

GRADUATE STUDENT SOCIETY OF UBC VANCOUVER
Financial Statements
May 31, 2023

GRADUATE STUDENT SOCIETY OF UBC VANCOUVER
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Year Ended May 31, 2023

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INDEPENDENT AUDITOR'S REPORT

To the Members of Graduate Student Society of UBC Vancouver

Report on the Financial Statements

Opinion

We have audited the financial statements of Graduate Student Society of UBC Vancouver (the "Society"), which comprise the statement of financial position as at May 31, 2023, 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, 2023, and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

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 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 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 ASNPO, 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.

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Independent Auditor's Report to the Members of Graduate Student Society of UBC Vancouver
(continued)

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:

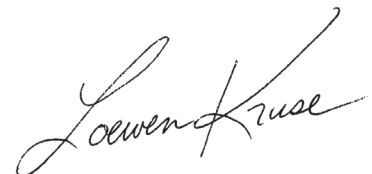
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting 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.
- 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 Societies Act of British Columbia, we report that, in our opinion, the accounting policies applied in preparing and presenting the financial statements in accordance with Canadian Accounting Standards for Not-for-profit Organizations have been applied on a basis consistent with that of the preceding year, except for retrospective adjustments described in *Note 2*.

Burnaby, British Columbia
February 22, 2024



Chartered Professional Accountants

GRADUATE STUDENT SOCIETY OF UBC VANCOUVER
Statement of Financial Position
May 31, 2023

	2023	2022 <i>(Note 2)</i>
ASSETS		
CURRENT		
Cash	\$ 722,461	\$ 586,197
Accounts and grants receivable	94,947	89,702
Prepaid expenses	4,374	6,449
	<u>821,782</u>	682,348
INVESTMENTS <i>(Note 4)</i>	830,042	788,179
CAPITAL ASSETS <i>(Note 5)</i>	11,751	13,870
	<u>\$ 1,663,575</u>	<u>\$ 1,484,397</u>
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities	\$ 210,452	\$ 152,730
Payable to government authorities <i>(Note 6)</i>	9,572	9,336
Unearned rental revenue and security deposit	28,000	14,000
	<u>248,024</u>	176,066
SECURITY DEPOSITS PAYABLE	2,250	16,250
	<u>250,274</u>	192,316
NET ASSETS		
Unrestricted	833,135	778,285
Internally restricted reserves <i>(Note 7)</i>	580,166	513,796
	<u>1,413,301</u>	1,292,081
	<u>\$ 1,663,575</u>	<u>\$ 1,484,397</u>

COMMITMENTS *(Note 8)*

On behalf of the Council

_____ *President*

_____ *Financial Officer*

See notes to financial statements

GRADUATE STUDENT SOCIETY OF UBC VANCOUVER**Statement of Changes in Net Assets****Year Ended May 31, 2023**

	Unrestricted	Internally Restricted	2023	2022
NET ASSETS - BEGINNING OF YEAR				
As previously reported	\$ 792,167	\$ 513,796	\$ 1,305,963	\$ 1,163,856
Amortization restatement (<i>Note 2</i>)	(13,882)	-	(13,882)	(13,882)
As restated	778,285	513,796	1,292,081	1,149,974
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	168,675	(47,455)	121,220	142,107
Internal transfers (<i>Note 7</i>)	(113,825)	113,825	-	-
NET ASSETS - END OF YEAR	\$ 833,135	\$ 580,166	\$ 1,413,301	\$ 1,292,081

See notes to financial statements

GRADUATE STUDENT SOCIETY OF UBC VANCOUVER

Statement of Operations

Year Ended May 31, 2023

	2023	2022 <i>(Note 14)</i>
REVENUE		
Membership fees	\$ 693,946	\$ 665,000
Rental revenue	107,400	109,353
Pub joint venture income	76,000	66,500
Work learn wage subsidies	43,793	26,873
Unrealized gain (loss) on investments	38,979	(50,761)
Grants	30,000	56,230
Interest income	15,658	5,956
Student events	15,643	15,526
Other income	3,075	336
	<u>1,024,494</u>	<u>895,013</u>
EXPENSES		
Salaries, wages and benefits	323,834	309,906
Honoraria	125,789	112,286
Student programs	111,265	67,538
Student events and special projects	88,570	40,325
Council, committees, and conferences	88,350	43,010
Professional fees	69,490	83,453
Rental	36,457	35,000
Business taxes, licenses and memberships	17,100	13,011
Office	15,092	12,974
Insurance	14,479	15,160
Amortization	7,237	6,284
Interest and bank charges	5,611	7,212
Bad debts	-	6,747
	<u>903,274</u>	<u>752,906</u>
EXCESS OF REVENUE OVER EXPENSES	<u>\$ 121,220</u>	<u>\$ 142,107</u>

See notes to financial statements

GRADUATE STUDENT SOCIETY OF UBC VANCOUVER

Statement of Cash Flows

Year Ended May 31, 2023

	2023	2022
OPERATING ACTIVITIES		
Excess of revenue over expenses	\$ 121,220	\$ 142,107
Items not affecting cash:		
Amortization	7,237	6,284
Unrealized (gain) loss on investments	(38,979)	50,761
	<u>89,478</u>	<u>199,152</u>
Changes in non-cash working capital:		
Accounts and grants receivable	(5,245)	3,682
Prepaid expenses	2,075	(3,404)
Accounts payable and accrued liabilities	57,720	59,095
Payable to government authorities	236	5,640
Unearned rental revenue and security deposit	14,000	-
Security deposits payable	(14,000)	1,880
Deferred contributions	-	(25,000)
	<u>54,786</u>	<u>41,893</u>
Cash flow from operating activities	<u>144,264</u>	<u>241,045</u>
INVESTING ACTIVITIES		
Purchase of investments	(2,884)	(534,606)
Purchase of capital assets	(5,116)	(6,969)
Proceeds from joint venture	-	12,667
	<u>(8,000)</u>	<u>(528,908)</u>
Cash flow from (used by) investing activities	<u>(8,000)</u>	<u>(528,908)</u>
INCREASE (DECREASE) IN CASH FLOW	136,264	(287,863)
Cash - beginning of year	<u>586,197</u>	<u>874,060</u>
CASH - END OF YEAR	\$ 722,461	\$ 586,197
CASH CONSISTS OF:		
Unrestricted cash	\$ 714,467	\$ 576,707
Internally restricted cash	<u>7,994</u>	<u>9,490</u>
	<u>\$ 722,461</u>	<u>\$ 586,197</u>

See notes to financial statements

GRADUATE STUDENT SOCIETY OF UBC VANCOUVER

Notes to Financial Statements

Year Ended May 31, 2023

1. PURPOSE OF THE SOCIETY

Graduate Student Society of UBC Vancouver (the "Society") is a not-for-profit organization incorporated provincially under the Societies Act of British Columbia. As a not-for-profit organization, it is not subject to income taxes under section 149(1)(l) of the Income Tax Act.

The Society operates to:

Promote the role of post-secondary, in particular graduate education, and to encourage increased participation by members of the community in post-secondary education at the University of British Columbia ("UBC").

Promote graduate student representation at all levels of decision making at the university, and provide appropriate support for graduate students involved in academic disputes.

Provide, maintain and operate the Thea Koerner House Graduate Student Centre as a centre for the recreation and convenience of graduates at UBC.

2. AMORTIZATION RESTATEMENT

The Society has corrected its capital assets for an understatement of amortization expense prior to fiscal 2022. Some of the capital asset groupings included assets that were not amortized at their appropriate rates consistently over their useful lives, and so the Society has retrospectively adjusted the accumulated amortization balances within those groupings to recognize the amortization that should have been recorded prior to June 1, 2022.

To account for this change in the current and prior years, the opening unrestricted net assets balance decreased \$13,882 and the related capital assets decreased \$13,882.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

(continues)

GRADUATE STUDENT SOCIETY OF UBC VANCOUVER

Notes to Financial Statements

Year Ended May 31, 2023

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

Revenue recognition

The Society follows the deferral method of accounting for contributions.

Externally restricted contributions, including subsidies and grants designated for specific programs, are recognized as revenue in the year in which the related expenses are incurred. Externally restricted amounts can only be used for purposes designated by the contributor. Contributions externally restricted for the purchase of capital assets are deferred and amortized into revenue on the same basis as the related capital assets' amortization.

Unrestricted contributions are recognized when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Membership fees are recognized when earned based on the academic periods that graduate student remain members and the fees are collected by UBC, with accrual of any months for which payment is outstanding at year-end.

Rental revenue from lease agreements are recognized as earned on a straight-line basis over the term of the lease agreement with advance payments and other unearned amounts recorded as unearned rental revenue at year-end. Short-term rental revenue is recognized as earned when the facilities are used.

Pub joint venture income is recognized as revenue when earned using the accrual method of accounting.

Investment income is recognized as revenue when earned using the accrual method of accounting.

Student events income is recognized as earned when the event is held.

Contributed services and materials

Volunteers assist the Society in carrying out its programs. Due to the difficulty in determining their fair value, contributed services are not recognized in the financial statements.

Contributed materials or gifts-in-kind are only recognized when their fair value is reasonably determinable and significant, with such items recorded at fair value on the date of the contribution. During the year the Society received non-cash gifts-in-kind of \$Nil (2022 - \$Nil).

Financial instruments

All financial instruments are initially recorded at their fair market value. Publicly traded financial instruments quoted in an active market are subsequently measured at fair value with any unrealized gains or losses and transaction costs recognized in net excess of revenue over expenses. All other financial instruments are adjusted for any transaction costs incurred on acquisition and are subsequently measured at their amortized cost. Financial instrument impairments and impairment reversals are recognized when incurred in net excess of revenue over expenses.

Cash and cash equivalents

Any term deposits or similar contractual instruments that are cashable and have a maturity term of three months or less are classified as cash equivalents.

(*continues*)

GRADUATE STUDENT SOCIETY OF UBC VANCOUVER

Notes to Financial Statements

Year Ended May 31, 2023

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

Investments

Investments consist of a guaranteed investment certificate that has a maturity date of more than three months and publicly traded mutual funds. These investments have been classified as long term assets as they will be held and reinvested to cover long term internally restricted reserves and satisfy future programs rather than utilized for current operational needs. The value of the investments includes unrealized gains and losses arising from changes in the market values with such changes reflected on the Statement of Operations separately from realized gains and losses on the disposal of investments. Accrued interest is included in the investments balance. See *Note 4* for additional details of investments held at year-end.

Investment in joint venture

The Society has an agreement in place with an incorporated company to operate a pub at the Thea Koerner House Graduate Student Centre. The daily operations are managed by the company, while all aspects of the business activity, including investing and financing decisions, are subject to joint control. The joint venture is accounted for using the equity method whereby the Society recognizes an agreed to fixed amount each month as its share of income. A joint venture investment asset is increased for this income and reduced for any amounts distributed to it by the company. As the agreement states that the amount will be paid monthly, the investment's balance is normally nil\$ at year-end except for when any distributions are outstanding. The agreement originally expired June 1, 2023 but was renewed for 5 years to June 1, 2028 subsequent to year end.

Capital assets

Capital assets purchased are stated at cost less accumulated amortization, while capital assets contributed are recorded at the fair value as of the date of receipt. Amortization is provided at various rates on a straight line basis designed to amortize the assets over the estimated useful lives. The amortization rates are as follows:

Furniture and equipment	5 years
Computer equipment	5 years
Leasehold improvements	5 years

The Society writes off capital assets that are fully amortized in the previous year.

Measurement uncertainty

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 amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from these estimates. Material uncertainties involving management estimates include the evaluation of the collectability of accounts and grants receivable and determination of useful lives of capital assets for the purposes of calculating amortization, specifically leasehold improvements.

GRADUATE STUDENT SOCIETY OF UBC VANCOUVER

Notes to Financial Statements

Year Ended May 31, 2023

4. INVESTMENTS

	<u>2023</u>	<u>2022</u>
Mutual funds - cost	\$ 711,049	\$ 708,420
Unrealized losses on mutual funds	(11,782)	(50,761)
Guaranteed investment certificate (GIC)	<u>130,775</u>	<u>130,520</u>
	<u>\$ 830,042</u>	<u>\$ 788,179</u>

The GIC accrues interest at 4.00% per annum (2022 – 1.60% per annum) and the maturity date is May 1, 2024.

5. CAPITAL ASSETS

	Cost <i>(Note 2)</i>	Accumulated amortization <i>(Note 2)</i>	2023 Net book value	2022 Net book value <i>(Note 2)</i>
Furniture and equipment	\$ 15,570	\$ 14,297	\$ 1,273	\$ 2,855
Computer equipment	22,027	12,721	9,306	9,573
Leasehold improvements	1,352	180	1,172	1,442
	<u>\$ 38,949</u>	<u>\$ 27,198</u>	<u>\$ 11,751</u>	<u>\$ 13,870</u>

The land and building known as the Thea Koerner House Graduate Student Centre (the "Centre") is not presented in the financial statements as title rests with UBC and the Centre is only managed by the Society under terms of an operating lease agreement with the university. Only leasehold improvements to the building paid for by the Society are reflected in these financial statements, while improvements paid by UBC are not.

6. PAYABLE TO GOVERNMENT AUTHORITIES

	<u>2023</u>	<u>2022</u>
GST	\$ 1,449	\$ 2,827
Source deductions	8,083	5,188
WorkSafe BC premiums	40	1,155
PST	-	166
	<u>9,572</u>	<u>9,336</u>

GRADUATE STUDENT SOCIETY OF UBC VANCOUVER

Notes to Financial Statements

Year Ended May 31, 2023

7. INTERNALLY RESTRICTED RESERVES

The Society has established the following internally restricted reserves:

Event reserve

The event reserve was established to provide a rebate of event expenses to affiliate organizations.

Graduate student financial aid reserve

The graduate student financial aid reserve was established to support graduate students at UBC Vancouver who are experiencing unforeseen financial hardship. The reserve was previously funded in prior years by internal transfers from unrestricted net assets, but starting in September 2021 a special levy fee on members was introduced to finance expenses.

Capital projects improvement reserve

The capital projects improvement reserve ("CPIR") was established to fund facilities to enable people with disabilities to access the graduate student centre, as well as other renovations and capital improvements. The expenditures are funded through a special levy fee on members.

Contingency reserve

The contingency reserve 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 Reserve	Graduate Student Financial Aid Reserve	Capital Projects Improvement Reserve	Contingency Reserve	Total
<u>Balances and transactions</u>					
Beginning balance	\$ 5,076	\$ 4,414	\$ 406,411	\$ 97,895	\$ 513,796
Expenses	(7,076)	(40,379)	-	-	(47,455)
	(2,000)	(35,965)	406,411	97,895	466,341
Member levy fee transfers	-	23,959	72,982	-	96,941
Restrictions by cash transfer	2,000	20,000	-	-	22,000
Capital additions	-	-	(5,116)	-	(5,116)
Net transfers	2,000	43,959	67,866	-	113,825
Ending balance	\$ -	\$ 7,994	\$ 474,277	\$ 97,895	\$ 580,166
<u>Internally restricted assets</u>					
Cash	\$ -	\$ 7,994	\$ -	\$ -	\$ 7,994
Investments	-	-	474,277	97,895	572,172
	\$ -	\$ 7,994	\$ 474,277	\$ 97,895	\$ 580,166

See Note 8 below regarding commitments for the CPIR.

GRADUATE STUDENT SOCIETY OF UBC VANCOUVER

Notes to Financial Statements

Year Ended May 31, 2023

8. COMMITMENTS

Lease

The Society has a lease with respect to its premises that ends on December 31, 2025, with an option to renew for an additional ten years at the discretion of the Society. Under the lease agreement, the Society is required to pay a minimum base lease of \$33,532 per year, adjusted for consumer price index increases and tri-annual reviews after 2016, as well as additional sewage and service levies calculated each year based on usage, utility costs and assessed property values. Future minimum lease payments are as follows:

2024	\$	33,532
2025		33,532
2026		33,532
		<hr/>
	\$	<u>100,596</u>

Letters of credits outstanding

The Society has letters of credits outstanding of \$2,000 (2022 - \$2,000).

Graduate Life Centre project

On May 30, 2023 the Society signed an agreement to commit \$120,870 towards furniture and audio video equipment purchases as part of the Graduate Life Centre project undertaken by UBC to renovate the Thea Koerner House. The funds for this commitment will be paid from the CPIR. The Society has also internally assigned a further \$250,000 of the CPIR to cover any additional unforeseen outlays that may arise during the renovation process.

9. CREDIT FACILITY

The Society has an unsecured credit facility with Scotiabank, which includes nine credit cards with a combined limit of \$33,000 and bears interest at 19.99% annually on overdue balances.

10. DIRECTOR REMUNERATION

In accordance with the Societies Act of British Columbia, the Society is required to disclose that Directors were compensated as follows:

President	\$	21,149
VP University and Academic Affairs		19,951
VP Student		19,799
VP External Relations		17,577
Financial Officer		13,508
		<hr/>
	\$	<u>91,984</u>

11. REMUNERATION DISCLOSURE

In accordance with the Societies Act of British Columbia, the Society is required to disclose the one individual and person under a contract for services that exceeded \$75,000 of annual remuneration was paid a total sum of \$78,001.

GRADUATE STUDENT SOCIETY OF UBC VANCOUVER

Notes to Financial Statements

Year Ended May 31, 2023

12. ECONOMIC DEPENDENCE

The Society is reliant upon membership fees collected from students by UBC for 75% (2022 - 84%) of its revenue and as such is economically dependent on that organization for its on-going operations.

13. FINANCIAL INSTRUMENTS RISKS

Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Society is exposed to credit risk for its cash and accounts and grants receivable. Exposures to credit risk and significant changes to the risk exposure from the prior year are as follows:

- Cash held at year-end exceed the amounts covered by the Canadian Deposit Insurance Corporation, serving to increase credit risk. The Society mitigates this risk by depositing its cash with large, high quality financial institutions.
- Accounts and grants receivable are non-interest bearing and can be outstanding for a significant period of time. Accounts and grants receivable have increased from the prior year, resulting in an increase in credit risk exposure.

Concentrations of credit risk include:

- 100% of the accounts and grants receivable are due from a single organization, therefore any financial difficulties encountered by this organization may affect the collectability and valuation of the receivables. This risk is mitigated as the organization is a large government funded university.

Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market.

The Society is exposed to other price risk for its mutual funds as the fair value can be significantly affected by price and valuation changes in the open market. All mutual funds are actively managed by a professional portfolio manager using a diverse portfolio that includes both Canadian and US equities, which serves to reduce the overall other price risk.

14. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation, specifically:

- The revenue and expense groupings have been changed to match the new presentation format of the Statement of Operations, with interest and bank charges now presented separately from professional fees to better reflect the nature of the underlying disbursements.
-