

The Students' Association of Bow Valley College

Financial Statements
June 30, 2023



Independent auditor's report

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

Our opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of The Students' Association of Bow Valley College (the Association) as at June 30, 2023 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.

What we have audited

The Association's financial statements comprise:

- the statement of financial position as at June 30, 2023;
- the statement of operations and changes in net assets for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Association in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

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.

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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:

- 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.

PricewaterhouseCoopers LLP

Chartered Professional Accountants

Calgary, Alberta
October 27, 2023

The Students' Association of Bow Valley College

Statement of Financial Position

As at June 30, 2023

	2023 \$	2022 \$
Assets		
Current assets		
Cash	1,782,366	1,665,808
Accounts receivable	-	2,412
Short-term investments	202,952	51,690
Prepays	27,024	44,789
	<u>2,012,342</u>	<u>1,764,699</u>
Investments	-	150,137
Capital assets (note 3)	<u>73,237</u>	<u>90,026</u>
	<u>2,085,579</u>	<u>2,004,862</u>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (note 7)	100,542	92,143
Deferred capital savings contributions (note 4(b))	43,154	61,109
Deferred student health benefit plan premiums (note 5)	<u>983,299</u>	<u>900,963</u>
	<u>1,126,995</u>	<u>1,054,215</u>
Net Assets		
Unrestricted	958,584	840,647
Internally restricted (note 8)	<u>-</u>	<u>110,000</u>
	<u>958,584</u>	<u>950,647</u>
	<u>2,085,579</u>	<u>2,004,862</u>
Commitments (note 9)		

Approved on Behalf of the Student Council

_____ Executive member _____ 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, 2023

	2023 \$	2022 \$
Revenue		
Student benefit plan premiums (note 5)	1,810,502	1,703,709
Student membership fees	984,259	843,293
Amortization of deferred capital savings contributions (note 4(b))	17,955	21,755
Miscellaneous	1,234	1,095
	<u>2,813,950</u>	<u>2,569,852</u>
Expenses		
Student benefit plan premiums (note 5)	1,810,502	1,703,709
Salaries and wages	605,288	506,142
Grants	124,999	118,199
Honoraria (note 6)	53,199	65,991
Office	50,936	40,905
Professional fees	50,120	33,526
Events and meetings	35,275	26,756
Memberships	32,678	38,837
Amortization	17,955	21,755
Marketing	7,403	6,448
Travel	6,740	13,946
Insurance	4,732	6,226
Incidentals	4,328	3,442
Student agendas	1,115	10,757
Bank charges	507	637
Professional development	236	800
	<u>2,806,013</u>	<u>2,598,076</u>
Excess (deficiency) of revenue over expenses for the year	7,937	(28,224)
Net assets – Beginning of year	<u>950,647</u>	<u>978,871</u>
Net assets – End of year	<u>958,584</u>	<u>950,647</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, 2023

	2023 \$	2022 \$
Cash provided by (used in)		
Operating activities		
Excess (deficiency) of revenue over expenses for the year	7,937	(28,224)
Items not affecting cash		
Amortization	17,955	21,755
Amortization of deferred capital savings contributions	(17,955)	(21,755)
Unrealized interest income on investments	-	(934)
	<u>7,937</u>	<u>(29,158)</u>
Changes in non-cash working capital	<u>28,576</u>	<u>(14,467)</u>
	<u>36,513</u>	<u>(43,625)</u>
Investing activities		
Purchase of capital assets	(1,165)	(30,753)
Purchase of investments	(1,126)	-
	<u>(2,291)</u>	<u>(30,753)</u>
Financing activities		
Net increase (decrease) in deferred student health benefit plan premiums	<u>82,336</u>	<u>(44,968)</u>
Increase (decrease) in cash during the year	116,558	(119,346)
Cash – Beginning of year	<u>1,665,808</u>	<u>1,785,154</u>
Cash – End of year	<u>1,782,366</u>	<u>1,665,808</u>

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

The Students' Association of Bow Valley College

Notes to Financial Statements

June 30, 2023

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 (Canada).

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.

Contributed materials and services

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

Investments

Short-term investments consist of a guaranteed investment certificate (GIC) with a maturity date greater than 90 days but less than one year from the year-end date. Non-current investments consist of a GIC with a maturity date greater than one year from the year-end date.

The Students' Association of Bow Valley College

Notes to Financial Statements

June 30, 2023

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 2023, there were no contributed capital assets (2022 – \$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.

Capital assets are tested for impairment when conditions indicate that a capital asset no longer contributes to the Association's ability to provide goods and services, or that the value of future economic benefits or service potential associated with the capital asset is less than its net carrying amount. When conditions indicate that a capital asset is impaired, the net carrying amount of the capital asset is written down to the asset's fair value or replacement cost. The writedowns of capital assets are recognized as expenses in the statement of operations and changes in net assets. Writedowns are not subsequently reversed.

Financial instruments

A financial asset or a financial liability is initially recognized when the Association becomes a party to the contractual provisions of the financial instrument. A financial liability is derecognized when it is extinguished. The Association initially measures financial assets and financial liabilities assumed in an arm's length transaction, 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 and accounts receivable. The financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

Financial assets originated or acquired, and financial liabilities issued or assumed in a related party transaction are initially measured at cost. For financial instruments with repayments terms, cost is determined as the sum of undiscounted cash flows less any impairment losses previously recognized by the transferor. For financial instruments with no repayment terms, cost is determined by reference to the consideration transferred or received by the Association in the transaction.

Transaction costs related to financial instruments measured at fair value are expensed as incurred. For all other financial instruments, the transaction costs are added to the carrying value of the asset or netted against the carrying value of the liability and are then recognized over the expected life of the instrument using the straight-line method.

The Students' Association of Bow Valley College

Notes to Financial Statements

June 30, 2023

With respect to financial assets measured at amortized cost, the Association recognizes an impairment loss, if any, in the statement of operations and changes in net assets, when it determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows. When the extent of impairment of a previously written down asset decreases and the decrease can be related to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed in the statement of operations and changes in net assets in the period the reversal occurs.

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; the Association has a balance of \$nil (2022 – \$2,412) at year-end. The majority of accounts 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 its investment is a GIC with a fixed interest rate and maturity date and its cash balances are held with reputable Canadian financial institutions. The Association manages liquidity risk by monitoring and reviewing actual and forecasted cash flows that incorporate the effects of COVID-19 to ensure there are available cash resources to meet those notes.

- Interest rate and other price risk

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

Measurement uncertainty

The preparation of financial statements in conformity with ASNPO requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue 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.

The Students' Association of Bow Valley College

Notes to Financial Statements

June 30, 2023

3 Capital assets

			2023	2022
	Cost	Accumulated	Net	Net
	\$	amortization	\$	\$
		\$		
Computer equipment	54,616	50,690	3,926	7,138
Office furniture	200,144	150,412	49,732	61,000
Website	17,086	16,484	602	802
Leasehold improvements	54,427	35,450	18,977	21,086
	326,273	253,036	73,237	90,026

4 Deferred capital savings contributions

a) Unspent capital savings contributions

	2023	2022
	\$	\$
Balance – Beginning of year	-	8,740
Amounts transferred to unamortized deferred capital savings contributions	-	(8,740)
Balance – End of year	-	-

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.

	2023	2022
	\$	\$
Balance – Beginning of year	61,109	74,124
Amounts transferred in	-	8,740
Amortization of deferred contributions related to capital assets	(17,955)	(21,755)
Balance – End of year	43,154	61,109
Total deferred capital savings contributions	43,154	61,109

The Students' Association of Bow Valley College

Notes to Financial Statements

June 30, 2023

5 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.

	2023 \$	2022 \$
Balance – Beginning of year	900,963	945,931
Fees received for health benefit plan	1,892,838	1,658,741
Amounts recognized as revenue	(1,810,502)	(1,703,709)
	<hr/>	<hr/>
Balance – End of year	983,299	900,963

6 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 \$53,199 (2022 – \$65,991).

These transactions were recorded at the agreed upon exchange amounts between the Association and Executive and Student Council members and recognized as honoraria expenses in the statement of operations and changes in net assets.

7 Government remittances

Payroll source deductions amounting to \$3,431 (2022 – \$3,420) are owed to the federal government as at June 30, 2023 and are included in accounts payable and accrued liabilities.

8 Gift to the 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 \$110,000 (2022 – \$110,000). On February 14, 2023, the Association committed to gift another \$1.0 million over ten years starting in June 2027.

The Students' Association of Bow Valley College

Notes to Financial Statements

June 30, 2023

9 Commitments

The Association has an operating lease agreement for its premises with the College. The Association has committed to gift the College \$1.25 million over ten years ending 2026. Another gift agreement has been signed in 2023 to gift \$1 million from 2027 to 2036. The total future minimum payments due are as follows:

	\$
2024	131,481
2025	117,160
2026	110,000
2027	100,000
Thereafter	900,000