

Financial Statements of

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

Eight-months ended April 30, 2018

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SOCIETY OF GRADUATE AND PROFESSIONAL STUDENTS OF QUEEN'S UNIVERSITY

Financial Statements

Eight-months ended April 30, 2018

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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 April 30, 2018, the statements of operations, changes in net assets and cash flows for the eight-months 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 audit opinion.

Opinion

In our opinion, 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, 2018, and its results of operations, and its cash flows for the eight-months then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Chartered Professional Accountants, Licensed Public Accountants

Kingston, Canada

August 20, 2018

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SOCIETY OF GRADUATE AND PROFESSIONAL STUDENTS OF QUEEN'S UNIVERSITY

Statement of Financial Position

April 30, 2018, with comparative information for August 31, 2017

	2018	2017
Assets		
Current assets:		
Cash	\$ 717,184	\$ 579,732
Accounts receivable	9,657	2,978
Prepaid expenses	295	29,593
	727,136	612,303
Long-term investment (note 2)	150,000	–
Loan receivable (note 3)	88,147	153,169
Capital assets (note 4)	57,572	70,949
	\$ 1,022,855	\$ 836,421
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities (note 11)	\$ 25,389	\$ 22,335
Queen's University at Kingston recovery	14,083	16,842
Deferred revenue (note 5)	–	28,200
	39,472	67,377
Deferred contributions related to capital assets (note 6)	2,000	3,000
Net assets:		
General Fund	859,089	481,977
Capital Fund (notes 7 and 8)	55,572	67,949
Health Plan Fund (note 8)	66,722	186,967
Student Life Centre Fund (note 8)	–	4,889
Bursary Fund (note 8)	–	4,262
Infrastructure Fund (note 8)	–	20,000
	981,383	766,044
	\$ 1,022,855	\$ 836,421

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

Eight-months ended April 30, 2018, with comparative information for the year ended August 31, 2017

	2018	2017
Revenue:		
Student fees:		
Collected	\$ 1,166,461	\$ 1,149,563
Internally administered (schedule A)	(97,169)	(106,457)
Paid to other organizations (schedule B)	(638,385)	(671,807)
Net student fees	430,907	371,299
Health and dental plan:		
Collected	1,727,715	1,508,960
Paid to service provider	(1,648,556)	(1,364,016)
Net health and dental plan	79,159	144,944
Other:		
Amortization of capital contributions (note 6)	1,000	1,000
Interest income	6,543	27,335
Social events	10,285	1,366
	17,828	29,701
Total revenue	527,894	545,944
Expenses:		
Wages and benefits	117,014	253,286
Honoraria and stipends (note 9)	72,267	104,714
Bursaries and grants	15,280	38,220
Professional fees	25,380	26,599
Sundry	7,027	24,352
Amortization of capital assets	9,382	20,554
Advertising	12,195	16,722
Office and other	8,143	13,519
Social events	15,165	12,671
Telephone	5,591	9,758
Insurance	9,000	8,255
Council and committees	14,095	4,163
Executive conferences and professional development	2,016	604
	312,555	533,417
Excess of revenue over expenses	\$ 215,339	\$ 12,527

See accompanying notes to financial statements.

SOCIETY OF GRADUATE AND PROFESSIONAL STUDENTS OF QUEEN'S UNIVERSITY

Statement of Changes in Net Assets

Eight-months ended April 30, 2018, with comparative information for the year ended August 31, 2017

	General Fund	Capital Fund	Health Plan Fund	Student Life Centre Fund	Bursary Fund	Infra-Structure Fund	2018 Total	2017 Total
Balance, beginning of the period	\$ 481,977	\$ 67,949	\$ 186,967	\$ 4,889	\$ 4,262	\$ 20,000	\$ 766,044	\$ 753,517
Excess of revenue over expenses (expenses over revenue)	343,966	(8,382)	(120,245)	—	—	—	215,339	12,527
Investment in capital assets	3,995	(3,995)	—	—	—	—	—	—
Interfund transfer	29,151	—	—	(4,889)	(4,262)	(20,000)	—	—
Balance, end of period	\$ 859,089	\$ 55,572	\$ 66,722	\$ —	\$ —	\$ —	\$ 981,383	\$ 766,044

See accompanying notes to financial statements.

SOCIETY OF GRADUATE AND PROFESSIONAL STUDENTS OF QUEEN'S UNIVERSITY

Statement of Cash Flows

Eight-months ended April 30, 2018, with comparative information for the year ended August 31, 2017

	2018	2017
Cash provided by (used in):		
Operating activities:		
Excess of revenue over expenses	\$ 215,339	\$ 12,527
Items not involving cash:		
Amortization of deferred capital contributions	(1,000)	(1,000)
Amortization of capital assets	9,382	20,554
Change in non-cash operating working capital:		
Accounts receivable	(6,679)	297
Prepaid expenses	29,298	(10,103)
Accounts payable and accrued liabilities	3,054	(16,222)
Deferred revenue	(28,200)	(11,833)
Amounts in-trust	-	968
Queen's University at Kingston recovery	(2,759)	(11,177)
	<u>218,435</u>	<u>(15,989)</u>
Investing activities:		
Purchase of capital assets	3,995	(1,467)
Repayment of loan receivable	65,022	62,975
Purchase of long-term investment	(150,000)	-
	<u>(80,983)</u>	<u>61,508</u>
Increase in cash	137,452	45,519
Cash, beginning of period	579,732	534,213
Cash, end of period	<u>\$ 717,184</u>	<u>\$ 579,732</u>

See accompanying notes to financial statements.

SOCIETY OF GRADUATE AND PROFESSIONAL STUDENTS OF QUEEN'S UNIVERSITY

Notes to Financial Statements

Eight-months ended April 30, 2018

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.

The financial statements have been prepared for the eight-months ended April 30, 2018. During this period, the Organization changed its year-end from August 31 to April 30.

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 of 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)

Eight-months ended April 30, 2018

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 in the year received.

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

Interest income is recognized as it is earned.

(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. Long-term investment:

The Organization's long-term investment is comprised of a guaranteed investment certificate, earning 1.98% interest annually and is due November 2019.

Interest earned in the amount of \$1,249 relating to this investment is included in the statement of operations.

SOCIETY OF GRADUATE AND PROFESSIONAL STUDENTS OF QUEEN'S UNIVERSITY

Notes to Financial Statements (continued)

Eight-months ended April 30, 2018

3. 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. During the period, the Organization received \$65,022 (2017 - \$62,975) in principal repayment and earned \$4,978 (2017 - \$7,025) in interest income.

4. Capital assets:

	Cost	Accumulated amortization	2018 Net book value	2017 Net book value
Computer hardware	\$ 67,075	\$ 59,183	\$ 7,892	\$ 10,847
Computer software	1,858	948	910	1,035
Furniture and equipment	37,281	21,012	16,269	18,928
Leasehold improvements	58,352	25,851	32,501	40,139
	<u>\$ 164,566</u>	<u>\$ 106,994</u>	<u>\$ 57,572</u>	<u>\$ 70,949</u>

Cost and accumulated amortization at August 31, 2017 amounted to \$168,562 and \$97,613, respectively.

5. Deferred revenue:

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

	2018	2017
Health and dental	\$ –	\$ 23,775
Other	–	4,425
	<u>\$ –</u>	<u>\$ 28,200</u>

SOCIETY OF GRADUATE AND PROFESSIONAL STUDENTS OF QUEEN'S UNIVERSITY

Notes to Financial Statements (continued)

Eight-months ended April 30, 2018

6. 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 period are as follows:

	2018	2017
Balance, beginning of period	\$ 3,000	\$ 4,000
Less: amounts amortized to revenue	(1,000)	(1,000)
Balance, end of period	\$ 2,000	\$ 3,000

7. Capital fund:

The balance of the capital fund consists of:

	2018	2017
Capital assets	\$ 57,572	\$ 70,949
Less: deferred contributions related to capital assets	(2,000)	(3,000)
	\$ 55,572	\$ 67,949

8. 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.

In February 2018, the Organization approved the closure of the Student Life Centre Fund and the transfer of the remaining balance into the General Fund.

SOCIETY OF GRADUATE AND PROFESSIONAL STUDENTS OF QUEEN'S UNIVERSITY

Notes to Financial Statements (continued)

Eight-months ended April 30, 2018

8. Restricted funds (continued):

(d) 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.

In February 2018, the Organization approved the closure of the Bursary Fund and the transfer of the remaining balance into the General Fund.

(e) 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.

In February 2018, the Organization approved the closure of the Infrastructure Fund and the transfer of the remaining balance into the General Fund.

9. 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 period, the Organization collected \$3,892 in student fees (2017 - \$2,614) that was subsequently paid to the SHRC. These payments are included in payments to other organizations on the Statement of Operations.

(b) Executive and Board:

During the period, \$72,267 (2017 - \$104,714) was paid to executive and board members as stipends.

SOCIETY OF GRADUATE AND PROFESSIONAL STUDENTS OF QUEEN'S UNIVERSITY

Notes to Financial Statements (continued)

Eight-months ended April 30, 2018

9. Related party transactions (continued):

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.

10. Financial instrument risks:

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

11. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of \$Nil (2017 - \$Nil), which includes amounts payable for harmonized sales tax and payroll-related taxes.

12. Comparative information:

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

SOCIETY OF GRADUATE AND PROFESSIONAL STUDENTS OF QUEEN'S UNIVERSITY

Schedule A - Internally Administered Expenses

Eight-months ended April 30, 2018, with comparative information for the year ended August 31, 2017

	2018	2017
University Centre	\$ 76,103	\$ 79,066
Student advisors	21,066	27,391
	<u>\$ 97,169</u>	<u>\$ 106,457</u>

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SOCIETY OF GRADUATE AND PROFESSIONAL STUDENTS OF QUEEN'S UNIVERSITY

Schedule B - Payouts to Other Organizations

Eight-months ended April 30, 2018, with comparative information for the year ended August 31, 2017

	2018	2017
AMS Food Bank	\$ 5,231	\$ 3,567
Ban Righ Centre	12,553	8,259
Bus It	294,503	289,490
Campus Observation Room	2,092	2,013
Camp Outlook	3,281	-
Canadian Federation of Students	68,752	65,374
Centre for Teaching	5,733	3,707
Dawn House Women's Shelter	-	3,090
Education Graduate Students Society	2,781	2,669
Education Students Society Fee	5,026	4,730
Four Directions Aboriginal Centre	4,184	2,805
Graduate Club	65,058	54,406
Graduate Computing Society	1,127	1,190
HIV/AIDS Regional Support	3,308	2,810
International Affairs	3,184	2,682
Kingston Coalition Against Poverty	8,140	-
Kingston Youth Shelter	3,355	2,897
Law Student Society	44,760	45,436
Legal Aid	20,924	20,128
Levana	2,624	2,203
Loving Spoonful	6,476	5,456
MSCOT and MSCPT	8,163	8,260
Oxfam	2,843	3,503
Positive Space	1,465	936
Public Health Science Student Association	1,141	1,170
QISS Bursary	2,339	1,979
Queen's Day Care Centre	3,247	2,753
Queen's Journal	14,647	14,089
Reelout Queer Film and Video Festival	5,723	4,781
Sexual Assault Centre	4,239	5,032
Sexual Health Resource Centre	3,892	2,614
Student Refugee Support	14,311	9,367
Talkit	2,470	3,020
Unassigned	-	490
Union Gallery	9,442	7,920
Urban & Regional Planning Society	1,371	1,390
Walkhome	-	79,947
Yellow Bike Action Group	-	1,644
	\$ 638,385	\$ 671,807