

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

EDMONTON, ALBERTA

March 31, 2014

AUDITED FINANCIAL STATEMENTS

Independent Auditors' Report	2
Statement of Financial Position	3
Statement of Operations	4
Statement of Changes in Net Assets	5
Statement of Cash Flows	6
Notes to Financial Statements	7 - 12
Schedule 1--Schedule of Revenue	13
Schedule 2--Schedule of Expenses	14 - 15

INDEPENDENT AUDITORS' REPORT

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

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, 2014, 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, 2014 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.



Edmonton, Alberta
June 25, 2014

CHARTERED ACCOUNTANTS

THE GRADUATE STUDENTS' ASSOCIATION
OF THE UNIVERSITY OF ALBERTA

Statement of Financial Position

March 31, 2014

	2014	2013
ASSETS		
CURRENT ASSETS		
Cash (Note 3)	\$ 1,504,284	\$ 1,188,321
Accounts receivable	99,479	101,358
Prepaid expenses	<u>4,538</u>	<u>0</u>
	1,608,301	1,289,679
SHARE IN THE UNITIZED ENDOWMENT POOL (Note 4)	353,205	318,279
PROPERTY AND EQUIPMENT (Note 5)	<u>109,830</u>	<u>137,360</u>
	<u>\$ 2,071,336</u>	<u>\$ 1,745,318</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 27,943	\$ 56,793
Dental and health plan payable	187,063	188,612
Deferred contributions (Note 6)	<u>229,315</u>	<u>153,383</u>
	444,321	398,788
DEFERRED CONTRIBUTIONS RELATED TO PROPERTY AND EQUIPMENT (Note 7)	39,166	49,167
NET ASSETS		
Invested in property and equipment	70,664	88,193
Internally restricted (Note 8)	898,263	785,922
Unrestricted	<u>618,922</u>	<u>423,248</u>
	<u>1,587,849</u>	<u>1,297,363</u>
	<u>\$ 2,071,336</u>	<u>\$ 1,745,318</u>
LEASE COMMITMENTS (Note 9)		

APPROVED BY THE BOARD

_____ President
 _____ Vice President
 _____ Executive Director

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

Statement of Operations

Year Ended March 31, 2014

	2014	2013
REVENUE <i>(Schedule 1)</i>		
Academically Employed Graduate Students' Support Fund	\$ 637,844	\$ 534,928
Administration and services	1,162,307	983,866
Commercial activities	8,279	11,677
Dental and health plan--net	112,341	107,114
Unitized Endowment Pool	46,698	35,803
	<u>1,967,469</u>	<u>1,673,388</u>
 EXPENSES <i>(Schedule 2)</i>		
Academically Employed Graduate Students' Support Fund	637,844	534,928
Administration	958,897	887,006
Commercial activities	14,584	15,925
Services	65,658	67,538
	<u>1,676,983</u>	<u>1,505,397</u>
 REVENUE OVER EXPENSES	 <u>\$ 290,486</u>	 <u>\$ 167,991</u>

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

Statement of Changes in Net Assets

Year Ended March 31, 2014

	<u>Internally Restricted Net Assets (Note 8)</u>					Unrestricted	2014	2013
	Invested In Property and Equipment	Dental and Health Plan Reserve Fund	Legal Defense Fund	Financial Stabilization Fund	Total Internally Restricted Funds			
Balance at beginning of year	\$ 88,193	\$ 205,433	\$ 80,489	\$ 500,000	\$ 785,922	\$ 423,248	\$1,297,363	\$1,129,372
Revenue over (under) expenses	(19,922)	112,341	o	0	112,341	198,067	290,486	167,991
Purchase of property and equipment	2,393	0	0	0	0	(2,393)	0	0
BALANCE AT END OF YEAR	\$ 70,664	\$ 317,774	\$ 80,489	\$ 500,000	\$ 898,263	\$ 618,922	\$1,587,849	\$1,297,363

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

Statement of Cash Flows

Year Ended March 31, 2014

	2014	2013
OPERATING ACTIVITIES		
Revenue over expenses	\$ 290,486	\$ 167,991
Changes not affecting cash:		
Amortization	29,922	32,303
Amortization of deferred contributions related to property and equipment	(10,000)	(10,000)
Net changes in non-cash working capital items (<i>Note 10</i>)	<u>42,874</u>	<u>52,339</u>
	<u>353,282</u>	<u>242,633</u>
INVESTING ACTIVITIES		
Increase in Unitized Endowment Pool	(34,926)	(23,504)
Purchase of equipment	<u>(2,393)</u>	<u>(3,747)</u>
	<u>(37,319)</u>	<u>(27,251)</u>
CASH INCREASE	315,963	215,382
Cash at beginning of year	<u>1,188,321</u>	<u>972,939</u>
CASH AT END OF YEAR	<u>\$ 1,504,284</u>	<u>\$ 1,188,321</u>
CASH FLOWS SUPPLEMENTARY INFORMATION		
Interest received	<u>\$ 4,906</u>	<u>\$ 1,788</u>

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

Notes to Financial Statements

March 31, 2014

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.

NOTE 2--SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

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

Cash

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.

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 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%

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

Notes to Financial Statements

March 31, 2014

NOTE 2--SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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, prepaid expenses, accrued liabilities, deferred contributions, and deferred contributions related to property and equipment. 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 3--CASH

Cash consists of the following:

	<u>2014</u>	<u>2013</u>
Cash	\$ 963,155	\$ 763,147
Cashable Guaranteed Investment Certificates with interest rates of 1.25% maturing in May and June 2016	<u>541,129</u>	<u>425,174</u>
	<u>\$1,504,284</u>	<u>\$1,188,321</u>

Cash includes \$281,678 (2013--\$165,731) held in a separate account for the Dental and Health Plan Reserve Fund and the Legal Defense Fund.

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

Notes to Financial Statements

March 31, 2014

NOTE 4--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 \$11,486 (2013--\$11,577) was earned on the fund.

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

NOTE 5--PROPERTY AND EQUIPMENT

	2014		2013	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Leasehold improvements	\$198,000	\$120,285	\$77,715	\$ 97,515
Furniture and fixtures	104,373	80,632	23,741	29,677
Computer equipment	73,622	65,248	8,374	10,168
	<u>\$375,995</u>	<u>\$266,165</u>	<u>\$109,830</u>	<u>\$137,360</u>

NOTE 6--DEFERRED CONTRIBUTIONS

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

	2014	2013
Academically Employed Graduate Students' Bursary Program	\$129,973	\$ 89,811
Graduate Student Assistance Program	74,721	55,971
Alberta Graduate Council Fees	23,254	0
Office of the Provost Funding	1,367	7,601
BALANCE AT END OF YEAR	<u>\$229,315</u>	<u>\$153,383</u>

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

Notes to Financial Statements

March 31, 2014

NOTE 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.

NOTE 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.

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. 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.

NOTE 9--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 \$10,069.

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

Notes to Financial Statements

March 31, 2014

NOTE 10--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>2014</u>	<u>2013</u>
Accounts receivable	\$ 1,879	\$ 8,405
Prepaid expenses	(4,538)	702
Accounts payable and accrued liabilities	(28,850)	(31,050)
Dental and health plan payable	(1,549)	(637)
Deferred contributions	<u>75,932</u>	<u>74,919</u>
	<u>\$ 42,874</u>	<u>\$ 52,339</u>

NOTE 11--FINANCIAL INSTRUMENTS

The Association's financial instruments consist of cash, accounts receivable, share in the Unitized Endowment Pool, accounts payable and accrued liabilities and dental and health plan payable. 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 guaranteed investment certificates 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 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, 2014.

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

Notes to Financial Statements

March 31, 2014

NOTE 11--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.

THE GRADUATE STUDENTS' ASSOCIATION
OF THE UNIVERSITY OF ALBERTA

(Schedule 1)

Schedule of Revenue

Year Ended March 31, 2014

	2014	2013
<u>Academically Employed Graduate Students' Fund</u>		
Child care subsidy	\$ 152,500	\$ 107,500
Emergency bursaries	69,031	82,085
Graduate student assistance program	69,006	78,708
Graduate student recognition awards	17,500	13,500
Professional development grants	<u>329,807</u>	<u>253,135</u>
	<u>637,844</u>	<u>534,928</u>
<u>Administration and Services</u>		
Alberta Graduate Council	0	7,419
Awards night	4,000	3,800
CJSR fees	14,825	14,838
Graduate Students' Association fees	1,087,830	908,842
Investment and interest	5,917	4,526
Killam Centre for Advanced Studies	10,000	10,000
Miscellaneous	7,500	7,509
Office of the Provost	26,235	18,432
Orientation	<u>6,000</u>	<u>8,500</u>
	<u>1,162,307</u>	<u>983,866</u>
<u>Commercial Activities</u>		
Handbook	7,995	11,090
Photocopying	<u>284</u>	<u>587</u>
	<u>8,279</u>	<u>11,677</u>
<u>Dental and Health Plan</u>		
Plan fees	1,981,602	2,005,014
Plan expenses	<u>(1,869,261)</u>	<u>(1,897,900)</u>
	<u>112,341</u>	<u>107,114</u>
<u>Unitized Endowment Pool</u>		
Investment income	11,486	11,577
Unrealized gain	<u>35,212</u>	<u>24,226</u>
	<u>46,698</u>	<u>35,803</u>
TOTAL REVENUE	<u>\$ 1,967,469</u>	<u>\$ 1,673,388</u>

THE GRADUATE STUDENTS' ASSOCIATION
OF THE UNIVERSITY OF ALBERTA

(Schedule 2)

Schedule of Expenses

Year Ended March 31, 2014

	2014	2013
<u>Administration</u>		
Alberta Graduate Council membership	\$ 5,147	\$ 14,779
Amortization	29,922	32,303
Audit and accounting	9,634	11,108
Bank charges and interest	178	8,584
Board	3,590	3,158
Chief returning officer	1,532	1,010
Committees	2,453	3,530
Conferences	977	779
Consulting fees	636	465
Council security	0	965
Council speaker	1,800	1,650
Elections expenses	1,453	316
Executive expenses	5,871	4,100
Executive stipends and benefits	165,385	161,967
Executive transition	896	8,397
Government and external relations	9,440	2,426
Hiring costs	0	21
Insurance	2,565	3,261
Legal fees	23,578	1,511
Miscellaneous	2,079	8,520
Office supplies	5,348	4,492
Photocopier lease	6,939	6,713
Photocopier meter	4,549	4,087
Photocopier paper	520	550
Professional development	4,527	2,476
Promotion	873	0
Repairs and maintenance	1,228	415
Salaries	623,435	559,603
Staff benefits	40,897	36,275
Telephone	3,445	3,545
	<u>\$ 958,897</u>	<u>\$ 887,006</u>

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THE GRADUATE STUDENTS' ASSOCIATION
OF THE UNIVERSITY OF ALBERTA

(Schedule 2)

Schedule of Expenses (continued)

Year Ended March 31, 2014

	2014	2013
<u>Academically Employed Graduate Students' Fund</u>		
Child care subsidy	\$ 152,500	\$ 107,500
Emergency bursaries	69,031	82,085
Graduate student assistance program	69,006	78,708
Graduate student recognition awards	17,500	13,500
Professional development grants	<u>329,807</u>	<u>253,135</u>
	<u>637,844</u>	<u>534,928</u>
<u>Commercial Activities</u>		
Handbook	10,832	12,116
Photocopier leases	3,344	3,357
Photocopier meter	184	216
Photocopier paper	<u>224</u>	<u>236</u>
	<u>14,584</u>	<u>15,925</u>
<u>Services</u>		
Academic events	5,500	7,652
Awards night	7,275	7,761
CJSR fees	14,825	14,838
External grants	2,000	1,200
Food Bank	9,000	9,000
Lecture grants	19,423	24,593
Orientation	823	897
Student groups	<u>6,812</u>	<u>1,597</u>
	<u>65,658</u>	<u>67,538</u>
TOTAL EXPENSES	<u>\$ 1,676,983</u>	<u>\$ 1,505,397</u>