

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

**EDMONTON, ALBERTA**

**March 31, 2013**

**DRAFT**

**JUN 17 2013**

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**AUDITED FINANCIAL STATEMENTS**

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**INDEPENDENT AUDITORS' REPORT**

To the Board of  
The Graduate Students' Association of  
the University of Alberta

**DRAFT**  
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***Report on the Financial Statements***

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, 2013, 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, 2013 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.

***Comparative Information***

Without modifying our opinion, we draw attention to Note 2 to the financial statements which describes that The Graduate Students' Association of the University of Alberta adopted Canadian accounting standards for not-for-profit organizations on April 1, 2012 with a transition date of April 1, 2011. These standards were applied retrospectively by management to the comparative information in these financial statements, including the statement of financial position as at March 31, 2012 and April 1, 2011 and the statements of operations, changes in net assets and cash flows for the year ended March 31, 2012 and related disclosures. We were not engaged to report on the restated comparative information, and as such, it is unaudited.

Certain of the prior year's comparative figures have been reclassified to conform with the current year's presentation.

Edmonton, Alberta  
, 2013

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CHARTERED ACCOUNTANTS

THE GRADUATE STUDENTS' ASSOCIATION  
OF THE UNIVERSITY OF ALBERTA

Statement of Financial Position

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	March 31 2013	March 31 2012	April 1 2011
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash (Note 4)	\$ 1,188,321	\$ 972,939	\$ 1,025,006
Short-term investments	0	0	135,590
Accounts receivable	101,358	109,763	105,060
Prepaid expenses	0	702	3,786
	<u>1,289,679</u>	<u>1,083,404</u>	<u>1,269,442</u>
<b>SHARE IN THE UNITIZED ENDOWMENT POOL (Note 5)</b>	318,279	294,775	302,519
<b>PROPERTY AND EQUIPMENT (Note 6)</b>	<u>137,360</u>	<u>165,916</u>	<u>192,727</u>
	<u>\$ 1,745,318</u>	<u>\$ 1,544,095</u>	<u>\$ 1,764,688</u>
<b>LIABILITIES AND NET ASSETS</b>			
<b>CURRENT LIABILITIES</b>			
Accounts payable and accrued liabilities	\$ 56,793	\$ 87,843	\$ 145,370
Dental and health plan payable	188,612	189,249	187,415
Deferred contributions (Note 7)	153,383	78,464	44,948
	<u>398,788</u>	<u>355,556</u>	<u>377,733</u>
<b>DEFERRED CONTRIBUTIONS RELATED TO PROPERTY AND EQUIPMENT (Note 8)</b>	49,167	59,167	69,167
<b>NET ASSETS</b>			
Invested in property and equipment	88,193	106,749	123,560
Internally restricted (Note 9)	785,922	660,319	705,054
Unrestricted	423,248	362,304	489,174
	<u>1,297,363</u>	<u>1,129,372</u>	<u>1,317,788</u>
	<u>\$ 1,745,318</u>	<u>\$ 1,544,095</u>	<u>\$ 1,764,688</u>
<b>LEASE COMMITMENTS (Note 10)</b>			

**APPROVED BY THE BOARD**

\_\_\_\_\_  
President

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

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Executive Director

THE GRADUATE STUDENTS' ASSOCIATION  
OF THE UNIVERSITY OF ALBERTA

Statement of Operations

Year Ended March 31, 2013

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	2013	2012
<b>REVENUE--Schedule 1</b>		
Academically Employed Graduate Students' Fund	\$ 534,928	\$ 536,860
Administration and services	983,866	777,824
Commercial activities	11,677	14,100
Dental and health plan--net	107,114	0
Unitized Endowment Pool	35,803	5,469
	<u>1,673,388</u>	<u>1,334,253</u>
 <b>EXPENSES--Schedule 2</b>		
Academically Employed Graduate Students' Fund	534,928	536,860
Administration	887,006	863,726
Commercial activities	15,925	19,866
Dental and health plan--net	0	44,735
Services	67,538	57,482
	<u>1,505,397</u>	<u>1,522,669</u>
<b>REVENUE OVER (UNDER) EXPENSES</b>	<u>\$ 167,991</u>	<u>\$ (188,416)</u>

THE GRADUATE STUDENTS' ASSOCIATION  
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Statement of Changes in Net Assets

Year Ended March 31, 2013

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Internally Restricted Net Assets (Note 9)

	Invested in Property and Equipment	Dental and Health Plan Reserve Fund	Legal Defense Fund	Financial Stabilization Fund	Total Internally Restricted Funds	Unrestricted	2013	2012
Balance at beginning of year	\$ 106,749	\$ 98,319	\$ 62,000	\$ 500,000	\$ 660,319	\$ 362,304	\$1,129,372	\$1,317,788
Revenue over (under) expenses	(22,303)	107,114	0	0	107,114	83,180	167,991	(188,416)
Investment in property and equipment	3,747	0	0	0	0	(3,747)	0	0
Transfers	0	0	18,489	0	18,489	(18,489)	0	0
<b>BALANCE AT END OF YEAR</b>	<b>\$ 88,193</b>	<b>\$ 205,433</b>	<b>\$ 80,489</b>	<b>\$ 500,000</b>	<b>\$ 785,922</b>	<b>\$ 423,248</b>	<b>\$1,297,363</b>	<b>\$1,129,372</b>

THE GRADUATE STUDENTS' ASSOCIATION  
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Statement of Cash Flows  
Year Ended March 31, 2013

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	2013	2012
<b>CASH PROVIDED BY (USED IN)</b>		
Operating activities:		
Revenue over (under) expenses	\$ 167,991	\$ (188,416)
Changes not affecting cash:		
Amortization	32,303	34,511
Amortization of deferred contributions related to property and equipment	(10,000)	(10,000)
Net changes in non-cash working capital items ( <i>Note 11</i> )	<u>52,339</u>	<u>111,794</u>
	<u>242,633</u>	<u>(52,111)</u>
Investing activities:		
(Increase) decrease in Unitized Endowment Pool	(23,504)	7,744
Purchase of property and equipment	<u>(3,747)</u>	<u>(7,700)</u>
	<u>(27,251)</u>	<u>44</u>
<b>CASH INCREASE (DECREASE)</b>	215,382	(52,067)
Cash at beginning of year	<u>972,939</u>	<u>1,025,006</u>
<b>CASH AT END OF YEAR</b>	<u>\$ 1,188,321</u>	<u>\$ 972,939</u>

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

Notes to Financial Statements

March 31, 2013

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**NOTE 1--NATURE OF OPERATIONS**

The Graduate Students' Association of the University of Alberta 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, the Graduate Students' Association is exempt from income taxes.

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**NOTE 2--FIRST TIME ADOPTION OF ACCOUNTING STANDARDS FOR NOT-FOR PROFIT ORGANIZATIONS**

Effective April 1, 2012, the Association has elected to apply Canadian accounting standards for not-for-profit organizations. These are the first financial statements prepared in accordance with these standards.

The new standards were applied retrospectively and resulted in no changes to beginning assets, liabilities and net assets.

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**NOTE 3--SIGNIFICANT ACCOUNTING POLICIES**

Basis of Presentation

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.

Cash and Short-term Investments

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

Share in the Unitized Endowment Pool

The share in the Unitized Endowment Pool is recognized at acquisition cost and subsequently measured at fair value at each reporting date. The Association's share in the Unitized Endowment Pool is increased by its share of investment income earned in the Pool and reduced by payments received from the University.

Revenue Recognition

The Graduate Students' Association of the University of Alberta 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.

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Notes to Financial Statements

March 31, 2013

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**NOTE 3--SIGNIFICANT ACCOUNTING POLICIES** *(continued)*

Donated Goods and Services

Donated goods and services are recorded at fair value when fair value can be reasonably estimated. During the year, the Association did not record any donated goods and services.

Property and Equipment

Property and equipment are recorded at cost and amortized over their estimated useful lives using the following annual rates and methods:

Leasehold improvements	10% straight-line
Furniture and fixtures	20% straight-line
Computer equipment	30% straight-line
Computer software	50% straight-line

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.

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 amounts reported in the financial statements. Significant estimates include amortization and allowance for doubtful accounts. By their nature, these estimates are subject to measurement uncertainty and actual results could differ.

Financial Instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost and tested for impairment at each reporting date.

**NOTE 4--CASH**

Cash consists of the following:

	2013	2012
Cash	\$ 763,147	\$ 546,480
Cashable Guaranteed Investment Certificates with interest rates of 1.15% maturing in May 2015	<u>425,174</u>	<u>426,459</u>
	<u>\$1,188,321</u>	<u>\$ 972,939</u>

Cash includes \$165,731 (2012--\$160,319) held in a separate account for the Dental and Health Plan Reserve Fund and the Legal Defense Fund.

**THE GRADUATE STUDENTS' ASSOCIATION  
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**Notes to Financial Statements**

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**NOTE 5--SHARE IN THE UNITIZED ENDOWMENT POOL**

The Association's share in the Unitized Endowment Pool consists of an initial amount of \$265,000 which provided for annual payments to the Association by the University, commencing April 1, 1997, in accordance with the Unitized Endowment Pool Principles and Policy. The share in the Unitized Endowment Pool is measured at fair market value. Payments from the Pool may be applied to the Association's programs. The Unitized Endowment Pool was established by the University to facilitate long-term investment management and administration of funds. The University of Alberta has policies and procedures in place governing asset mix, diversification, exposure limits, credit quality and performance measurement, with investments managed by the Board of Governors' Investment Committee. The University's Unitized Endowment Pool investments have no exposure to asset-backed commercial paper.

During the year, investment income of \$11,577 (2012--\$12,274) was earned on the fund.

The share in the unitized endowment pool is restricted for the Financial Stabilization Fund.

**NOTE 6--PROPERTY AND EQUIPMENT**

	2013		2012	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Leasehold improvements	\$198,000	\$100,485	\$ 97,515	\$117,315
Furniture and fixtures	104,373	74,696	29,677	35,680
Computer equipment	71,229	61,061	10,168	12,921
Computer software	3,450	3,450	0	0
	\$377,052	\$239,692	\$137,360	\$165,916

**NOTE 7--DEFERRED CONTRIBUTIONS**

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

	2013	2012
Academically Employed Graduate Students' Bursary Program	\$ 89,811	\$ 32,031
Graduate Student Assistance Program	55,971	46,433
Office of the Provost Funding	7,601	0
<b>BALANCE AT END OF YEAR</b>	<b>\$153,383</b>	<b>\$ 78,464</b>

THE GRADUATE STUDENTS' ASSOCIATION  
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Notes to Financial Statements

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**NOTE 8--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.

**NOTE 9--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.

**Dental and Health Plan Reserve Fund**

The Dental and Health Plan Reserve Fund was established to ensure that adequate funds would be available in the event the Dental and Health Plan costs exceed the amounts collected in fees.

**Financial Stabilization Fund**

The Fund is intended to safeguard the Association against uncertainty and to provide for unexpected expenditures and new program initiatives. The balance will be adjusted annually at the discretion of the Board.

**NOTE 10--LEASE COMMITMENTS**

The Association has entered into 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.

The Association leases photocopiers under operating leases expiring in 2015. Future minimum annual lease payments under these operating leases will be approximately:

2014	\$ 10,069
2015	<u>10,069</u>
	<u>\$ 20,138</u>

THE GRADUATE STUDENTS' ASSOCIATION  
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Notes to Financial Statements

March 31, 2013

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**NOTE 11--NET CHANGES IN NON-CASH WORKING CAPITAL ITEMS**

Changes in non-cash working capital items and their effect of increasing (decreasing) cash are as follows:

	<u>2013</u>	<u>2012</u>
Short-term investments	\$ 0	\$135,590
Accounts receivable	8,405	(4,703)
Prepaid expenses	702	3,084
Accounts payable and accrued liabilities	(31,050)	(57,527)
Dental and health plan payable	(637)	1,834
Deferred contributions	<u>74,919</u>	<u>33,516</u>
	<u>\$ 52,339</u>	<u>\$111,794</u>

**NOTE 12--FINANCIAL INSTRUMENTS**

The Association's financial instruments consist of cash, accounts receivable and accounts payable and accrued liabilities. The Association is exposed to the following risks through the financial instruments it holds:

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.

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 GIC's are cashable at any time, the Association is not subject to interest rate risk.

Liquidity Risk

Liquidity risk arises from the possibility that the Association might encounter difficulty in setting its debts or in meeting its obligations related to financial liabilities. It is management's opinion that there is no significant liquidity risk as of March 31, 2013.

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Notes to Financial Statements

March 31, 2013

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**NOTE 12--FINANCIAL INSTRUMENTS** *(continued)*

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. The share in the Unitized Endowment Pool is subject to market risk, which is the possibility that investments in the Endowment Fund will change in value due to future fluctuations in market prices. The Unitized Endowment Pool is managed by the University of Alberta which has policies and procedures in place governing asset mix, diversification, exposure limits, credit quality and performance measurement. The Board of Governor's Investment Committee is responsible for oversight of the University's investments and fulfills their responsibilities by regular meetings to monitor and review the investments and investment manager performance, to ensure compliance with the University's investment policies and to evaluate the appropriateness of the investment policies.

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THE GRADUATE STUDENTS' ASSOCIATION  
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Schedule 1

## Schedule of Revenue

Year Ended March 31, 2013

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	2013	2012
<b><u>Academically Employed Graduate Students' Fund</u></b>		
Child care subsidy	\$ 107,500	\$ 97,655
Emergency bursaries	82,085	99,131
Graduate student assistance program	78,708	75,658
Graduate student recognition awards	13,500	13,000
Professional development grants	<u>253,135</u>	<u>251,416</u>
	<u>534,928</u>	<u>536,860</u>
<b><u>Administration and Services</u></b>		
Alberta Graduate Council	7,419	7,321
Awards night	3,800	9,250
CJSR fees	14,838	14,642
Office of the Provost	18,432	25,000
Graduate Students' Association fees	908,842	681,032
Investment and interest	4,526	11,120
Killam Centre for Advanced Studies	10,000	10,000
Miscellaneous	7,509	9,880
Orientation	8,500	7,300
Realized gain on short-term investments	0	2,279
	<u>983,866</u>	<u>777,824</u>
<b><u>Commercial Activities</u></b>		
Handbook	11,090	12,715
Photocopying	587	1,385
	<u>11,677</u>	<u>14,100</u>
<b><u>Dental and Health Plan</u></b>		
Net fees	<u>107,114</u>	<u>0</u>
<b><u>Unitized Endowment Pool</u></b>		
Investment income	11,577	12,274
Unrealized gain (loss)	<u>24,226</u>	<u>(6,805)</u>
	<u>35,803</u>	<u>5,469</u>
<b>TOTAL REVENUE</b>	<b><u>\$ 1,673,388</u></b>	<b><u>\$ 1,334,253</u></b>

THE GRADUATE STUDENTS' ASSOCIATION  
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Schedule 2

## Schedule of Expenses

Year Ended March 31, 2013

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	2013	2012
<b>Administration</b>		
Advocacy	\$ 0	\$ 43
Alberta Graduate Council Conference director	(59)	0
Alberta Graduate Council membership	14,838	14,642
Amortization	32,303	34,511
Audit and accounting	11,108	9,400
Bank charges and interest	8,584	519
Chief returning officer	1,010	1,000
Conferences	779	2,294
Consulting fees	465	32,006
Board security	965	2,225
Board speaker	1,650	1,800
Board	3,158	1,998
Committees	3,530	4,097
Elections expenses	316	232
Executive expenses	4,100	1,615
Executive stipends and benefits	161,967	161,627
Executive transition	8,397	479
Government and external relations	2,426	864
Hiring costs	21	69
Insurance	3,261	2,460
Legal fees	1,511	48,703
Miscellaneous	8,520	7,534
Office supplies	4,492	5,243
Photocopier lease	6,713	2,997
Photocopier meter	4,087	2,262
Photocopier paper	550	394
Professional development	2,476	2,103
Promotion	0	520
Repairs and maintenance	415	318
Salaries	559,603	482,455
Staff benefits	36,275	34,605
Subscriptions	0	90
Telephone	3,545	4,621
	<u>\$ 887,006</u>	<u>\$ 863,726</u>

THE GRADUATE STUDENTS' ASSOCIATION  
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Schedule 2

Schedule of Expenses (continued)

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Year Ended March 31, 2013

	2013	2012
<b><u>Academically Employed Graduate Students' Fund</u></b>		
Child care subsidy	\$ 107,500	\$ 97,655
Emergency bursaries	82,085	99,131
Graduate student assistance program	78,708	75,658
Graduate student recognition awards	13,500	13,000
Professional development grants	253,135	251,416
	<u>534,928</u>	<u>536,860</u>
<b><u>Commercial Activities</u></b>		
Handbook	12,116	11,611
Photocopier leases	3,357	7,073
Photocopier meter	216	751
Photocopier paper	236	431
	<u>15,925</u>	<u>19,866</u>
<b><u>Services</u></b>		
Academic events	7,652	8,296
Awards night	7,761	9,030
CJSR fees	14,838	14,642
External grants	1,200	0
Food Bank	9,000	9,000
Lecture grants	24,593	7,573
Orientation	897	5,119
Socials	0	114
Student groups	1,597	3,678
Subscriptions and data collection	0	30
	<u>67,538</u>	<u>57,482</u>
<b><u>Dental and Health Plan</u></b>		
Net fees	0	44,735
<b>TOTAL EXPENSES</b>	<u>\$ 1,505,397</u>	<u>\$ 1,522,669</u>