

Financial Statements of

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

Year ended August 31, 2015

SOCIETY OF GRADUATE AND PROFESSIONAL STUDENTS OF QUEEN'S UNIVERSITY

Financial Statements

Year ended August 31, 2015

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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, 2015, 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, 2015 and 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, 2015, 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.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, slightly slanted style. Below the signature is a horizontal line that starts under the 'K' and ends under the 'P'.

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, 2015, with comparative information for 2014

	2015	2014
Assets		
Current assets:		
Cash	\$ 431,564	\$ 422,917
Accounts receivable	13,637	2,113
Prepaid expenses	18,776	113,979
	463,977	539,009
Loan receivable (note 2)	276,665	–
Capital assets (note 3)	63,077	27,087
	\$ 803,719	\$ 566,096
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities (note 10)	\$ 64,119	\$ 31,273
Queen's recovery	25,368	–
Deferred revenue (note 4)	26,744	7,830
	116,231	39,103
Deferred contributions related to capital assets (note 5)	5,000	6,000
Amounts in-trust	1,786	11,235
Net assets:		
General Fund	209,660	216,426
Capital Fund (notes 6 and 7)	58,077	21,087
Health Plan Fund (note 7)	379,814	237,094
Student Life Centre Fund (note 7)	4,889	4,889
Bursary Fund (note 7)	8,262	10,262
Infrastructure Fund (note 7)	20,000	20,000
	680,702	509,758
	\$ 803,719	\$ 566,096

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, 2015, with comparative information for 2014

	2015	2014
Revenue:		
Student fees:		
Collected	\$ 1,136,345	\$ 1,165,900
Internally administered (schedule A)	(181,114)	(158,294)
Paid to other organizations (schedule B)	(627,040)	(616,108)
Net student fees	328,191	391,498
Health and dental plan:		
Collected	1,704,504	1,625,745
Paid to service provider	(1,245,281)	(1,492,579)
Net health and dental plan	459,223	133,166
Other:		
Amortization of capital contributions (note 5)	1,000	1,000
Interest income	4,697	-
Social events	7,830	10,059
UHIP reimbursement	-	20,000
	13,527	31,059
Total revenue	800,941	555,723
Expenses:		
Advertising	16,115	26,032
Amortization of capital assets	8,960	13,822
Bursaries and grants	60,160	51,886
Council and committees	7,382	5,408
Executive conferences and professional development	8,164	6,242
Honoraria and stipends (note 8)	109,800	105,723
Insurance	3,722	5,039
Office and other	40,831	12,563
Professional fees	20,512	18,083
Sundry	3,958	19,275
Social events	38,534	32,337
Telephone	8,199	7,417
Wages and benefits	303,660	193,764
	629,997	497,591
Excess of revenue over expenses	\$ 170,944	\$ 58,132

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, 2015, with comparative information for 2014

	General Fund	Capital Fund	Health Plan Fund	Student Life Centre Fund	Dental Bursary Fund	Bursary Fund	Infra-Structure Fund	2015 Total	2014 Total
Balance, beginning of the year	\$ 216,426	\$ 21,087	\$ 237,094	\$ 4,889	\$ –	\$ 10,262	\$ 20,000	\$ 509,758	\$ 451,626
Excess of revenue over expenses (expenses over revenue)	59,693	(7,960)	142,720	–	(21,509)	(2,000)	–	170,944	58,132
Investment in capital assets	(44,950)	44,950	–	–	–	–	–	–	–
Interfund transfer	(21,509)	–	–	–	21,509	–	–	–	–
Balance, end of year	\$ 209,660	\$ 58,077	\$ 379,814	\$ 4,889	\$ –	\$ 8,262	\$ 20,000	\$ 680,702	\$ 509,758

See accompanying notes to financial statements.

SOCIETY OF GRADUATE AND PROFESSIONAL STUDENTS OF QUEEN'S UNIVERSITY

Statement of Cash Flows

Year ended August 31, 2015, with comparative information for 2014

	2015	2014
Cash provided by (used in):		
Operating activities:		
Excess of revenue over expenses	\$ 170,944	\$ 58,132
Items not involving cash:		
Amortization of deferred contributions	(1,000)	(1,000)
Amortization of capital assets	8,960	13,822
Change in non-cash operating working capital:		
Accounts receivable	(11,524)	1,316
Prepaid expenses	95,203	(104,820)
Accounts payable and accrued liabilities	32,846	(35,440)
Deferred revenue	18,914	(294,766)
Amounts in-trust	(9,449)	11,235
Queen's recovery	25,368	-
	330,262	(351,521)
Investing activities:		
Purchase of capital assets	(44,950)	(12,963)
Loan receivable	(276,665)	-
	(321,615)	(12,963)
Increase (decrease) in cash	8,647	(364,484)
Cash, beginning of year	422,917	787,401
Cash, end of year	\$ 431,564	\$ 422,917

See accompanying notes to financial statements.

SOCIETY OF GRADUATE AND PROFESSIONAL STUDENTS OF QUEEN'S UNIVERSITY

Notes to Financial Statements

Year ended August 31, 2015

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, 2015

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 2015, the Organization received \$72,000 in principal repayment and earned in \$3,517 in interest income.

3. Capital assets:

	Cost	Accumulated amortization	2015 Net book value	2014 Net book value
Computer hardware	\$ 50,512	\$ 37,796	\$ 12,716	\$ 13,282
Computer software	540	540	—	—
Furniture and equipment	29,723	11,053	18,670	1,895
Leasehold improvements	42,762	11,071	31,691	11,910
	<u>\$ 123,537</u>	<u>\$ 60,460</u>	<u>\$ 63,077</u>	<u>\$ 27,087</u>

SOCIETY OF GRADUATE AND PROFESSIONAL STUDENTS OF QUEEN'S UNIVERSITY

Notes to Financial Statements (continued)

Year ended August 31, 2015

3. Capital assets (continued):

Cost and accumulated amortization at August 31, 2014 amounted to \$78,586 and \$51,499, respectively.

4. Deferred revenue:

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

	2015	2014
Social event revenue	\$ —	\$ 7,830
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	—
	\$ 26,744	\$ 7,830

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:

	2015	2014
Balance, beginning of year	\$ 6,000	\$ 7,000
Less: amounts amortized to revenue	(1,000)	(1,000)
Balance, end of year	\$ 5,000	\$ 6,000

SOCIETY OF GRADUATE AND PROFESSIONAL STUDENTS OF QUEEN'S UNIVERSITY

Notes to Financial Statements (continued)

Year ended August 31, 2015

6. Capital fund:

The balance of the capital fund consists of:

	2015	2014
Capital assets	\$ 63,077	\$ 27,087
Less: deferred contributions related to capital assets	(5,000)	(6,000)
	\$ 58,077	\$ 21,087

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.

(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.

SOCIETY OF GRADUATE AND PROFESSIONAL STUDENTS OF QUEEN'S UNIVERSITY

Notes to Financial Statements (continued)

Year ended August 31, 2015

7. Restricted funds (continued):

(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.

8. Related party transactions:

During the year, \$109,800 (2014 - \$105,723) 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 \$2,408 (2014 - \$3,181), which includes amounts payable for harmonized sales tax and payroll-related taxes.

SOCIETY OF GRADUATE AND PROFESSIONAL STUDENTS OF QUEEN'S UNIVERSITY

Schedule A - Internally Administered Expenses

Year ended August 31, 2015, with comparative information for 2014

	2015	2014
Accessibility	\$ 2,520	\$ 706
Education Students' Society	31,767	32,338
Sports fund	–	5,670
Student advisors	35,970	18,103
Sustainability Action fund	–	1,304
University Centre	110,857	100,173
	<u>\$ 181,114</u>	<u>\$ 158,294</u>

SOCIETY OF GRADUATE AND PROFESSIONAL STUDENTS OF QUEEN'S UNIVERSITY

Schedule B - Payouts to Other Organizations

Year ended August 31, 2015, with comparative information for 2014

	2015	2014
AMS Food Bank	\$ 3,766	\$ 3,970
Ban Righ Centre	8,739	9,436
Bus It	194,660	185,323
Campus Observation Room	2,094	2,169
Canadian Federation of Students	66,002	66,870
Centre for Teaching	3,836	4,115
CFRC	31,406	29,865
Dawn House Women's Shelter	3,120	3,325
Education Graduate Students Society	2,644	5,903
Four Directions Aboriginal Centre	2,891	3,103
Graduate Club	58,260	57,223
Graduate Computing Society	1,290	1,295
HIV/AIDS Regional Support	2,957	3,180
International Affairs	2,808	3,034
Kingston Coalition Against Poverty	7,318	7,906
Kingston Youth Shelter	2,970	3,162
Law Student Society	42,271	42,278
Legal Aid	20,936	21,426
Loving Spoonful	5,672	2,394
MSCOT and MSCPT	8,344	8,975
Ontario Public Interest Research Group	12,595	13,592
Oxfam	3,559	3,347
Positive Space	927	964
QISS Bursary	2,000	1,983
Queen's Day Care Centre	2,904	3,121
Queen's Journal	14,655	13,946
Reelout Queer Film and Video Festival	4,821	5,213
Sexual Assault Centre	5,234	5,358
Sexual Health Resource Centre	2,673	2,854
Student Refugee Support	8,613	9,215
Talkit	3,140	3,215
Unassigned	3,900	6,555
Union Gallery	8,351	4,592
Walkhome	80,014	75,433
Yellow Bike Action Group	1,670	1,768
	\$ 627,040	\$ 616,108