
FINANCIAL STATEMENTS

**THE GRADUATE STUDENT
SOCIETY OF UBC VANCOUVER**

May 31, 2019



INDEPENDENT AUDITOR'S REPORT

To the Members of
The Graduate Student Society of UBC Vancouver

Opinion

We have audited the financial statements of The Graduate Student Society of UBC Vancouver (the Society), which comprise the statement of financial position as at May 31, 2019, and the statements of changes in net assets, operations and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Society as at May 31, 2019, 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.

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 *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Society in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical 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 audit 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 Society'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 Society or to cease operations, or has no realistic alternative but to do so.

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

Auditor's 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 auditor's 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 these 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 Society's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

INDEPENDENT AUDITOR'S REPORT

- 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 Society's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's 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 auditor's report. However, future events or conditions may cause the Society 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.

We 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.

Report on Other Legal and Regulatory Requirements

As required by the British Columbia Societies Act, we report that, in our opinion, the accounting principles used in Canadian accounting standards for not-for-profit organizations have been applied on a basis consistent with that of the preceding year.

Tompkins Wozny LLP

Vancouver, Canada
November 21, 2019

Chartered Professional Accountants



STATEMENT OF FINANCIAL POSITION

As at May 31

	2019	2018
	\$	\$
ASSETS		
Current		
Cash and cash equivalents - operating	203,352	127,761
- internally restricted <i>[note 3]</i>	379,678	313,740
Investments <i>[note 3]</i>	240,113	186,713
Accounts receivable <i>[note 4]</i>	79,256	89,457
Prepaid expenses	5,331	21,594
	907,730	739,265
Capital assets <i>[note 5]</i>	42,460	52,835
	950,190	792,100
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accruals <i>[note 6]</i>	121,423	114,779
Deferred revenue	17,902	14,000
	139,325	128,779
NET ASSETS	810,865	663,321
	950,190	792,100

Commitments *[note 10]*

See accompanying notes to the financial statements

On behalf of the Council:

President

Finance and Executive Oversight Officer

STATEMENT OF CHANGES IN NET ASSETS

Year ended May 31

	Invested in Capital Assets	Internally Restricted	Unrestricted	Total
	\$	\$	\$	\$
2019		<i>[note 7]</i>		
Balance, beginning of year	52,835	313,740	296,746	663,321
Excess of revenue (expenses) for the year	(26,388)	—	173,932	147,544
Investment in capital assets	16,013	—	(16,013)	—
Interfund transfers (net)	—	65,938	(65,938)	—
Balance, end of year	42,460	379,678	388,727	810,865
2018				
Balance, beginning of year	85,755	258,920	201,117	545,792
Excess of revenue (expenses) for the year	(32,920)	—	150,449	117,529
Interfund transfers (net)	—	54,820	(54,820)	—
Balance, end of year	52,835	313,740	296,746	663,321

See accompanying notes to the financial statements

STATEMENT OF OPERATIONS

Year ended May 31

	2019	2018
	\$	\$
REVENUES		
Membership fees	553,451	540,850
Bookings and rentals	100,502	59,393
Pub contract	76,000	53,248
Student events	36,675	47,557
Other	11,032	8,209
Interest	799	66
	778,459	709,323
EXPENSES		
Salaries and benefits	256,631	197,673
Executive honoraria <i>[note 11]</i>	78,213	78,066
Student events and special projects	61,118	57,655
Professional fees	58,129	60,205
Council, committees, and conferences	43,582	53,625
Dues, licenses and subscriptions	38,455	41,808
Rent	36,303	37,913
Amortization of capital assets	26,388	32,920
Office, telephone and network access	17,534	15,262
Insurance	9,026	7,490
Departmental organization fund	5,536	9,177
	630,915	591,794
Excess of revenue for the year	147,544	117,529

See accompanying notes to the financial statements

STATEMENT OF CASH FLOWS

Year ended May 31

	2019 \$	2018 \$
OPERATING ACTIVITIES		
Excess of revenue for the year	147,544	117,529
Add item not affecting cash		
Amortization of capital assets	26,388	32,920
Changes in non-cash working capital items		
Accounts receivable	10,201	26,799
Prepaid expenses	16,263	4,484
Accounts payable and accruals	6,643	57,807
Deferred revenue	3,902	5,598
Cash provided by operating activities	210,941	245,137
INVESTING ACTIVITIES		
Purchase of capital assets	(16,013)	—
Purchase of investments	(53,399)	(186,713)
Cash used in investing activities	(69,412)	(186,713)
Increase in cash and cash equivalents during the year	141,529	58,424
Cash, beginning of year	441,501	383,077
Cash and cash equivalents, end of year	583,030	441,501
Cash - Operating	203,352	127,761
Cash - Internally restricted	379,678	313,740
	583,030	441,501

See accompanying notes to the financial statements

NOTES TO FINANCIAL STATEMENTS

May 31, 2019

1. NATURE OF THE ORGANIZATION

The Graduate Student Society of UBC Vancouver (the "Society") is incorporated under the British Columbia Societies Act. 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 receivable portion of membership fees. 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, when evidence of an arrangement exists, when the amount of revenue is measurable, and when collection is reasonably assured.

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.

NOTES TO FINANCIAL STATEMENTS

May 31, 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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 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 and cash equivalents

Cash is defined as cash on hand and cash on deposit, net of cheques issued and outstanding at the year-end. Cash and cash equivalents includes term deposits with banks and financial institutions that are due within 270 days or upon demand .

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

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. INTERNALLY RESTRICTED CASH AND INVESTMENTS

Internally restricted cash is restricted for the internally restricted funds [note 7] .

Investments consists of guaranteed investment certificates with interest rates from 1.08% to 1.49% with maturities up to May 2020.

4. ACCOUNTS RECEIVABLE

	2019	2018
	\$	\$
Operations	27,657	31,962
Membership fees	35,056	35,209
Bookings and rentals	19,052	27,857
Allowance for doubtful accounts	(2,509)	(5,571)
	79,256	89,457

During the year, the Society recorded bad debt of \$Nil [2018 - \$Nil].

NOTES TO FINANCIAL STATEMENTS

May 31, 2019

5. CAPITAL ASSETS

	Rate	Cost \$	Accumulated Depreciation \$	Net Book Value \$
2019				
Furniture and equipment	5 year	134,872	117,200	17,672
Computer equipment	5 year	124,005	103,406	20,599
Renovations - leaseholds <i>[notes 9 & 10]</i>	5 year	241,580	237,391	4,189
		500,457	457,997	42,460
2018				
Furniture and equipment	5 year	120,597	107,482	13,115
Computer equipment	5 year	122,268	93,341	28,927
Renovations - leaseholds <i>[notes 9 & 10]</i>	5 year	241,580	230,787	10,793
		484,445	431,610	52,835

6. ACCOUNTS PAYABLE AND ACCRUALS

	2019 \$	2018 \$
Operations	115,097	111,447
Government remittances - GST	5,451	2,102
- PST	535	946
- WorkSafeBC	340	284
	121,423	114,779

7. INTERNALLY RESTRICTED FUNDS

The Society has established the following internally restricted funds:

Event Fund

The Event Fund was established to provide a rebate of event expenses to Affiliate Organizations.

Student Emergency Fund

The Event Fund was established to support graduate students at UBC Vancouver who are experiencing unforeseen financial hardship.

NOTES TO FINANCIAL STATEMENTS

May 31, 2019

7. INTERNALLY RESTRICTED FUNDS (CONT'D)

Capital Projects Improvement Fund

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.

	Event Fund \$	Student Emergency Fund \$	Capital Projects Improvement Fund \$	Contingency Fund \$	Total \$
2019					
Balance, beginning of year	—	—	215,845	97,895	313,740
Restrictions made in year	13,575	11,000	57,376	—	81,951
Expenses incurred in the year	—	—	(16,013)	—	(16,013)
Net change during the year	13,575	11,000	41,363	—	65,938
Balance, end of year	13,575	11,000	257,208	97,895	379,678
2018					
Balance, beginning of period	—	—	161,025	97,895	258,920
Restrictions made in period	—	—	55,082	—	55,082
Expenses incurred in the period	—	—	(262)	—	(262)
Net change during the period	—	—	54,820	—	54,820
Balance, end of period	—	—	215,845	97,895	313,740

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, 2019.

Credit Risk

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

NOTES TO FINANCIAL STATEMENTS

May 31, 2019

8. FINANCIAL INSTRUMENTS (CONT'D)

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 bank deposits which are subject to periodic interest rate fluctuations which can effect interest cash flows.

There has been no change in the Society's risk exposure in the above noted risks since the previous year.

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 [2018 - \$2,000].

11. RELATED PARTY TRANSACTIONS

For the year ended May 31, 2019, executive honoraria in the amount of \$78,213 [2018 - \$78,066] was paid to directors.

NOTES TO FINANCIAL STATEMENTS

May 31, 2019

11. RELATED PARTY TRANSACTIONS (CONT'D)

The amount above includes payments made to the following elected directors during the year:

	2019	2018
	\$	\$
Finance and Oversight Executive Officer	13,685	12,240
President	17,581	16,640
VP External	13,974	13,260
VP University & Academic	13,974	13,260
VP Students	12,882	13,260
	72,096	68,660

12. DISCLOSURE OF REMUNERATION

Pursuant to the British Columbia Societies Act, the Society is required to disclose remuneration paid to employees and contractors who are paid \$75,000 or more during the fiscal year. Salaries and benefits expense includes \$76,187 [2018 - \$Nil] paid to one [2018 - no] employees during the year.

13. ECONOMIC DEPENDENCE

The Society's primary source of revenue is membership fees collected from students by the University of British Columbia pursuant to the provisions of the University Act (British Columbia). This collection activity can be terminated if the Society fails to fulfill its requirements under the Act. The Society's ability to continue viable operations is dependent upon maintaining its right to have these fees collected. As at the date of these financial statements the Society believes that it is in compliance with the Act.

14. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current year presentation.