted	2023	2022
<b>NET ASSETS - BEGINNING OF YEAR</b>	\$ 44,453	\$ 1,415,496	\$ 521,719	\$ <b>1,981,668</b>	\$ 1,761,189
Excess (deficiency) of revenue over expenses	(9,156)	476,002	(353,085)	<b>113,761</b>	220,479
Purchase of equipment	6,582	-	(6,582)	-	-
<b>NET ASSETS - END OF YEAR</b>	\$ 41,879	\$ 1,891,498	\$ 162,052	\$ <b>2,095,429</b>	\$ 1,981,668

**DRAFT****STUDENTS' ASSOCIATION OF NORQUEST COLLEGE****Statement of Cash Flows****Year Ended June 30, 2023**

	<u>2023</u>	<u>2022</u>
<b>OPERATING ACTIVITIES</b>		
Cash receipts from students	\$ 5,713,411	\$ 4,756,229
Cash receipts from interest	80,464	15,705
Cash receipts from grants, donations and wage recoveries	7,567	2,949
Cash receipts from advertising, fundraising and activities	2,090	8,540
Cash paid to suppliers and employees	<u>(5,976,533)</u>	<u>(3,715,776)</u>
Cash flow from (used by) operating activities	<u>(173,001)</u>	<u>1,067,647</u>
<b>INVESTING AND FINANCING ACTIVITIES</b>		
Purchase of equipment	(6,582)	(20,413)
Purchase of term deposits, net	<u>(1,239,179)</u>	<u>598,036</u>
Cash flow from (used by) investing and financing activities	<u>(1,245,761)</u>	<u>577,623</u>
<b>INCREASE (DECREASE) IN CASH</b>	<b>(1,418,762)</b>	<b>1,645,270</b>
<b>CASH - BEGINNING OF YEAR</b>	<b><u>2,365,183</u></b>	<b><u>719,913</u></b>
<b>CASH - END OF YEAR</b>	<b><u>\$ 946,421</u></b>	<b><u>\$ 2,365,183</u></b>



**STUDENTS' ASSOCIATION OF NORQUEST COLLEGE****Notes to Financial Statements****Year Ended June 30, 2023**

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**NATURE OF OPERATIONS**

The Students' Association of NorQuest College operates under the authority of the Post-Secondary Learning Act, Chapter P-19.5, Statutes of Alberta 2003.

The association's primary objective is to provide for the administration of the affairs of the students at NorQuest College and provide opportunities for personal growth of its members and to safeguard the academic, cultural and general student rights of those members. It is exempt from income taxes under the Income Tax Act.

**1. SIGNIFICANT ACCOUNTING POLICIES****Basis of Presentation**

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations.

**Revenue Recognition**

The Association follows the deferral method of accounting for contributions. Restricted contributions and related interest income are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions and other revenue is recognized as revenue when received or receivable.

Student fees collected are recognized over the college term. Fees that relate to the portion of the term that occurs subsequent to year end are recorded as unearned revenue. Revenue from marketing and communications and activities are recognized at the time of the sale.

The health and dental group insurance plan portion of the student fee is also accounted for using the deferral method. Fees collected by the association for the group health and dental insurance plan are remitted to the insurer on a monthly basis. Where student fees collected exceed monthly premiums paid to the insurer during the year, the surplus is retained as health and dental reserves and used to pay for future deficits that may occur from year to year.

U-Passes fees collected are recognized over the college term. Fees that relate to the portion of the term that occurs subsequent to year end are recorded as unearned revenue.

Revenue from all other sources is included in revenue in the year in which it is received or is receivable.

**Contributed Services**

NorQuest College provides accounting, reporting, registration, other management and administrative services and office space at no cost to the association. These amounts are not recorded in the financial statements because of the difficulty of determining their fair value.

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**STUDENTS' ASSOCIATION OF NORQUEST COLLEGE****Notes to Financial Statements****Year Ended June 30, 2023**

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**1. SIGNIFICANT ACCOUNTING POLICIES (continued)****Financial Instruments****Initial Measurement**

The association initially measures its financial assets and liabilities originated or exchanged in arm's length transactions at fair value. Financial assets and liabilities originated or exchanged in related party transactions, except for those that involve parties whose sole relationship with the association is in the capacity of management, are initially measured at cost.

The cost of a financial instrument in a related party transaction depends on whether the instrument has repayment terms. If it does, the cost is determined using its undiscounted cash flows, excluding interest and dividend payments, less any impairment losses previously recognized by the transferor. Otherwise, the cost is determined using the consideration transferred or received by the association in the transaction.

**Subsequent Measurement**

The association subsequently measures all its financial assets and liabilities at cost or amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in earnings in the period incurred.

Financial assets measured at amortized cost using the straight-line method include cash, accounts receivable, and term deposits. Financial liabilities measured at amortized cost using the straight-line method include accounts payable and accrued liabilities.

**Transaction Costs**

Transaction costs attributable to financial instruments subsequently measured at fair value and to those originated or exchanged in a related party transaction are recognized in earnings in the period incurred. Transaction costs related to financial instruments originated or exchanged in an arm's length transaction that are subsequently measured at cost or amortized cost are recognized in the original cost of the instrument. When the instrument is measured at amortized cost, transaction costs are recognized in earnings over the life of the instrument using the straight-line method.

**Impairment**

For financial assets measured at cost or amortized cost, the association determines whether there are indications of possible impairment. When there are, and the association determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows, a write-down is recognized in earnings. If the indicators of impairment have decreased or no longer exist, the previously recognized impairment loss may be reversed to the extent of the improvement. The carrying amount of the financial asset may be no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in earnings.

**Cash**

Cash is comprised of funds held in financial institutions.

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**STUDENTS' ASSOCIATION OF NORQUEST COLLEGE****Notes to Financial Statements****Year Ended June 30, 2023****1. SIGNIFICANT ACCOUNTING POLICIES (continued)****Equipment**

Equipment is recorded at cost less accumulated amortization. Amortization is provided on the declining-balance basis using an annual rate of 20%

The association regularly reviews its equipment to eliminate obsolete items. Government grants are treated as a reduction of equipment cost.

Equipment acquired during the year but not placed into use are not amortized until they are placed into use.

**Measurement Uncertainty**

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

**2. PREPAID EXPENSES**

	<u>2023</u>	<u>2022</u>
UPass	\$ 308,520	\$ -
Membership fees	17,504	-
Insurance	7,594	762
Gift Cards	4,533	875
Tickets	1,054	1,439
Software	-	2,292
	<u>\$ 339,205</u>	<u>\$ 5,368</u>

**3. TERM DEPOSITS**

Term deposits are comprised of an guaranteed investment certificates with an interest rates averaging 4.65% (2022 - 2.05%) and have maturity dates ranging from November 2023 to July 2024.

**4. EQUIPMENT**

	Cost	Accumulated amortization	<b>2023 Net book value</b>	2022 Net book value
Equipment	\$ 113,005	\$ 71,126	<b>\$ 41,879</b>	\$ 44,453

**STUDENTS' ASSOCIATION OF NORQUEST COLLEGE**  
**Notes to Financial Statements**  
**Year Ended June 30, 2023**

**5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	<u>2023</u>	<u>2022</u>
Payable to NorQuest College	\$ 140,387	\$ 98,502
Trades payable	122,992	194,521
NorQuest College Foundation	-	120,000
	<u>\$ 263,379</u>	<u>\$ 413,023</u>

**6. UNEARNED REVENUE**

	<u>2023</u>	<u>2022</u>
Health and dental fees	\$ 359,740	\$ 347,931
U-Passes	321,369	199,227
Student fees	139,066	92,231
	<u>\$ 820,175</u>	<u>\$ 639,389</u>

**7. COMMITMENT**

The association is committed to annual contributions of \$50,000 to the NorQuest College Foundation until June 30, 2025.

**8. INTERNALLY RESTRICTED NET ASSETS**

Internally restricted net assets have been restricted by the Student Council for the following:

	<u>2023</u>	<u>2022</u>
Future health and dental premiums	\$ 1,763,212	\$ 1,312,059
Legal fund	128,286	103,437
	<u>\$ 1,891,498</u>	<u>\$ 1,415,496</u>

**9. RELATED PARTY TRANSACTIONS**

The association paid honoraria to board members in the amount of \$46,474 (2022 - \$21,054).

Related party transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

**10. FINANCIAL INSTRUMENTS**

The association is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the association's risk exposure and concentration as of June 30, 2023.

**Credit Risk**

Credit risk arises from the potential that a counter party will fail to perform its obligations. The association is exposed to credit risk from customers. In order to reduce its credit risk, the association reviews a new customer's credit history before extending credit and conducts regular reviews of its existing customers' credit performance. An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information. The association has a significant number of customers which minimizes concentration of credit risk.