

Financial Statements of

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

Year ended August 31, 2014

SOCIETY OF GRADUATE AND PROFESSIONAL STUDENTS OF QUEEN'S UNIVERSITY

Financial Statements

Year ended August 31, 2014

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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, 2014, 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 year ended August 31, 2014, 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, 2014, and its results of operations, changes in net assets and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Other Matter

The financial statements of Society of Graduate and Professional Students of Queen's University as at and for the year ended August 31, 2013 were audited by another auditor who expressed a qualified opinion with respect to completeness of revenue from social events on those statements on March 24, 2015.

A handwritten signature in black ink that reads 'KPMG LLP' in a cursive, slanted font. A horizontal line is drawn underneath the signature.

Chartered Professional Accountants, Licensed Public Accountants

February 9, 2016

Kingston, Canada

SOCIETY OF GRADUATE AND PROFESSIONAL STUDENTS OF QUEEN'S UNIVERSITY

Statement of Financial Position

August 31, 2014, with comparative information for 2013

	2014	2013
Assets		
Current assets:		
Cash	\$ 422,917	\$ 787,401
Accounts receivable	2,113	3,428
Prepaid expenses	113,979	9,159
	539,009	799,988
Capital assets (note 2)	27,087	27,947
	\$ 566,096	\$ 827,935
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities (note 9)	\$ 31,273	\$ 66,713
Deferred revenue (note 3)	7,830	302,596
	39,103	369,309
Deferred contributions related to capital assets (note 4)	6,000	7,000
Amounts in-trust	11,235	-
Net assets:		
General Fund	216,426	224,570
Capital Fund (notes 5 and 6)	21,087	20,947
Health Plan Fund (note 6)	237,094	168,958
Student Life Centre Fund (note 6)	4,889	4,889
Bursary Fund (note 6)	10,262	12,262
Infrastructure Fund (note 6)	20,000	20,000
	509,758	451,626
	\$ 566,096	\$ 827,935

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, 2014, with comparative information for 2013

	2014	2013
Revenue:		
Student fees:		
Collected	\$ 1,165,900	\$ 1,145,451
Internally administered (schedule A)	(158,294)	(149,062)
Paid to other organizations (schedule B)	(616,108)	(580,523)
Net student fees	391,498	415,866
Health and dental plan:		
Collected	1,625,745	1,646,681
Paid to service provider	(1,492,579)	(1,459,360)
Net health and dental plan	133,166	187,321
Other:		
Advertising	–	5,015
Amortization of capital contributions (note 4)	1,000	1,000
Social events	10,059	16,874
UHIP reimbursement	20,000	–
	31,059	22,889
Total revenue	555,723	626,076
Expenses:		
Advertising	26,032	12,379
Amortization of capital assets	13,822	10,286
Bursaries and grants	51,886	37,464
Council and committees	5,408	5,660
Executive conferences and professional development	6,242	13,892
Honoraria and stipends (note 7)	105,723	95,710
Insurance	5,039	3,642
Internal affairs	–	3,160
Office and other	12,563	15,637
Professional fees	18,083	7,503
Sundry	19,275	499
Social events	32,337	41,916
Telephone	7,417	5,817
Wages and benefits	193,764	191,587
	497,591	445,152
Excess of revenue over expenses before the undernoted	58,132	180,924
Loss on disposal of capital assets	–	(962)
Excess of revenue over expenses	\$ 58,132	\$ 179,962

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, 2014, with comparative information for 2013

	General Fund	Capital Fund	Health Plan Fund	Student Life Centre Fund	Dental Bursary Fund	Bursary Fund	Infra-Structure Fund	2014 Total	2013 Total
Balance, beginning of the year	\$ 224,570	\$ 20,947	\$ 168,958	\$ 4,889	\$ –	\$ 12,262	\$ 20,000	\$ 451,626	\$ 271,664
Excess of revenue over expenses (expenses over revenue)	21,224	(12,822)	68,136	–	(16,406)	(2,000)	–	58,132	179,962
Investment in capital assets	(12,962)	12,962	–	–	–	–	–	–	–
Interfund transfer	(16,406)	–	–	–	16,406	–	–	–	–
Balance, end of year	\$ 216,426	\$ 21,087	\$ 237,094	\$ 4,889	\$ –	\$ 10,262	\$ 20,000	\$ 509,758	\$ 451,626

See accompanying notes to financial statements.

SOCIETY OF GRADUATE AND PROFESSIONAL STUDENTS OF QUEEN'S UNIVERSITY

Statement of Cash Flows

Year ended August 31, 2014, with comparative information for 2013

	2014	2013
Cash provided by (used in):		
Operating activities:		
Excess of revenue over expenses	\$ 58,132	\$ 179,962
Items not involving cash:		
Amortization of deferred contributions	(1,000)	(1,000)
Amortization of capital assets	13,822	10,286
Loss on disposal of capital assets	-	962
Change in non-cash operating working capital:		
Accounts receivable	1,316	(53)
Prepaid expenses	(104,820)	27,894
Accounts payable and accrued liabilities	(35,440)	(372,062)
Deferred revenue	(294,766)	294,904
Amounts in-trust	11,235	-
	(351,521)	140,893
Investing activities:		
Purchase of capital assets	(12,963)	(4,248)
Increase (decrease) in cash	(364,484)	136,645
Cash, beginning of year	787,401	650,756
Cash, end of year	\$ 422,917	\$ 787,401

See accompanying notes to financial statements.

SOCIETY OF GRADUATE AND PROFESSIONAL STUDENTS OF QUEEN'S UNIVERSITY

Notes to Financial Statements

Year ended August 31, 2014

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 and other organizations, to facilitate communication between its members and graduate and professional students at other universities, to provide services to its members and 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, 2014

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 advertising and 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 revenues and expenses during the year. Actual results could differ from these estimates.

2. Capital assets:

	Cost	Accumulated amortization	2014 Net book value	2013 Net book value
Computer hardware	\$ 47,174	\$ 33,892	\$ 13,282	\$ 12,362
Computer software	540	540	–	–
Furniture and equipment	11,022	9,127	1,895	1,690
Leasehold improvements	19,850	7,940	11,910	13,895
	<u>\$ 78,586</u>	<u>\$ 51,499</u>	<u>\$ 27,087</u>	<u>\$ 27,947</u>

Cost and accumulated amortization at August 31, 2013 amounted to \$65,623 and \$37,676, respectively.

SOCIETY OF GRADUATE AND PROFESSIONAL STUDENTS OF QUEEN'S UNIVERSITY

Notes to Financial Statements (continued)

Year ended August 31, 2014

3. Deferred revenue:

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

	2014	2013
Student fees from Queen's University	\$ —	\$ 261,971
PSAC - International student reimbursement grant	—	20,000
Health and dental plan	—	13,025
Social event revenue	7,830	6,850
Orientation guide revenue	—	750
	\$ 7,830	\$ 302,596

4. 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:

	2014	2013
Balance, beginning of year	\$ 7,000	\$ 8,000
Less: amounts amortized to revenue	(1,000)	(1,000)
Balance, end of year	\$ 6,000	\$ 7,000

5. Capital fund:

The balance of the capital fund consists of:

	2014	2013
Capital assets	\$ 27,087	\$ 27,947
Less: deferred contributions related to capital assets	(6,000)	(7,000)
	\$ 21,087	\$ 20,947

SOCIETY OF GRADUATE AND PROFESSIONAL STUDENTS OF QUEEN'S UNIVERSITY

Notes to Financial Statements (continued)

Year ended August 31, 2014

6. 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.

(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 Grant 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 Grant 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.

SOCIETY OF GRADUATE AND PROFESSIONAL STUDENTS OF QUEEN'S UNIVERSITY

Notes to Financial Statements (continued)

Year ended August 31, 2014

7. Related party transactions:

During the year, \$105,723 (2013 - \$95,710) 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.

8. 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.

9. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of \$3,181 (2013 - \$3,371), which includes amounts payable for harmonized sales tax and payroll-related taxes.

10. 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 Expenditures

Year ended August 31, 2014, with comparative information for 2013

	2014	2013
Accessibility	\$ 706	\$ 404
Education Students' Society	32,338	30,421
Sports fund	5,670	6,359
Student advisors	18,103	18,949
SURP	—	1,305
Sustainability Action fund	1,304	568
University Centre	100,173	91,056
	<u>\$ 158,294</u>	<u>\$ 149,062</u>

SOCIETY OF GRADUATE AND PROFESSIONAL STUDENTS OF QUEEN'S UNIVERSITY

Schedule B - Payouts to Other Organizations

Year ended August 31, 2014, with comparative information for 2013

	2014	2013
AMS Food Bank	\$ 3,970	\$ 2,888
Ban Righ Centre	9,436	8,192
Bus It	185,323	185,856
Campus Observation Room	2,169	1,988
Canadian Federation of Students	66,870	61,476
Centre for Teaching	4,115	3,591
CFRC	29,865	15,322
Dawn House Women's Shelter	3,325	2,899
Education Graduate Students Society	5,903	5,913
Four Directions Aboriginal Centre	3,103	2,739
Graduate Club	57,223	64,263
Graduate Computing Society	1,295	1,223
HIV/AIDS Regional Support	3,180	2,833
International Affairs	3,034	2,685
Kingston Coalition Against Poverty	7,906	6,949
Kingston Youth Shelter	3,162	2,751
Law Student Society	42,278	38,466
Legal Aid	21,426	19,878
Levana	-	2,064
Loving Spoonful	2,394	-
MSCOT and MSCPT	8,975	7,504
Ontario Public Interest Research Group	13,592	11,757
Oxfam	3,347	3,391
Positive Space	964	827
QISS Bursary	1,983	1,881
Queen's Day Care Centre	3,121	2,771
Queen's Journal	13,946	14,300
Reelout Queer Film and Video Festival	5,213	4,497
Religion	-	800
Sexual Assault Centre	5,358	4,970
Sexual Health Resource Centre	2,854	2,486
Student Refugee Support	9,215	8,648
Talkit	3,215	2,983
Unassigned	6,555	-
Union Gallery	4,592	4,044
Walkhome	75,433	76,147
Yellow Bike Action Group	1,768	1,541
	\$ 616,108	\$ 580,523