

**STUDENTS' ASSOCIATION OF NORQUEST COLLEGE**

**Financial Statements**

**Year Ended June 30, 2022**

**STUDENTS' ASSOCIATION OF NORQUEST COLLEGE**

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**Year Ended June 30, 2022**

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## INDEPENDENT AUDITOR'S REPORT

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To the Members of Students' Association of NorQuest College

### *Qualified Opinion*

We have audited the financial statements of Students' Association of NorQuest College (the organization), which comprise the statement of financial position as at June 30, 2022, 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, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the organization as at June 30, 2022, 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 (ASNPO)

### *Basis for Qualified Opinion*

In common with many not-for-profit organizations, the Association derives revenue from student activities and fundraising, the completeness of which is not susceptible to satisfactory audit verification. In addition, the association derives revenue from U-passes, student fees, health and dental fees, calculated and collected by NorQuest College, as agent for the association. The completeness of this revenue is not susceptible of satisfactory audit verification as we do not have a cost-effective method of verifying the agent's records. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Association. Therefore, we were not able to determine whether any adjustments might be necessary to fundraising revenue, excess of revenues over expenses, and cash flows from operations for the year ended June 30, 2022, current assets and net assets as at June 30, 2022. Our audit opinion on the financial statements for the year ended June 30, 2021 was modified accordingly because of the possible effects of this limitation of scope.

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 organization 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 qualified audit 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 ASNPO, 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 organization'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 organization or to cease operations, or has no realistic alternative but to do so.

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

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*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 organization'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 organization'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 organization 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.

*King + Company*

Edmonton, AB  
November 7, 2022

CHARTERED PROFESSIONAL ACCOUNTANTS

**STUDENTS' ASSOCIATION OF NORQUEST COLLEGE**

**Statement of Financial Position**

**As at June 30, 2022**

	<u>2022</u>	<u>2021</u>
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash	\$ 2,365,183	\$ 719,913
Accounts receivable (Note 2)	13,731	138,543
Prepaid expenses (Note 3)	<u>5,368</u>	<u>11,632</u>
	2,384,282	870,088
<b>TERM DEPOSITS (Note 4)</b>	<b>605,345</b>	<b>1,203,382</b>
<b>EQUIPMENT (Note 5)</b>	<u><b>44,453</b></u>	<u><b>32,602</b></u>
	<u><b>\$ 3,034,080</b></u>	<u><b>\$ 2,106,072</b></u>
<b>LIABILITIES</b>		
<b>CURRENT</b>		
Accounts payable and accrued liabilities (Note 6)	\$ 413,023	\$ 17,543
Unearned revenue (Note 7)	<u>639,389</u>	<u>327,340</u>
	<u><b>1,052,412</b></u>	<u><b>344,883</b></u>
<b>COMMITMENT (Note 8)</b>		
<b>NET ASSETS</b>		
Invested in equipment	44,453	32,602
Internally restricted (Note 9)	1,415,496	830,141
Unrestricted	<u>521,719</u>	<u>898,446</u>
	<u><b>1,981,668</b></u>	<u><b>1,761,189</b></u>
	<u><b>\$ 3,034,080</b></u>	<u><b>\$ 2,106,072</b></u>

**ON BEHALD OF THE STUDENTS' COUNCIL**

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

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

# STUDENTS' ASSOCIATION OF NORQUEST COLLEGE

## Statement of Operations

Year Ended June 30, 2022

	2022	2021
<b>REVENUE</b>		
Health and dental fees	\$ 2,069,679	\$ 1,170,711
U-passes	1,554,288	1,156
Student fees	761,063	709,310
Interest	15,705	13,005
Advertising	8,540	8,240
Activities	3,530	-
Donations	2,949	7,240
Government assistance	2,772	209,718
	<u>4,418,526</u>	<u>2,119,380</u>
<b>EXPENSES</b>		
U-passes	1,497,597	-
Health and dental premiums	1,437,276	860,641
Salaries, contract fees and benefits	726,149	553,331
Contribution to NorQuest College Foundation	180,000	50,000
Supplies and services	129,980	82,972
Bad debts	71,964	38,082
Public relations, marketing and fundraising	68,053	27,431
Tickets and passes	27,320	11,025
Honoraria ( <i>Note 10</i> )	21,054	19,400
Professional fees	18,085	7,859
Travel	12,007	178
Amortization of equipment	8,562	5,895
	<u>4,198,047</u>	<u>1,656,814</u>
<b>EXCESS OF REVENUE OVER EXPENSES</b>	<u>\$ 220,479</u>	<u>\$ 462,566</u>

**STUDENTS' ASSOCIATION OF NORQUEST COLLEGE**

**Statement of Changes in Net Assets**

**Year Ended June 30, 2022**

	Invested in Equipment	Internally Restricted (Note 9)	Unrestricted	<b>2022</b>	2021
<b>NET ASSETS - BEGINNING OF YEAR</b>	\$ 32,602	\$ 830,141	\$ 898,446	<b>\$ 1,761,189</b>	\$ 1,298,623
Excess (deficiency) of revenue over expenses	(8,562)	585,355	(356,314)	<b>220,479</b>	462,566
Purchase of equipment	20,413	-	(20,413)	-	-
<b>NET ASSETS - END OF YEAR</b>	<b>\$ 44,453</b>	<b>\$ 1,415,496</b>	<b>\$ 521,719</b>	<b>\$ 1,981,668</b>	<b>\$ 1,761,189</b>

# STUDENTS' ASSOCIATION OF NORQUEST COLLEGE

## Statement of Cash Flows

Year Ended June 30, 2022

	2022	2021
<b>OPERATING ACTIVITIES</b>		
Cash receipts from students	\$ 4,756,229	\$ 2,147,681
Cash receipts from interest	15,705	13,005
Cash receipts from advertising, fundraising and activities	8,540	8,240
Cash receipts from grants, donations and wage recoveries	2,949	7,240
Cash paid to suppliers and employees	<u>(3,715,776)</u>	<u>(1,594,771)</u>
Cash flow from operating activities	<u>1,067,647</u>	581,395
<b>INVESTING AND FINANCING ACTIVITIES</b>		
Purchase of equipment	(20,413)	(18,047)
Purchase of term deposits, net	-	(29,039)
Proceeds from disposal of investment	<u>598,036</u>	<u>-</u>
Cash flow from (used by) investing and financing activities	<u>577,623</u>	(47,086)
<b>INCREASE IN CASH</b>	<b>1,645,270</b>	534,309
<b>CASH - BEGINNING OF YEAR</b>	<u>719,913</u>	185,604
<b>CASH - END OF YEAR</b>	<u>\$ 2,365,183</u>	<u>\$ 719,913</u>



# STUDENTS' ASSOCIATION OF NORQUEST COLLEGE

## Notes to Financial Statements

Year Ended June 30, 2022

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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.

#### Changes in Significant Accounting Policy

##### **Financial Instruments - Related Party Transactions**

The organization applied the amendments to Financial Instruments, Section 3856, relating to the recognition of financial instruments originated or exchanged in a related party transaction effective July 1, 2021.

Under these new requirements, such a financial instrument is initially measured at cost, which is determined depending on whether the instrument has repayment terms.

Subsequent measurement depends on the initial method used and is usually at cost less any reduction for impairment.

The adoption of these new requirements had no impact on the organization's financial statements.

#### 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.

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# STUDENTS' ASSOCIATION OF NORQUEST COLLEGE

## Notes to Financial Statements

Year Ended June 30, 2022

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### 1. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### 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.

#### Financial Instruments

The Association initially measures its financial assets and financial liabilities originated or exchanged in arm's length transactions at fair value. Transaction costs related to financial assets that will be subsequently measured at fair value are recognized in the statement of operations in the year in which they are incurred.

Financial assets and financial 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.

The Association subsequently measures all of 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 the statement of operations.

Financial assets measured at amortized cost include, cash, accounts receivable, and term deposits.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

#### Cash

Cash is comprised of funds held in financial institutions.

#### Equipment

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

The organization 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.

# STUDENTS' ASSOCIATION OF NORQUEST COLLEGE

## Notes to Financial Statements

Year Ended June 30, 2022

### 2. ACCOUNTS RECEIVABLE

	<u>2022</u>	<u>2021</u>
Student fees and rebates	\$ 8,769	\$ 43,481
Goods and services tax	4,962	1,460
Canada Emergency Wage Subsidy	-	93,602
	<u>\$ 13,731</u>	<u>\$ 138,543</u>

### 3. PREPAID EXPENSES

	<u>2022</u>	<u>2021</u>
Software	\$ 2,292	\$ 3,168
Tickets	1,439	6,282
Gift Cards	875	1,765
Insurance	762	417
	<u>\$ 5,368</u>	<u>\$ 11,632</u>

### 4. TERM DEPOSITS

The term deposit is comprised of an guaranteed investment certificate with an interest rate of 2.05% (2021 - 0.56%) and has a maturity date of May 23, 2023.

### 5. EQUIPMENT

	Cost	Accumulated amortization	<b>2022 Net book value</b>	2021 Net book value
Equipment	<u>\$ 106,423</u>	<u>\$ 61,970</u>	<u>\$ 44,453</u>	<u>\$ 32,602</u>

### 6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	<u>2022</u>	<u>2021</u>
Trades payable	\$ 194,521	\$ 17,542
NorQuest College Foundation	120,000	-
Payable to NorQuest College	98,502	-
	<u>\$ 413,023</u>	<u>\$ 17,542</u>

# STUDENTS' ASSOCIATION OF NORQUEST COLLEGE

## Notes to Financial Statements

Year Ended June 30, 2022

### 7. UNEARNED REVENUE

	<u>2022</u>	<u>2021</u>
Health and dental fees	\$ 347,931	\$ 243,932
U-Passes	199,227	-
Student fees	92,231	83,408
	<u>\$ 639,389</u>	<u>\$ 327,340</u>

### 8. COMMITMENT

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

### 9. INTERNALLY RESTRICTED NET ASSETS

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

	<u>2022</u>	<u>2021</u>
Future health and dental premiums	\$ 1,312,059	\$ 804,177
Legal fund	103,437	25,964
	<u>\$ 1,415,496</u>	<u>\$ 830,141</u>

### 10. RELATED PARTY TRANSACTIONS

The organization paid honoraria to board members in the amount of \$21,054 (2021 - \$19,400).

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.

### 11. FINANCIAL INSTRUMENTS

The organization 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 organization's risk exposure and concentration as of June 30, 2022.

#### Credit Risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The organization is exposed to credit risk from customers. In order to reduce its credit risk, the organization 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 organization has a significant number of customers which minimizes concentration of credit risk.

**STUDENTS' ASSOCIATION OF NORQUEST COLLEGE**

**Notes to Financial Statements**

**Year Ended June 30, 2022**

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**12. COMPARATIVE FIGURES**

Some of the comparative figures have been reclassified to conform to the current year's presentation.