

**ATHABASCA UNIVERSITY STUDENTS' UNION**  
**Financial Statements**  
**Year Ended September 30, 2021**

**ATHABASCA UNIVERSITY STUDENTS' UNION**  
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**Year Ended September 30, 2021**

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January 20, 2022  
Edmonton, Alberta

## **INDEPENDENT AUDITOR'S REPORT**

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To the Members of Athabasca University Students' Union

### **Opinion**

We have audited the financial statements of Athabasca University Students' Union (the AUSU), which comprise the statement of financial position as at September 30, 2021, and the statements of changes in net assets, operations and cash flow 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 AUSU as at September 30, 2021, and the results of its operations and cash flow for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

### **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 AUSU 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 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 AUSU'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 AUSU or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the AUSU'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.

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Independent Auditor's Report to the Members of Athabasca University Students' Union  
(continued)

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 AUSU'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 AUSU'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 AUSU 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.



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**Kingston Ross Pasnak LLP**

Chartered Professional Accountants

**ATHABASCA UNIVERSITY STUDENTS' UNION**  
**Statement of Financial Position**  
**September 30, 2021**

	2021	2020
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash (Note 4)	\$ 435,156	\$ 480,692
Marketable securities (Note 5)	1,278,943	1,071,004
Accounts receivable (Note 6)	81,480	91,258
Prepaid expenses	16,500	19,930
	<b>1,812,079</b>	1,662,884
PROPERTY (Note 7)	-	3,881
	<b>\$ 1,812,079</b>	<b>\$ 1,666,765</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT</b>		
Accounts payable and accrued liabilities (Note 6)	\$ 23,573	\$ 28,482
Vacation payable	26,681	18,763
Deferred student fees (Note 6)	114,323	128,115
	<b>164,577</b>	175,360
<b>NET ASSETS</b>		
Unrestricted	1,089,221	845,943
Internally restricted (Note 8)	558,281	641,581
Invested in property	-	3,881
	<b>1,647,502</b>	1,491,405
	<b>\$ 1,812,079</b>	<b>\$ 1,666,765</b>

**ON BEHALF OF THE COUNCIL**

\_\_\_\_\_ Councillor  
 \_\_\_\_\_ Councillor

**ATHABASCA UNIVERSITY STUDENTS' UNION**  
**Statement of Changes in Net Assets**  
**Year Ended September 30, 2021**

	Unrestricted	Internally Restricted	Invested in property	<b>2021</b>	2020
<b>NET ASSETS - BEGINNING OF YEAR</b>	\$ 845,943	\$ 641,581	\$ 3,881	<b>\$ 1,491,405</b>	\$ 1,263,213
Excess of revenues over expenses	159,978	-	(3,881)	<b>156,097</b>	228,192
Transfers ( <i>Note 8</i> )	(10,000)	10,000	-	-	-
Approved use of restricted funds ( <i>Note 8</i> )	93,300	(93,300)	-	-	-
<b>NET ASSETS - END OF YEAR</b>	<b>\$ 1,089,221</b>	<b>\$ 558,281</b>	<b>\$ -</b>	<b>\$ 1,647,502</b>	<b>\$ 1,491,405</b>

**ATHABASCA UNIVERSITY STUDENTS' UNION**  
**Statement of Operations**  
**Year Ended September 30, 2021**

	Budget (Note 9)	Total 2021	Total 2020
<b>REVENUES (Note 6)</b>	\$ 945,000	\$ 966,664	\$ 987,476
<b>EXPENSES</b>			
Staff wages and benefits	331,300	329,624	295,419
Council wages and benefits (Note 6)	161,800	174,854	147,960
Awards	69,600	117,742	63,836
Member services	89,500	66,779	58,138
Professional fees	32,000	62,925	21,240
The Voice (Note 6)	47,600	34,730	37,899
Administration (Note 6)	27,400	32,494	39,717
Advocacy	59,100	30,290	34,726
Communications	24,100	28,658	29,614
Computer	24,100	23,150	25,636
Office	47,000	21,909	41,782
Professional development	42,000	6,781	16,677
Amortization of tangible assets	4,500	3,881	3,880
	960,000	933,817	816,524
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES FROM OPERATIONS</b>	(15,000)	32,847	170,952
<b>OTHER INCOME</b>			
Gain on sale of marketable securities	-	45,314	6,574
Unrealized gain on marketable securities	-	44,455	19,783
Interest income	15,000	17,287	17,585
Dividend income	-	16,194	13,298
	15,000	123,250	57,240
<b>EXCESS OF REVENUES OVER EXPENSES</b>	\$ -	\$ 156,097	\$ 228,192

**ATHABASCA UNIVERSITY STUDENTS' UNION**  
**Statement of Cash Flow**  
**Year Ended September 30, 2021**

	2021	2020
<b>OPERATING ACTIVITIES</b>		
Cash receipts	\$ 962,648	\$ 987,980
Cash paid to suppliers, employees, and awards	(922,622)	(792,832)
Interest paid	(873)	(963)
Cash flow from operating activities	<b>39,153</b>	194,185
<b>INVESTING ACTIVITIES</b>		
Dividend income	16,194	13,298
Interest income	17,287	17,585
Purchase of marketable securities	(819,218)	(533,847)
Proceeds on disposal of marketable securities	701,048	506,434
Cash flow (used by) from investing activities	<b>(84,689)</b>	3,470
<b>(DECREASE) INCREASE IN CASH</b>	<b>(45,536)</b>	197,655
CASH - BEGINNING OF YEAR	480,692	283,037
<b>CASH - END OF YEAR (Note 4)</b>	<b>\$ 435,156</b>	<b>\$ 480,692</b>

Unrealized gain on marketable securities of \$44,455 (2020 - \$19,783) has been excluded from the cash flow statement, as it do not involve the use of cash or cash equivalents.

# ATHABASCA UNIVERSITY STUDENTS' UNION

## Notes to Financial Statements

Year Ended September 30, 2021

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### 1. AUTHORITY AND PURPOSE

On March 18, 2004, Athabasca University Students' Union ("AUSU") was incorporated under the Post Secondary Learning Act. AUSU is administered by a Board of Councilors ("Council") and its principal purpose is to provide for the administration of the affairs of the Athabasca University ("AU") undergraduate students, including the development and management of student institutions, the development and implementation of a system of student governing principles, the promotion of the general welfare of Athabasca University undergraduate students and the furtherance of the values inherent in an open University as well as of life-long learning. AUSU is a non-profit organization under the Income Tax Act (Canada) and, as such, is not liable for payment of income taxes.

### 2. ECONOMIC DEPENDENCE

AUSU receives substantially all of its revenue from Athabasca University as legislated under the Alberta Post-Secondary Learning Act section 95(2)e that provides for the "maintenance of the association by the levy of membership fees on its members". Should Athabasca University substantially change its dealings with AUSU subsequent to legislative changes permitting such, management is of the opinion that continued viable operations would be doubtful.

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO). Significant accounting policies observed in the preparation of the financial statements are summarized below.

#### Marketable securities

Marketable securities are recorded at fair value. AUSU's marketable securities consist of fixed income investments and equity investments.

#### Property

Property is stated at cost or deemed cost less accumulated amortization and is amortized on a straight line basis over its estimated useful life at the following rate:

Website	Five years
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In the year of purchase, amortization on property and equipment is taken at one half of the normal amount.

Property and equipment acquired during the year are not amortized until they are available for use.

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**ATHABASCA UNIVERSITY STUDENTS' UNION**  
**Notes to Financial Statements**  
**Year Ended September 30, 2021**

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

Revenue recognition

Student fee revenue is recognized one month subsequent to the start of the course to which the fees relate once funds from the students have been received by Athabasca University and the course cancellation period has elapsed.

Some of the fees received prior to year end relate to courses which commence in the next fiscal year. These fees are classified as deferred and recognized as revenue one month subsequent to the start of the course to which the fees relate.

Investment earnings are recognized as revenue when earned and collection is reasonably assured.

Contributed goods and services

The fair value of donated materials and services cannot be reasonably determined and are therefore not reflected in these financial statements.

Financial instruments

All financial instruments are initially measured at fair value, and, unless otherwise noted, the AUSU subsequently measures its financial instruments at amortized cost.

Not-for-Profit Financial Statement Presentation

The AUSU presents net assets invested in equipment as a separate category of internally restricted net assets.

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 include the collectability of accounts receivable, estimated useful lives of property and equipment and accruals of certain expenses. Actual results could differ from these estimates.

**ATHABASCA UNIVERSITY STUDENTS' UNION**  
**Notes to Financial Statements**  
**Year Ended September 30, 2021**

4. CASH

	<b>2021</b>	2020
Cash	\$ 329,780	\$ 375,134
Internally restricted cash	<b>105,376</b>	105,558
	<b>\$ 435,156</b>	\$ 480,692

Council has determined that the operating cash account is to maintain a minimum balance of \$125,000 at all times, in order to support ongoing operations in the event of a delay in the receipt of the AU student fees or other unexpected short term cash shortages.

Internally restricted cash is intended for the use towards expenses related to The Voice magazine operations in accordance with resolutions made by Council.

5. MARKETABLE SECURITIES

	<b>2021</b>	2020
Canadian Common Stock	\$ 377,018	\$ 199,530
US Common Stock	<b>362,476</b>	277,953
Canada Government Bonds (bearing interest at 2.50% to 6.50%) maturing between June 2024 and June 2040	<b>322,852</b>	321,828
Canadian Corporate Bonds & Debentures (bearing interest at 1.68% to 7.85%) maturing between December 2026 and January 2045	<b>206,602</b>	266,698
Canada Treasury Bills (bearing interest at 0.17%) maturing between November 2021 and March 2022	<b>9,995</b>	4,995
	<b>\$ 1,278,943</b>	\$ 1,071,004

Council has determined that the marketable securities portfolio is to include fixed income securities with a minimum balance of \$360,000, which is equal to the balances in the internally restricted Contingency, Legal and Staffing reserve funds. The purpose of this resolution is to ensure that funds are available should the AUSU need to access any of the above mentioned reserve funds.

Foreign marketable securities are presented in Canadian dollars.

## ATHABASCA UNIVERSITY STUDENTS' UNION

### Notes to Financial Statements

Year Ended September 30, 2021

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#### 6. RELATED PARTY TRANSACTIONS

During the year, the AUSU received student fees of \$966,664 (2020 - \$987,476) from the AU and deferred revenue of \$114,323 (2020 - \$128,115). The parties are related through their connection to the Athabasca University students.

Recorded in accounts receivable is \$81,480 (2020 - \$90,758) for student fees due from AU for the month of September 2021. There was no requirement for an allowance as at September 30, 2021 (2020 - nil).

During the year, AUSU provided a donation of \$10,000 (2020 - \$15,000) to the AU to assist AU students impacted financially by the COVID-19 pandemic. This amount has been recorded in Administration expense.

In addition, the AUSU provided \$3,389 (2020 - \$3,816) in tuition payments to cover up to two undergraduate Athabasca University courses per executive officer as per the AUSU compensation guidelines. This amount has been recorded in Council wages and benefits expense.

AUSU paid \$2,445 (2020 - \$5,525) in writer fees for writing services provided by Councillors, recorded in The Voice expense.

Recorded in accounts payable is \$49 (2020 - \$nil) for travel reimbursement due to Councillors for travel completed in September 2021 and nil (2020 - \$420) for writer fees due to Councillors for services completed in September 2021.

The above 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.

#### 7. PROPERTY

	Cost	Accumulated amortization	2021 Net book value	2020 Net book value
Website	\$ 19,404	\$ 19,404	\$ -	\$ 3,881

**ATHABASCA UNIVERSITY STUDENTS' UNION**  
**Notes to Financial Statements**  
**Year Ended September 30, 2021**

8. RESTRICTIONS ON NET ASSETS

	Opening balance	Approved transfers	Approved use of funds	Ending balance
Awards	\$ 72,023	\$ 10,000	\$ (70,000)	\$ 12,023
Contingency Reserve	270,000	-	-	270,000
Health & Dental	182	-	-	182
Leasehold Improvements Reserve	60,000	-	-	60,000
Legal Reserve	75,000	-	-	75,000
Projects	44,000	-	(23,300)	20,700
Staffing Search Reserve	15,000	-	-	15,000
The Voice	105,376	-	-	105,376
	<b>\$ 641,581</b>	<b>\$ 10,000</b>	<b>\$ (93,300)</b>	<b>\$ 558,281</b>

AUSU internally restricts net assets for the purpose of providing student awards, special projects, The Voice operations, and to secure funds for contingency, legal, staffing and leasehold improvements purposes. These internally restricted resources are not available for other purposes without approval of Council.

*The Awards Reserve Fund* is designated towards providing student awards and accumulates all budgeted undistributed Awards funds during each fiscal year. During the year, Council approved a transfer of \$10,000 (2020 - \$66,000) towards the reserve fund, as well as distributed \$70,000 (2020 - \$2,764) out of the Awards fund towards bursaries and other awards provided to AUSU students.

*The Contingency Reserve Fund* is designated to mitigate against decrease in the Athabasca University enrolment and voluntary student union fees. During the year, Council did not approve any transfers (2020 - \$nil) towards this reserve fund.

*The Health and Dental Reserve Fund* is designated towards covering the bursary awards granted by the AUSU. During the year, Council has not allocated any resources (2020 - \$nil) out of this reserve fund.

*The Leasehold Improvements Reserve Fund* is designated towards expenses necessary to make alterations and improvements to the work space used by the AUSU staff and Council members. During the year, Council did not approve any transfers (2020 - \$nil) towards this reserve fund.

*The Legal Reserve Fund* is designated towards legal expenses and settlements, in the event that the AUSU was to become part of a legal proceeding. During the year, Council did not approve any transfers (2020 - \$nil) towards this reserve fund.

*The Projects Reserve Fund* is designated towards special projects. During the year, Council did not approve of any transfer (2020 - \$44,000) from the Unrestricted Reserve Fund. During the year, AUSU has approved and distributed \$23,300 (2020 - \$nil) out of the Projects fund towards specific projects as previously allocated by Council upon establishing this fund.

*The Staffing Search Reserve Fund* is designated towards professional fees associated with searching and recruiting a new staff member in the event of a staffing turnover. During the year, Council did not approve any transfers (2020 - \$nil) towards this reserve.

*The Voice Fund* is designated towards expenses related to The Voice magazine operations as approved by Council. No expenses were approved in the year (2020 - \$nil) to cover The Voice operations.

**ATHABASCA UNIVERSITY STUDENTS' UNION**  
**Notes to Financial Statements**  
**Year Ended September 30, 2021**

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9. BUDGET

The budget was approved by Council on August 19, 2020. The budgeted amounts have been provided for information purposes only and are unaudited.

10. FINANCIAL INSTRUMENTS

AUSU is exposed to various risks through its financial instruments. The following analysis provides information about the AUSU's risk exposure and concentration as of September 30, 2021. Unless otherwise noted, the AUSU's risk exposure has not changed from the prior year.

*Credit risk*

Credit risk arises from the potential that a counter party will fail to perform its obligations. The AUSU is exposed to credit risk from the Athabasca University as effectively all of the AUSU accounts receivable are from the Athabasca University. AUSU is economically dependant upon the Athabasca University (*Note 2*) for the majority of its revenues and is protected by provincial legislation, which mitigates this risk. Subsequent to year end, all the accounts receivable have been collected.

*Currency risk*

Currency risk is the risk to the AUSU's earnings that arise from fluctuations of foreign exchange rates and the degree of volatility of these rates. The AUSU is exposed to foreign currency exchange risk on marketable securities held in U.S. dollars. The AUSU does not use derivative instruments to reduce its exposure to foreign currency risk. Refer to Note 5 for marketable securities held in U.S. dollars.

*Interest rate risk*

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the AUSU manages exposure through its normal operating and financing activities. The AUSU is exposed to interest rate risk primarily through its investment in marketable securities.

*Other price risk*

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The AUSU is exposed to other price risk through its investment in quoted shares.

11. SUBSEQUENT EVENT

Subsequent to the year-end, the Association received a donation from the Athabasca University of \$90,000 to be used towards Awards and Bursaries, Food Bank Assistance Program, AUSU Community and Wellness initiatives and the AUSU Year-Round Awards.

**ATHABASCA UNIVERSITY STUDENTS' UNION**  
**Notes to Financial Statements**  
**Year Ended September 30, 2021**

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12. COVID-19

The Coronavirus Disease 2019, or COVID-19 has spread across the globe and continues to impact worldwide economic activity. This global pandemic poses the risk that the organization or its clients, employees, contractors, suppliers, and other partners may experience periodic interruptions to their regular business activities. While it is not possible at this time to estimate the impact that COVID-19 will have on the organization's business in the coming fiscal year, the continued spread of COVID-19 and the measures taken by the federal, provincial and municipal governments to contain its impact could adversely impact the organization's business, financial condition and/or the results of its operations. In the current year, the AUSU has not been adversely impacted by the measures undertaken by governments to control the spread of the the COVID-19. The extent to which the COVID-19 outbreak will continue to impact the organization's results will depend on future developments that are highly uncertain and cannot be predicted at this time.