

# **Students' Association of Mount Royal University**

Financial Statements  
**June 30, 2022**



## Independent auditor's report

To the Members of Students' Association of Mount Royal University

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### Our opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Students' Association of Mount Royal University (the Association) as at June 30, 2022 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, 2022;
- the statement of revenues and expenses for the year then ended;
- the statement of 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.

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### 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.

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### 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

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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.

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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 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  
November 21, 2022

# Students' Association of Mount Royal University

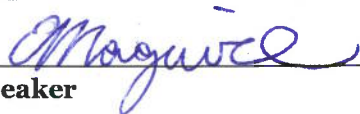
## Statement of Financial Position

As at June 30, 2022

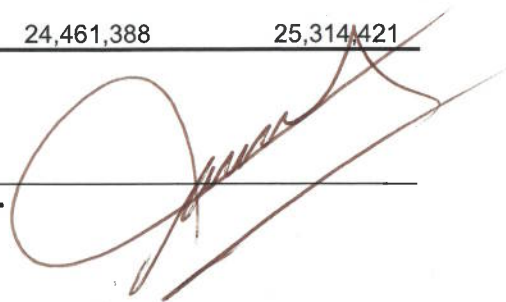
	2022 \$	2021 \$
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	2,670,178	4,292,626
Accounts receivable (note 11)	86,248	68,358
Inventories	59,618	80,313
Prepaid expenses	93,014	67,054
Funds held in trust	96,453	93,204
	<u>3,005,511</u>	<u>4,601,555</u>
<b>Investments</b> (note 3)	9,982,008	8,823,288
<b>Capital assets</b> (note 4)	<u>11,473,869</u>	<u>11,889,578</u>
	<u>24,461,388</u>	<u>25,314,421</u>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities (note 11)	335,616	299,909
Deferred revenue (note 5)	1,143,116	1,255,828
Current portion of promissory note (note 6)	406,007	386,432
Funds held in trust	96,453	93,204
	<u>1,981,192</u>	<u>2,035,373</u>
<b>Deposits held</b>	56,950	56,950
<b>Promissory note</b> (note 6)	8,398,398	8,804,405
<b>Deferred contributions</b> (note 7)	1,966,868	1,652,239
<b>Deferred capital contributions</b> (note 8)	<u>1,642,083</u>	<u>1,775,002</u>
	<u>14,045,491</u>	<u>14,323,969</u>
<b>Net assets</b>		
Internally restricted net assets invested in capital assets	1,295,869	1,254,096
Internally restricted (note 9)	8,842,628	9,176,310
Endowment	35,000	35,000
Unrestricted	242,400	525,046
	<u>10,415,897</u>	<u>10,990,452</u>
	<u>24,461,388</u>	<u>25,314,421</u>

Approved on Behalf of The Student Governing Board

Speaker



Governor



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

# Students' Association of Mount Royal University

## Statement of Revenues and Expenses

For the year ended June 30, 2022

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	2022 \$	2021 \$
<b>Revenues</b>		
Fees	3,663,615	3,723,181
Membership services	3,207,631	2,792,044
Business operations (note 13)	386,917	37,144
Interest and dividend income	279,740	264,609
Amortization of deferred capital contributions (note 8)	132,919	132,919
Management and executive	62,284	16,498
Government subsidies	-	21,598
Change in fair value of investments (note 3)	(1,006,363)	744,301
	<hr/> 6,726,743	<hr/> 7,732,294
<b>Expenses</b>		
Membership services	3,375,721	3,117,119
Management (note 10)	2,307,981	2,195,405
Amortization	579,363	578,226
Programming	387,096	83,635
Executive	375,992	346,040
Business operations – direct expenses	238,330	59,093
Business operations – cost of sales	36,815	10,424
	<hr/> 7,301,298	<hr/> 6,389,942
<b>(Deficit) excess of revenues over expenses</b>	<hr/> <b>(574,555)</b>	<hr/> <b>1,342,352</b>

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

# Students' Association of Mount Royal University

## Statement of Changes in Net Assets

For the year ended June 30, 2022

					2022	2021
	Internally restricted net assets invested in capital assets \$	Internally restricted \$ (note 9)	Endowment \$	Unrestricted \$	Total \$	Total \$
<b>Balance – Beginning of year</b>	1,254,096	9,176,310	35,000	525,046	10,990,452	9,648,100
(Deficit) excess of revenues over expenses	(121,881)	(454,376)	-	1,702	(574,555)	1,342,352
Transfer to internally restricted	-	120,694	-	(120,694)	-	-
Purchase of capital assets – internally funded	164,252	-	-	(164,252)	-	-
Disposal of capital assets	(598)	-	-	598	-	-
	41,773	(333,682)	-	(282,646)	(574,555)	1,342,352
<b>Balance – End of year</b>	1,295,869	8,842,628	35,000	242,400	10,415,897	10,990,452

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

# Students' Association of Mount Royal University

## Statement of Cash Flows

For the year ended June 30, 2022

	2022 \$	2021 \$
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
(Deficit) excess of revenues over expenses	(574,555)	1,342,352
Add items not involving cash		
Amortization	579,363	578,226
Deferred contribution recorded as fees, membership services, and management and executive revenue	(925,090)	(913,055)
Amortization of deferred capital contributions	(132,919)	(132,919)
Unrealized decrease (increase) in market value of investments	1,639,221	(587,050)
Loss on disposal of capital assets	598	56,536
	586,618	344,090
Changes in non-cash working capital	(100,160)	563,799
	486,458	907,889
<b>Financing activities</b>		
Capital contributions received	1,079,476	1,125,900
Scholarship contributions received	91,763	97,657
Other contributions received	68,480	4,392
Repayment of promissory note	(386,432)	(367,801)
	853,287	860,148
<b>Investing activities</b>		
Acquisition of capital assets – internally funded	(164,252)	(71,433)
Purchase of investments	(6,601,368)	(6,040,789)
Proceeds from sale of investments	3,803,427	5,679,353
	(2,962,193)	(432,869)
<b>(Decrease) increase in cash and cash equivalents</b>	(1,622,448)	1,335,168
<b>Cash and cash equivalents – Beginning of year</b>	4,292,626	2,957,458
<b>Cash and cash equivalents – End of year</b>	2,670,178	4,292,626
<b>Cash and cash equivalents comprise the following</b>		
Cash on hand and balances with banks	2,662,710	4,029,910
Investments in money market instruments	7,468	262,716
<b>Total cash and cash equivalents</b>	2,670,178	4,292,626
<b>Supplementary cash flow information</b>		
Interest paid	454,252	472,953

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



# Students' Association of Mount Royal University

## Notes to Financial Statements

June 30, 2022

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### 1 General

Students' Association of Mount Royal University (SAMRU or the Association) is a not-for-profit organization, which was incorporated under the authority of the Post-Secondary Learning Act of the Province of Alberta in 2005 (having incorporated under the Societies Act of the Province of Alberta in 1967). SAMRU is registered as a charitable organization under the Income Tax Act and, as such, is exempt from income taxes and is able to issue donation receipts for income tax purposes.

The Student Governing Board is established within the Post-Secondary Learning Act and SAMRU's bylaws constitute the Student Governing Board as the governing board of the Association. The majority of Governors and the four Representation Executive Council Officers are elected annually from and by the general membership of the Association. The Student Governing Board is the fiduciary trustee for SAMRU and, as such, makes all of the crucial decisions regarding the Association's purpose, resources, strategic plans and policy.

SAMRU operates as an independent, autonomous body separate and distinct from Mount Royal University. SAMRU entered into a Licence of Occupation Agreement and Collateral Agreement with The Board of Governors of Mount Royal University, which entitles SAMRU to the exclusive use of the Wyckham House Student Centre. SAMRU records the Right to Occupy Wyckham House as a capital asset as SAMRU has the beneficial risks and rewards of this asset.

### 2 Significant accounting policies

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations in Canada (ASNPO), and include the following significant accounting policies:

#### Cash and cash equivalents

Cash and cash equivalents include cash on hand, balances with banks, and investments in money market instruments with terms to maturity of less than 90 days from the date of purchase.

#### Funds held in trust and liability for funds held in trust

Funds held in trust represent monies managed by the Association on behalf of other organizations such as student-run clubs. The Association does not report the revenues and expenses related to these funds.

#### Investments

Investments consist of federal and provincial bonds, corporate bonds, income funds, Canadian and international equities. Investments are recorded at fair value as determined by reference to their quoted market prices. Changes in fair value are recognized in the statement of revenues and expenses in the year in which they arise.

# Students' Association of Mount Royal University

## Notes to Financial Statements

June 30, 2022

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### **Inventories**

Inventories are valued at the lower of cost and net realizable value. The valuation method used is first-in, first-out.

### **Financial instruments**

The Association initially measures financial assets and financial liabilities in the statement of financial position 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 cash equivalents, accounts receivable and funds held in trust asset. The financial liabilities subsequently measured at amortized cost include accounts payable and accrued liabilities, funds held in trust liability, deposits held and promissory note.

- Credit risk

The Association does not have a concentration of credit exposure with any one party. The Association does not consider that it is exposed to undue credit risk.

- Other price risk

The Association is not significantly exposed to currency risk due to changes in foreign exchange rates, or market risk from fluctuations in the marketplace.

- Liquidity risk

Liquidity risk is the risk the Association will encounter difficulties in meeting its financial obligations. The Association manages its liquidity risk through cash and debt management. Despite a significant disruption to the Association's regular operations caused by COVID-19, there has been very little impact on the Association's overall cash and debt management processes and thereby no increase in its assessment of liquidity risk.

- Interest rate risk

The Association does not consider its exposure to interest rate risk as a result of changes in market interest rates or cash flow risk to be significant.

# Students' Association of Mount Royal University

## Notes to Financial Statements

June 30, 2022

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### Capital assets

SAMRU records capital assets at cost, including installation costs. Contributed capital assets are recorded at fair value at the date of contribution, determined by reference to cost for similar assets. During the year, there were \$nil contributed capital assets (2021 – \$nil). SAMRU records amortization using the following methods and rates, intended to recognize the cost of property and equipment over their useful lives:

	Method	Rate
Furniture and fixtures	declining balance	20%
Computers and electronics	declining balance	30%
Right to occupy Wyckham House	straight-line	27 years
Wyckham House improvements	straight-line	40 years
Wyckham House expansion and development	straight-line	40 years

Amortization is not provided on capitalized costs relating to major additions until the respective additions are substantially complete and put 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 revenues and expenses. Writedowns are not subsequently reversed.

### Revenue recognition

The Association follows the deferral method of accounting for contributions.

Contributions externally restricted by third parties and related to general operations are recognized as revenue in the year in which the related expenses are incurred. Restricted contributions related to capital assets or repayments of debt obtained to purchase capital assets are recognized as revenue as the related capital assets are amortized. Unrestricted contributions and government subsidies are recognized as revenue in the year received or receivable if the amount can be reasonably estimated and collection is reasonably assured. Endowment contributions are recognized as direct increases in net assets.

Dividend income, interest income and change in fair value of investments are recognized as revenue in the year in which they arise.

Revenue from fees, membership services, business operations, programming, and management and executive are recognized as services are provided.

# Students' Association of Mount Royal University

## Notes to Financial Statements

June 30, 2022

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### Contributed services

SAMRU receives contributed services from Mount Royal University in the form of utilities for the non-revenue generating areas of Wyckham House. Volunteers contribute a significant number of hours per year to assist SAMRU in carrying out its program activities. Because of the difficulty of determining their value, contributed services are not recognized in the financial statements.

### 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 revenues and expenses during the reporting period. These estimates and assumptions are reviewed periodically and as adjustments become necessary, they are reported in the statement of revenues and expenses in the year in which they become known.

## 3 Investments

	2022 \$	2021 \$
<b>Pooled funds</b>		
Federal and provincial bonds	1,233,437	641,029
Corporate bonds	2,136,607	1,694,289
Income funds	1,188,499	877,454
<b>Non-pooled funds</b>		
Income funds	1,485,901	1,516,682
Equities – Canadian	1,844,890	1,616,531
Equities – International	2,092,674	2,477,303
	<u>9,982,008</u>	<u>8,823,288</u>
Realized gain on investments	632,858	157,251
Unrealized (loss) gain on investments	<u>(1,639,221)</u>	<u>587,050</u>
Change in fair value of investments	<u>(1,006,363)</u>	<u>744,301</u>

# Students' Association of Mount Royal University

## Notes to Financial Statements

June 30, 2022

### 4 Capital assets

			2022	2021
	Cost	Accumulated	Net	Net
	\$	amortization	\$	\$
		\$		
Furniture and fixtures	844,940	766,418	78,522	90,789
Computers and electronics	319,963	273,634	46,329	44,363
Right to occupy Wyckham House	3,952,253	3,425,328	526,925	632,308
Wyckham House improvements	1,406,023	925,346	480,677	389,345
Wyckham House expansion and development	15,668,172	5,326,756	10,341,416	10,732,773
	<u>22,191,351</u>	<u>10,717,482</u>	<u>11,473,869</u>	<u>11,889,578</u>

### 5 Deferred revenue

	2022	2021
	\$	\$
Health and dental fees	1,094,378	1,250,883
Commercial partnership revenue	40,328	-
Gift certificates	7,810	4,345
Tenant rent	600	600
	<u>1,143,116</u>	<u>1,255,828</u>

### 6 Promissory note

	2022	2021
	\$	\$
Debenture repayable in semi-annual instalments of \$420,738 including interest at 5.003%, due June 2037 and secured in the event of default by way of a Capital Levy against capital campaign fees collected by the Association	8,804,405	9,190,837
Less: Current portion of promissory note	406,007	386,432
	<u>8,398,398</u>	<u>8,804,405</u>

Principal repayments on long-term debt in each of the next five years and thereafter are estimated as follows:

	\$
2023	406,007
2024	426,573
2025	448,182
2026	470,885
2027 and thereafter	<u>7,052,758</u>
	<u>8,804,405</u>

# Students' Association of Mount Royal University

## Notes to Financial Statements

June 30, 2022

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### 7 Deferred contributions

Deferred contributions represent amounts received that are externally restricted and have not been spent. The balance will be recognized as revenue when the related expenses are incurred or classified as deferred capital contributions once expended for capital expansion and development.

	2022 \$	2021 \$
Contributions received for		
Capital expansion and development	1,079,476	1,125,900
Scholarships	91,763	97,657
Program support	62,536	-
Club development fund	5,944	4,392
	<hr/> 1,239,719	<hr/> 1,227,949
Contributions recorded in the year as		
Fees revenue	(887,803)	(873,148)
Membership services revenue	(31,343)	(35,515)
Management and executive revenue	(5,944)	(4,392)
	<hr/> (925,090)	<hr/> (913,055)
Increase during the year	314,629	314,894
Deferred contributions – Beginning of year	<hr/> 1,652,239	<hr/> 1,337,345
Deferred contributions – End of year	<hr/> <hr/> 1,966,868	<hr/> <hr/> 1,652,239
The balance is externally restricted for the following		
Scholarships	893,933	905,178
Capital expansion and development	997,796	703,114
Program support	75,139	43,947
	<hr/> 1,966,868	<hr/> 1,652,239

### 8 Deferred capital contributions

Deferred capital contributions represent the external funding of capital assets which will be recognized in revenue, as earned capital contributions, in future years as the related funded assets are amortized.

	2022 \$	2021 \$
Balance – Beginning of year	1,775,002	1,907,921
Less: Amount amortized to revenue	<hr/> 132,919	<hr/> 132,919
Balance – End of year	<hr/> <hr/> 1,642,083	<hr/> <hr/> 1,775,002

# Students' Association of Mount Royal University

## Notes to Financial Statements

June 30, 2022

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### 9 Internally restricted net assets

The Association's Student Governing Board has internally restricted net assets for the following:

	2022 \$	2021 \$
Reserve	4,783,828	4,562,291
Health and dental	1,977,800	2,203,213
Capital replacement	919,357	1,000,000
Scholarship	768,477	916,727
Capital	380,383	475,793
Deanna Cardinal Memorial fund	12,783	18,286
	<hr/> 8,842,628	<hr/> 9,176,310

### 10 Termination benefits

During the year, the Association paid a total of \$28,124 (2021 – \$12,033) in termination benefits, which is included in management expense.

### 11 Government remittances

In respect of government remittances, Goods and Services Tax (GST) of \$1,498 (2021 – \$3,084 accounts receivable) is included in accounts payable and accrued liabilities.

### 12 COVID-19 pandemic

Management has assessed the financial impact of COVID-19 as at June 30, 2022, including the valuation of investments, assessment of provisions and contingent liabilities, the timing of revenue recognition, reductions in business revenues and expenses, and has reflected these elements as appropriate in its financial statements as at June 30, 2022.

Future impacts of the pandemic may have financial effects on the Association's future revenues and operating results including fees, membership services and business operations. It is not possible to estimate the results of future financial impacts of COVID-19 on the Association subsequent to June 30, 2022.

### 13 Covid-19 lease modifications

Effective November 20, 2020, the Association adopted the amendments to Section 3065, Leases, in Accounting Standards for Private Enterprises (ASPE). The Association has applied the practical expedient to lease concessions granted to its lessees that are a direct consequence of the COVID-19 pandemic.

Lease concessions granted resulted in decreases in lease payments as compared to the payments required by the original lease contracts. The total reduction in lease payments that relates to the year ended June 30, 2022 amounted to \$333,690 (2021 – \$470,018) and has been recognized against business operations revenue in the statement of revenues and expenses.