

Financial Statements of

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

Year ended April 30, 2019

SOCIETY OF GRADUATE AND PROFESSIONAL STUDENTS OF QUEEN'S UNIVERSITY

Financial Statements

Year ended April 30, 2019

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INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the financial statements of the Society of Graduate and Professional Students of Queen's University (the "Entity"), which comprise:

- the statement of financial position as at April 30, 2019
- the statement of operations for the year then ended
- the statement of changes in net assets for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements, present fairly, in all material respects, the financial position of the Entity as at April 30, 2019, 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.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***Auditors' Responsibilities for the Audit of the Financial Statements***" section of our auditors' report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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.



- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Kingston, Canada

November 26, 2019

SOCIETY OF GRADUATE AND PROFESSIONAL STUDENTS OF QUEEN'S UNIVERSITY

Statement of Financial Position

April 30, 2019, with comparative information for April 30, 2018

	2019	2018
Assets		
Current assets:		
Cash and cash equivalents	\$ 863,533	\$ 717,184
Short-term investment (note 2)	150,000	–
Accounts receivable (note 2)	12,403	9,657
Prepaid expenses	–	295
	1,025,936	727,136
Long-term investments (note 2)	350,000	150,000
Loan receivable (note 3)	21,011	88,147
Capital assets (note 4)	43,419	57,572
	\$ 1,440,366	\$ 1,022,855

Liabilities and Net Assets

Current liabilities:		
Accounts payable and accrued liabilities (note 11)	\$ 142,603	\$ 25,389
Queen's University at Kingston recovery	620	14,083
Deferred revenue (note 5)	1,078	–
	144,301	39,472
Deferred contributions related to capital assets (note 6)	1,000	2,000
Net assets:		
General Fund	1,051,488	859,089
Capital Fund (notes 7 and 8)	42,419	55,572
Health Plan Fund (note 8)	201,158	66,722
	1,295,065	981,383
Commitment (note 12)		
	\$ 1,440,366	\$ 1,022,855

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 April 30, 2019, with comparative information for the eight-month period ended
April 30, 2018

	2019	2018
Revenue:		
Student fees:		
Collected	\$ 1,385,293	\$ 1,166,461
Paid to other organizations (Schedule A)	(782,629)	(638,385)
Net student fees	602,664	528,076
Health and dental plan:		
Collected	1,801,476	1,727,715
Paid to service provider	(1,549,979)	(1,648,556)
Net health and dental plan	251,497	79,159
Other:		
Amortization of capital contributions (note 6)	1,000	1,000
Interest income	11,402	6,543
Social events	7,575	10,285
	19,977	17,828
Total revenue	874,138	625,063
Expenses:		
Wages and benefits	194,547	138,080
Honoraria and stipends (note 9)	101,820	72,267
Space costs	105,255	76,103
Bursaries and grants	15,606	15,280
Professional fees	28,048	25,380
Sundry	18,990	7,027
Amortization of capital assets	14,153	9,382
Advertising	17,237	12,195
Office and other	14,523	8,143
Social events	17,540	15,165
Telephone	9,144	5,591
Insurance	10,068	9,000
Council and committees	9,823	14,095
Executive conferences and professional development	3,702	2,016
	560,456	409,724
Excess of revenue over expenses	\$ 313,682	\$ 215,339

See accompanying notes to financial statements.

SOCIETY OF GRADUATE AND PROFESSIONAL STUDENTS OF QUEEN'S UNIVERSITY

Statement of Changes in Net Assets

Year ended April 30, 2019, with comparative information for the eight-month period ended April 30, 2018

	General Fund	Capital Fund	Health Plan Fund	2019 Total	2018 Total
Balance, beginning of year	\$ 859,089	\$ 55,572	\$ 66,722	\$ 981,383	\$ 766,044
Excess of revenue over expenses (expenses over revenue)	192,399	(13,153)	134,436	313,682	215,339
Balance, end of year	\$ 1,051,488	\$ 42,419	\$ 201,158	\$ 1,295,065	\$ 981,383

See accompanying notes to financial statements.

SOCIETY OF GRADUATE AND PROFESSIONAL STUDENTS OF QUEEN'S UNIVERSITY

Statement of Cash Flows

Year ended April 30, 2019, with comparative information for the eight-month period ended
April 30, 2018

	2019	2018
Cash provided by (used in):		
Operating activities:		
Excess of revenue over expenses	\$ 313,682	\$ 215,339
Items not involving cash:		
Amortization of deferred capital contributions	(1,000)	(1,000)
Amortization of capital assets	14,153	9,382
Change in non-cash operating working capital:		
Accounts receivable	(2,746)	(6,679)
Prepaid expenses	295	29,298
Accounts payable and accrued liabilities	117,214	3,054
Queen's University at Kingston recovery	(13,463)	(2,759)
Deferred revenue	1,078	(28,200)
	429,213	218,435
Investing activities:		
Disposal of capital assets	-	3,995
Repayment of loan receivable	67,136	65,022
Purchase of long-term investments	(350,000)	(150,000)
	(282,864)	(80,983)
Increase in cash and cash equivalents	146,349	137,452
Cash and cash equivalents, beginning of year	717,184	579,732
Cash and cash equivalents, end of year	\$ 863,533	\$ 717,184

See accompanying notes to financial statements.

SOCIETY OF GRADUATE AND PROFESSIONAL STUDENTS OF QUEEN'S UNIVERSITY

Notes to Financial Statements

Year ended April 30, 2019

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 comparative information is for the eight-month period ended April 30, 2018. During 2018, 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)

Year ended April 30, 2019

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) Cash and cash equivalents:

Cash and cash equivalents include cash on hand and short-term deposits with original maturities of less than three months.

(e) 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.

SOCIETY OF GRADUATE AND PROFESSIONAL STUDENTS OF QUEEN'S UNIVERSITY

Notes to Financial Statements (continued)

Year ended April 30, 2019

2. Investments:

The Organization's short-term investment is comprised of a guaranteed investment certificate, earning 1.98% interest annually, maturing May 2019.

The Organization's long-term investments are comprised of guaranteed investment certificates, earning 2.33% and 2.66% interest annually, maturing June 2020.

Interest earned in the amount of \$7,895 (2018 - \$1,249) relating to these investments is included in interest income on the Statement of Operations, and accounts receivable on the Statement of Financial Position.

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 year, the Organization received \$67,136 (2018 - \$65,022) in principal repayment and earned \$2,864 (2018 - \$4,978) in interest income.

4. Capital assets:

	Cost	Accumulated amortization	2019 Net book value	2018 Net book value
Computer hardware	\$ 67,075	\$ 63,324	\$ 3,751	\$ 7,892
Computer software	1,858	1,136	722	910
Furniture and equipment	37,281	25,000	12,281	16,269
Leasehold improvements	58,352	31,687	26,665	32,501
	<u>\$ 164,566</u>	<u>\$ 121,147</u>	<u>\$ 43,419</u>	<u>\$ 57,572</u>

Cost and accumulated amortization at April 30, 2018 amounted to \$164,566 and \$106,994, respectively.

SOCIETY OF GRADUATE AND PROFESSIONAL STUDENTS OF QUEEN'S UNIVERSITY

Notes to Financial Statements (continued)

Year ended April 30, 2019

5. Deferred revenue:

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

	2019	2018
Health and dental	\$ 1,078	\$ –

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:

	2019	2018
Balance, beginning of period	\$ 2,000	\$ 3,000
Less: amounts amortized to revenue	(1,000)	(1,000)
Balance, end of period	\$ 1,000	\$ 2,000

7. Capital fund:

The balance of the capital fund consists of:

	2019	2018
Capital assets	\$ 43,419	\$ 57,572
Less: deferred contributions related to capital assets	(1,000)	(2,000)
	\$ 42,419	\$ 55,572

SOCIETY OF GRADUATE AND PROFESSIONAL STUDENTS OF QUEEN'S UNIVERSITY

Notes to Financial Statements (continued)

Year ended April 30, 2019

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.

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 \$4,058 in student fees (2018 - \$3,892) 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, \$101,820 (2018 - \$72,267) 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.

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 (2018 - \$Nil), which includes amounts payable for harmonized sales tax and payroll-related taxes.

SOCIETY OF GRADUATE AND PROFESSIONAL STUDENTS OF QUEEN'S UNIVERSITY

Notes to Financial Statements (continued)

Year ended April 30, 2019

12. Commitment:

In 2019, the Organization entered into an agreement with the Alma Mater Society of Queen's University Inc. and Queen's University at Kingston to redevelop the John Deutsch University Centre.

The Organization has committed \$5,957,500 to this redevelopment. Beginning in fiscal 2020, the Organization will collect and remit \$40 per registration until the committed amount is contributed.

13. Comparative information:

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

SOCIETY OF GRADUATE AND PROFESSIONAL STUDENTS OF QUEEN'S UNIVERSITY

Schedule A - Payouts to Other Organizations

Year ended April 30, 2019, with comparative information for the eight-month period ended
April 30, 2018

	2019	2018
AMS Food Bank	\$ 5,455	\$ 5,231
Ban Righ Centre	13,090	12,553
Bus It	404,743	294,503
Camp Outlook	3,430	3,281
Campus Observation Room	2,182	2,092
Canadian Federation of Students	72,865	68,752
Centre for Teaching	6,109	5,733
Education Graduate Students Society	2,764	2,781
Education Students Society Fee	5,909	5,026
Four Directions Aboriginal Centre	4,364	4,184
Graduate Club	69,172	65,058
Graduate Computing Society	972	1,127
HIV/AIDS Regional Support	3,503	3,308
International Affairs	3,401	3,184
Kinesiology and Health Studies	701	-
Kingston Coalition Against Poverty	8,723	8,140
Kingston Youth Shelter	3,568	3,355
Law Student Society	45,723	44,760
Legal Aid	21,816	20,924
Levana	2,807	2,624
Loving Spoonful	6,933	6,476
MSCOT and MSCPT	7,829	8,163
Ontario Public Interest Research Group	15,569	-
Oxfam	3,030	2,843
Positive Space	1,571	1,465
Public Health Science Student Association	1,303	1,141
QISS Bursary	2,484	2,339
Queen's Day Care Centre	3,475	3,247
Queen's Journal	15,271	14,647
Reelout Queer Film and Video Festival	6,113	5,723
Sexual Assault Centre	4,496	4,239
Sexual Health Resource Centre	4,058	3,892
Student Refugee Support	15,184	14,311
Talkit	2,639	2,470
Union Gallery	10,118	9,442
Urban and Regional Planning Society	1,259	1,371
	\$ 782,629	\$ 638,385