

**UNIVERSITY OF SASKATCHEWAN GRADUATE STUDENTS' ASSOCIATION, INC.**

**FINANCIAL STATEMENTS**

**APRIL 30, 2018**





**BUCKBERGER BAERG**  
— & PARTNERS LLP —  
CHARTERED PROFESSIONAL ACCOUNTANTS

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## **INDEPENDENT AUDITOR'S REPORT**

To the Members of University of Saskatchewan Graduate Students' Association, Inc.

We have audited the accompanying financial statements of University of Saskatchewan Graduate Students' Association, Inc., which comprise the statement of financial position as at April 30, 2018, and the statements of operations, changes in fund balances and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation 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.

### *Auditor's 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 the auditor's 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, the auditor considers internal control relevant to the Association's preparation 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 in our audit is sufficient and appropriate to provide a basis for our qualified audit opinion.

## **INDEPENDENT AUDITOR'S REPORT (continued)**

### *Basis for Qualified Opinion*

University of Saskatchewan Graduate Students' Association, Inc. derives a material amount of revenue from other sources, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these amounts was limited to the amounts recorded in the records of the Association. We were unable to determine whether any adjustments might be necessary to revenue, (deficiency) excess of revenue over expenses, assets and fund balances.

### *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 University of Saskatchewan Graduate Students' Association, Inc. as at April 30, 2018, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

### *Emphasis of Matter*

We draw attention to Note 10 to the financial statements, which explains that certain comparative information presented for April 30, 2017 has been restated. Our opinion is not modified in respect of this matter.

SASKATOON, SASKATCHEWAN

November 12, 2019

*Buchberger Baerg & Partners LLP*

Chartered Professional Accountants

**UNIVERSITY OF SASKATCHEWAN GRADUATE STUDENTS' ASSOCIATION, INC.**

**STATEMENT OF FINANCIAL POSITION**

**APRIL 30, 2018**

	<u>General fund</u>	<u>Health and dental fund</u>	<u>Capital asset fund</u>	<u>2018</u>	(Restated - Note 10) <u>2017</u>
<b><u>ASSETS</u></b>					
<b>Current assets</b>					
Cash	\$ 312,975	\$ 104,615	\$ -	\$ 417,590	\$ 716,043
Accounts receivable	80,826	-	-	80,826	74,838
Prepaid health and dental premiums	294,301	-	-	294,301	289,159
Interfund receivable	-	57,912	-	-	-
	<u>688,102</u>	<u>162,527</u>	<u>-</u>	<u>792,717</u>	<u>1,080,040</u>
Loans receivable (Note 3)	8,000	-	-	8,000	8,000
Capital assets (Note 4)	-	-	37,918	37,918	57,562
	<u>\$ 696,102</u>	<u>\$ 162,527</u>	<u>\$ 37,918</u>	<u>\$ 838,635</u>	<u>\$ 1,145,602</u>
<b><u>LIABILITIES</u></b>					
<b>Current liabilities</b>					
Accounts payable and accrued liabilities	\$ 179,462	\$ -	\$ -	\$ 179,462	\$ 559,713
Deferred revenue (Note 5)	313,480	-	-	313,480	277,266
Interfund payable	57,912	-	-	-	-
	<u>550,854</u>	<u>-</u>	<u>-</u>	<u>492,942</u>	<u>836,979</u>
<b><u>FUND BALANCES</u></b>					
Balance	<u>145,248</u>	<u>162,527</u>	<u>37,918</u>	<u>345,693</u>	<u>308,623</u>
	<u>\$ 696,102</u>	<u>\$ 162,527</u>	<u>\$ 37,918</u>	<u>\$ 838,635</u>	<u>\$ 1,145,602</u>

See accompanying notes

Approved on behalf of the board

Director \_\_\_\_\_

Director \_\_\_\_\_

**UNIVERSITY OF SASKATCHEWAN GRADUATE STUDENTS' ASSOCIATION, INC.**

**STATEMENT OF OPERATIONS**

**YEAR ENDED APRIL 30, 2018**

	<u>General fund</u>	<u>Health and dental fund</u>	<u>Capital asset fund</u>	<u>2018</u>	(Restated - Note 10) <u>2017</u>
<b>Revenue</b>					
Health and dental plan	\$ 904,492	\$ -	\$ -	\$ 904,492	\$ 837,714
Student fees (Note 10)	218,250	-	-	218,250	211,398
In-kind contributions (Note 6)	140,658	-	-	140,658	136,561
Other revenue	82,457	141	-	82,598	63,836
UPass administration fee (Note 10)	7,636	-	-	7,636	24,664
	<u>1,353,493</u>	<u>141</u>	<u>-</u>	<u>1,353,634</u>	<u>1,274,173</u>
<b>Expenses</b>					
Administration fees	18,158	-	-	18,158	19,370
Amortization	-	-	26,168	26,168	26,060
Bursaries and student fund	33,220	-	-	33,220	51,430
Conferences and events	17,371	-	-	17,371	16,577
Course council funding	5,617	-	-	5,617	3,016
Facilities and maintenance	737	-	-	737	445
Fundraising gala	31,815	-	-	31,815	29,361
Health and dental premiums	869,545	-	-	869,545	826,571
Insurance	5,028	-	-	5,028	5,077
Interest and bank charges	871	-	-	871	766
License fee, rental and occupancy (Note 6)	140,885	-	-	140,885	136,574
Meals and entertainment	5,429	-	-	5,429	5,595
Office	17,423	-	-	17,423	9,148
Professional fees	45,826	-	-	45,826	24,293
Salaries and related benefits	58,130	-	-	58,130	70,950
Stipends and honoraria (Note 7)	33,720	-	-	33,720	45,599
Telephone and utilities	1,819	-	-	1,819	1,968
Travel and accommodation	4,802	-	-	4,802	3,918
	<u>1,290,396</u>	<u>-</u>	<u>26,168</u>	<u>1,316,564</u>	<u>1,276,718</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>\$ <u>63,097</u></b>	<b>\$ <u>141</u></b>	<b>\$ <u>(26,168)</u></b>	<b>\$ <u>37,070</u></b>	<b>\$ <u>(2,545)</u></b>

*See accompanying notes*

**UNIVERSITY OF SASKATCHEWAN GRADUATE STUDENTS' ASSOCIATION, INC.**

**STATEMENT OF CHANGES IN FUND BALANCES**

**YEAR ENDED APRIL 30, 2018**

	<u>General fund</u>	<u>Health and dental fund</u>	<u>Capital asset fund</u>	<u>2018</u>	(Restated - Note 10) <u>2017</u>
<b>Balance, beginning of year</b>	\$ 123,621	\$ 127,440	\$ 57,562	\$ 308,623	\$ 311,168
Excess (deficiency) of revenues over expenditures	63,097	141	(26,168)	37,070	(2,545)
Purchase of capital assets	(6,524)	-	6,524	-	-
Interfund transfer	(34,946)	34,946	-	-	-
<b>Balance, end of year</b>	<b><u>\$ 145,248</u></b>	<b><u>\$ 162,527</u></b>	<b><u>\$ 37,918</u></b>	<b><u>\$ 345,693</u></b>	<b><u>\$ 308,623</u></b>

*See accompanying notes*

**UNIVERSITY OF SASKATCHEWAN GRADUATE STUDENTS' ASSOCIATION, INC.**

**STATEMENT OF CASH FLOWS**

**YEAR ENDED APRIL 30, 2018**

	<u>2018</u>	(Restated - Note 10) <u>2017</u>
<b>Cash flows (used in) from operating activities</b>		
Excess (deficiency) of revenues over expenditures	\$ 37,070	\$ (2,545)
Adjustments for		
Amortization	<u>26,168</u>	<u>26,060</u>
	<u>63,238</u>	<u>23,515</u>
Change in non-cash working capital items		
Accounts receivable	(5,988)	(2,492)
Prepaid health and dental premiums	(5,142)	(33,596)
Accounts payable and accrued liabilities	(380,251)	97,229
Deferred revenue	<u>36,214</u>	<u>2,314</u>
	<u>(291,929)</u>	<u>86,970</u>
<b>Cash flows used in investing activities</b>		
Loans receivable	-	(8,000)
Purchase of capital assets	<u>(6,524)</u>	<u>-</u>
	<u>(6,524)</u>	<u>(8,000)</u>
<b>Net (decrease) increase in cash during the year</b>	(298,453)	78,970
Cash, beginning of year	<u>716,043</u>	<u>637,073</u>
<b>Cash, end of year</b>	<b><u>\$ 417,590</u></b>	<b><u>\$ 716,043</u></b>
<b>Cash consists of:</b>		
Unrestricted cash	\$ 312,975	\$ 634,029
Restricted cash	<u>104,615</u>	<u>82,014</u>
	<b><u>\$ 417,590</u></b>	<b><u>\$ 716,043</u></b>

*See accompanying notes*

**UNIVERSITY OF SASKATCHEWAN GRADUATE STUDENTS' ASSOCIATION, INC.**

**NOTES TO THE FINANCIAL STATEMENTS**

**APRIL 30, 2018**

**1. Nature of operations**

The University of Saskatchewan Graduate Students' Association, Inc. (the "Association") is a non-profit organization incorporated on May 1, 1986 under the Non-profit Corporations Act of Saskatchewan. The Association exists to ensure graduate students have access to quality services and collects fees for the administration of such services. As a not-for-profit organization under the Income Tax Act, the Association is exempt from income taxes.

**2. Significant accounting policies**

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

**Fund accounting**

Revenues and expenditures relating to service delivery activities and administration, are recorded in the General fund.

The Health and Dental fund were established to ensure adequate amounts are available in the event the Health and Dental Plan costs exceed the amounts collected in premiums. Approval of the Association's council is required before these funds can be accessed for any other purpose.

The unamortized cost of capital assets, and the loans to finance the acquisition of capital assets, are reported in the Capital Asset fund.

**Capital assets**

Capital assets are recorded at cost, less accumulated amortization. The Association provides for amortization using the following methods at rates designed to amortize the cost of the capital assets over their estimated useful lives. The annual amortization rates and methods are as follows:

Computer software	Declining balance	100%
Equipment	Declining balance	20%
Leasehold improvements	Straight-line	10 years

**Contributed materials, lease, and occupancy costs**

Contributions of materials, lease, and occupancy costs are recognized in the financial statements at fair value at the date of contribution, but only when a fair value can be reasonably estimated and when the materials and services are used in the normal course of operations, and would otherwise have been purchased.

**NOTES TO THE FINANCIAL STATEMENTS**

**APRIL 30, 2018**

**2. Significant accounting policies (continued)**

**Revenue recognition**

The Association follows the deferral method of accounting for contributions, which includes grants and donations. Contributions of capital assets are included as deferred contributions and are amortized to revenue at the same rate and on the same basis as amortization of the related capital assets.

Restricted contributions are recognized as revenue in the year in which the related expenses are made. 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.

Health and dental premiums are recognized in the benefit period to which they relate and are recognized on a gross basis.

Student fees and UPass revenues are recognized when fees are due in the academic year. All other sources of revenue are recognized when goods are transferred or services are performed.

**Financial instruments**

The Association initially records a financial instrument at its fair value, except for a related party transaction, which is recorded at the carrying or exchange amount depending on the circumstances.

Transaction costs are recognized in excess of revenues over expenditures in the period incurred. However, transaction costs associated with financial instruments carried at cost or amortized cost are recorded as adjustments to the initial fair value recognized and amortized over the expected life of the instrument.

Financial assets and financial liabilities subsequently measured at amortized cost include cash, accounts receivable, and accounts payable and accrued liabilities.

When there is an indication of impairment and such impairment is determined to have occurred, the carrying amount of financial assets measured at amortized cost is reduced to the greater of the discounted future cash flows expected, the proceeds that could be realized from the sale of the financial asset, or the amount that could be realized by exercising the right to any collateral held to secure repayment of the asset. Such impairments can be subsequently reversed to the extent that the improvement can be related to an event occurring after the impairment was recognized.

**Use of estimates**

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. By their nature, these estimates are subject to measurement uncertainty. The effect of changes in such estimates on the financial statements in future periods could be significant. Areas of significant estimate include the useful lives of capital assets.

**UNIVERSITY OF SASKATCHEWAN GRADUATE STUDENTS' ASSOCIATION, INC.**

**NOTES TO THE FINANCIAL STATEMENTS**

**APRIL 30, 2018**

**3. Loan receivable**

At year end, the Association has a loan receivable of \$8,000 outstanding, which bears interest at 10% and is repayable in annual payments of \$4,000 starting October 14, 2018.

**4. Capital assets**

			2018	(Restated - Note 10) 2017
	<u>Cost</u>	<u>Accumulated amortization</u>	<u>Net book value</u>	<u>Net book value</u>
Computer software	\$ 8,578	\$ 8,578	\$ -	\$ -
Equipment	57,666	43,087	14,579	10,885
Leasehold improvements	233,387	210,048	23,339	46,677
	<u>\$ 299,631</u>	<u>\$ 261,713</u>	<u>\$ 37,918</u>	<u>\$ 57,562</u>

**5. Deferred revenue**

Deferred revenue represents unearned revenues collected for the health and dental premiums that cover an annual period that falls outside of the Association's fiscal year.

**6. License for premises**

The Association has been granted a license to occupy space in a building owned by the University of Saskatchewan (known as St. Chad's Chapel Building) for an annual administration fee of \$12. The license period expires April 30, 2019. A new agreement was reached covering 2019 to April 30, 2024.

For the duration of the term of the license, the University of Saskatchewan has established an in-kind fair value of the annual license fee, which includes occupational costs. This amount is reflected as both in-kind revenue and license expense in the accompanying financial statements.

**7. Related party transactions**

During the year, the Association paid \$31,411 (2017 - \$33,133) of payments to members of the executive committee, which is included in stipends and honoraria expense.

These transactions are in the normal course of operations and have been valued in these financial statements at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

**UNIVERSITY OF SASKATCHEWAN GRADUATE STUDENTS' ASSOCIATION, INC.**

**NOTES TO THE FINANCIAL STATEMENTS**

**APRIL 30, 2018**

**8. Economic dependence**

The University of Saskatchewan provides an in-kind contribution of licensed space occupied by the Association. In addition, the Association's operations include collecting membership fees from the graduate students of the University of Saskatchewan. Without the above-noted funding, and the University of Saskatchewan continuing to allocate a portion of student fees to the Association, there would be doubt as to the continued viability of the Association.

**9. Financial instruments**

**Credit risk**

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Association is exposed to credit risk from customers. The Association's main credit risk relates to its accounts receivable and loan receivable. Credit risk is minimized as the University of Saskatchewan is the main counter party and carries low risk of default.

**Liquidity risk**

Liquidity risk is the risk that the Association will encounter difficulty in meeting obligations associated with financial liabilities. The Association's main credit risk relates to its accounts payable and accrued liabilities. This is mitigated by having sufficient cash resources and cash budgeting.

**10. Prior period adjustment**

During the year, the Association changed its method of accounting for UPass and Canadian Federation of Students ("CFS") revenue and expenses to a net basis, which had previously been accounted for on a gross basis. The Association acts primarily as an agent in these transactions. The Association has no latitude in determining prices, receiving a predetermined fixed revenue based on the number of UPass transactions. It receives no net inflow of economic benefits for collecting the CFS fees. The Association does not have primary responsibility for providing services as the UPass is provided by the City of Saskatoon, Saskatoon Transit and the CFS provides student services directly.

The effects of this accounting error have been applied retrospectively with the restatement of prior period figures. The effects are a decrease to UPass revenue and UPass expense of \$553,074, and a decrease to Student fees revenue and Canadian Federation of Students expense of \$34,606. There was no impact of the change on the deficiency of revenues over expenditures or fund balances at April 30, 2017.