

Financial Statements of

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

Year ended August 31, 2017

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SOCIETY OF GRADUATE AND PROFESSIONAL STUDENTS OF QUEEN'S UNIVERSITY

Financial Statements

Year ended August 31, 2017

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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, 2017, 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, 2017 and August 31, 2016, 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, 2017, 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

(date)

Kingston, Canada

SOCIETY OF GRADUATE AND PROFESSIONAL STUDENTS OF QUEEN'S UNIVERSITY

Statement of Financial Position

August 31, 2017, with comparative information for 2016

	2017	2016
Assets		
Current assets:		
Cash	\$ 579,732	\$ 534,213
Accounts receivable	2,978	3,275
Prepaid expenses	29,593	19,490
	612,303	556,978
Loan receivable (note 2)	153,169	216,144
Amounts in-trust	-	968
Capital assets (note 3)	70,949	90,036
	\$ 836,421	\$ 864,126
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities (note 10)	\$ 22,335	\$ 38,557
Queen's University at Kingston recovery	16,842	28,019
Deferred revenue (note 4)	28,200	40,033
	67,377	106,609
Deferred contributions related to capital assets (note 5)	3,000	4,000
Net assets:		
General Fund	481,977	320,160
Capital Fund (notes 6 and 7)	67,949	86,036
Health Plan Fund (note 7)	186,967	316,170
Student Life Centre Fund (note 7)	4,889	4,889
Bursary Fund (note 7)	4,262	6,262
Infrastructure Fund (note 7)	20,000	20,000
	766,044	753,517
	\$ 836,421	\$ 864,126

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, 2017, with comparative information for 2016

	2017	2016
Revenue:		
Student fees:		
Collected	\$ 1,149,563	\$ 1,159,967
Internally administered (schedule A)	(106,457)	(131,102)
Paid to other organizations (schedule B)	(671,807)	(656,987)
Net student fees	371,299	371,878
Health and dental plan:		
Collected	1,508,960	1,415,760
Paid to service provider	(1,364,016)	(1,174,475)
Net health and dental plan	144,944	241,285
Other:		
Amortization of capital contributions (note 5)	1,000	1,000
Interest income	27,335	24,305
Social events	1,366	17,850
	29,701	43,155
Total revenue	545,944	656,318
Expenses:		
Wages and benefits	253,286	315,992
Honoraria and stipends (note 8)	104,714	100,878
Bursaries and grants	38,220	16,763
Professional fees	26,599	30,781
Sundry	24,352	12,972
Amortization of capital assets	20,554	16,598
Advertising	16,722	8,980
Office and other	13,519	14,157
Social events	12,671	32,363
Telephone	9,758	11,211
Insurance	8,255	9,312
Council and committees	4,163	1,943
Executive conferences and professional development	604	11,553
	533,417	583,503
Excess of revenue over expenses	\$ 12,527	\$ 72,815

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, 2017, with comparative information for 2016

	General Fund	Capital Fund	Health Plan Fund	Student Life Centre Fund	Bursary Fund	Infra-Structure Fund	2017 Total	2016 Total
Balance, beginning of the year	\$ 320,160	\$ 86,036	\$ 316,170	\$ 4,889	\$ 6,262	\$ 20,000	\$ 753,517	\$ 680,702
Excess of revenue over expenses (expenses over revenue)	163,284	(19,554)	(129,203)	–	(2,000)	–	12,527	72,815
Investment in capital assets	(1,467)	1,467	–	–	–	–	–	–
Balance, end of year	\$ 481,977	\$ 67,949	\$ 186,967	\$ 4,889	\$ 4,262	\$ 20,000	\$ 766,044	\$ 753,517

See accompanying notes to financial statements.

SOCIETY OF GRADUATE AND PROFESSIONAL STUDENTS OF QUEEN'S UNIVERSITY

Statement of Cash Flows

Year ended August 31, 2017, with comparative information for 2016

	2017	2016
Cash provided by (used in):		
Operating activities:		
Excess of revenue over expenses	\$ 12,527	\$ 72,815
Items not involving cash:		
Amortization of deferred capital contributions	(1,000)	(1,000)
Amortization of capital assets	20,554	16,598
Change in non-cash operating working capital:		
Accounts receivable	297	10,362
Prepaid expenses	(10,103)	(714)
Accounts payable and accrued liabilities	(16,222)	(25,562)
Deferred revenue	(11,833)	13,289
Amounts in-trust	968	(2,754)
Queen's University at Kingston recovery	(11,177)	2,651
	(15,989)	85,685
Investing activities:		
Purchase of capital assets	(1,467)	(43,557)
Loan receivable	62,975	60,521
	61,508	16,964
Increase in cash	45,519	102,649
Cash, beginning of year	534,213	431,564
Cash, end of year	\$ 579,732	\$ 534,213

See accompanying notes to financial statements.

SOCIETY OF GRADUATE AND PROFESSIONAL STUDENTS OF QUEEN'S UNIVERSITY

Notes to Financial Statements

Year ended August 31, 2017

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.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Organization determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Organization expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reserved to the extent of the improvement, not exceeding the initial carrying value.

SOCIETY OF GRADUATE AND PROFESSIONAL STUDENTS OF QUEEN'S UNIVERSITY

Notes to Financial Statements (continued)

Year ended August 31, 2017

1. Significant accounting policies (continued):

(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

When a capital asset no longer contributes to the Organization's ability to provide services, its carrying amount is written down to its residual value.

(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 2017, the Organization received \$62,975 (2016 - \$60,521) in principal repayment and earned \$7,025 (2016 - \$9,479) in interest income.

SOCIETY OF GRADUATE AND PROFESSIONAL STUDENTS OF QUEEN'S UNIVERSITY

Notes to Financial Statements (continued)

Year ended August 31, 2017

3. Capital assets:

		Cost	Accumulated amortization	2017 Net book value	2016 Net book value
Computer hardware	\$	66,661	\$ 55,814	\$ 10,847	\$ 20,507
Computer software		1,858	823	1,035	1,224
Furniture and equipment		37,281	18,353	18,928	21,891
Leasehold improvements		62,762	22,623	40,139	46,414
	\$	168,562	\$ 97,613	\$ 70,949	\$ 90,036

Cost and accumulated amortization at August 31, 2016 amounted to \$167,095 and \$77,059, respectively.

4. Deferred revenue:

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

		2017		2016
Health and dental	\$	23,775	\$	20,940
Other		4,425		19,093
	\$	28,200	\$	40,033

SOCIETY OF GRADUATE AND PROFESSIONAL STUDENTS OF QUEEN'S UNIVERSITY

Notes to Financial Statements (continued)

Year ended August 31, 2017

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:

	2017	2016
Balance, beginning of year	\$ 4,000	\$ 5,000
Less: amounts amortized to revenue	(1,000)	(1,000)
Balance, end of year	\$ 3,000	\$ 4,000

6. Capital fund:

The balance of the capital fund consists of:

	2017	2016
Capital assets	\$ 70,949	\$ 90,036
Less: deferred contributions related to capital assets	(3,000)	(4,000)
	\$ 67,949	\$ 86,036

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, 2017

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 \$2,614 in student fees (2016 - \$2,438) 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, 2017

8. Related party transactions (continued):

(b) Executive and Board:

During the year, \$104,714 (2016 - \$100,878) 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 (2016 - \$Nil), 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, 2017, with comparative information for 2016

	2017	2016
University Centre	\$ 79,066	\$ 92,596
Student advisors	27,391	38,068
Accessibility	-	438
	<u>\$ 106,457</u>	<u>\$ 131,102</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, 2017, with comparative information for 2016

	2017	2016
AMS Food Bank	\$ 3,567	\$ 3,416
Ban Righ Centre	8,259	7,942
Bus It	289,490	266,373
Campus Observation Room	2,013	2,010
Canadian Federation of Students	65,374	64,570
Centre for Teaching	3,707	3,494
CFRC	-	-
Dawn House Women's Shelter	3,090	2,910
Education Graduate Students Society	2,669	2,525
Education Students Society Fee	4,730	5,240
Four Directions Aboriginal Centre	2,805	2,644
Graduate Club	54,406	54,481
Graduate Club (holdback)	-	(1,000)
Graduate Computing Society	1,190	1,195
HIV/AIDS Regional Support	2,810	2,681
International Affairs	2,682	2,541
Kingston Coalition Against Poverty	-	5,390
Kingston Youth Shelter	2,897	2,746
Law Student Society	45,436	44,023
Legal Aid	20,128	20,098
Levana	2,203	2,069
Loving Spoonful	5,456	5,149
MSCOT and MSCPT	8,260	8,106
Ontario Public Interest Research Group	-	11,510
Oxfam	3,503	3,457
Positive Space	936	869
Public Health Science Student Association	1,170	1,015
QISS Bursary	1,979	1,892
Queen's Day Care Centre	2,753	2,641
Queen's Journal	14,089	14,069
Reelout Queer Film and Video Festival	4,781	4,417
Sexual Assault Centre	5,032	5,025
Sexual Health Resource Centre	2,614	2,438
Student Refugee Support	9,367	8,779
Talkit	3,020	3,015
Unassigned	490	708
Union Gallery	7,920	7,468
Urban & Regional Planning Society	1,390	1,600
Walkhome	79,947	77,940
Yellow Bike Action Group	1,644	1,541
	\$ 671,807	\$ 656,987