
FINANCIAL STATEMENTS

**THE GRADUATE STUDENT
SOCIETY OF UBC VANCOUVER**

May 31, 2020



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, 2020, 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, 2020, 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.
- 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.

INDEPENDENT AUDITOR'S REPORT

- 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
December 10, 2020

Chartered Professional Accountants

STATEMENT OF FINANCIAL POSITION

As at May 31

	2020	2019
	\$	\$
ASSETS		
Current		
Cash and cash equivalents - operating	193,002	203,352
- internally restricted [note 3]	413,939	379,678
Investments [note 3]	287,031	240,113
Accounts receivable [note 4]	120,990	79,256
Prepaid expenses	3,174	5,331
	1,018,136	907,730
Capital assets [note 5]	35,261	42,460
	1,053,397	950,190
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accruals [note 6]	79,066	121,423
Deferred revenue	16,900	17,902
	95,966	139,325
NET ASSETS	957,431	810,865
	1,053,397	950,190

Commitments [note 10]

Other - COVID-19 [note 14]

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
	\$	\$	\$	\$
2020				
		<i>[note 7]</i>		
Balance, beginning of year	42,460	379,678	388,727	810,865
Excess of revenue (expenses) for the year	(23,635)	—	170,201	146,566
Investment in capital assets	16,436	—	(16,436)	—
Interfund transfers (net)	—	34,261	(34,261)	—
Balance, end of year	35,261	413,939	508,231	957,431
2019				
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

See accompanying notes to the financial statements

STATEMENT OF OPERATIONS

Year ended May 31

	2020	2019
	\$	\$
REVENUES		
Membership fees	574,686	553,451
Bookings and rentals	87,597	100,502
Pub contract	76,000	76,000
Student events	31,447	36,675
Other	14,967	11,032
Interest	4,325	799
	789,022	778,459
EXPENSES		
Salaries and benefits	286,417	256,631
Executive honoraria <i>[note 11]</i>	84,891	78,213
Student events and special projects	58,853	61,118
Professional fees	57,625	58,129
Council, committees, and conferences	37,362	43,582
Rent	33,732	36,303
Amortization of capital assets	23,635	26,388
Departmental organization fund	22,994	5,536
Office, telephone and network access	17,595	17,534
Insurance	9,186	9,026
Dues, licenses and subscriptions	9,046	38,455
Bad debts <i>[note 4]</i>	1,120	—
	642,456	630,915
Excess of revenue for the year	146,566	147,544

See accompanying notes to the financial statements

STATEMENT OF CASH FLOWS

Year ended May 31

	2020	2019
	\$	\$
OPERATING ACTIVITIES		
Excess of revenue for the year	146,566	147,544
Add item not affecting cash		
Amortization of capital assets	23,635	26,388
Changes in non-cash working capital items		
Accounts receivable	(41,734)	10,201
Prepaid expenses	2,157	16,263
Accounts payable and accruals	(42,358)	6,643
Deferred revenue	(1,002)	3,902
Cash provided by operating activities	87,264	210,941
INVESTING ACTIVITIES		
Purchase of capital assets	(16,436)	(16,013)
Purchase of investments	(46,917)	(53,399)
Cash used in investing activities	(63,353)	(69,412)
Increase in cash and cash equivalents during the year	23,911	141,529
Cash, beginning of year	583,030	441,501
Cash and cash equivalents, end of year	606,941	583,030
Cash - Operating	193,002	203,352
Cash - Internally restricted	413,939	379,678
	606,941	583,030

See accompanying notes to the financial statements

NOTES TO FINANCIAL STATEMENTS

May 31, 2020

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, 2020

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 0.35% to 1.30% with maturities up to May 2021.

4. ACCOUNTS RECEIVABLE

	2020	2019
	\$	\$
Operations	69,305	27,657
Membership fees	34,311	35,056
Bookings and rentals	17,374	19,052
Allowance for doubtful accounts	—	(2,509)
	120,990	79,256

During the year, the Society recorded bad debt of \$1,120 [2019 - \$Nil].

NOTES TO FINANCIAL STATEMENTS

May 31, 2020

5. CAPITAL ASSETS

	Rate	Cost \$	Accumulated Depreciation \$	Net Book Value \$
2020				
Furniture and equipment	5 year	134,872	123,296	11,576
Computer equipment	5 year	131,620	114,995	16,625
Renovations - leaseholds [notes 9 & 10]	5 year	250,400	243,340	7,060
		516,892	481,631	35,261
2019				
Furniture and equipment	5 year	134,872	117,200	17,672
Computer equipment	5 year	124,005	103,406	20,599
Renovations - leaseholds [notes 9 & 10]	5 year	241,580	237,391	4,189
		500,457	457,997	42,460

6. ACCOUNTS PAYABLE AND ACCRUALS

	2020 \$	2020 \$
Operations	72,431	115,097
Government remittances - GST	5,218	5,451
- PST	104	535
- WorkSafeBC	1,313	340
	79,066	121,423

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, 2020

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 \$
2020					
Balance, beginning of year	13,575	11,000	257,208	97,895	379,678
Restrictions made in year	—	4,113	58,721	—	62,834
Expenses incurred in the year	(6,318)	(5,839)	(16,416)	—	(28,573)
Net change during the year	(6,318)	(1,726)	42,305	—	34,261
Balance, end of year	7,257	9,274	299,513	97,895	413,939
2019					
Balance, beginning of period	—	—	215,845	97,895	313,740
Restrictions made in period	13,575	11,000	57,376	—	81,951
Expenses incurred in the period	—	—	(16,013)	—	(16,013)
Net change during the period	13,575	11,000	41,363	—	65,938
Balance, end of period	13,575	11,000	257,208	97,895	379,678

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, 2020.

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, 2020

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 [2019 - \$2,000].

11. RELATED PARTY TRANSACTIONS

For the year ended May 31, 2020, executive honoraria in the amount of \$84,891 [2019 - \$78,213] was paid to directors.

NOTES TO FINANCIAL STATEMENTS

May 31, 2020

11. RELATED PARTY TRANSACTIONS (CONT'D)

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

	2020	2019
	\$	\$
Finance and Oversight Executive Officer	14,327	13,685
President	15,985	17,581
VP External	13,917	13,974
VP University & Academic	12,312	13,974
VP Students	13,918	12,882
	70,459	72,096

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 \$86,384 [2019 - \$76,187] paid to one [2019 - one] employees during the year.

Salaries and benefits expense includes:

	2020	2019
Total number of full-time employees	5	5
Number of employees within pay ranges:		
\$80,000 to \$90,000	1	0
\$70,000 to \$79,999	0	1
\$60,000 to \$69,999	0	0
Below \$59,999	4	4
	5	5

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.

NOTES TO FINANCIAL STATEMENTS

May 31, 2020

14. OTHER - COVID-19

The recent outbreak of the coronavirus, also known as COVID-19, has spread across the globe and is impacting worldwide economic activity. The extent of the impact of this outbreak and related containment measures on the Society's operations cannot be reliably estimated at this time.

The Society has had to cancel all room bookings from the middle of March 2020 until further notice due to social distancing requirements. In addition, the rental agreement with Koerner's pub has been amended to give a 50% discount for the fiscal year ending May 31, 2021.

The Association has claimed \$7,490 of assistance under the Canada Revenue Agency's 10% Wage Subsidy for the year ended May 31, 2020.