

Financial Statements of

**SOCIETY OF GRADUATE
AND PROFESSIONAL
STUDENTS OF QUEEN'S
UNIVERSITY**

Year ended August 31, 2016

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SOCIETY OF GRADUATE AND PROFESSIONAL STUDENTS OF QUEEN'S UNIVERSITY

Financial Statements

Year ended August 31, 2016

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Society of Graduate and Professional Students of Queen's University

We have audited the accompanying financial statements of Society of Graduate and Professional Students of Queen's University, which comprise the statement of financial position as at August 31, 2016, the statements of operations, changes in net assets and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation 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.

Auditors' 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 our 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, we consider internal control relevant to the entity's preparation and fair presentation 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 is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion

In common with many not-for-profit organizations, the entity derives revenue from social events, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the entity and we were not able to determine whether, for the years ended August 31, 2016 and August 31, 2015, any adjustments that might be necessary to social events revenue, excess of revenue over expenses, current assets and net assets.

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 Society of Graduate and Professional Students of Queen's University as at August 31, 2016, and its results of operations, and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Chartered Professional Accountants, Licensed Public Accountants

February 15, 2017

Kingston, Canada

SOCIETY OF GRADUATE AND PROFESSIONAL STUDENTS OF QUEEN'S UNIVERSITY

Statement of Financial Position

August 31, 2016, with comparative information for 2015

	2016	2015
Assets		
Current assets:		
Cash	\$ 534,213	\$ 431,564
Accounts receivable	3,275	13,637
Prepaid expenses	19,490	18,776
	556,978	463,977
Loan receivable (note 2)	216,144	276,665
Amounts in-trust	968	–
Capital assets (note 3)	90,036	63,077
	\$ 864,126	\$ 803,719
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities (note 10)	\$ 38,557	\$ 64,119
Queen's University at Kingston recovery	28,019	25,368
Deferred revenue (note 4)	40,033	26,744
	106,609	116,231
Deferred contributions related to capital assets (note 5)	4,000	5,000
Amounts in-trust	–	1,786
Net assets:		
General Fund	320,160	209,660
Capital Fund (notes 6 and 7)	86,036	58,077
Health Plan Fund (note 7)	316,170	379,814
Student Life Centre Fund (note 7)	4,889	4,889
Bursary Fund (note 7)	6,262	8,262
Infrastructure Fund (note 7)	20,000	20,000
	753,517	680,702
	\$ 864,126	\$ 803,719

See accompanying notes to financial statements.

Approved on behalf of the Executive:

_____ President

_____ Vice-President, Finance and Services

SOCIETY OF GRADUATE AND PROFESSIONAL STUDENTS OF QUEEN'S UNIVERSITY

Statement of Operations

Year ended August 31, 2016, with comparative information for 2015

	2016	2015
Revenue:		
Student fees:		
Collected	\$ 1,159,967	\$ 1,136,345
Internally administered (schedule A)	(131,102)	(149,347)
Paid to other organizations (schedule B)	(656,987)	(658,807)
Net student fees	371,878	328,191
Health and dental plan:		
Collected	1,415,760	1,704,504
Paid to service provider	(1,174,475)	(1,245,281)
Net health and dental plan	241,285	459,223
Other:		
Amortization of capital contributions (note 5)	1,000	1,000
Interest income	24,305	4,697
Social events	17,850	7,830
	43,155	13,527
Total revenue	656,318	800,941
Expenses:		
Wages and benefits	315,992	303,660
Honoraria and stipends (note 8)	100,878	109,800
Social events	32,363	38,534
Professional fees	30,781	20,512
Bursaries and grants	16,763	60,160
Amortization of capital assets	16,598	8,960
Office and other	14,157	40,831
Sundry	12,972	3,958
Executive conferences and professional development	11,553	8,164
Telephone	11,211	8,199
Insurance	9,312	3,722
Advertising	8,980	16,115
Council and committees	1,943	7,382
	583,503	629,997
Excess of revenue over expenses	\$ 72,815	\$ 170,944

See accompanying notes to financial statements.

SOCIETY OF GRADUATE AND PROFESSIONAL STUDENTS OF QUEEN'S UNIVERSITY

Statement of Changes in Net Assets

Year ended August 31, 2016, with comparative information for 2015

	General Fund	Capital Fund	Health Plan Fund	Student Life Centre Fund	Bursary Fund	Infra-Structure Fund	2016 Total	2015 Total
Balance, beginning of the year	\$ 209,660	\$ 58,077	\$ 379,814	\$ 4,889	\$ 8,262	\$ 20,000	\$ 680,702	\$ 509,758
Excess of revenue over expenses (expenses over revenue)	154,057	(15,598)	(63,644)	–	(2,000)	–	72,815	170,944
Investment in capital assets	(43,557)	43,557	–	–	–	–	–	–
Balance, end of year	\$ 320,160	\$ 86,036	\$ 316,170	\$ 4,889	\$ 6,262	\$ 20,000	\$ 753,517	\$ 680,702

See accompanying notes to financial statements.

SOCIETY OF GRADUATE AND PROFESSIONAL STUDENTS OF QUEEN'S UNIVERSITY

Statement of Cash Flows

Year ended August 31, 2016, with comparative information for 2015

	2016	2015
Cash provided by (used in):		
Operating activities:		
Excess of revenue over expenses	\$ 72,815	\$ 170,944
Items not involving cash:		
Amortization of deferred capital contributions	(1,000)	(1,000)
Amortization of capital assets	16,598	8,960
Change in non-cash operating working capital:		
Accounts receivable	10,362	(11,524)
Prepaid expenses	(714)	95,203
Accounts payable and accrued liabilities	(25,562)	32,846
Deferred revenue	13,289	18,914
Amounts in-trust	(2,754)	(9,449)
Queen's University at Kingston recovery	2,651	25,368
	85,685	330,262
Investing activities:		
Purchase of capital assets	(43,557)	(44,950)
Loan receivable	60,521	(276,665)
	16,964	(321,615)
Increase in cash	102,649	8,647
Cash, beginning of year	431,564	422,917
Cash, end of year	\$ 534,213	\$ 431,564

See accompanying notes to financial statements.

SOCIETY OF GRADUATE AND PROFESSIONAL STUDENTS OF QUEEN'S UNIVERSITY

Notes to Financial Statements

Year ended August 31, 2016

The Society of Graduate and Professional Students of Queen's University (the "Organization") was incorporated under Letters of Patent on November 8, 2005, as a not-for-profit corporation without share capital under Part II of the Canadian Corporations Act and is not subject to income taxes.

The purpose of the Organization is to serve the interest and needs of the membership, to represent its members in dealing with Queen's University at Kingston and other organizations, to facilitate communication between its members and graduate and professional students at other universities, to provide services to its members, to maintain concern for the welfare and human rights of its members and, where believed desirable, to take a public stand on policies and practices that affect them and that are unfair, discriminatory or harmful.

1. Significant accounting policies:

The financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the CPA Canada Handbook – Accounting.

(a) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Freestanding derivative instruments that are not in a qualifying hedging relationship and equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value.

(b) Capital assets:

Capital assets are recorded at cost. Capital assets are amortized on a straight-line basis using the following useful lives:

Asset	Useful life
Computer hardware	4 years
Computer software	7 years
Furniture and equipment	7 years
Leasehold improvements	10 years

SOCIETY OF GRADUATE AND PROFESSIONAL STUDENTS OF QUEEN'S UNIVERSITY

Notes to Financial Statements (continued)

Year ended August 31, 2016

1. Significant accounting policies (continued):

(c) Revenue recognition:

The Organization follows the deferral method of accounting for contributions. 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.

Student fees and health and dental plan revenue are recognized on an annual basis for the school year to which it applies.

Revenue from social events is recognized at the time the services are provided.

(d) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenue and expenses during the year. Actual results could differ from these estimates.

2. Loan receivable:

On April 30, 2015, the Organization entered into an agreement with the Alma Mater Society of Queen's University Inc. to loan \$348,665 to the borrower with simple interest payable on the unpaid balance at the rate of 3.25% per annum. The loan will be repaid in six consecutive installments of \$70,000 per annum payable on April 30 each and every year commencing on April 30, 2016. In 2016, the Organization received \$60,521 (2015 - \$72,000) in principal repayment and earned \$9,479 (2015 - \$3,517) in interest income.

SOCIETY OF GRADUATE AND PROFESSIONAL STUDENTS OF QUEEN'S UNIVERSITY

Notes to Financial Statements (continued)

Year ended August 31, 2016

3. Capital assets:

	Cost	Accumulated amortization	2016 Net book value	2015 Net book value
Computer hardware	\$ 66,151	\$ 45,644	\$ 20,507	\$ 12,716
Computer software	1,858	634	1,224	–
Furniture and equipment	36,324	14,433	21,891	18,670
Leasehold improvements	62,762	16,348	46,414	31,691
	<u>\$ 167,095</u>	<u>\$ 77,059</u>	<u>\$ 90,036</u>	<u>\$ 63,077</u>

Cost and accumulated amortization at August 31, 2015 amounted to \$123,537 and \$60,460, respectively.

4. Deferred revenue:

Deferred revenue represents funding and grants received for use in future fiscal years.

	2016	2015
Health and dental	\$ 20,940	\$ –
Other	19,093	–
Walk-Home	–	1,934
Bus-It	–	4,801
CFS	–	1,615
Grad Club	–	1,100
Student Advisor fund	–	3,585
Accessibility	–	9,258
Sustainability Action fund	–	4,451
	<u>\$ 40,033</u>	<u>\$ 26,744</u>

SOCIETY OF GRADUATE AND PROFESSIONAL STUDENTS OF QUEEN'S UNIVERSITY

Notes to Financial Statements (continued)

Year ended August 31, 2016

5. Deferred contributions related to capital assets:

Deferred contributions related to capital assets represent restricted contributions with which the Organization purchased capital assets. The changes in the deferred contributions balance for the year are as follows:

	2016	2015
Balance, beginning of year	\$ 5,000	\$ 6,000
Less: amounts amortized to revenue	(1,000)	(1,000)
Balance, end of year	\$ 4,000	\$ 5,000

6. Capital fund:

The balance of the capital fund consists of:

	2016	2015
Capital assets	\$ 90,036	\$ 63,077
Less: deferred contributions related to capital assets	(4,000)	(5,000)
	\$ 86,036	\$ 58,077

7. Restricted funds:

The Board of Directors has internally restricted funds as follows:

(a) Capital Fund:

The Capital Fund represents the Organization's investment in capital assets.

(b) Health Plan Fund:

Surplus, net of administration costs, from the Health Plan is kept in a separate fund to be used for any shortfalls in Health Plan revenue and expenses.

(c) Student Life Centre Fund:

Surplus from Student Life Centre funding is kept in a separate fund to be used for the Organization's share of renovation expenses and any shortfalls in future expenses of the Organization's share of the John Deutsch University Centre.

SOCIETY OF GRADUATE AND PROFESSIONAL STUDENTS OF QUEEN'S UNIVERSITY

Notes to Financial Statements (continued)

Year ended August 31, 2016

7. Restricted funds (continued):

(d) Dental Bursary Fund:

Through a grant from Queen's University, the Organization established the Dental Bursary Fund.

The bursary will help members pay for the cost of periodontal procedures, including root canals, crowns and bridges. The funds are accessible to Society of Graduate and Professional Students of Queen's University members currently enrolled in the Health and Dental Plan and are disbursed in accordance with the Society of Graduate and Professional Students Dental Plan Policy.

(e) Bursary Fund:

In March 2005, the Organization approved the transfer of \$30,000 from that year's surplus to create a ten-year bursary fund. The Organization has established an Emergency Student Aid (ESA) Fund and a Grants Fund. The ESA Fund is for Society of Graduate and Professional Students of Queen's University members with unexpected financial need. The ESA fund will grant a maximum of \$400 to successful applicants. The Grants Fund is specifically designed to provide partial financial assistance to students and/or student groups that are organizing events that enhance the academic side of graduate and professional life. The Grants Fund will grant a maximum of \$600 to successful applicants.

(f) Infrastructure Fund:

In April 2007, the Organization approved the transfer of \$20,000 from the Health Plan Fund to create an infrastructure fund. The purpose of this separate fund is to pay for the acquisition of an organization-run space or for renovations to existing graduate and professional student space.

8. Related party transactions:

(a) Sexual Health Resource Centre:

The Organization exercises influence over the Sexual Health Resource Centre (SHRC) by virtue of its ability to vote on the SHRC's Management Board, which oversees the long-term strategic planning and financial operations of the SHRC. The SHRC is a confidential, non-judgmental, pro-choice, feminist and queer information and referral service on sexuality and sexual health.

During the year, the Organization collected \$2,438 in student fees (2015 - \$2,672) that was subsequently paid to the SHRC. These payments are included in payments to other organizations on the Statement of Operations.

SOCIETY OF GRADUATE AND PROFESSIONAL STUDENTS OF QUEEN'S UNIVERSITY

Notes to Financial Statements (continued)

Year ended August 31, 2016

8. Related party transactions (continued):

(b) Executive and Board:

During the year, \$100,878 (2015 - \$109,800) was paid to executive and board members as stipends.

These transactions are in the normal course of operations and are measured at the exchange amount of consideration established and agreed to by the related parties.

9. Financial instrument risks:

The Organization is not exposed to any significant risks relating to its financial instruments. Cash balances are held at a major Canadian financial institution. There have been no changes in the Organization's risk exposure from the previous year.

10. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of \$Nil (2015 - \$2,408), which includes amounts payable for harmonized sales tax and payroll-related taxes.

11. Comparative information:

Certain comparative information has been reclassified to conform with the financial statement presentation adopted in the current year.

SOCIETY OF GRADUATE AND PROFESSIONAL STUDENTS OF QUEEN'S UNIVERSITY

Schedule A - Internally Administered Expenses

Year ended August 31, 2016, with comparative information for 2015

	2016	2015
University Centre	\$ 92,596	\$ 110,857
Student advisors	38,068	35,970
Accessibility	438	2,520
	<u>\$ 131,102</u>	<u>\$ 149,347</u>

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SOCIETY OF GRADUATE AND PROFESSIONAL STUDENTS OF QUEEN'S UNIVERSITY

Schedule B - Payouts to Other Organizations

Year ended August 31, 2016, with comparative information for 2015

	2016	2015
AMS Food Bank	\$ 3,416	\$ 3,766
Ban Righ Centre	7,942	8,739
Bus It	266,373	194,660
Campus Observation Room	2,010	2,094
Canadian Federation of Students	64,570	66,002
Centre for Teaching	3,494	3,836
CFRC	-	31,406
Dawn House Women's Shelter	2,910	3,121
Education Graduate Students Society	2,525	2,644
Education Students Society Fee	5,240	31,767
Four Directions Aboriginal Centre	2,644	2,891
Graduate Club	54,481	59,260
Graduate Club (holdback)	(1,000)	(1,000)
Graduate Computing Society	-	1,200
Graduate Computing Society	1,195	-
HIV/AIDS Regional Support	2,681	2,957
International Affairs	2,541	2,808
Kingston Coalition Against Poverty	5,390	7,318
Kingston Youth Shelter	2,746	2,970
Law Student Society	44,023	42,271
Legal Aid	20,098	20,936
Levana	2,069	2,243
Loving Spoonful	5,149	5,672
MSCOT and MSCPT	8,106	8,344
Ontario Public Interest Research Group	11,510	12,595
Oxfam	3,457	3,559
Positive Space	869	927
Public Health Science Student Association	1,015	-
QISS Bursary	1,892	2,041
Queen's Day Care Centre	2,641	2,904
Queen's Journal	14,069	14,655
Reelout Queer Film and Video Festival	4,417	4,822
Sexual Assault Centre	5,025	5,234
Sexual Health Resource Centre	2,438	2,672
Student Refugee Support	8,779	9,365
Talkit	3,015	3,141
Unassigned	708	952
Union Gallery	7,468	8,351
Urban & Regional Planning Society	1,600	-
Walkhome	77,940	80,014
Yellow Bike Action Group	1,541	1,670
	\$ 656,987	\$ 658,807