

UNIVERSITY OF SASKATCHEWAN GRADUATE STUDENTS' ASSOCIATION, INC.

FINANCIAL STATEMENTS

APRIL 30, 2020





INDEPENDENT AUDITOR'S REPORT

To the Members of University of Saskatchewan Graduate Students' Association, Inc.

Qualified Opinion

We have audited the financial statements of University of Saskatchewan Graduate Students' Association, Inc., which comprise the statement of financial position as at April 30, 2020, and the statements of operations, changes in fund balances and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Association as at April 30, 2020, and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Qualified Opinion

University of Saskatchewan Graduate Students' Association, Inc. derives a material amount of revenue from other sources, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these amounts was limited to the amounts recorded in the records of the Association. We were unable to determine whether any adjustments might be necessary to revenue, excess of revenue over expenses, assets for the years ended April 30, 2020 and 2019, and fund balances as at May 1 and April 30 for both the 2020 and 2019 years. Our audit opinion on the financial statements for the year ended April 30, 2019 was modified accordingly because of the possible effects of this limitation in scope.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Association in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified 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 Canadian accounting standards for not-for-profit organizations, 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 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.

INDEPENDENT AUDITOR'S REPORT (continued)

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

SASKATOON, SASKATCHEWAN

February 16, 2021

Buchberger Buey & Partners LLP

Chartered Professional Accountants

UNIVERSITY OF SASKATCHEWAN GRADUATE STUDENTS' ASSOCIATION, INC.

STATEMENT OF FINANCIAL POSITION

APRIL 30, 2020

	<u>General fund</u>	<u>Health and dental fund</u>	<u>Capital asset fund</u>	<u>2020</u>	<u>2019</u>
<u>ASSETS</u>					
Current assets					
Cash	\$ 386,196	\$ 211,574	\$ -	\$ 597,769	\$ 489,648
Accounts receivable	79,468	-	-	79,468	83,686
Prepaid health and dental premiums	292,117	-	-	292,117	241,639
Interfund receivable	<u>-</u>	<u>98,918</u>	<u>-</u>	<u>-</u>	<u>-</u>
	757,781	310,492	-	969,354	814,973
Loans receivable (Note 3)	-	-	-	-	4,000
Capital assets (Note 4)	<u>-</u>	<u>-</u>	<u>15,133</u>	<u>15,133</u>	<u>11,630</u>
	<u>\$ 757,781</u>	<u>\$ 310,492</u>	<u>\$ 15,133</u>	<u>\$ 984,487</u>	<u>\$ 830,603</u>
<u>LIABILITIES</u>					
Current liabilities					
Accounts payable and accrued liabilities	\$ 92,526	\$ -	\$ -	\$ 92,525	\$ 176,564
Deferred revenue (Note 5)	328,028	-	-	328,028	329,143
Interfund payable	<u>98,918</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>519,472</u>	<u>-</u>	<u>-</u>	<u>420,553</u>	<u>505,707</u>
<u>FUND BALANCES</u>					
General fund	238,309	-	-	238,309	190,814
Health and dental fund	-	310,492	-	310,492	122,452
Capital asset fund	<u>-</u>	<u>-</u>	<u>15,133</u>	<u>15,133</u>	<u>11,630</u>
	<u>238,309</u>	<u>310,492</u>	<u>15,133</u>	<u>563,934</u>	<u>324,896</u>
	<u>\$ 757,781</u>	<u>\$ 310,492</u>	<u>\$ 15,133</u>	<u>\$ 984,487</u>	<u>\$ 830,603</u>

See accompanying notes

Approved on behalf of the board

Director _____

Director _____

UNIVERSITY OF SASKATCHEWAN GRADUATE STUDENTS' ASSOCIATION, INC.

STATEMENT OF OPERATIONS

YEAR ENDED APRIL 30, 2020

	<u>General fund</u>	<u>Health and dental fund</u>	<u>Capital asset fund</u>	<u>2020</u>	<u>2019</u>
Revenue					
Health and dental plan	\$ 973,261	\$ -	\$ -	\$ 973,261	\$ 971,988
Student fees	233,125	-	-	233,125	227,246
In-kind contributions (Note 6)	128,356	-	-	128,356	140,658
Other revenue	50,716	1,545	-	52,262	74,842
UPass administration fee	10,547	-	-	10,547	10,927
	<u>1,396,005</u>	<u>1,545</u>	<u>-</u>	<u>1,397,551</u>	<u>1,425,661</u>
Expenses					
Administration fees	9,379	-	-	9,379	9,165
Amortization	-	-	4,981	4,981	26,246
Bursaries and student fund	75,005	-	-	75,005	70,095
Conferences and events	14,013	-	-	14,013	12,830
Course council funding	4,328	-	-	4,328	6,776
Facilities and maintenance	942	-	-	942	3,536
Fundraising gala	-	-	-	-	23,594
Health and dental premiums	786,766	-	-	786,766	1,013,178
Insurance	5,346	-	-	5,346	5,413
Interest and bank charges	1,570	-	-	1,571	1,807
License fee, rental and occupancy (Note 6)	128,369	-	-	128,369	140,671
Meals and entertainment	2,981	-	-	2,981	1,161
Office	11,161	-	-	11,161	11,722
Professional fees	17,791	-	-	17,791	23,285
Salaries and related benefits	60,149	-	-	60,149	59,295
Stipends and honoraria (Note 7)	30,095	-	-	30,095	33,156
Telephone and utilities	4,039	-	-	4,039	1,789
Travel and accommodation	1,597	-	-	1,597	2,971
	<u>1,153,531</u>	<u>-</u>	<u>4,981</u>	<u>1,158,513</u>	<u>1,446,690</u>
Gain on sale of capital assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>233</u>
Excess (deficiency) of revenues over expenditures	<u>\$ 242,474</u>	<u>\$ 1,545</u>	<u>\$ (4,981)</u>	<u>\$ 239,038</u>	<u>\$ (20,796)</u>

See accompanying notes

UNIVERSITY OF SASKATCHEWAN GRADUATE STUDENTS' ASSOCIATION, INC.

STATEMENT OF CHANGES IN FUND BALANCES

YEAR ENDED APRIL 30, 2020

	<u>General fund</u>	<u>Health and dental fund</u>	<u>Capital asset fund</u>	<u>2020</u>	<u>2019</u>
Balance, beginning of year	\$ 190,814	\$ 122,452	\$ 11,630	\$ 324,896	\$ 345,693
Excess of revenues over expenditures	242,474	1,545	(4,981)	239,038	(20,797)
Purchase of capital assets	(8,484)	-	8,484	-	-
Interfund transfer	(186,495)	186,495	-	-	-
Balance, end of year	<u>\$ 238,309</u>	<u>\$ 310,492</u>	<u>\$ 15,133</u>	<u>\$ 563,934</u>	<u>\$ 324,896</u>

See accompanying notes

UNIVERSITY OF SASKATCHEWAN GRADUATE STUDENTS' ASSOCIATION, INC.

STATEMENT OF CASH FLOWS

YEAR ENDED APRIL 30, 2020

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities		
Excess (deficiency) of revenues over expenditures	\$ 239,038	\$ (20,796)
Adjustments for		
Amortization	4,981	26,246
Gain on disposal of capital assets	-	(233)
Change in non-cash working capital items		
Accounts receivable	4,218	(2,860)
Prepaid health and dental premiums	(50,478)	52,662
Accounts payable and accrued liabilities	(84,039)	(2,898)
Deferred revenue	(1,115)	15,663
	<u>112,605</u>	<u>67,784</u>
 Cash flows (used in) from investing activities		
Loans receivable	4,000	4,000
Purchase of capital assets	(8,484)	-
Proceeds on disposal of capital assets	-	274
	<u>(4,484)</u>	<u>4,274</u>
 Net increase in cash during the year	108,121	72,058
 Cash, beginning of year	<u>489,648</u>	<u>417,590</u>
Cash, end of year	<u>\$ 597,769</u>	<u>\$ 489,648</u>
 Cash consists of:		
Unrestricted cash	\$ 386,195	\$ 279,619
Restricted cash	<u>211,574</u>	<u>210,029</u>
	<u>\$ 597,769</u>	<u>\$ 489,648</u>

See accompanying notes

UNIVERSITY OF SASKATCHEWAN GRADUATE STUDENTS' ASSOCIATION, INC.

NOTES TO THE FINANCIAL STATEMENTS

APRIL 30, 2020

1. Nature of operations

The University of Saskatchewan Graduate Students' Association, Inc. (the "Association") is a non-profit organization incorporated on May 1, 1986 under the Non-profit Corporations Act of Saskatchewan. The Association exists to ensure graduate students have access to quality services and collects fees for the administration of such services. As a not-for-profit organization under the Income Tax Act, the Association is exempt from income taxes.

2. Significant accounting policies

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

Fund accounting

Revenues and expenditures relating to service delivery activities and administration, are recorded in the General fund.

The Health and Dental fund were established to ensure adequate amounts are available in the event the Health and Dental Plan costs exceed the amounts collected in premiums. Approval of the Association's council is required before these funds can be accessed for any other purpose.

The unamortized cost of capital assets, and the loans to finance the acquisition of capital assets, are reported in the Capital Asset fund.

Capital assets

Capital assets are recorded at cost, less accumulated amortization. The Association provides for amortization using the following methods at rates designed to amortize the cost of the capital assets over their estimated useful lives. The annual amortization rates and methods are as follows:

Computer software	Declining balance	100%
Equipment	Declining balance	20%
Leasehold improvements	Straight-line	10 years

Contributed materials, lease, and occupancy costs

Contributions of materials, lease, and occupancy costs are recognized in the financial statements at fair value at the date of contribution, but only when a fair value can be reasonably estimated and when the materials and services are used in the normal course of operations, and would otherwise have been purchased.

Revenue recognition

The Association follows the deferral method of accounting for contributions, which includes grants and donations. Contributions of capital assets are included as deferred contributions and are amortized to revenue at the same rate and on the same basis as amortization of the related capital assets.

NOTES TO THE FINANCIAL STATEMENTS

APRIL 30, 2020

2. Significant accounting policies (continued)

Revenue recognition (continued)

Restricted contributions are recognized as revenue in the year in which the related expenses are made. 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.

Health and dental premiums are recognized in the benefit period to which they relate and are recognized on a gross basis.

Student fees and UPass revenues are recognized when fees are due in the academic year. All other sources of revenue are recognized when goods are transferred or services are performed.

Financial instruments

The Association initially records a financial instrument at its fair value, except for a related party transaction, which is recorded at the carrying or exchange amount depending on the circumstances.

Transaction costs are recognized in excess of revenues over expenditures in the period incurred. However, transaction costs associated with financial instruments carried at cost or amortized cost are recorded as adjustments to the initial fair value recognized and amortized over the expected life of the instrument.

Financial assets and financial liabilities subsequently measured at amortized cost include cash, accounts receivable, and accounts payable and accrued liabilities.

When there is an indication of impairment and such impairment is determined to have occurred, the carrying amount of financial assets measured at amortized cost is reduced to the greater of the discounted future cash flows expected, the proceeds that could be realized from the sale of the financial asset, or the amount that could be realized by exercising the right to any collateral held to secure repayment of the asset. Such impairments can be subsequently reversed to the extent that the improvement can be related to an event occurring after the impairment was recognized.

Use of estimates

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 amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. By their nature, these estimates are subject to measurement uncertainty. The effect of changes in such estimates on the financial statements in future periods could be significant. Areas of significant estimate include the useful lives of capital assets.

UNIVERSITY OF SASKATCHEWAN GRADUATE STUDENTS' ASSOCIATION, INC.

NOTES TO THE FINANCIAL STATEMENTS

APRIL 30, 2020

2. Significant accounting policies (continued)

New accounting standard

During the year, the organization prospectively adopted the new accounting standards Section 4433, Tangible Capital Assets, and Section 4434, Intangible Capital Assets as at May 1, 2019. Tangible Capital Assets replaces the previous Section 4431, Tangible Capital Assets and provides additional guidance on contributed assets and the write-down (partial impairment) of assets. Section 4434, Intangible Capital Assets replaces the previous Section 4432, Intangible Capital Assets and provides additional guidance on contributed assets and the write-down (partial impairment) of assets. Beyond additional accounting policy note disclosures, the adoption of these standards did not impact the financial statements.

3. Loan receivable

At year end, the Association has a loan receivable of \$nil (2019 - \$4,000) outstanding, which bears interest at 10%. The balance of the loan receivable was repaid in the year.

4. Capital assets

	<u>2020</u>		<u>2019</u>	
	<u>Cost</u>	<u>Accumulated amortization</u>	<u>Net book value</u>	<u>Net book value</u>
Computer software	\$ 13,095	\$ 10,837	\$ 2,258	\$ -
Equipment	61,359	48,484	12,875	11,630
Leasehold improvements	<u>233,387</u>	<u>233,387</u>	<u>-</u>	<u>-</u>
	<u>\$ 307,841</u>	<u>\$ 292,708</u>	<u>\$ 15,133</u>	<u>\$ 11,630</u>

5. Deferred revenue

Deferred revenue represents unearned revenues collected for the health and dental premiums that cover an annual period that falls outside of the Association's fiscal year.

UNIVERSITY OF SASKATCHEWAN GRADUATE STUDENTS' ASSOCIATION, INC.

NOTES TO THE FINANCIAL STATEMENTS

APRIL 30, 2020

6. License for premises

The Association has been granted a license to occupy space in a building owned by the University of Saskatchewan (known as St. Chad's Chapel Building) for an annual administration fee of \$12. The license expires April 30, 2024, with further extension options available at the discretion of the University of Saskatchewan.

For the duration of the term of the license, the University of Saskatchewan has established an in-kind fair value of the annual license fee, which includes occupational costs. This amount is reflected as both in-kind contribution revenue and license fee, rental and occupancy expense in the accompanying financial statements.

7. Related party transactions

During the year, the Association paid \$27,450 (2019 - \$30,392) of payments to members of the executive committee, which is included in stipends and honoraria expense.

These transactions are in the normal course of operations and have been valued in these financial statements at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

8. Economic dependence

The University of Saskatchewan provides an in-kind contribution of licensed space occupied by the Association. In addition, the Association's operations include collecting membership fees from the graduate students of the University of Saskatchewan. Without the above-noted funding, and the University of Saskatchewan continuing to allocate a portion of student fees to the Association, there would be doubt as to the continued viability of the Association.

9. Financial instruments

Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Association is exposed to credit risk from customers. The Association's main credit risk relates to its accounts receivable. Credit risk is minimized, as the University of Saskatchewan is the main counter party and carries low risk of default.

Liquidity risk

Liquidity risk is the risk that the Association will encounter difficulty in meeting obligations associated with financial liabilities. The Association's main credit risk relates to its accounts payable and accrued liabilities. This is mitigated by having sufficient cash resources and cash budgeting.

UNIVERSITY OF SASKATCHEWAN GRADUATE STUDENTS' ASSOCIATION, INC.

NOTES TO THE FINANCIAL STATEMENTS

APRIL 30, 2020

10. Significant event

During the year, COVID-19 (coronavirus) was declared a pandemic by the World Health Organization. This has resulted in significant economic uncertainty and financial markets have experienced significant volatility in response to the developing COVID-19 pandemic.

At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Association, as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be, put in place by Canada and other countries to fight the virus.