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**FINANCIAL STATEMENTS**

**THE GRADUATE STUDENT  
SOCIETY OF UBC VANCOUVER**

**May 31, 2016**

***TOMPKINS, WOZNY, MILLER & Co.***  
Chartered Professional Accountants

A partnership of incorporated professionals.

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## INDEPENDENT AUDITOR'S REPORT

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To the Members of  
**The Graduate Student Society of UBC Vancouver**

### **Report on the Financial Statements**

We have audited the accompanying financial statements of The Graduate Student Society of UBC Vancouver, which comprise the statement of financial position as at May 31, 2016, and the statements of operations, changes in net assets 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 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.

### *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 Society'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 Society'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 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 The Graduate Student Society of UBC Vancouver as at May 31, 2016, 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.

### **Report on Other Legal and Regulatory Requirements**

As required by the British Columbia Society Act, we report that the accounting principles used in these financial statements have been applied on a basis consistent with that of the preceding year.

*Tompkins, Wozny, Miller & Co.*

Vancouver, Canada  
February 16, 2017

Chartered Professional Accountants

STATEMENT OF FINANCIAL POSITION

As at May 31

	2016	2015
	\$	\$
<b>ASSETS</b>		<i>[note 11]</i>
<b>Current</b>		
Cash	99,297	206,151
Short-term investments <i>[note 3]</i>	186,584	186,463
Accounts receivable <i>[note 4]</i>	150,852	86,302
Prepaid expenses	27,618	16,041
	464,351	494,957
Capital assets <i>[note 5]</i>	72,957	78,765
	537,308	573,722
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current liabilities</b>		
Accounts payable and accruals <i>[note 6]</i>	59,607	64,712
Deferred revenue	—	535
	59,607	65,247
<b>NET ASSETS</b>	477,701	508,475
	537,308	573,722

Commitments *[note 10]*

See accompanying notes to the financial statements

On behalf of the Council:

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President

\_\_\_\_\_  
Vice-President of Finance

STATEMENT OF CHANGES IN NET ASSETS

Period ended

	Invested in Capital Assets	Internally Restricted	Unrestricted	Total
	\$	\$	\$	\$
<b>2016</b>		<i>[note 7]</i>		
<b>Balance, beginning of year</b>	<b>78,765</b>	<b>261,547</b>	<b>168,163</b>	<b>508,475</b>
Excess of expenses for the year	(32,810)	—	2,036	(30,774)
Investment in capital assets	27,002	—	(27,002)	—
Interfund transfers	—	22,283	(22,283)	—
<b>Balance, end of year</b>	<b>72,957</b>	<b>283,830</b>	<b>120,914</b>	<b>477,701</b>
<b>2015</b> <i>[5 months] [note 11]</i>				
<b>Balance, beginning of period</b>	79,044	252,909	190,098	522,051
Excess of expenses for the period	(11,941)	—	(1,635)	(13,576)
Investment in capital assets	11,662	—	(11,662)	—
Interfund transfers	—	8,638	(8,638)	—
<b>Balance, end of period</b>	<b>78,765</b>	<b>261,547</b>	<b>168,163</b>	<b>508,475</b>

See accompanying notes to the financial statements

**STATEMENT OF OPERATIONS**

Period ended May 31

	<b>2016</b>	<b>2015</b>
	\$	\$
	<i>[12 months]</i>	<i>[5 months - note 11]</i>
<b>REVENUES</b>		
Membership fees	<b>512,577</b>	204,646
Pub contract	<b>73,756</b>	28,448
Bookings and rentals	<b>62,043</b>	47,240
Student events	<b>33,252</b>	24,148
Other	<b>11,016</b>	3,531
Interest	<b>310</b>	666
	<b>692,954</b>	308,679
<b>EXPENSES</b>		
Salaries and benefits	<b>321,904</b>	129,700
Executive honoraria	<b>75,235</b>	30,099
Professional fees	<b>53,541</b>	24,146
Student events and special projects	<b>49,806</b>	28,095
Council, committees, and conferences	<b>47,789</b>	25,831
Rent	<b>40,655</b>	17,380
Dues, licenses and subscriptions	<b>35,141</b>	16,243
Amortization of capital assets	<b>32,810</b>	11,941
Departmental organization fund	<b>25,688</b>	1,808
Office, telephone and network access	<b>12,051</b>	27,160
Advertising and promotion	<b>13,925</b>	890
Repairs and maintenance	<b>7,771</b>	7,179
Insurance	<b>7,412</b>	1,783
	<b>723,728</b>	322,255
<b>Excess of expenses for the period</b>	<b>(30,774)</b>	<b>(13,576)</b>

*See accompanying notes to the financial statements*

STATEMENT OF CASH FLOWS

Period ended May 31

	2016 \$	2015 \$
	<i>[12 months]</i>	<i>[5 months - note 11]</i>
<b>OPERATING ACTIVITIES</b>		
Excess of expenses for the period	<b>(30,774)</b>	(13,576)
Add item not affecting cash		
Amortization of capital assets	<b>32,810</b>	11,941
Changes in non-cash working capital items		
Accounts receivable	<b>(64,550)</b>	3,636
Prepaid expenses	<b>(11,577)</b>	11,894
Accounts payable and accruals	<b>(5,105)</b>	32,063
Deferred revenue	<b>(535)</b>	(2)
<b>Cash provided by (used in) operating activities</b>	<b>(79,731)</b>	45,956
<b>INVESTING ACTIVITIES</b>		
Purchase of capital assets	<b>(27,002)</b>	(11,662)
Purchase of short-term investments (net)	<b>(121)</b>	(446)
<b>Cash used in investing activities</b>	<b>(27,123)</b>	(12,108)
<b>Increase (decrease) in cash during the period</b>	<b>(106,854)</b>	33,848
Cash, beginning of year	<b>206,151</b>	172,303
<b>Cash, end of year</b>	<b>99,297</b>	206,151

*See accompanying notes to the financial statements*

## NOTES TO FINANCIAL STATEMENTS

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May 31, 2016

### 1. NATURE OF THE ORGANIZATION

The Graduate Student Society of UBC Vancouver (the "Society") is incorporated under the Society Act of British Columbia. Its main purposes are:

- To promote the role of post-secondary, and in particular graduate education, and to encourage increased participation by members of the community in post-secondary education at the University of British Columbia.
- To promote graduate student representation at all levels of decision making at the University, and provide appropriate support for graduate students involved in academic disputes.
- To provide, maintain and operate the Thea Koerner House Graduate Student Centre as a centre for the recreation and convenience of graduate students at the University of British Columbia.

The Society is exempt from Canadian income taxes.

### 2. SIGNIFICANT ACCOUNTING POLICIES

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

#### Use of Estimates

The preparation of financial statements in conformity with Canadian ASNPO requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the amounts of revenues and expenses reported during the year. Significant areas requiring the use of management estimates relate to the determination of net recoverable value of assets, in particular as it relates to useful lives of capital assets and the determination of the deferred portion of fees collected. Actual results could differ from these estimates.

#### Revenue Recognition

The Society follows the deferral method of accounting for contributions.

Membership fees are allocated between accounting periods according to the academic terms to which they relate.

Bookings, room rental, advertising and other revenue are recorded on delivery of the product or service, or when a function occurs and collection is reasonably assured.

## NOTES TO FINANCIAL STATEMENTS

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May 31, 2016

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Unrestricted investment income is recognized as revenue in accordance with the terms of the underlying investment, which in the case of interest, is generally with the passage of time.

#### Measurement of Financial Instruments

The Society initially measures its financial assets and financial liabilities at fair value. The Society subsequently measures all its financial assets and financial liabilities at amortized cost.

Financial assets measured at amortized cost include cash, short-term investments and accounts receivable. Financial assets measured at cost are tested for impairment when there are indicators of impairment. Financial liabilities measured at amortized cost include accounts payable and accruals.

#### Cash

Cash is defined as cash on hand and cash on deposit, net of cheques issued and outstanding at the year-end.

The statement of cash flows is prepared on a net cash basis and cash flows from operating activities are presented using the indirect method.

#### Short-Term Investments

Short-term investments consist of guaranteed investment certificates.

#### Capital Assets

Capital assets are recorded at cost, less accumulated amortization. Amortization is provided on a straight-line basis at the rates outlined in Note 5.

### 3. SHORT-TERM INVESTMENTS

The short-term investments consisted of investment cash and savings. The Society's investment policy to manage interest rate risk is to invest in conservative fixed income securities with highly rated banking institutions to ensure no erosion of capital while earning a reasonable rate of return.

NOTES TO FINANCIAL STATEMENTS

May 31, 2016

4. ACCOUNTS RECEIVABLE

	2016	2015
	\$	\$
Operations	154,437	91,302
Government - GST	1,415	—
Allowance for doubtful accounts	(5,000)	(5,000)
	<b>150,852</b>	<b>86,302</b>

During the year, the Society recorded bad debt of \$Nil [2015 - \$5,000] and is included in office, telephone and network access expenses.

5. CAPITAL ASSETS

	Rate	Cost \$	Accumulated Depreciation \$	Net Book Value \$
<b>2016</b>				
Furniture and equipment	5 year	113,465	83,441	30,024
Computer equipment	5 year	74,818	72,718	2,100
Renovations	5 year	241,580	200,747	40,833
		<b>429,863</b>	<b>356,906</b>	<b>72,957</b>
<b>2015</b>				
Furniture and equipment	5 year	103,075	69,221	33,854
Computer equipment	5 year	73,676	71,055	2,621
Renovations	5 year	226,110	183,820	42,290
		402,861	324,096	78,765

6. ACCOUNTS PAYABLE AND ACCRUALS

	2016	2015
	\$	\$
Operations	58,338	57,773
Government remittances - GST	—	3,921
- PST	751	2,166
- WorkSafeBC	518	852
	<b>59,607</b>	<b>64,712</b>

## NOTES TO FINANCIAL STATEMENTS

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May 31, 2016

### 7. INTERNALLY RESTRICTED FUNDS

The Society has established the following internally restricted funds:

#### Capital Projects Improvement Fund (CIF)

The Capital Projects Improvement Fund was established to fund facilities to enable people with disabilities to access the graduate student centre and to fund other renovations and capital improvements. The expenditures are funded through a special levy on members.

#### Contingency Fund

The Contingency Fund was established as a financial reserve to ensure the operation of the Society in the event of financial hardship due to a disruption in fee collection or a loss of access to the graduate student centre.

#### Graduate Student Emergency Fund

The Society has established a Graduate Student Emergency Fund to provide emergency financial aid to those members in severe financial distress and who only require a small amount of money to complete their studies.

	Capital Projects Improvement Fund \$	Contingency Fund \$	Graduate Student Emergency Fund \$	Total \$
<b>2016</b>				
<b>Balance, beginning of year</b>	<b>163,652</b>	<b>97,895</b>	—	<b>261,547</b>
Restrictions made in year	52,435	—	—	52,435
Expenses incurred in the year	(30,152)	—	—	(30,152)
Net change during the year	22,283	—	—	22,283
<b>Balance, end of year</b>	<b>185,935</b>	<b>97,895</b>	—	<b>283,830</b>
<b>2015</b>				
<b>Balance, beginning of period</b>	155,014	97,895	—	252,909
Restrictions made in period	20,833	—	—	20,833
Expenses incurred in the period	(12,195)	—	—	(12,195)
Net change during the period	8,638	—	—	8,638
<b>Balance, end of period</b>	<b>163,652</b>	<b>97,895</b>	—	<b>261,547</b>

## NOTES TO FINANCIAL STATEMENTS

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May 31, 2016

### 8. FINANCIAL INSTRUMENTS

The Society is exposed to various risks through its financial instruments. The following analysis presents the Society's exposures to significant risk as at May 31, 2016.

#### **Credit Risk**

The Society is exposed to credit risk with respect to its bank deposits, accounts receivable and short-term investments. The Society assesses, on a continuous basis, accounts receivable on the basis of amounts it is virtually certain to receive and short-term investments are invested with Canadian financial institutions.

#### **Liquidity Risk**

Liquidity risk is the risk of being unable to meet cash requirements or fund obligations as they become due. It stems from the possibility of a delay in realizing the fair value of financial instruments.

The Society manages its liquidity risk by constantly monitoring forecasted and actual cash flows and financial liability maturities, and by holding assets that can be readily converted into cash.

#### **Interest Rate Risk**

The Society is exposed to interest rate risk on its short-term investments which are subject to periodic interest rate review on maturity and renewal which can effect interest cash flows.

### 9. ASSETS AND SERVICES PROVIDED BY THE UNIVERSITY

The land and building known as the Thea Koerner House Graduate Student Centre are owned by The University of British Columbia and are managed by the Society under terms of a lease agreement with the University. Certain capital expenditures or renovations to the building paid for by the University are not reflected in these financial statements.

### 10. COMMITMENTS

The Society entered into a 10 year lease agreement with the University of British Columbia for its premises expiring in December 31, 2025. The expected rent commitment for the next year is approximately \$33,522 plus GST and operating costs.

The Society has letters of credits outstanding of \$2,000 [2015 - \$8,000].

## NOTES TO FINANCIAL STATEMENTS

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May 31, 2016

### 11. COMPARATIVE FIGURES

Certain prior year's comparative figures have been reclassified where necessary to conform to the current year's presentation.

During the prior year, the Board of Directors of the Society approved a change in the Society's fiscal year-end from December 31 to May 31. The change was made to address time constraints and to better align with the academic year. This change took effect January 1, 2015. As a result of the change, the prior period of the Society's financial statements reflect operations for the 5 month period ended May 31, 2015.