

ATHABASCA UNIVERSITY STUDENTS' UNION
Financial Statements
Year Ended September 30, 2022

ATHABASCA UNIVERSITY STUDENTS' UNION
Index to Financial Statements
Year Ended September 30, 2022

	Page
INDEPENDENT AUDITOR'S REPORT	1 - 2
FINANCIAL STATEMENTS	
Statement of Financial Position	3
Statement of Changes in Net Assets	4
Statement of Operations	5
Statement of Cash Flow	6
Notes to Financial Statements	7 - 12



KINGSTON
ROSS
PASNAK^{LLP}

CHARTERED PROFESSIONAL ACCOUNTANTS

Suite 1500, 9888 Jasper Avenue NW
Edmonton, Alberta T5J 5C6
T. 780.424.3000 | F. 780.429.4817 | W. krpgroup.com

January 23, 2023
Edmonton, Alberta

INDEPENDENT AUDITOR'S REPORT

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, 2022, 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, 2022, 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.

(continues)

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.



Kingston Ross Pasnak LLP

Chartered Professional Accountants

ATHABASCA UNIVERSITY STUDENTS' UNION
Statement of Financial Position
September 30, 2022

	2022	2021
ASSETS		
CURRENT		
Cash (Note 5)	\$ 493,667	\$ 435,156
Marketable securities (Note 6)	1,201,683	1,278,943
Accounts receivable (Note 7)	83,258	81,480
Prepaid expenses	23,294	16,500
	\$ 1,801,902	\$ 1,812,079
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities (Note 7)	\$ 27,715	\$ 23,573
Vacation payable	28,851	26,681
Deferred student fees (Note 7)	122,164	114,323
	178,730	164,577
NET ASSETS		
Unrestricted	1,024,385	1,089,221
Internally restricted (Note 8)	598,787	558,281
	1,623,172	1,647,502
	\$ 1,801,902	\$ 1,812,079

ON BEHALF OF THE COUNCIL

_____ Councillor

_____ Councillor

ATHABASCA UNIVERSITY STUDENTS' UNION
Statement of Changes in Net Assets
Year Ended September 30, 2022

	Unrestricted	Internally restricted	Invested in property	2022	2021
NET ASSETS - BEGINNING OF YEAR	\$ 1,089,221	\$ 558,281	\$ -	\$ 1,647,502	\$ 1,491,405
Deficiency of revenues over expenses	(24,330)	-	-	(24,330)	156,097
Transfers (<i>Note 8</i>)	-	-	-	-	-
Approved use of restricted funds (<i>Note 8</i>)	(40,506)	40,506	-	-	-
NET ASSETS - END OF YEAR	\$ 1,024,385	\$ 598,787	\$ -	\$ 1,623,172	\$ 1,647,502

ATHABASCA UNIVERSITY STUDENTS' UNION
Statement of Operations
Year Ended September 30, 2022

	Budget (Note 9)	Total 2022	Total 2021
REVENUES (Note 7)	\$ 975,000	\$ 887,786	\$ 966,664
EXPENSES			
Staff wages and benefits	352,350	350,559	329,624
Council wages and benefits (Note 7)	211,200	210,845	174,854
Awards	153,800	110,294	117,742
Member services	80,500	67,726	66,779
The Voice (Note 7)	44,750	39,109	34,730
Advocacy	85,000	34,503	30,290
Professional development	43,000	32,164	6,781
Professional fees	29,000	24,324	62,925
Administration (Note 7)	24,850	19,754	32,494
Computer	21,800	19,292	23,150
Communications	23,450	17,361	28,658
Office	5,800	6,940	21,909
Amortization of tangible assets	4,500	-	3,881
	1,080,000	932,871	933,817
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES FROM OPERATIONS	(105,000)	(45,085)	32,847
OTHER INCOME			
Donations (Note 7)	90,000	91,000	-
Gain on sale of marketable securities	-	47,708	45,314
Interest income	15,000	18,881	17,287
Dividend income	-	18,115	16,194
Unrealized (loss) gain on marketable securities	-	(154,949)	44,455
	105,000	20,755	123,250
(DEFICIENCY) EXCESS OF REVENUES OVER EXPENSES	\$ -	\$ (24,330)	\$ 156,097

ATHABASCA UNIVERSITY STUDENTS' UNION
Statement of Cash Flow
Year Ended September 30, 2022

	2022	2021
OPERATING ACTIVITIES		
Cash receipts	\$ 984,850	\$ 962,648
Cash paid to suppliers, employees, and awards	(932,398)	(922,622)
Investment income	36,995	33,481
Interest paid	(956)	(873)
Cash flow from operating activities	88,491	72,634
INVESTING ACTIVITIES		
Purchase of marketable securities	(475,142)	(819,218)
Proceeds on disposal of marketable securities	445,162	701,048
Cash flow used by investing activities	(29,980)	(118,170)
INCREASE (DECREASE) IN CASH	58,511	(45,536)
CASH - BEGINNING OF YEAR	435,156	480,692
CASH - END OF YEAR (Note 5)	\$ 493,667	\$ 435,156

Unrealized (loss) gain on marketable securities of (\$154,949) (2021 - \$44,455) has been excluded from the cash flow statement, as it does not involve the use of cash or cash equivalents.

ATHABASCA UNIVERSITY STUDENTS' UNION

Notes to Financial Statements

Year Ended September 30, 2022

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.

Cash and cash equivalents

Cash and cash equivalents consist of cash on deposit, adjusted for outstanding deposits and payments, plus cash held in the investment portfolio.

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.

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.

(continues)

ATHABASCA UNIVERSITY STUDENTS' UNION
Notes to Financial Statements
Year Ended September 30, 2022

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.

With respect to contributions and donations, the AUSU follows the deferral method of accounting for these revenues. Externally restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated 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 arm's length financial instruments are initially measured at fair value, and, unless otherwise noted, the AUSU subsequently measures its financial instruments at amortized cost.

The measurement basis for related party financial instruments is disclosed in Note 6.

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, 2022

4. CREDIT FACILITY

The AUSU has a credit facility with TD Commercial Banking, which includes approved TD Visa Business cards that can be drawn upon to an aggregate maximum of \$16,000. At the statement of financial position date, the amount owing, which is due on demand, was \$4,707 (2021: \$164).

5. CASH

	2022	2021
Cash	\$ 388,291	\$ 329,780
Internally restricted cash	105,376	105,376
	\$ 493,667	\$ 435,156

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.

6. MARKETABLE SECURITIES

	2022	2021
Canadian Common Stock	\$ 326,900	\$ 377,018
US Common Stock	315,119	362,476
Canada Government Bonds (bearing interest at 2.50% to 5.70%) maturing between June 2024 and December 2043	321,642	322,852
Canadian Corporate Bonds & Debentures (bearing interest at 1.65% to 7.85%) maturing between February 2028 and January 2045	207,320	206,602
Canada Treasury Bills (bearing interest at 3.21%) maturing January 2023	30,702	9,995
	\$ 1,201,683	\$ 1,278,943

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, 2022

7. RELATED PARTY TRANSACTIONS

During the year, the AUSU has recorded student fee revenues of \$887,786 (2021 - \$966,664) from the AU and deferred revenue of \$120,664 (2021 - \$114,323). The parties are related through their connection to the Athabasca University students.

Recorded in accounts receivable is \$83,258 (2021 - \$81,480) for student fees due from AU for the month of September 2022. There was no requirement for an allowance as at September 30, 2022 (2021 - nil).

During the year, AUSU received a donation of \$90,000 (2021 - \$nil) from the AU to contribute to the food assistance program and various awards. This amount has been expended in the year and recorded in other income.

In addition, the AUSU provided \$6,544 (2021 - \$3,389) 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 \$5,290 (2021 - \$2,445) in writer fees for writing services provided by Councillors, recorded in The Voice expense.

Recorded in accounts payable is \$665 (2021 - \$49) for travel reimbursement due to Councillors for travel completed in September 2022 and \$480 (2021 - \$nil) for writer fees due to Councillors for services completed in September 2022.

The transactions with related parties are measured at cost, which is equal to the undiscounted cash flows received, or expected to be received, not including expected interest and dividends, less any previously recognized impairment losses.

ATHABASCA UNIVERSITY STUDENTS' UNION
Notes to Financial Statements
Year Ended September 30, 2022

8. RESTRICTIONS ON NET ASSETS

	Opening balance	Approved transfers	Approved use of funds	Ending balance
Awards	\$ 16,023	\$ 182	\$ 43,506	\$ 59,711
Contingency Reserve	270,000	-	-	270,000
Health & Dental	182	(182)	-	-
Leasehold Improvements Reserve	60,000	-	-	60,000
Legal Reserve	75,000	-	-	75,000
Projects	16,700	-	(3,000)	13,700
Staffing Search Reserve	15,000	-	-	15,000
The Voice	105,376	-	-	105,376
	\$ 558,281	\$ -	\$ 40,506	\$ 598,787

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 \$43,506 (2021 - \$10,000) from the *Unrestricted Fund* and \$182 from the *Health and Dental Reserve Fund*. There were no distributions of any funds from the *Awards Reserve Fund* towards bursaries and other awards completed in the year (2021 - \$70,000).

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 (2021 - \$nil) towards this reserve fund.

The Health and Dental Reserve Fund was designated towards covering the bursary awards granted by the AUSU. During the year, Council has transferred the remaining balance of \$182 to the *Awards Reserve Fund* and wound up the *Health and Dental 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 (2021 - \$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 (2021 - \$nil) towards this reserve fund.

The Projects Reserve Fund is designated towards special projects. There were no transfers to this fund approved during the current or previous years. There were distributions of \$3,000 from the *Projects Reserve Fund* towards certain specific initiatives completed in the year (2021 - \$23,300).

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 (2021 - \$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 (2021 - \$nil) to cover The Voice operations.

ATHABASCA UNIVERSITY STUDENTS' UNION
Notes to Financial Statements
Year Ended September 30, 2022

9. BUDGET

The budget was approved by Council on September 16, 2021. 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, 2022. 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. COMPARATIVE FIGURES

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