

Financial Statements of

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

Year ended April 30, 2020

DRAFT

SOCIETY OF GRADUATE AND PROFESSIONAL STUDENTS OF QUEEN'S UNIVERSITY

Table of Contents

Year ended April 30, 2020

	Page
Independent Auditors' Report	
Financial Statements	
Statement of Financial Position	1
Statement of Operations	2
Statement of Changes in Net Assets	3
Statement of Cash Flows	4
Notes to Financial Statements	5
Schedule A - Payouts to Other Organizations	12

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, 2020
- 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, 2020, 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.

Chartered Professional Accountants, Licensed Public Accountants

Kingston, Canada

(date)

SOCIETY OF GRADUATE AND PROFESSIONAL STUDENTS OF QUEEN'S UNIVERSITY

Statement of Financial Position

April 30, 2020, with comparative information for April 30, 2019

	2020	2019
Assets		
Current assets:		
Cash and cash equivalents	\$ 1,077,328	\$ 863,533
Short-term investments (note 2)	650,000	150,000
Accounts receivable (note 2)	38,150	12,403
	1,765,478	1,025,936
Long-term investments (note 2)	–	350,000
Loan receivable (note 3)	–	21,011
Capital assets (note 4)	29,918	43,419
	\$ 1,795,396	\$ 1,440,366
Liabilities, Deferred Contributions and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities (note 11)	\$ 193,717	\$ 142,603
Queen's University at Kingston recovery	9,394	620
Deferred revenue (note 5)	–	1,078
	203,111	144,301
Deferred contributions related to capital assets (note 6)	–	1,000
Net assets:		
General Fund	1,200,588	1,051,488
Capital Fund (notes 7 and 8)	29,918	42,419
Health Plan Fund (note 8)	361,779	201,158
	1,592,285	1,295,065
Commitment (note 12)		
Subsequent event (note 15)		
	\$ 1,795,396	\$ 1,440,366

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, 2020, with comparative information for the year ended April 30, 2019

	2020	2019
Revenue:		
Student fees:		
Collected	\$ 1,411,921	\$ 1,385,293
Paid to other organizations (Schedule A)	(868,878)	(782,629)
Net student fees	543,043	602,664
Health and dental plan:		
Collected	2,221,462	1,801,476
Paid to service provider	(1,944,789)	(1,549,979)
Net health and dental plan	276,673	251,497
Other:		
Amortization of capital contributions	1,000	1,000
Interest income	24,947	11,402
Social events	5,031	7,575
	30,978	19,977
Total revenue	850,694	874,138
Expenses:		
Wages and benefits	192,823	194,547
Honoraria and stipends (note 9)	92,947	101,820
Space costs	80,314	105,255
Bursaries and grants	37,321	15,606
Professional fees	40,305	28,048
Sundry	23,949	18,990
Amortization of capital assets	13,501	14,153
Advertising	13,453	17,237
Office and other	13,199	14,523
Social events	14,532	17,540
Telephone	9,144	9,144
Insurance	10,738	10,068
Council and committees	7,364	9,823
Executive conferences and professional development	3,884	3,702
	553,474	560,456
Excess of revenue over expenses	\$ 297,220	\$ 313,682

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, 2020, with comparative information for 2019

	General Fund	Capital Fund	Health Plan Fund	2020 Total	2019 Total
Balance, beginning of year	\$ 1,051,488	\$ 42,419	\$ 201,158	\$ 1,295,065	\$ 981,383
Excess of revenue over expenses (expenses over revenue)	149,100	(12,501)	160,621	297,220	313,682
Balance, end of year	\$ 1,200,588	\$ 29,918	\$ 361,779	\$ 1,592,285	\$ 1,295,065

See accompanying notes to financial statements.

SOCIETY OF GRADUATE AND PROFESSIONAL STUDENTS OF QUEEN'S UNIVERSITY

Statement of Cash Flows

Year ended April 30, 2020, with comparative information for 2019

	2020	2019
Cash provided by (used in):		
Operating activities:		
Excess of revenue over expenses	\$ 297,220	\$ 313,682
Items not involving cash:		
Amortization of deferred capital contributions	(1,000)	(1,000)
Amortization of capital assets	13,501	14,153
Change in non-cash operating working capital:		
Accounts receivable	(25,747)	(2,746)
Prepaid expenses	-	295
Accounts payable and accrued liabilities	51,114	117,214
Queen's University at Kingston recovery	8,774	(13,463)
Deferred revenue	(1,078)	1,078
	342,784	429,213
Investing activities:		
Repayment of loan receivable	21,011	67,136
Net proceeds of investments	(150,000)	(350,000)
	(128,989)	(282,864)
Increase in cash and cash equivalents	213,795	146,349
Cash and cash equivalents, beginning of year	863,533	717,184
Cash and cash equivalents, end of year	\$ 1,077,328	\$ 863,533

See accompanying notes to financial statements.

SOCIETY OF GRADUATE AND PROFESSIONAL STUDENTS OF QUEEN'S UNIVERSITY

Notes to Financial Statements

Year ended April 30, 2020

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 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, 2020

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, 2020

2. Investments:

The Organization's short-term investments are comprised of guaranteed investment certificates earning rates of interest of 2.11% to 2.66% interest annually, maturing June 2020. These investments were subsequently reinvested upon maturity.

Interest earned in the amount of \$14,917 (2019 - \$7,895) 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 was 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 \$21,011 (2019 - \$67,136) in principal repayment and earned \$683 (2019 - \$2,864) in interest income.

4. Capital assets:

	Cost	Accumulated amortization	2020 Net book value	2019 Net book value
Computer hardware	\$ 67,075	\$ 66,814	\$ 261	\$ 3,751
Computer software	1,858	1,324	534	722
Furniture and equipment	37,281	28,988	8,293	12,281
Leasehold improvements	58,352	37,522	20,830	26,665
	\$ 164,566	\$ 134,648	\$ 29,918	\$ 43,419

Cost and accumulated amortization at April 30, 2019 amounted to \$164,566 and 121,147, respectively.

Capital assets have been reviewed for full or partial impairment and management has determined there are none.

SOCIETY OF GRADUATE AND PROFESSIONAL STUDENTS OF QUEEN'S UNIVERSITY

Notes to Financial Statements (continued)

Year ended April 30, 2020

5. Deferred revenue:

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

	2020	2019
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:

	2020	2019
Balance, beginning of period	\$ 1,000	\$ 2,000
Less: amounts amortized to revenue	(1,000)	(1,000)
Balance, end of period	\$ —	\$ 1,000

7. Capital fund:

The balance of the capital fund consists of:

	2020	2019
Capital assets	\$ 29,918	\$ 43,419
Less: deferred contributions related to capital assets	—	(1,000)
	\$ 29,918	\$ 42,419

SOCIETY OF GRADUATE AND PROFESSIONAL STUDENTS OF QUEEN'S UNIVERSITY

Notes to Financial Statements (continued)

Year ended April 30, 2020

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 \$3,290 in student fees (2019 - \$4,058) 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, \$92,947 (2019 - \$101,820) 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 (2019 - \$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, 2020

12. Commitment:

In 2020, 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. As at April 30, 2020, the total amount collected and remitted was \$190,232, reducing the outstanding commitment to \$5,767,268.

13. Changes in accounting policies

In March 2018, the Accounting Standards Board issued "Basis for Conclusions- Accounting Standards Improvements for Not-for-Profit Organizations" resulting in the introduction of three new handbook sections in the Accounting Standards for Not-for-Profit Organizations Part III of the Handbook as follows:

- (a) Section 4433, Tangible capital assets held by not-for-profit organizations, which directs organizations to apply the accounting guidance of Section 3061, Property Plant and Equipment in Part II of the Handbook. In so doing, the new section requires that organizations annually assess for partial impairment of tangible capital assets, to be recorded where applicable, as a nonreversible impairment expense. In addition, where practical, to componentize capital assets when estimates can be made of the useful lives of the separate components.

This section is applied on a prospective basis with the exception of the transitional provision to recognize an adjustment to opening net assets for partial impairments of tangible assets that existed as at May 1, 2019.

- (b) Section 4434, Intangible assets held by not-for-profit organizations, which directs organizations to annually assess intangible assets, and where applicable to record an impairment expenses should the net carrying value be higher than the asset's fair value or replacement cost.

This section is applied on a prospective basis with the exception of the transitional provision to recognize an adjustment to opening net assets for partial impairment of intangible assets that existed as at May 1, 2019.

SOCIETY OF GRADUATE AND PROFESSIONAL STUDENTS OF QUEEN'S UNIVERSITY

Notes to Financial Statements (continued)

Year ended April 30, 2020

14. Changes in accounting policies

- (c) Section 4441, Collections held by not-for-profit organizations, which defines a collection and directs organizations to record such assets on the statement of financial position at either cost or nominal value. It is anticipated that all collections will be accounted for using the same method, with the exception of organizations that opt to account for collections at cost, whereby the cost for certain collections either held or contributed cannot be determined. Such items are to be accounted for at a nominal value. In addition, collections are written down when there is evidence that the net carrying amount exceeds fair value.

Organizations are permitted to retrospectively capitalize collections at their cost or fair value at the date of acquisition, or fair value or replacement cost as at May 1, 2019, based on the most readily determinable value. In addition, an adjustment to opening net assets is permitted to recognize any partial impairment of the value of collections that existed as at May 1, 2019.

The amendments are effective for financial statements for fiscal years beginning on or after May 1, 2019. The implementation of these changes had no impact on the financial statements.

15. Subsequent event:

In March 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization and has had a significant financial, market and social dislocating impact.

At the time of approval of these financial statements, the Organization has experienced the following indicators of financial implications and undertaken the following activities in relation to the COVID-19 pandemic.

- Closure of all the Organization's offices including the Main Office on Queen's Campus from March 17, 2020 to the date of the auditors' report based on public health recommendations.
- Mandatory working from home requirements for all staff. If staff must come into the office, they must receive the approval of both the President and the Executive Director beforehand.
- Any in person events that would have been run by our organization were canceled based on public health recommendations.
- All financial transactions have been moved from cheques to electronic funds transfer or payment via Visa.
- Front desk employees were temporarily terminated.

At this time these factors present uncertainty over future cash flows, may cause significant changes to the assets or liabilities and may have a significant impact on future operations. An estimate of the financial effect is not practicable at this time.

SOCIETY OF GRADUATE AND PROFESSIONAL STUDENTS OF QUEEN'S UNIVERSITY

Schedule A - Payouts to Other Organizations

Year ended April 30, 2020, with comparative information for 2019

	2020	2019
AMS Food Bank	\$ 4,461	\$ 5,455
Ban Righ Centre	14,265	13,090
Bus It	458,460	404,743
Camp Outlook	3,459	3,430
Campus Observation Room	2,377	2,182
Canadian Federation of Students	55,103	72,865
Centre for Teaching	4,910	6,109
Education Graduate Students Society	6,073	2,764
Education Students Society Fee	2,625	5,909
Four Directions Aboriginal Centre	4,754	4,364
Graduate Club	67,532	69,172
Graduate Geography Student Council Fees	1,460	-
Graduate Computing Society	800	972
HIV/AIDS Regional Support	3,515	3,503
International Affairs	3,286	3,401
Kinesiology and Health Studies	663	701
Kingston Coalition Against Poverty	8,674	8,723
Kingston Youth Shelter	3,605	3,568
Law Student Society	38,666	45,723
Legal Aid	17,905	21,816
Levana	2,750	2,807
Loving Spoonful	7,063	6,933
MSCOT and MSCPT	6,342	7,829
Ontario Public Interest Research Group	15,302	15,569
Oxfam	2,939	3,030
Positive Space	-	1,571
Public Health Science Student Association	980	1,303
QISS Bursary	2,421	2,484
Queen's Day Care Centre	3,452	3,475
Queen's Journal	11,538	15,271
Reelout Queer Film and Video Festival	5,923	6,113
School of Medicine Fee	17,383	-
Sexual Assault Centre	4,510	4,496
Sexual Health Resource Centre	3,290	4,058
Student Refugee Support	11,754	15,184
Talkit	2,642	2,639
Union Gallery	9,801	10,118
Urban and Regional Planning Society	1,200	1,259
Walkhome	56,995	-
	\$ 868,878	\$ 782,629