

UNIVERSITY OF SASKATCHEWAN GRADUATE STUDENTS' ASSOCIATION, INC.

FINANCIAL STATEMENTS

APRIL 30, 2016





BUCKBERGER BAERG
— & PARTNERS LLP —
CHARTERED PROFESSIONAL ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of University of Saskatchewan Graduate Students' Association, Inc., which comprise the statement of financial position as at April 30, 2016, and the statements of operations, changes in fund balances and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Association's preparation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our qualified audit opinion.

INDEPENDENT AUDITOR'S REPORT (continued)

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 organization. We were unable to determine whether any adjustments might be necessary to revenue, (deficiency) excess of revenue over expenses, assets and fund balances.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of University of Saskatchewan Graduate Students' Association, Inc. as at April 30, 2016, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

SASKATOON, SASKATCHEWAN

December 14, 2018

Buchberger Berg & Partners LLP

Chartered Professional Accountants

UNIVERSITY OF SASKATCHEWAN GRADUATE STUDENTS' ASSOCIATION, INC.

STATEMENT OF FINANCIAL POSITION

APRIL 30, 2016

	<u>General fund</u>	<u>Health and dental fund</u>	<u>Capital asset fund</u>	<u>2016</u>	<u>2015</u>
<u>ASSETS</u>					
Current assets					
Cash	\$ 477,973	\$ 159,100	\$ -	\$ 637,073	\$ 227,907
Accounts receivable	72,346	-	-	72,346	71,619
Prepaid health and dental premiums	255,563	-	-	255,563	272,026
Interfund receivable	<u>42,899</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	848,781	159,100	-	964,982	571,552
Capital assets (Note 3)	<u>-</u>	<u>-</u>	<u>83,622</u>	<u>83,622</u>	<u>114,898</u>
	<u>\$ 848,781</u>	<u>\$ 159,100</u>	<u>\$ 83,622</u>	<u>\$ 1,048,604</u>	<u>\$ 686,450</u>

LIABILITIES

Current liabilities					
Accounts payable and accrued liabilities	\$ 462,485	\$ -	\$ -	\$ 462,484	\$ 114,957
Deferred revenue (Note 4)	274,952	-	-	274,952	239,076
Interfund payable	<u>-</u>	<u>42,899</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>737,437</u>	<u>42,899</u>	<u>-</u>	<u>737,436</u>	<u>354,033</u>

FUND BALANCES

Balance	<u>111,344</u>	<u>116,201</u>	<u>83,622</u>	<u>311,168</u>	<u>332,417</u>
	<u>\$ 848,781</u>	<u>\$ 159,100</u>	<u>\$ 83,622</u>	<u>\$ 1,048,604</u>	<u>\$ 686,450</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, 2016

	<u>General fund</u>	<u>Health and dental fund</u>	<u>Capital asset fund</u>	<u>2016</u>	<u>2015</u>
Revenue					
Dental and health plan	\$ 781,249	\$ -	\$ -	\$ 781,249	\$ 702,610
UPass	545,707	-	-	545,707	619,777
Student fees	237,143	-	-	237,143	218,978
In-kind contributions (Note 5)	132,583	-	-	132,583	128,722
Other revenue	46,148	261	-	46,409	60,170
	<u>1,742,830</u>	<u>261</u>	<u>-</u>	<u>1,743,091</u>	<u>1,730,257</u>
Expenses					
Administration fees	33,050	-	-	33,050	5,685
Amortization	-	-	26,740	26,740	28,725
Bursaries and student fund	30,039	-	-	30,039	29,200
Canadian Federation of Students	33,907	-	-	33,907	33,231
Conferences and events	14,345	-	-	14,345	18,212
Course council funding	6,074	-	-	6,074	2,606
Facilities and maintenance	644	-	-	644	719
Fundraising gala	25,505	-	-	25,505	26,719
Health and dental premiums	759,126	-	-	759,126	760,123
Insurance	4,298	-	-	4,298	3,708
Interest and bank charges	626	-	-	626	1,754
License fee, rental and occupancy (Note 5)	132,596	-	-	132,596	128,735
Meals and entertainment	2,522	-	-	2,522	7,299
Office	14,860	-	-	14,860	15,717
Professional fees	25,521	-	-	25,521	7,995
Salaries and related benefits	69,663	-	-	69,663	71,019
Stipends and honoraria	41,717	-	-	41,717	37,607
Telephone and utilities	2,323	-	-	2,323	3,793
Travel and accommodation	3,592	-	-	3,592	3,595
UPass	535,656	-	-	535,656	605,868
	<u>1,736,064</u>	<u>-</u>	<u>26,740</u>	<u>1,762,804</u>	<u>1,792,310</u>
	<u>6,766</u>	<u>261</u>	<u>(26,740)</u>	<u>(19,713)</u>	<u>(62,053)</u>
Gain on sale of capital assets	-	-	1,536	1,536	-
Excess (deficiency) of revenues over expenditures	\$ 6,766	\$ 261	\$ (28,276)	\$ (21,249)	\$ (62,053)

See accompanying notes

UNIVERSITY OF SASKATCHEWAN GRADUATE STUDENTS' ASSOCIATION, INC.

STATEMENT OF CHANGES IN FUND BALANCES

YEAR ENDED APRIL 30, 2016

	<u>General fund</u>	<u>Health and dental fund</u>	<u>Capital asset fund</u>	<u>2016</u>	<u>2015</u>
Balance, beginning of year	\$ 117,063	\$ 100,455	\$ 114,898	\$ 332,417	\$ 394,470
Excess (deficiency) of revenues over expenditures	6,766	261	(28,276)	(21,249)	(62,053)
Interfund transfer	(15,485)	15,485	-	-	-
Proceeds on disposal of capital assets	3,000	-	(3,000)	-	-
Balance, end of year	<u>\$ 111,344</u>	<u>\$ 116,201</u>	<u>\$ 83,622</u>	<u>\$ 311,168</u>	<u>\$ 332,417</u>

See accompanying notes

UNIVERSITY OF SASKATCHEWAN GRADUATE STUDENTS' ASSOCIATION, INC.

STATEMENT OF CASH FLOWS

YEAR ENDED APRIL 30, 2016

	<u>2016</u>	<u>2015</u>
Cash flows from (used in) operating activities		
Deficiency of revenues over expenditures	\$ (21,249)	\$ (62,053)
Adjustments for		
Amortization	26,740	28,725
Loss on disposal of capital assets	<u>1,536</u>	<u>-</u>
	7,027	(33,328)
Change in non-cash working capital items		
Accounts receivable	(727)	11,288
Prepaid health and dental premiums	16,463	(50,222)
Accounts payable and accrued liabilities	347,527	(53,168)
Deferred revenue	<u>35,876</u>	<u>14,617</u>
	<u>406,166</u>	<u>(110,813)</u>
Cash flows from investing activity		
Proceeds on disposal of capital assets	<u>3,000</u>	<u>-</u>
Increase (decrease) in cash	409,166	(110,813)
Cash, beginning of year	<u>227,907</u>	<u>338,720</u>
Cash, end of year	<u>\$ 637,073</u>	<u>\$ 227,907</u>
Cash consists of:		
Unrestricted cash	\$ 477,973	\$ 127,452
Restricted cash	<u>159,100</u>	<u>100,455</u>
	<u>\$ 637,073</u>	<u>\$ 227,907</u>

See accompanying notes

UNIVERSITY OF SASKATCHEWAN GRADUATE STUDENTS' ASSOCIATION, INC.

NOTES TO THE FINANCIAL STATEMENTS

APRIL 30, 2016

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:

Furniture and fixtures	Declining balance	20%
Leasehold improvements	Straight-line	10 years
Software and website	Declining balance	100%

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.

NOTES TO THE FINANCIAL STATEMENTS

APRIL 30, 2016

2. Significant accounting policies (continued)

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.

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, 2016

3. Capital assets

			2016	2015
	<u>Cost</u>	<u>Accumulated amortization</u>	<u>Net book value</u>	<u>Net book value</u>
Computer software	\$ 8,578	\$ 8,578	\$ -	\$ -
Furniture and fixtures	51,142	37,536	13,606	21,543
Leasehold improvements	233,387	163,371	70,016	93,355
	<u>\$ 293,107</u>	<u>\$ 209,485</u>	<u>\$ 83,622</u>	<u>\$ 114,898</u>

4. 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.

5. 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 period expires April 30, 2019, with no remaining extension options.

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 revenue and license expense in the accompanying financial statements.

6. 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.

7. 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.

UNIVERSITY OF SASKATCHEWAN GRADUATE STUDENTS' ASSOCIATION, INC.

NOTES TO THE FINANCIAL STATEMENTS

APRIL 30, 2016

7. Financial instruments (continued)

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.