

ATHABASCA UNIVERSITY STUDENTS' UNION
Financial Statements
Year Ended September 30, 2023

ATHABASCA UNIVERSITY STUDENTS' UNION
Index to Financial Statements
Year Ended September 30, 2023

	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, 2024
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 Organization), which comprise the statement of financial position as at September 30, 2023, 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 Organization as at September 30, 2023, 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 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 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.

(continues)

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

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.



Kingston Ross Pasnak LLP
Chartered Professional Accountants

ATHABASCA UNIVERSITY STUDENTS' UNION
Statement of Financial Position
September 30, 2023

	2023	2022
ASSETS		
CURRENT		
Cash (Note 5)	\$ 393,625	\$ 493,667
Marketable securities (Note 6)	1,304,093	1,201,683
Accounts receivable (Note 7)	79,005	83,258
Prepaid expenses	25,527	23,294
	1,802,250	1,801,902
EQUIPMENT (Note 8)	2,189	-
	\$ 1,804,439	\$ 1,801,902
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities (Notes 4, 7)	\$ 28,954	\$ 27,715
Vacation payable	36,881	28,851
Deferred student fees (Note 7)	119,753	120,664
Deferred restricted contribution (Note 9)	3,900	1,500
	189,488	178,730
NET ASSETS		
Unrestricted	1,074,877	1,024,385
Internally restricted (Note 10)	537,885	598,787
Invested in property	2,189	-
	1,614,951	1,623,172
	\$ 1,804,439	\$ 1,801,902

ON BEHALF OF THE BOARD

_____ Councillor
 _____ Councillor

ATHABASCA UNIVERSITY STUDENTS' UNION
Statement of Changes in Net Assets
Year Ended September 30, 2023

	Unrestricted	Internally restricted	Invested in property	2023	2022
NET ASSETS - BEGINNING OF YEAR	\$ 1,024,385	\$ 598,787	\$ -	\$ 1,623,172	\$ 1,647,502
Deficiency of revenues over expenses	(7,783)	-	(438)	(8,221)	(24,330)
Additions	(2,627)	-	2,627	-	-
Transfers (<i>Note 10</i>)	60,000	(60,000)	-	-	-
Approved use of restricted funds (<i>Note 10</i>)	902	(902)	-	-	-
NET ASSETS - END OF YEAR	\$ 1,074,877	\$ 537,885	\$ 2,189	\$ 1,614,951	\$ 1,623,172

ATHABASCA UNIVERSITY STUDENTS' UNION
Statement of Operations
Year Ended September 30, 2023

	Budget 2023	Total 2023	Total 2022
<i>Unaudited - Note 11</i>			
REVENUES (Note 7)	\$ 975,000	\$ 858,589	\$ 887,786
EXPENSES			
Staff wages and benefits	369,900	387,096	350,559
Council wages and benefits (Note 7)	221,925	218,442	210,845
Advocacy	86,950	71,833	34,503
Member services	76,000	71,970	67,726
Awards	71,100	69,290	110,294
The Voice (Note 7)	42,700	40,465	39,109
Professional development	46,000	33,819	32,164
Professional fees	27,500	30,231	24,324
Computer	19,960	21,013	19,292
Administration	21,815	20,485	19,754
Communications	15,150	11,656	17,361
Office	2,500	1,530	6,940
Amortization of tangible assets	4,500	438	-
	1,006,000	978,268	932,871
DEFICIENCY OF REVENUES OVER EXPENSES FROM OPERATIONS	(31,000)	(119,679)	(45,085)
OTHER INCOME (EXPENSES)			
Unrealized gain (loss) on marketable securities	-	66,538	(154,949)
Interest income	15,000	22,182	18,881
Dividend income	16,000	17,058	18,115
Donations (Note 7)	-	3,600	91,000
Gain on sale of marketable securities	-	2,080	47,708
	31,000	111,458	20,755
DEFICIENCY OF REVENUES OVER EXPENSES	\$ -	\$ (8,221)	\$ (24,330)

ATHABASCA UNIVERSITY STUDENTS' UNION
Statement of Cash Flow
Year Ended September 30, 2023

	2023	2022
OPERATING ACTIVITIES		
Cash receipts	\$ 865,530	\$ 983,350
Cash paid to suppliers, employees, and awards	(967,521)	(930,898)
Investment income	39,022	36,995
Interest paid	(873)	(956)
Cash flow (used by) from operating activities	(63,842)	88,491
INVESTING ACTIVITIES		
Purchase of equipment	(2,627)	-
Purchase of marketable securities	(574,879)	(475,142)
Proceeds on disposal of marketable securities	541,306	445,162
Cash flow used by investing activities	(36,200)	(29,980)
(DECREASE) INCREASE IN CASH FLOW	(100,042)	58,511
CASH - BEGINNING OF YEAR	493,667	435,156
CASH - END OF YEAR (Note 5)	\$ 393,625	\$ 493,667

Unrealized gain (loss) on marketable securities of \$66,538 (2022 - (\$154,949)) 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, 2023

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.

Equipment

Equipment is stated at cost or deemed cost less accumulated amortization and is amortized on a straight line basis over its estimated useful life.

Computer equipment	3 years straight-line method
--------------------	------------------------------

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

Equipment 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, 2023

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 Organization subsequently measures its financial instruments at amortized cost.

The measurement basis for related party financial instruments is disclosed in Note 7.

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 estimated useful lives of 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, 2023

4. CREDIT FACILITY

The Organization 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. The credit facility bears interest at 19.99%. At the statement of financial position date, the amount owing, which is due on demand, was \$4,306 (2022: \$4,707) and is included in the accounts payable and accrued liabilities balance.

5. CASH

	2023	2022
Cash	\$ 288,249	\$ 388,291
Internally restricted cash	105,376	105,376
	\$ 393,625	\$ 493,667

Council has determined that the operating cash account is required 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

	2023	2022
Canadian Common Stock	\$ 325,847	\$ 326,900
US Common Stock	364,637	315,119
Canada Government Bonds (bearing interest at 2.25% to 5.10%) maturing between December 2023 and June 2044	387,679	321,642
Canadian Corporate Bonds & Debentures (bearing interest at 1.65% to 7.85%) maturing between October 2027 and January 2045	219,004	207,320
Canada Treasury Bills (bearing interest at 5.14%) maturing January 2024	6,926	30,702
	\$ 1,304,093	\$ 1,201,683

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, translated at the rate in effect on September 30, 2023.

ATHABASCA UNIVERSITY STUDENTS' UNION

Notes to Financial Statements

Year Ended September 30, 2023

7. RELATED PARTY TRANSACTIONS

During the year, the AUSU has recorded student fee revenues of \$858,589 (2022 - \$887,786) from the AU and deferred revenue of \$119,753 (2022 - \$120,664). The parties are related through their connection to the Athabasca University students.

Recorded in accounts receivable is \$79,005 (2022 - \$83,258) for student fees due from AU for the month of September 2023. There was no requirement for an allowance as at September 30, 2023 (2022 - nil).

During the year, AUSU received a donation of \$5,000 (2022 - \$90,000) from the AU to contribute to the food assistance program, along with \$1,500 carried forward from last year to be used towards to the Pride Week activities. Refer to Note 9 for details.

In addition, the AUSU provided \$7,652 (2022 - \$6,544) 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 \$5,250 (2022 - \$5,290) in writer fees for writing services provided by Councillors, recorded in The Voice expense.

Recorded in accounts payable is \$nil (2022 - \$665) for travel reimbursement and \$360 (2022 - \$480) for writer fees due to Councillors for services completed in September 2023.

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.

8. EQUIPMENT

	Cost	Accumulated amortization	2023 Net book value	2022 Net book value
Computer equipment	\$ 2,627	\$ 438	\$ 2,189	\$ -

9. DEFERRED RESTRICTED CONTRIBUTIONS

	2023	2022
Opening balance	\$ 1,500	\$ -
Contributions received in the year	6,000	1,500
Contributions spent in the year	(3,600)	-
	\$ 3,900	\$ 1,500

The unspent contributions relate to the food bank program.

ATHABASCA UNIVERSITY STUDENTS' UNION
Notes to Financial Statements
Year Ended September 30, 2023

10. RESTRICTIONS ON NET ASSETS

	Opening balance	Approved transfers	Approved use of funds	Ending balance
Awards	\$ 59,711	\$ -	\$ 1,810	\$ 61,521
Contingency Reserve	270,000	-	-	270,000
Leasehold Improvements Reserve	60,000	(60,000)	-	-
Legal Reserve	75,000	-	-	75,000
Projects	13,700	-	(2,712)	10,988
Staffing Search Reserve	15,000	-	-	15,000
The Voice	105,376	-	-	105,376
	\$ 598,787	\$ (60,000)	\$ (902)	\$ 537,885

AUSU internally restricts net assets for the purpose of providing student awards, special projects, The Voice operations, and to secure funds for contingency, legal, and staffing 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 use of additional funds of \$4,200. Subsequently, the difference between revised budgeted awards expenditure and actual awards expenditure of \$6,010 was transferred back to the *Awards Reserve* from the *Unrestricted Reserve*, with a net resulting increase of \$1,810 (2022 - \$43,506).

The Contingency Reserve Fund is designated to mitigate against decrease in the Athabasca University enrolment and voluntary student union fees. During the current and prior years, Council did not approve any transfers that impact this reserve fund.

The Leasehold Improvements Reserve Fund was 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 has transferred the balance of \$60,000 to the *Unrestricted Reserve* and wound up *The Leasehold Improvements 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. Council did not approve any transfers that impact this reserve fund in either the current or prior years.

The Projects Reserve Fund is designated towards special projects. During the year, Council approved use of funds of \$2,712 (2022 - \$3,000), shown as a transfer from the *Projects Fund* to the *Unrestricted 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. Council did not approve any transfers that impact this reserve fund in either the current or prior years.

The Voice Fund is designated towards expenses related to The Voice magazine operations as approved by Council. Council did not approve any transfers that impact this reserve fund in either the current or prior years.

ATHABASCA UNIVERSITY STUDENTS' UNION
Notes to Financial Statements
Year Ended September 30, 2023

11. BUDGET

The budget was approved by Council on September 15, 2022. The budgeted amounts have been provided for information purposes only and are unaudited.

12. FINANCIAL INSTRUMENTS

The Organization is exposed to various risks through its financial instruments. The following analysis provides information about the Organization's risk exposure and concentration as of September 30, 2023. Unless otherwise noted, the Organization'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 Organization's earnings that arise from fluctuations of foreign exchange rates and the degree of volatility of these rates. The Organization is exposed to foreign currency exchange risk on marketable securities held in U.S. dollars. The Organization does not use derivative instruments to reduce its exposure to foreign currency risk. Refer to Note 6 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 Organization manages exposure through its normal operating and financing activities. The Organization 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 Organization is exposed to other price risk through its investment in quoted shares.

13. COMPARATIVE FIGURES

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