

**THE GRADUATE STUDENTS' ASSOCIATION OF  
THE UNIVERSITY OF ALBERTA**

Financial Statements  
Year Ended March 31, 2016

# THE GRADUATE STUDENTS' ASSOCIATION OF THE UNIVERSITY OF ALBERTA

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Year Ended March 31, 2016

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## INDEPENDENT AUDITORS' REPORT

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### To the Members of The Graduate Students' Association of the University of Alberta

We have audited the accompanying financial statements of The Graduate Students' Association of the University of Alberta, which comprise the statement of financial position as at March 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.

#### Auditors' 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 entity'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 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 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 Students' Association of the University of Alberta as at March 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.

*Collins Barrow Edmonton LLP*

Edmonton, Alberta  
July 5, 2016

Chartered Accountants

# THE GRADUATE STUDENTS' ASSOCIATION OF THE UNIVERSITY OF ALBERTA

Statement of Financial Position

March 31, 2016

	2016	2015
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash	\$ 929,985	\$ 963,460
Accounts receivable	107,343	101,382
Prepaid expenses	2,001	3,301
	<b>1,039,329</b>	1,068,143
RESTRICTED CASH (Note 3)	<b>1,110,968</b>	1,063,175
PROPERTY AND EQUIPMENT (Note 4)	<b>57,030</b>	82,490
	<b>\$ 2,207,327</b>	<b>\$ 2,213,808</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT</b>		
Accounts payable and accrued liabilities (Note 5)	\$ 87,570	\$ 126,699
Health and dental plan payable	224,471	197,796
Deferred contributions (Note 6)	217,079	254,156
	<b>529,120</b>	578,651
DEFERRED CONTRIBUTIONS RELATED TO PROPERTY AND EQUIPMENT (Note 7)	<b>19,166</b>	29,166
	<b>548,286</b>	607,817
<b>NET ASSETS</b>		
Invested in property and equipment	<b>37,864</b>	53,324
Internally restricted (Note 8)	<b>1,060,757</b>	957,222
Unrestricted	<b>560,420</b>	595,445
	<b>1,659,041</b>	1,605,991
	<b>\$ 2,207,327</b>	<b>\$ 2,213,808</b>

LEASE COMMITMENTS (Note 9)

## APPROVED BY THE BOARD

\_\_\_\_\_  
*President*

\_\_\_\_\_  
*Vice President*

\_\_\_\_\_  
*Executive Director*

See notes to financial statements

# THE GRADUATE STUDENTS' ASSOCIATION OF THE UNIVERSITY OF ALBERTA

## Statement of Operations

Year Ended March 31, 2016

	2016	2015
<b>REVENUES</b> <i>(Schedule 1)</i>		
Graduate Students' Support Fund	\$ 732,106	\$ 675,127
Administration and services	1,120,817	1,107,994
Other restricted	100,698	79,611
Commercial activities	36,105	9,480
Unitized Endowment Pool	53,864	53,283
	<b>2,043,590</b>	1,925,495
<b>EXPENSES</b> <i>(Schedules 2 and 3)</i>		
Graduate Students' Support Fund	732,606	675,127
Administration and services	1,098,129	1,042,636
Other restricted	79,026	79,611
Commercial activities	10,590	9,480
	<b>1,920,351</b>	1,806,854
	<b>123,239</b>	118,641
<b>Health and Dental Plan - net</b> <i>(Schedule 1)</i>	<b>(70,189)</b>	<b>(100,499)</b>
<b>REVENUES OVER EXPENSES</b>	<b>\$ 53,050</b>	<b>\$ 18,142</b>

See notes to financial statements

# THE GRADUATE STUDENTS' ASSOCIATION OF THE UNIVERSITY OF ALBERTA

## Statement of Changes in Net Assets

Year Ended March 31, 2016

	Internally Restricted Net Assets (Note 8)						Unrestricted	2016	2015
	Invested in Property and Equipment	Health and Dental Plan Reserve Fund	Legal Defense Fund	Financial Stabilization Fund	Human Resource Fund	Total Internally Restricted Funds			
<b>NET ASSETS - BEGINNING OF YEAR</b>	\$ 53,324	\$ 220,946	\$ 86,276	\$ 650,000	\$ -	\$ 957,222	\$ 595,445	<b>\$ 1,605,991</b>	\$ 1,587,849
Revenues over (under) expenses	(15,460)	(70,189)	-	-	-	(70,189)	138,699	<b>53,050</b>	18,142
Transfers	-	-	63,724	50,000	60,000	173,724	(173,724)	-	-
<b>NET ASSETS - END OF YEAR</b>	\$ 37,864	\$ 150,757	\$ 150,000	\$ 700,000	\$ 60,000	\$ 1,060,757	\$ 560,420	<b>\$ 1,659,041</b>	\$ 1,605,991

See notes to financial statements

# THE GRADUATE STUDENTS' ASSOCIATION OF THE UNIVERSITY OF ALBERTA

## Statement of Cash Flows

Year Ended March 31, 2016

	2016	2015
<b>CASH PROVIDED BY (USED IN):</b>		
<b>OPERATING ACTIVITIES</b>		
Revenues over expenses	\$ 53,050	\$ 18,142
Items not affecting cash:		
Amortization	25,460	27,340
Amortization of deferred contributions related to property and equipment	(10,000)	(10,000)
	68,510	35,482
Changes in non-cash working capital <i>(Note 10)</i>	(54,192)	133,664
	14,318	169,146
<b>INVESTING ACTIVITY</b>		
Increase in restricted cash	(47,793)	(168,841)
	(47,793)	(168,841)
<b>(DECREASE) INCREASE IN CASH</b>	<b>(33,475)</b>	<b>305</b>
Cash - beginning of year	963,460	963,155
<b>CASH - END OF YEAR</b>	<b>\$ 929,985</b>	<b>\$ 963,460</b>

See notes to financial statements

# THE GRADUATE STUDENTS' ASSOCIATION

Notes to Financial Statements

Year Ended March 31, 2016

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## 1. NATURE OF OPERATIONS

The Graduate Students' Association of the University of Alberta (the "Association") is a not-for-profit organization incorporated on December 20, 1972 pursuant to Section 94(1) of The Post-Secondary Learning Act. The purpose of the Association is to represent the interests of graduate students before the University administration and the general public. As a not-for-profit organization under the Income Tax Act (Canada), the Association is exempt from income taxes.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### (a) Basis of Presentation

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations.

### (b) Cash

Cash is defined as cash on hand and cash on deposit, net of cheques issued and outstanding at the reporting date.

### (c) Revenue Recognition

The Association follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. 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.

Student fees cover the academic year from September to August. A portion of fees received for the period from April to August is recorded as unearned fees and recognized as revenue in the following fiscal year. Other revenue is recorded in the period in which it is earned.

### (d) Donated Goods and Services

The work of the Association is dependent on the donated goods and voluntary services of many members. The value of donated goods and services is not recognized in these statements.

### (e) Property and Equipment

Property and equipment are recorded at cost and amortized on the straight-line basis over their estimated useful lives using the following annual rates:

Leasehold improvements	10%
Furniture and fixtures	20%
Computer equipment	30%

### (f) Activity Expenses

The Association has chosen to classify their expenses by function. Detailed revenue and expenses for each function are disclosed in the supporting schedules.

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# THE GRADUATE STUDENTS' ASSOCIATION

Notes to Financial Statements

Year Ended March 31, 2016

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## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

### (g) 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 and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Significant estimates used in the preparation of the financial statements include estimated useful life of property and equipment for purposes of calculating amortization, accrued liabilities and deferred contributions related to property and equipment. Actual results could differ from those estimates.

### (h) Financial Instruments

#### *Measurement of Financial Instruments*

Financial instruments are financial assets or financial liabilities of the Association where, in general, the Association has the right to receive cash or other financial asset from another party or the Association has the obligation to pay another party cash or other financial assets.

The Association initially measures its financial assets and financial liabilities at fair value.

The Association subsequently measures all its financial assets and financial liabilities at amortized cost.

Financial assets measured at amortized cost include cash, accounts receivable and restricted cash.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities and health and dental plan payable.

#### *Impairment*

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in operations. A previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in operations.

# THE GRADUATE STUDENTS' ASSOCIATION

Notes to Financial Statements

Year Ended March 31, 2016

## 3. RESTRICTED CASH

Restricted cash consists of the following:

	2016	2015
Health and Dental Reserve Fund, Financial Stabilization Fund, Legal Defense Fund, and Human Resources Fund-a number of Guaranteed Investment Certificates bearing interest at various rates and maturing from May 2017 to July 2018	\$ 1,110,968	\$ 668,252
Share in Unitized Endowment Pool	-	394,923
	<b>\$ 1,110,968</b>	<b>\$ 1,063,175</b>

Restricted cash has been designated for specific purposes described in Note 8.

During the year, the University of Alberta transferred the Association's share in the Unitized Endowment Pool to the Association in order to comply with the University's investment policy. The proceeds of the share was invested in a GIC bearing interest at 0.85% per annum and maturing July 23, 2018.

## 4. PROPERTY AND EQUIPMENT

	Cost	Accumulated amortization	2016 Net book value	2015 Net book value
Leasehold improvements	\$ 198,000	\$ 159,885	\$ 38,115	\$ 57,915
Furniture and fixtures	104,373	89,178	15,195	18,993
Computer equipment	73,622	69,902	3,720	5,582
	<b>\$ 375,995</b>	<b>\$ 318,965</b>	<b>\$ 57,030</b>	<b>\$ 82,490</b>

## 5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

The decrease to accounts payable and accrued liabilities in 2016 was largely due to a reduced balance payable relating to the Graduate Students' Support Fund which resulted from a large payment made prior to year-end.

# THE GRADUATE STUDENTS' ASSOCIATION

Notes to Financial Statements

Year Ended March 31, 2016

## 6. DEFERRED CONTRIBUTIONS

Deferred contributions represent unspent resources externally restricted for specific purposes as follows:

	2015	Contributions received during the year	Amounts recognized as revenue	2016
Graduate Students' Support Fund	\$ 128,846	\$ 689,000	\$ 732,106	\$ 85,740
Graduate Student Assistance Program	94,831	83,854	64,837	113,848
Alberta Graduate Council Fees	30,479	7,094	21,672	15,901
Continuum Funding	-	1,590	-	1,590
	<b>\$ 254,156</b>	<b>\$ 781,538</b>	<b>\$ 818,615</b>	<b>\$ 217,079</b>

## 7. DEFERRED CONTRIBUTIONS RELATED TO PROPERTY AND EQUIPMENT

Deferred contributions related to property and equipment represent funds received from the University of Alberta which have been used to fund the renovation of the Killam Centre for Advanced Studies. The deferred contributions related to property and equipment is amortized on the same basis as the related leasehold improvements.

Changes to the deferred contributions related to property and equipment balance were as follows:

	2016	2015
Balance at beginning of year	\$ 29,166	\$ 39,166
Amount recognized as revenue	(10,000)	(10,000)
	<b>\$ 19,166</b>	<b>\$ 29,166</b>

# THE GRADUATE STUDENTS' ASSOCIATION

Notes to Financial Statements

Year Ended March 31, 2016

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## 8. INTERNALLY RESTRICTED NET ASSETS

Internally restricted net assets are comprised of the following funds:

### Legal Defense Fund

The Legal Defense Fund was established to provide resources to enter into legal action where appropriate. Any unspent funds at year-end from the budgeted legal fees are placed into the fund.

During the year, \$63,724 (2015 - \$5,787) was transferred into the fund.

### Health and Dental Plan Reserve Fund

The Health and Dental Plan Reserve Fund was established to ensure that adequate funds would be available in the event the Health and Dental Plan costs exceed the amounts collected in fees from graduate students. The fund balance fluctuates to allow for the addition or withdrawal of investment funds depending on when fees collected exceed or are less than plan costs.

### Financial Stabilization Fund

The Financial Stabilization Fund was established to safeguard the Association against uncertainty and to provide for unknown, unexpected expenditures that would provide for the ongoing operations of the Association. The balance will be adjusted annually at the discretion of the Board and will grow until it is equal to at least six months' operating costs.

During the year, \$50,000 (2015 - \$150,000) was transferred into the fund.

### Human Resource Fund

The Human Resource Fund was established to fund medical and parental leave for the staff and the managers.

During the year, \$60,000 (2015 - \$nil) was transferred into the fund.

## 9. LEASE COMMITMENTS

The Association has a five year lease which expires June 2016, to lease a portion of the Killam Centre for Advanced Studies from the University of Alberta at \$1 per year and utilities at no cost. Subsequent to the year-end, the Association renewed the lease for another five years under the same terms.

The Association leases photocopiers under operating leases expiring in 2018. Future minimum annual lease payments are as follows:

2017	\$	3,833
2018		<u>3,833</u>
	\$	<u>7,666</u>

# THE GRADUATE STUDENTS' ASSOCIATION

Notes to Financial Statements

Year Ended March 31, 2016

## 10. CHANGES IN NON-CASH WORKING CAPITAL

	2016	2015
Accounts receivable	\$ (5,961)	\$ (1,904)
Prepaid expenses	1,300	1,237
Accounts payable and accrued liabilities	(39,129)	98,757
Health and dental plan payable	26,675	10,733
Deferred contributions	(37,077)	24,841
	<b>\$ (54,192)</b>	<b>\$ 133,664</b>

## 11. FINANCIAL INSTRUMENTS

The Association's financial instruments consist of cash, accounts receivable, restricted cash, accounts payable and accrued liabilities and health and dental plan payable.

The Association is exposed to various risks through its financial instruments. The following analysis provides information about the Association's risk exposure as of March 31, 2016.

### Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Association does not believe it is subject to any significant concentration of credit risk. Cash is in place with a major financial institution. Accounts receivable are generally amounts receivable from the University of Alberta.

### Liquidity risk

Liquidity risk arises from the possibility that the Association might encounter difficulty in settling its debts or in meeting its obligations related to financial liabilities. It is the Association's opinion that there is no significant liquidity risk as of March 31, 2016.

### Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Association is exposed to interest rate risk arising on its interest bearing guaranteed investment certificates. As the guaranteed investment certificates are cashable at any time, the Association is not subject to interest rate risk.

# THE GRADUATE STUDENTS' ASSOCIATION OF THE UNIVERSITY OF ALBERTA

## Schedule of Revenues

(Schedule 1)

Year Ended March 31, 2016

	2016	2015
<b>Graduate Students' Support Fund</b>		
Child care grants	\$ 277,000	\$ 267,500
Emergency bursaries	130,770	87,353
Graduate student recognition awards	18,000	18,000
Academic travel awards	306,336	302,274
	<b>732,106</b>	<b>675,127</b>
<b>Administration and Services</b>		
Awards night	3,000	3,000
Graduate Students' Association fees	1,069,695	1,068,800
Investment and interest	10,191	6,129
Killam Centre for Advanced Studies	10,000	10,000
Miscellaneous	17,931	10,915
Orientation	10,000	9,150
	<b>1,120,817</b>	<b>1,107,994</b>
<b>Other Restricted</b>		
Graduate student assistance program	64,837	65,121
CJSR fees	14,189	14,490
Alberta Graduate Provincial Advocacy Council	21,672	-
	<b>100,698</b>	<b>79,611</b>
<b>Commercial Activities</b>		
Handbook	10,605	9,480
PAW revenue	25,500	-
	<b>36,105</b>	<b>9,480</b>
<b>Unitized Endowment Fund Pool</b>		
Investment income	12,880	11,565
Realized gain	40,984	-
Unrealized gain	-	41,718
	<b>\$ 53,864</b>	<b>\$ 53,283</b>
<b>TOTAL REVENUES</b>	<b>\$ 2,043,590</b>	<b>\$ 1,925,495</b>
<b>Health and Dental Plan</b>		
Plan fees	\$ 2,177,754	\$ 1,903,105
Plan expenses	(2,247,943)	(2,003,604)
	<b>\$ (70,189)</b>	<b>\$ (100,499)</b>

See notes to financial statements

# THE GRADUATE STUDENTS' ASSOCIATION OF THE UNIVERSITY OF ALBERTA

## Schedule of Expenses

(Schedule 2)

Year Ended March 31, 2016

	2016	2015
<b>Graduate Students' Support Fund</b>		
Child care grants	\$ 277,000	\$ 267,500
Emergency bursaries	130,770	87,353
Graduate student recognition awards	18,500	18,000
Academic travel awards	306,336	302,274
	<b>732,606</b>	<b>675,127</b>
<b>Administration and Services (Schedule 3)</b>		
Governance	186,057	185,860
Advocacy	30,877	17,716
Human resources	725,993	708,008
Office administration	27,319	31,236
Professional	62,406	26,929
Services	40,017	45,547
Amortization	25,460	27,340
	<b>1,098,129</b>	<b>1,042,636</b>
<b>Other Restricted</b>		
Graduate student assistance program	64,837	65,121
CJSR fees	14,189	14,490
	<b>79,026</b>	<b>79,611</b>
<b>Commercial Activities</b>		
Handbook	10,590	9,480
<b>TOTAL EXPENSES</b>	<b>\$ 1,920,351</b>	<b>\$ 1,806,854</b>

See notes to financial statements

# THE GRADUATE STUDENTS' ASSOCIATION OF THE UNIVERSITY OF ALBERTA

## Schedule of Administration and Services Expenses

(Schedule 3)

Year Ended March 31, 2016

	2016	2015
<b>Governance</b>		
Elected Officers Stipends and Benefits	\$ 163,284	\$ 159,756
Employer Contributions		
Employer CPP contributions	7,077	6,943
Employer EI contributions	4,188	4,102
	<b>11,265</b>	<b>11,045</b>
Elected Officers - Other		
Insurance (Director and Officer liability insurance)	1,215	1,950
Transition/Early Call for Talent	1,188	4,219
Executive officers recognition	147	193
Executive officers discretionary expenses	545	720
Board and other committees	2,632	1,546
	<b>5,727</b>	<b>8,628</b>
Council		
Council/food/other	2,647	2,991
Election	69	598
Council Speaker honorarium	1,500	1,800
Chief Returning Officer honorarium	1,065	1,042
Other honorarium	500	-
	<b>5,781</b>	<b>6,431</b>
	<b>\$ 186,057</b>	<b>\$ 185,860</b>
<b>Advocacy</b>		
Government and External Relations	\$ 8,579	\$ 12,628
University Relations	626	4,097
New Provincial Graduate Student Advocacy Fees (formerly Alberta Graduate Council Fee)	21,672	991
	<b>\$ 30,877</b>	<b>\$ 17,716</b>

(continues)

See notes to financial statements



# THE GRADUATE STUDENTS' ASSOCIATION OF THE UNIVERSITY OF ALBERTA

Schedule of Administration and Services Expenses *(continued)*

*(Schedule 3)*

Year Ended March 31, 2016

## Human Resources

Salaries and Benefits	\$ 685,232	\$ 663,035
Employer Contributions		
Employer CPP contributions	21,145	21,972
Employer EI contributions	11,343	11,977
	<b>32,488</b>	<b>33,949</b>
Other HR		
Staff recognition	948	1,359
Professional expense allowance	4,304	6,084
Workers' Compensation Board	1,581	1,979
Parking	1,440	1,602
	<b>8,273</b>	<b>11,024</b>
	<b>\$ 725,993</b>	<b>\$ 708,008</b>

## Office Administration and Operational Costs

Small equipment purchases	\$ 8,775	\$ 5,713
Telephone and cable	3,442	3,442
Office supplies	2,655	5,221
Repairs and maintenance	2,051	959
Payroll and bank service charges	1,168	1,548
Photocopier lease (office)	8,613	13,738
Insurance	615	615
	<b>\$ 27,319</b>	<b>\$ 31,236</b>

## Professional

Financial audit	\$ 9,660	\$ 9,660
Consultants	2,481	3,057
IT consultants	29,766	-
Legal fees - general	20,499	14,212
	<b>\$ 62,406</b>	<b>\$ 26,929</b>

*(continues)*

See notes to financial statements

# THE GRADUATE STUDENTS' ASSOCIATION OF THE UNIVERSITY OF ALBERTA

Schedule of Administration and Services Expenses *(continued)*

*(Schedule 3)*

Year Ended March 31, 2016

<b>Service</b>		
Grants and Subsidies		
Academic workshop subsidies	\$ 5,500	\$ 5,500
External grants	1,550	2,233
	<b>7,050</b>	<b>7,733</b>
Student Groups		
Academically-related student group awards	14,981	14,276
Council remuneration student groups	4,475	4,025
	<b>19,456</b>	<b>18,301</b>
Other		
Annual Strategic Plan Initiatives	8,788	-
Association of Managers in Canadian College University and Student Centre membership	650	650
Food Bank contract	-	9,000
Photocopier lease (lounge)	-	3,554
Awards night	2,786	4,528
Orientation	1,287	1,781
	<b>13,511</b>	<b>19,513</b>
	<b>\$ 40,017</b>	<b>\$ 45,547</b>
<b>Amortization</b>	<b>\$ 25,460</b>	<b>\$ 27,340</b>
<b>TOTAL ADMINISTRATION AND SERVICES EXPENSES</b>	<b>\$ 1,098,129</b>	<b>\$ 1,042,636</b>

See notes to financial statements