



The Graduate Students Association of the U of A

Audit Findings Report
For the Year Ended March 31, 2024



RSM Canada LLP

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October 17, 2024

The Board of Directors
The Graduate Students Association of the U of A
Room1-49 University of Alberta, Triffo Hall
Edmonton, AB
T6G 2E1

Dear Sirs/Mesdames:

Re: Audit of the financial statements of The Graduate Students Association of the U of A

This report summarizes certain key audit findings and responses to assessed audit risks which we believe to be of interest to assist the Board of Directors in discharging their responsibilities in connection with the audited financial statements of The Graduate Students Association of the U of A (the "Association") for the year ended March 31, 2024.

We would like to express our appreciation for the cooperation we received from the officers and management of the Association with whom we worked during our audit. We look forward to meeting with the Board of Directors to discuss the content of this report and answering any questions you may have.

Yours very truly,

RSM Canada LLP

per: Leon Pfeiffer, Partner

cc: Lewie Moodley, Executive Director

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STATUS OF THE AUDIT

We have substantially completed our audit of the financial statements of the Association for the year ended March 31, 2024.

Outstanding items

The following items require completion prior to issuing our auditor's report:

- receipt of management representation letter (Appendix C);
- subsequent events review to audit report date; and
- approval of the financial statements by the Board of Directors.

Draft independent auditor's report and draft financial statements

Our draft independent auditor's report and draft financial statements is attached (Appendix B).

SIGNIFICANT AUDIT FINDINGS

Materiality

Final overall materiality was \$61,400 based on total revenues. This was not changed from planning materiality as communicated in our Audit Committee Planning Letter.

Accounting policies

Management is responsible for selecting and applying appropriate accounting policies. The Board of Directors is responsible to review accounting policies adopted by the Association and where alternative policies are available, determine the most appropriate policies to be adopted in the circumstances. If the Board of Directors believes that the adoption of or change in accounting policies may produce inappropriate or misleading financial reporting, this concern must be discussed with management and us.

Our views on the qualitative aspects of accounting practices used in the Association's financial reporting are intended to assist the Board of Directors in its review of the financial statements. Policies affecting the understandability, relevance, reliability and comparability of the financial statements are:

Changes in significant accounting policies, including adoption of new standards.	There were no new accounting policies adopted or changes to the application of accounting policies of the Association during the year.
Accounting policies unique to the industry, or relate to controversial or emerging areas.	No significant items to report.

Existence of alternative policies and methods.	No significant items to report.
Effect of timing of occurrence and recognition of transactions relating to when accounting policies are adopted.	No significant items to report.

Conclusion

We reviewed the significant accounting policies selected and applied by management and in our judgment we believe that the accounting policies are, in all material respects, acceptable under Canadian accounting standards for not-for-profit organizations and are appropriate to the particular circumstances of the Association.

Significant risk

The following is a summary of key issues and significant risks of material misstatement, whether due to fraud or error.

Issue/Risk Area - Management override of controls

Issue/Risk Area

Management override of controls is, by definition, a significant risk

Our Response

During the course of our audit, we designed and performed audit procedures to respond to the risks of management override of controls. Our procedures included assessing appropriateness of general journal entries and other adjustments on a test basis, reviewing accounting estimates for biases and evaluating business rationale for transactions outside the normal course of business. These procedures did not reveal any evidence of management override of controls and, as such, no additional audit procedures were performed.

Conclusion

We reviewed all significant accounting estimates and agree that they are, in all material respects, free from possible management bias and of material misstatement. The audit procedures performed in the areas noted above were consistent with those set out in our Audit Committee Planning Letter. The accounting treatment of the items noted above and related disclosures are appropriate and in accordance with Canadian accounting standards for not-for-profit organizations. We were able to obtain sufficient appropriate audit evidence to reduce the risk of material misstatement in the financial statements to an appropriate low level.

MISSTATEMENTS AND ADJUSTMENTS

Adjustments

During our audit, we identified accounting differences that required adjustment. These differences were adjusted by management after discussion with us (Appendix D).

Misstatements

During our audit, we aggregated uncorrected financial statement misstatements. Management deemed the effects of these misstatements to be immaterial, both individually and in the aggregate, to the financial statements. Management has not corrected these misstatements. We are required to request that the Board of Directors consider adjusting the financial statements for these misstatements although we acknowledge that the amounts are below materiality (Appendix E).

OTHER FINDINGS AND RECOMMENDATIONS

Other Findings and Recommendations

During our audit, we may identify certain other items which we believe to be relevant to the responsibilities of the Board of Directors. The communication of these items is incidental to the purpose of our audit and no procedures have been carried out to determine whether other such matters exist. We identified the following item:

- During our audit, we noted that deferred revenue is being recorded when cash has not yet been received by debiting accounts receivable and crediting deferred revenue. We note that this is done in order to issue invoices and track receivables, however for year end financial statement purposes only deferred revenue received in cash can be included. Therefore we recommend that the Organization track these amounts and record an adjustment at year end to reverse any amounts in deferred revenue that have not yet been received in cash.

Appendix A

Other required communication

Area	Comment
Independence	CAS 260, Communication with Those Charged with Governance, requires communications in relation to any matters or relationships which we believe may have a bearing on RSM's independence or the objectivity of the audit engagement team. We have considered whether there are any independence matters or relationships that could have a bearing on the question of our independence. We confirm that, in our professional judgment, RSM is independent within the meaning of regulatory and professional requirements and the objectivity of the audit team is not impaired.
Illegal Acts, Fraud, Intentional Misstatements and Errors	Testing during our audit did not reveal any illegal, improper or questionable payments or acts, nor any acts committed with the intent to deceive, involving either misappropriation of assets or misrepresentation of financial information.
Related Party Transactions	We conducted tests and procedures to identify related parties and transactions. Our audit did not reveal any related parties or significant related party transactions that were not disclosed to us by management, nor did it reveal any significant related party transactions which give rise to suspected fraud. There has been no disagreement between management and ourselves regarding the accounting for and disclosure of related party transactions.
Disagreements with Management	During our audit, we did not have any significant disagreements with management.
Consultations with Other Accountants	We are not aware of any consultations that have taken place with other accountants.
Cooperation of Management	We received full cooperation of management and other personnel during our audit and we had full and unrestricted access to all records and personnel required to complete our audit. We encountered no significant difficulties during our audit that should be brought to the attention of the Board of Directors.

Appendix B

Draft independent auditor's report and draft financial statements



**THE GRADUATE STUDENTS ASSOCIATION
OF THE U OF A**
Financial Statements
Year Ended March 31, 2024

Draft for discussion purposes only

THE GRADUATE STUDENTS ASSOCIATION OF THE U OF A

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Year Ended March 31, 2024

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Draft for discussion purposes only

INDEPENDENT AUDITOR'S REPORT

To the Members of The Graduate Students Association of the U of A

Opinion

We have audited the financial statements of The Graduate Students Association of the U of A (the "Association"), which comprise the statement of financial position as at March 31, 2024, and the statements of operations, changes in net assets 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 Association as at March 31, 2024, 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.

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 Association 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 Canadian accounting standards 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 Association'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 Association or to cease operations, or has no realistic alternative but to do so.

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

(continues)

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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 Association'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 Association'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 Association 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.

Edmonton, Alberta

Chartered Professional Accountants

THE GRADUATE STUDENTS ASSOCIATION OF THE U OF A

Statement of Financial Position

March 31, 2024

	2024	2023
ASSETS		
CURRENT		
Cash	\$ 2,057,182	\$ 3,948,156
Short-term investments (Note 3)	161,288	237,251
Accounts receivable	271,373	197,625
Prepaid expenses	10,676	3,130
	2,500,519	4,386,162
RESTRICTED INVESTMENTS (Note 4)	3,340,465	3,341,901
	\$ 5,840,984	\$ 7,728,063
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities	\$ 227,733	\$ 218,908
Health and dental plan payable	961	2,310,106
Deferred contributions (Note 5)	1,027,128	789,337
	1,255,822	3,318,351
NET ASSETS		
Unrestricted	1,689,926	1,325,426
Internally restricted (Note 6)	2,895,236	3,084,286
	4,585,162	4,409,712
	\$ 5,840,984	\$ 7,728,063

LEASE COMMITMENT (Note 7)

ON BEHALF OF THE BOARD

President

Executive Director

Vice President

THE GRADUATE STUDENTS ASSOCIATION OF THE U OF A

Statement of Operations

Year Ended March 31, 2024

	2024	2023
REVENUES <i>(Schedule 1)</i>		
Administration, GSA fees and services	\$ 1,240,509	\$ 1,248,876
Graduate Student Support Fund	895,412	978,285
Other restricted	174,409	157,238
Commercial activities	32,906	25,214
	2,343,236	2,409,613
EXPENSES <i>(Schedule 2)</i>		
Administration and services <i>(Schedule 3)</i>	1,089,731	1,142,896
Graduate Student Support Fund	895,412	978,285
Other restricted	174,409	157,238
Commercial activities	5,109	12,259
	2,164,661	2,290,678
EXCESS OF REVENUES OVER EXPENSES FROM OPERATIONS	178,575	118,935
OTHER INCOME (EXPENSES)		
Investment and interest income	359,819	207,778
Unrealized gain (loss) on restricted investments	82,384	(60,185)
	442,203	147,593
Labour Union		
Labour union dues collected	97,884	73,706
Labour union interest income	14,701	1,763
Labour union expenses	(112,585)	(75,469)
	-	-
Health and dental plan net loss	(445,328)	(257,615)
	(3,125)	(110,022)
EXCESS OF REVENUES OVER EXPENSES	\$ 175,450	\$ 8,913

THE GRADUATE STUDENTS ASSOCIATION OF THE U OF A

Statement of Changes in Net Assets

Year Ended March 31, 2024

	2023 Balance	Excess (deficiency) of revenues over expenses	Transfers (Note 6)	2024 Balance
Unrestricted Fund	\$ 1,325,426	\$ 364,500	\$ -	\$ 1,689,926
	1,325,426	364,500	-	1,689,926
Internally Restricted Net Assets:				
Health and Dental Plan Fund	813,703	(399,451)	-	414,252
Legal Defense Fund	639,132	61,046	-	700,178
Financial Stabilization Fund	1,439,413	137,430	-	1,576,843
Human Resource Fund	95,419	2,743	-	98,162
Labour Union Fund	96,619	9,182	-	105,801
	3,084,286	(189,050)	-	2,895,236
	\$ 4,409,712	\$ 175,450	\$ -	\$ 4,585,162
	2022 Balance	Excess of revenues over expenses	Transfers (Note 6)	2023 Balance
Unrestricted Fund	\$ 1,190,822	\$ 247,604	\$ (113,000)	\$ 1,325,426
	1,190,822	247,604	(113,000)	1,325,426
Internally Restricted Net Assets:				
Health and Dental Plan Fund	1,039,655	(225,952)	-	813,703
Legal Defense Fund	585,622	(2,990)	56,500	639,132
Financial Stabilization Fund	1,394,281	(11,368)	56,500	1,439,413
Human Resource Fund	92,740	2,679	-	95,419
Labour Union Fund	97,679	(1,060)	-	96,619
	3,209,977	(238,691)	113,000	3,084,286
	\$ 4,400,799	\$ 8,913	\$ -	\$ 4,409,712

THE GRADUATE STUDENTS ASSOCIATION OF THE U OF A

Statement of Cash Flows

Year Ended March 31, 2024

	2024	2023
CASH PROVIDED BY (USED IN):		
OPERATING ACTIVITIES		
Excess of revenues over expenses	\$ 175,450	\$ 8,913
Items not affecting cash:		
Change in accrued interest income	(5,959)	(15,018)
Unrealized (gain) loss on restricted investments	(82,384)	60,185
	87,107	54,080
Changes in non-cash working capital (Note 8)	(2,143,823)	2,198,257
	(2,056,716)	2,252,337
INVESTING ACTIVITIES		
Purchase of restricted investments	(188,865)	(197,283)
Purchase of short-term investments	-	(69,923)
Redemption of restricted investments	278,644	20,192
Redemption of short-term investments	75,963	-
	165,742	(247,014)
(DECREASE) INCREASE IN CASH	(1,890,974)	2,005,323
Cash - beginning of year	3,948,156	1,942,833
CASH - END OF YEAR	\$ 2,057,182	\$ 3,948,156

THE GRADUATE STUDENTS ASSOCIATION OF THE U OF A

Notes to Financial Statements

Year Ended March 31, 2024

1. PURPOSE OF THE ASSOCIATION

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

Basis of presentation

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

Cash and cash equivalents

Cash and cash equivalents are defined as cash on hand and cash on deposit, net of cheques issued and outstanding at the reporting date, and cashable guaranteed investment certificates.

Restricted investments

Restricted investments consist of:

- Guaranteed investment certificates that are being held for long-term purposes and are recorded at cost.
- Mutual fund investments that have quoted prices in an active market and are carried at fair value. Unrealized gains or losses are reported in the statement of operations.

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 are recognized as revenue in the year to which they relate and services are provided.

Commission revenue from the health and dental plan consists of the difference between the premiums charged to the student body and the premiums paid to the administrator of the plan. The commission revenue is recognized when earned which is generally the point at which the Association remits the premiums to the administrator of the plan.

All other revenues are recorded in the period in which they are earned and collection is reasonably assured.

Investment and interest income are recognized on an accrual basis as they are earned. Interest income earned from the grant and labour accounts are deferred for future use.

Other restricted revenue consists of Graduate Student Assistance program and CSJR fees which is recognized in the year in which the services are provided and when collection is reasonably assured.

(continues)

THE GRADUATE STUDENTS ASSOCIATION OF THE U OF A

Notes to Financial Statements

Year Ended March 31, 2024

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

Donated goods and services

The work of the Association is dependent on the donated goods and voluntary services of many members. Because of the difficulty in determining the amount or fair value, the value of donated goods and services is not recognized in these statements.

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.

Financial instruments

Measurement

Financial instruments are financial assets or liabilities of the Association where, in general, the Association has the right to receive cash or another 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 liabilities at fair value.

The Association subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in the statement of operations.

Financial assets measured at amortized cost include cash, accounts receivable and guaranteed investment certificates included in restricted investments and short-term investments. The Association's financial assets measured at fair value are equity instruments included in restricted investments.

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

Transaction costs

Transaction costs and financing fees are expensed as incurred for financial instruments measured at fair value and capitalized for financial instruments that are subsequently measured at cost or amortized cost.

The Association recognizes its transaction costs in the statement of operations in the period incurred for its equity investments and all other financial assets and liabilities subsequently measured at fair value. Financial instruments, that are subsequently measured at cost or amortized cost, are adjusted by the transaction costs and financing fees that are directly attributable to their origination, issuance or assumption.

(continues)

THE GRADUATE STUDENTS ASSOCIATION OF THE U OF A

Notes to Financial Statements

Year Ended March 31, 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment

Financial assets measured at cost or amortized cost are tested for impairment, at the end of each year, to determine whether there are indicators that the asset may be impaired. The amount of the write-down, if any, is recognized in the statement of operations. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account. The reversal may be recorded provided it is no greater than the amount that had been previously reported as a reduction in the asset and it does not exceed original cost. The amount of the reversal is recognized in the statement of operations.

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. Actual results could differ from those estimates.

3. SHORT-TERM INVESTMENTS

Short-term investments consist of one (2023 - three) guaranteed investment certificate bearing interest at 4.25% per annum (2023 - two at 4.60% and one at 4.30%), maturing January 2025 (2023 - two in March 2024 and one in November 2023).

4. RESTRICTED INVESTMENTS

	2024	2023
Mutual fund investments, recorded at fair value (carrying value of \$2,225,849 (2023 - \$2,100,576))	\$ 2,382,822	\$ 2,175,164
Guaranteed investment certificates (GIC's), bearing interest from 4.11% to 5.28% (2023 - 3.82% to 5.07%) per annum, two maturing in July 2024 and one in February 2026 (2023 - July 2023, February 2024 and July 2024).	933,753	1,148,806
	3,316,575	3,323,970
Accrued interest	23,890	17,931
	\$ 3,340,465	\$ 3,341,901

Restricted investments have been designated for specific purposes described in Note 6.

During the year, the Association recognized an unrealized gain of \$82,384 (2023 - \$60,185 loss) related to the change in fair value of the investments recorded at fair value.

THE GRADUATE STUDENTS ASSOCIATION OF THE U OF A

Notes to Financial Statements

Year Ended March 31, 2024

5. DEFERRED CONTRIBUTIONS

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

	2023	Contributions received during the year	Amounts recognized as revenue	2024
Graduate Student Support Fund	\$ 292,041	\$ 999,985	\$ 895,412	\$ 396,614
Graduate Student Assistance Program	284,378	178,379	158,072	304,685
Labour Union Fund	212,918	225,496	112,585	325,829
	\$ 789,337	\$ 1,403,860	\$ 1,166,069	\$ 1,027,128

6. 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, \$Nil (2023 - \$56,500) was transferred into the Fund from the Unrestricted 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.

During the year, \$Nil (2023 - \$Nil) was transferred out of the Fund to the Unrestricted Fund. Due to timing differences, the Health and Dental Plan Reserve and the Health and Dental Investment Account do not align, as the transfer to cover the loss incurred on the Health and Dental Plan, paid through the Operating Account, is made after the year-end.

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 Budget and Finance Committee and will grow until it is equal to at least one years' operating costs.

During the year, \$Nil (2023 - \$56,500) was transferred into the Fund from the Unrestricted Fund.

(continues)

THE GRADUATE STUDENTS ASSOCIATION OF THE U OF A

Notes to Financial Statements

Year Ended March 31, 2024

6. INTERNALLY RESTRICTED NET ASSETS *(continued)*

Human Resource Fund

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

During the year, \$Nil (2023 - \$Nil) was transferred into the Fund from the Unrestricted Fund.

Labour Union Fund

The Labour Union Fund was established to support the Association's work as a labour union in support of Academically-Employed Graduate Students in matters of labour relations.

During the year, \$Nil (2023 - \$Nil) was transferred into the Fund from the Unrestricted Fund.

7. LEASE COMMITMENT

The Association has a five year lease which expires June 2026, 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. In addition, the Association leases its photocopier under an agreement that began January 2023 and expires in December 2027. Future aggregate minimum lease payments as at March 31, 2024, are as follows:

2025	\$	1,123
2026		1,123
2027		1,123
2028		842
	\$	<u>4,211</u>

8. CHANGES IN NON-CASH WORKING CAPITAL

	2024	2023
Accounts receivable	\$ (73,748)	\$ (36,930)
Prepaid expenses	(7,546)	2,756
Accounts payable and accrued liabilities	8,825	48,881
Health and dental plan payable	(2,309,145)	2,033,714
Deferred contributions	237,791	149,836
	<u>\$ (2,143,823)</u>	<u>\$ 2,198,257</u>

THE GRADUATE STUDENTS ASSOCIATION OF THE U OF A

Notes to Financial Statements

Year Ended March 31, 2024

9. FINANCIAL INSTRUMENTS

The Association is exposed to various risks through its financial instruments. The following analysis provides information about the Association's risk exposure and concentration as of March 31, 2024. There is no change in the Association's risk exposure for the current year.

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, 2024.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency rate risk, interest rate risk and other price risk. The Association is mainly exposed to interest rate risk and other price risk.

Interest rate risk

Interest rate risk is the risk that the fair value of 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, it is the Association's opinion that there is no significant interest rate risk.

Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Association is exposed to other price risk through its investments in quoted shares.

10. COMPARATIVE FIGURES

The comparative figures in the statement of cash flows have been reclassified to conform to the current year's presentation.

THE GRADUATE STUDENTS ASSOCIATION OF THE U OF A

Schedule of Revenues

(Schedule 1)

Year Ended March 31, 2024

	2024	2023
Graduate Student Support Fund		
Child care grants	\$ 434,000	\$ 380,575
Academic travel awards	365,377	277,778
Emergency bursaries	76,035	302,432
Graduate student recognition awards	20,000	17,500
	895,412	978,285
Administration, GSA Fees and Services		
Graduate Students' Association fees	1,209,319	1,217,686
TD Insurance Meloche Monnex (TDIMM) revenue	11,500	11,500
Studentcare funding	10,000	10,000
Orientation	5,000	5,000
Dean of Students funding	4,190	4,190
Awards Night	500	500
	1,240,509	1,248,876
Other Restricted		
Graduate Student Assistance Program fees	158,072	140,983
CJSR fees	16,337	16,255
	174,409	157,238
Commercial Activities		
Physical Activity and Wellness Centre (PAW) revenue	27,796	20,104
Handbook revenue	5,110	5,110
	32,906	25,214
TOTAL REVENUES	\$ 2,343,236	\$ 2,409,613

THE GRADUATE STUDENTS ASSOCIATION OF THE U OF A

Schedule of Expenses

(Schedule 2)

Year Ended March 31, 2024

	2024	2023
Graduate Student Support Fund		
Child care grants	\$ 434,000	\$ 380,575
Academic travel awards	365,377	277,778
Emergency bursaries	76,035	302,432
Graduate student recognition awards	20,000	17,500
	895,412	978,285
Administration and Services (Schedule 3)		
Human resources	664,973	637,032
Governance	223,181	207,023
Services	119,566	118,487
Professional	55,564	104,435
Office administration and operational costs	21,708	27,850
Office administration and operational costs	4,739	48,069
	1,089,731	1,142,896
Other Restricted		
Graduate Student Assistance Program fees	158,072	140,983
CJSR Fees	16,337	16,255
	174,409	157,238
Commercial Activities		
Handbook	5,109	12,259
TOTAL EXPENSES	\$ 2,164,661	\$ 2,290,678

THE GRADUATE STUDENTS ASSOCIATION OF THE U OF A

Schedule of Administration and Services Expenses

(Schedule 3)

Year Ended March 31, 2024

	2024	2023
Governance		
Elected officers stipends and benefits	\$ 192,717	\$ 186,451
Employer contributions		
Employer CPP contributions	10,256	9,533
	10,256	9,533
Elected officers - Other		
Executive officers recognition	1,188	1,132
Insurance (directors' and officers' liability insurance)	1,170	197
Executive officers discretionary expenses	779	661
Executive transition	709	240
Board and other committees	59	247
	3,905	2,477
Council		
Other honorarium	5,000	-
Council expense	4,015	1,672
Election	3,253	3,355
Council speaker honorarium	2,035	2,035
Chief Returning Officer honorarium	2,000	1,500
	16,303	8,562
	223,181	207,023
Advocacy		
Government and external relations	4,195	14,851
University relations	544	154
Alberta Graduate Provincial Advocacy Council fees	-	33,064
	4,739	48,069
Human Resources		
Salaries and benefits	611,706	598,803
Employer contributions		
Employer CPP contributions	27,747	22,075
Employer EI contributions	10,731	8,462
	38,478	30,537
Other human resources		
Professional expense allowance	10,115	3,881
Workers' Compensation Board	2,951	3,210
Staff recognition	1,723	601
	14,789	7,692
	664,973	637,032

(continues)

THE GRADUATE STUDENTS ASSOCIATION OF THE U OF A

Schedule of Administration and Services Expenses *(continued)*

(Schedule 3)

Year Ended March 31, 2024

Office Administration and Operational Costs		
Repair and maintenance	10,371	9,360
Telephone and cable	2,822	2,822
Office Supplies & Maintenance	2,401	7,405
Small equipment purchases	2,316	2,636
Payroll and bank service charges	1,928	1,548
Photocopier lease/office	1,312	3,516
Insurance	558	563
	21,708	27,850
Professional		
Financial audit	17,329	13,781
Investment advisor	15,798	20,240
Legal fees - general	13,970	39,884
Consultants	5,317	27,380
IT service agreement	3,150	3,150
	55,564	104,435
Services		
Grants and Subsidies		
Academic workshop subsidies	12,000	12,000
	12,000	12,000
Student Groups		
Academically-related student group awards	32,950	20,575
Council remuneration student groups	9,750	8,500
	42,700	29,075
Other		
Food Bank	27,000	25,000
Orientation	18,143	35,095
Awards Night	13,032	10,506
Child care access	5,249	5,021
Association of Managers in Canadian College University and Student Centre membership	800	725
Annual strategic plan initiatives	642	1,065
	64,866	77,412
	119,566	118,487
TOTAL ADMINISTRATION AND SERVICES EXPENSES	\$ 1,089,731	\$ 1,142,896

Appendix C

Management representation letter



The Graduate Students Association of the U of A

Room1-49 University of Alberta, Triffo Hall
Edmonton, AB
T6G 2E1

October 17, 2024

RSM Canada LLP
Chartered Professional Accountants
2500 Bell Tower
10104 103rd Ave
Edmonton, AB
T5J 0H8

Dear Sirs:

We are providing this letter in connection with your audit of the financial statements of The Graduate Students Association of the U of A (the "Association") as at March 31, 2024 and for the year then ended, for the purpose of expressing an opinion as to whether the financial statements present fairly, in all material respects, the financial position, results of operations and cash flows of The Graduate Students Association of the U of A in accordance with Canadian accounting standards for not-for-profit organizations.

We acknowledge that we are responsible for the fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations and for the design and implementation of internal control to prevent and detect fraud and error. We have assessed the risk that the financial statements may be materially misstated as a result of fraud, and have determined such risk to be low. Further, we acknowledge that your examination was planned and conducted in accordance with Canadian generally accepted auditing standards so as to enable you to express an opinion on the financial statements. We understand that while your work includes an examination of the accounting system, internal control and related data to the extent you considered necessary in the circumstances, it is not designed to identify, nor can it necessarily be expected to disclose fraud, shortages, errors and other irregularities, should any exist.

Certain representations in this letter are described as being limited to matters that are material. An item is considered material, regardless of its monetary value, if it is probable that its omission from or misstatement in the financial statements would influence the decision of a reasonable person relying on the financial statements.

We confirm, to the best of our knowledge and belief, as of October 17, 2024, the following representations were made to you during your audit.

Financial statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated June 21, 2024, for the preparation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations; in particular, the financial statements are fairly presented in accordance therewith.
2. The Association's significant accounting policies are disclosed in the financial statements and:
 - (a) there have been no changes in the Association's accounting policies.
 - (b) the accounting policies selected and applied are appropriate in the circumstances.
 - (c) significant assumptions used in making accounting estimates, including those measured at fair value, are reasonable.
3. Significant matters have not arisen that would require a restatement of the comparative financial statements.

Completeness of information

4. We have provided you with:
 - access to all information of which we are aware that is relevant to the preparation of the financial statements, such as records, documentation and other matters;
 - additional information that you have requested from us for the purpose of this audit;
 - unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence; and
 - all minutes of the meetings of directors and committees of directors, or summaries of recent meetings for which minutes have not yet been prepared.
5. All transactions have been recorded in the accounting records and are reflected in the financial statements.
6. We are unaware of any known or probable instances of non-compliance with the requirements of regulatory agencies, applicable securities commissions or governmental authorities, including their financial reporting requirements.
7. We are unaware of any instances of non-compliance or suspected non-compliance with laws or regulations the effects of which should be considered when preparing financial statements.
8. We have identified to you all known related parties and all known related party relationships and transactions, including guarantees, non-monetary transactions and transactions for no consideration.
9. We have communicated to you all deficiencies in internal control of which management is aware.

Fraud and error

10. We have no knowledge of fraud or suspected fraud affecting the Association involving management; employees who have significant roles in internal control; or others, where the fraud could have a non-trivial effect on the financial statements.
11. We have no knowledge of any allegations of fraud or suspected fraud affecting the Association's financial statements communicated by employees, former employees, analysts, regulators or others.
12. We believe that the effects of the uncorrected financial statement misstatements summarized in the accompanying schedule are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

Recognition, measurement and disclosure

13. We believe that the significant assumptions used in arriving at the fair values of financial instruments as measured and disclosed in the financial statements are reasonable and appropriate in the circumstances.
14. We have no plans or intentions that may materially affect the carrying value or classification of assets and liabilities reflected in the financial statements.
15. All related party relationships and transactions have been appropriately measured and disclosed in the financial statements.
16. We are not aware of any environmental laws or regulations that impact our Association.
17. The nature of all material measurement uncertainties has been appropriately disclosed in the financial statements, including all estimates where it is reasonably possible that the estimate will change in the near term and the effect of the change could be material to the financial statements.

18. We have informed you of all outstanding and possible litigation and claims, whether or not they have been discussed with legal counsel. Any such items have been accounted for and disclosed in accordance with Canadian accounting standards for not-for-profit organizations.
19. We confirm that there are no derivative or off-balance sheet financial instruments held at the year then ended.
20. All liabilities, both actual and contingent, including those associated with guarantees, whether written or oral, have been disclosed to you and are appropriately reflected in the financial statements.
21. The Association has satisfactory title to, or control over, all assets, and there are no liens or encumbrances on the Association's assets or assets pledged as collateral that are not disclosed in the notes to the financial statements.
22. We have disclosed to you, and the Association has complied with, all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance, including all covenants, conditions or other requirements of all outstanding debt.
23. There have been no events subsequent to the statement of financial position date up to the date hereof that would require recognition or disclosure in the financial statements.
24. The terms of your engagement, as set out in your letter to us dated June 21, 2024, are still in effect and we agree with the terms as set out.

Journal entry approval

25. We confirm our approval of and acknowledge responsibility for the journal entries listed in the accompanying schedule.

Yours very truly,

Lewie Moodley, Executive Director

LP/wc

Summary of Uncorrected Misstatements

Description	Effect: Increase / (Decrease)					
	Assets	Liabilities	Net Assets	Revenue	Expenses	Revenue over (under) expenses
Unrecorded misstatement - Factual						
SLAM2 [3/31/2024] - To record the factual misstatement in grant expenses.	\$ -	\$ -	\$ (562)	\$ -	\$ (562)	\$ 562
Unrecorded misstatement - Projected						
SLAM1 [3/31/2024] - To adjust for projected misstatement in grant expense testing.	\$ -	\$ -	\$ (5,068)	\$ -	\$ (5,068)	\$ 5,068
Unrecorded misstatement - Judgmental						
None present						
Total uncorrected misstatements	\$ -	\$ -	\$ (5,630)	\$ -	\$ (5,630)	\$ 5,630
Cumulative net assets misstatements			\$ -			

Appendix D

Summary of adjustments



The Graduate Students Association of the U of A

Year End: March 31, 2024

Journal Entries: Adjusting

Date: 4/1/2023 To 3/31/2024

Number	Date	Name	Account No	Reference	Debit	Credit	Recurrence	Misstatement
RSM1	3/31/2024	Accounts Receivable	1205	5200.110		964,000.00		
RSM1	3/31/2024	Deferred Fee Revenue	2300	5200.110	964,000.00			
		To reverse 2024-2025 GSSF funding not received as of year-end.						Factual
RSM2	3/31/2024	Deferred Fee Revenue	2300	6400.100	217,756.96			
RSM2	3/31/2024	GSSF Bursary Revenue	4255	6400.100		217,756.96		
		To reverse the entry prepared by GSA that increased deferred revenues to tie to the bank.						Factual
RSM3	3/31/2024	Deferred Fee Revenue	2300	6400.100	33,200.07			
RSM3	3/31/2024	GSA Labour Union Dues Collected	4920	6400.100		33,200.07		
		To reverse the entry prepared by GSA that accounted for funds received in the current year for prior year revenues recognized.						Factual
GSA J117	3/31/2024	Accrued Liabilities	2217	PBC		66,104.25		
GSA J117	3/31/2024	GSAP fees	5497	PBC	66,104.25			
		To record accrual related to GSAP fees from October 2023 to March 2024.						
GSA J117	3/31/2024	Deferred Fee Revenue	2300	PBC		20,308.24		
GSA J117	3/31/2024	GSAP Fees Collected	4678	PBC	20,308.24			
		To adjust GSAP fees deferred revenue balance to actual.						
GSA J117	3/31/2024	Deferred Fee Revenue	2300	PBC	86,412.49			
GSA J117	3/31/2024	GSAP Fees Collected	4678	PBC		86,412.49		
		To reverse original entry made to adjust GSAP Fees deferred revenue.						
GSA J117	3/31/2024	Accrued Liabilities	2217	PBC		180.00		
GSA J117	3/31/2024	U-Pass Expense for Elected Members	5052	PBC	180.00			
		To record accrued liability for Winter 2024 U-Pass DEO reimbursement.						
GSA J117	3/31/2024	Interest Revenue	4140	PBC	35,984.65			
GSA J117	3/31/2024	GSSF Bursary Revenue	4255	PBC		35,984.65		
		To record Bursary Revenue.						
GSA J117	3/31/2024	Accounts Receivable	1210	PBC	5,407.52			
GSA J117	3/31/2024	Dental Plan Remittances	5520	PBC		2,170.12		
GSA J117	3/31/2024	Health Plan Remittances	5610	PBC		3,237.40		
		To adjust for the balance receivable from Studentcare from the Health and Dental invoice.						
					1,429,354.18	1,429,354.18		
Net Income (Loss)			175,449.55					

Appendix E

Summary of uncorrected misstatements

Description	Effect: Increase / (Decrease)					
	Assets	Liabilities	Net Assets	Revenue	Expenses	Revenue over (under) expenses
Unrecorded misstatement - Factual						
SLAM2 [3/31/2024] - To record the factual misstatement in grant expenses.	\$ -	\$ -	\$ (562)	\$ -	\$ (562)	\$ 562
Unrecorded misstatement - Projected						
SLAM1 [3/31/2024] - To adjust for projected misstatement in grant expense testing.	\$ -	\$ -	\$ (5,068)	\$ -	\$ (5,068)	\$ 5,068
Unrecorded misstatement - Judgmental						
None present						
Total uncorrected misstatements	\$ -	\$ -	\$ (5,630)	\$ -	\$ (5,630)	\$ 5,630
Cumulative net assets misstatements			\$ -			

Appendix F

2024 NPO industry trends and topics

Below is a summary of the trends impacting the nonprofit industry:

Trend/ hot topic	Description	Suggested reading/webcasts
Data management and digital transformation	Nonprofits are continuing to invest in technologies to serve their stakeholders more effectively. This includes customer relationship management (CRM), donor management, member systems, dashboarding and measurement of key performance indicators (KPIs).	<ul style="list-style-type: none">• Support your business transformation with your IT infrastructure https://tinyurl.com/24nvt4b5• Workday adaptive planning transforms nonprofits budgeting and forecasting https://tinyurl.com/55nca2uk• Effective utilization of generative AI on third-party management programs https://tinyurl.com/357rutfy• Where to start: Frequently asked questions about generative AI https://tinyurl.com/3u5cwj52• 6 common mistakes companies make when selecting a managed security services provider https://tinyurl.com/2p8nujxn• Transforming the IT Leadership Role https://tinyurl.com/yuk7as3u• 5 signs your nonprofit needs to update its business processes https://tinyurl.com/34rpa9uh
Donor/Member engagement	It is imperative that nonprofits maintain close connections with their donors, members or volunteers. The relationship with the donor/member/volunteer has changed post pandemic and organizations need to relook at their engagement models to ensure they are bringing the right value and experience to their stakeholders.	<ul style="list-style-type: none">• A guide for associations to weather economic downturns https://tinyurl.com/nb2vv4md• Enhancing constituent experience with identity management https://tinyurl.com/yztetbrd

Appendix F

2024 NPO industry trends and topics (cont'd)

Trend/ hot topic	Description	Suggested reading/webcasts
Human capital	Organizations are rethinking how to protect their most valuable asset—people. Employee attraction and retention is a key focus to navigate through the upcoming years given staffing shortages and increased compensation demands. Organizations are looking to new staffing models, outsourcing or the gig economy.	<ul style="list-style-type: none">Establishing a human governance framework for artificial intelligence https://tinyurl.com/22bf99zzThe battle for retention: What do workers want? https://tinyurl.com/5dz7h2yrA total rewards approach to executive compensation https://tinyurl.com/muxbc2n25 ways nonprofits can stay agile https://tinyurl.com/ypyraavbWhy organizations should take a strategic approach to human capital management https://tinyurl.com/5n883wtn
Cyber risk/security	Organizations face large reputation and financial risk in the event of a cyber security breach. Cloud-based technologies pose different challenges than before, and the technical sophistication is not a skillset seen in a lot of nonprofit organizations. We are seeing more organizations elevate the risk assessment and potential impact of cyber-related matters in their annual risk assessments. Organizations are also developing response plans for the day the incident happens.	<ul style="list-style-type: none">5 Steps for safeguarding your business against cyberattacks https://tinyurl.com/2s3ndfkyFor boards, the best cybersecurity defense is a good offense https://tinyurl.com/pmpa9kbjWhy cyber risk is still a main responsibility for board members https://tinyurl.com/mtwrhsz7
Inflation	Nonprofits are faced with significant cost increases and a lack of ability to increase funding, all while dealing with stakeholders who also are responding to increased costs. Nonprofits will need to rethink budgets, plan for salary increases to retain employees and prioritize spending.	<ul style="list-style-type: none">Canada financial conditions update: Stabilization and recovery https://tinyurl.com/3wuwhcchIncreasing a nonprofit's impact through operational efficiency https://tinyurl.com/mrx4z4k6

Appendix F

2024 NPO industry trends and topics (cont'd)

Trend/ hot topic	Description	Suggested reading/webcasts
Accounting Standards currently under review by the Accounting Standards Board (AcSB)		
Contributions	Revenue Recognition and Related Matters: The AcSB wants to improve financial reporting by Not-for-Profit Organizations (NFPOs) by creating guidance that will result in financial statements that are less complex and more comparable for financial statement users. The related exposure draft was issued in March 2023 and the AcSB is currently deliberating feedback on the exposure draft.	More information can be found here: https://tinyurl.com/54jef26
Insurance Contracts with cash surrender value	The AcSB has undertaken a project to provide guidance on the recognition and measurement of the cash surrender value of an insurance contract as a result of stakeholders indicating that there is diversity in the accounting for the cash surrender value of an insurance contract. The related exposure draft was issued in November 2023 and the AcSB is currently deliberating feedback on the exposure draft.	More information can be found here: https://tinyurl.com/bdhfycwx
Reporting Controlled and Related Entities by Not-for-Profit Organizations	The AcSB is also performing research in the areas of improvements to Section 4450 Reporting Controlled and Related Entities by Not-for-Profit Organizations.	https://tinyurl.com/mrtjrba
Recognition of intangible assets and subsequent measurement of goodwill	The AcSB is also performing research in the area of the subsequent measurement of goodwill and acquired intangible assets in order to understand current challenges with the recognition of intangible assets acquired in a business combination and the subsequent measurement of goodwill and the information needs of financial statement users.	https://tinyurl.com/yejtb38w

Other resources that could be of interest to you:

- The Real Economy <https://tinyurl.com/mwv332py>
- Ontario Nonprofit Network (ONN) 2023 State of the Sector Report <https://tinyurl.com/252txt5k>

rsmcanada.com

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