

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

Financial Statements
Year Ended March 31, 2018

THE GRADUATE STUDENTS' ASSOCIATION OF THE UNIVERSITY OF ALBERTA

Index to Financial Statements

Year Ended March 31, 2018

	Page
INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS	
Statement of Financial Position	2
Statement of Operations	3
Statement of Changes in Net Assets	4
Statement of Cash Flows	5
Notes to Financial Statements	6 - 10
Schedule of Revenues (<i>Schedule 1</i>)	11
Schedule of Expenses (<i>Schedule 2</i>)	12
Schedule of Administration and Services Expenses (<i>Schedule 3</i>)	13 - 15

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the Graduate Students' Association of the University of Alberta, which comprise the statement of financial position as at March 31, 2018 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

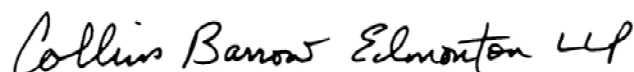
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable 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, 2018 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 27, 2018

Chartered Professional Accountants

THE GRADUATE STUDENTS' ASSOCIATION OF THE UNIVERSITY OF ALBERTA

Statement of Financial Position

March 31, 2018

	2018	2017
ASSETS		
CURRENT		
Cash	\$ 1,362,537	\$ 1,223,101
Accounts receivable	141,451	109,558
Prepaid expenses	1,366	981
	1,505,354	1,333,640
RESTRICTED CASH AND INVESTMENTS (Note 3)	1,339,264	1,129,837
PROPERTY AND EQUIPMENT (Note 4)	-	18,315
	\$ 2,844,618	\$ 2,481,792
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities	\$ 72,038	\$ 81,840
Health and Dental Plan payable	246,018	253,211
Deferred contributions (Note 5)	237,577	235,334
	555,633	570,385
DEFERRED CONTRIBUTIONS RELATED TO PROPERTY AND EQUIPMENT (Note 6)	-	9,166
	555,633	579,551
NET ASSETS		
Invested in property and equipment	-	9,149
Internally restricted (Note 7)	1,335,413	1,100,603
Unrestricted	953,572	792,489
	2,288,985	1,902,241
	\$ 2,844,618	\$ 2,481,792

LEASE COMMITMENTS (Note 8)

APPROVED ON BEHALF OF THE BOARD

President

Vice President

Executive Director

See notes to financial statements

THE GRADUATE STUDENTS' ASSOCIATION OF THE UNIVERSITY OF ALBERTA

Statement of Operations

Year Ended March 31, 2018

	2018	2017
REVENUES <i>(Schedule 1)</i>		
Graduate Student Support Fund	\$ 823,431	\$ 773,925
Administration, GSA fees and services	1,283,599	1,251,580
Other restricted	100,248	104,531
Commercial activities	51,542	47,643
	2,258,820	2,177,679
EXPENSES <i>(Schedules 2 and 3)</i>		
Graduate Student Support Fund	823,431	773,925
Administration and services	1,022,784	1,049,134
Other restricted	91,257	82,714
Commercial activities	10,113	8,795
	1,947,585	1,914,568
	311,235	263,111
Health and Dental Plan - net <i>(Schedule 1)</i>	75,509	(19,911)
REVENUES OVER EXPENSES	\$ 386,744	\$ 243,200

See notes to financial statements

THE GRADUATE STUDENTS' ASSOCIATION OF THE UNIVERSITY OF ALBERTA

Statement of Changes in Net Assets

Year Ended March 31, 2018

	Internally Restricted Net Assets (Note 7)						Unrestricted	2018	2017
	Invested in Property and Equipment	Health and Dental Plan Reserve Fund	Legal Defense Fund	Financial Stabilization Fund	Human Resource Fund	Total Internally Restricted Funds			
NET ASSETS - BEGINNING OF YEAR	\$ 9,149	\$ 132,989	\$ 160,063	\$ 746,953	\$ 60,598	\$ 1,100,603	\$ 792,489	\$ 1,902,241	\$ 1,659,041
Revenues over (under) expenses	(9,149)	75,509	-	-	-	75,509	320,384	386,744	243,200
Transfers	-	-	107,332	25,640	26,329	159,301	(159,301)	-	-
NET ASSETS - END OF YEAR	\$ -	\$ 208,498	\$ 267,395	\$ 772,593	\$ 86,927	\$ 1,335,413	\$ 953,572	\$ 2,288,985	\$ 1,902,241

See notes to financial statements

THE GRADUATE STUDENTS' ASSOCIATION OF THE UNIVERSITY OF ALBERTA

Statement of Cash Flows
Year Ended March 31, 2018

	2018	2017
CASH PROVIDED BY (USED IN):		
OPERATING ACTIVITIES		
Revenues over expenses	\$ 386,744	\$ 243,200
Items not affecting cash:		
Amortization	18,315	38,715
Amortization of deferred contributions related to property and equipment <i>(Note 6)</i>	(9,166)	(10,000)
	395,893	271,915
Changes in non-cash working capital <i>(Note 9)</i>	(47,030)	40,070
	348,863	311,985
INVESTING ACTIVITY		
Increase in restricted cash and investments	(209,427)	(18,869)
	(209,427)	(18,869)
INCREASE IN CASH	139,436	293,116
Cash - beginning of year	1,223,101	929,985
CASH - END OF YEAR	\$ 1,362,537	\$ 1,223,101

See notes to financial statements

THE GRADUATE STUDENTS' ASSOCIATION OF THE UNIVERSITY OF ALBERTA

Notes to Financial Statements

Year Ended March 31, 2018

1. NATURE OF OPERATIONS

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of presentation

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

(b) Cash

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

(c) Restricted cash and investments

Restricted cash consists of guaranteed investment certificates that are being held for short-term or long-term purposes.

Restricted investments have quoted prices in an active market and are carried at fair value. Unrealized gains or losses are reported in operations.

(d) 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%

(e) Revenue recognition

The Association follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

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

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THE GRADUATE STUDENTS' ASSOCIATION OF THE UNIVERSITY OF ALBERTA

Notes to Financial Statements

Year Ended March 31, 2018

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

(f) Donated goods and services

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

(g) 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.

(h) Use of estimates

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Significant estimates used in the preparation of the financial statements include estimated useful life of property and equipment for purposes of calculating amortization, accrued liabilities and deferred contributions related to property and equipment. Actual results could differ from those estimates.

(i) Financial instruments

Measurement of Financial Instruments

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

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

The Association subsequently measures all its financial assets and financial liabilities at amortized cost except for restricted investments which are measured at fair value.

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

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

Impairment

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

THE GRADUATE STUDENTS' ASSOCIATION OF THE UNIVERSITY OF ALBERTA

Notes to Financial Statements

Year Ended March 31, 2018

3. RESTRICTED CASH AND INVESTMENTS

	2018	2017
Health and Dental Plan Reserve Fund, Financial Stabilization Fund, Legal Defense Fund, and Human Resources Fund:		
Investments, recorded at fair value	\$ 1,039,988	\$ 907,016
Guaranteed investment certificates, bearing interest from 2.02% to 2.18% per annum, maturing in February and March 2019	299,276	222,821
	\$ 1,339,264	\$ 1,129,837

Restricted cash has been designated for specific purposes described in Note 7.

4. PROPERTY AND EQUIPMENT

	Cost	Accumulated amortization	2018 Net book value	2017 Net book value
Leasehold improvements	\$ 198,000	\$ 198,000	\$ -	\$ 18,315
Furniture and fixtures	104,373	104,373	-	-
Computer equipment	73,622	73,622	-	-
	\$ 375,995	\$ 375,995	\$ -	\$ 18,315

5. DEFERRED CONTRIBUTIONS

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

	2017	Contributions received during the year	Amounts recognized as revenue	2018
Graduate Student Support Fund	\$ 100,815	\$ 814,000	\$ 823,431	\$ 91,384
Graduate Student Assistance Program	133,079	89,307	76,193	146,193
Alberta Graduate Provincial Advocacy Council	1,440	-	1,440	-
	\$ 235,334	\$ 903,307	\$ 901,064	\$ 237,577

THE GRADUATE STUDENTS' ASSOCIATION OF THE UNIVERSITY OF ALBERTA

Notes to Financial Statements

Year Ended March 31, 2018

6. DEFERRED CONTRIBUTIONS RELATED TO PROPERTY AND EQUIPMENT

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

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

	2018	2017
Balance at beginning of year	\$ 9,166	\$ 19,166
Amount recognized as revenue	(9,166)	(10,000)
	\$ -	\$ 9,166

7. 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, \$107,332 (2017 - \$10,063) was transferred into the fund.

Health and Dental Plan Reserve Fund

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

During the year, the fund increased by \$75,509 (2017 - \$19,911 decrease) and \$nil (2017 - \$2,223) was transferred into the fund.

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, \$25,640 (2017 - \$46,953) was transferred into the fund.

Human Resource Fund

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

During the year, \$26,329 (2017 - \$598) was transferred into the fund.

THE GRADUATE STUDENTS' ASSOCIATION OF THE UNIVERSITY OF ALBERTA

Notes to Financial Statements

Year Ended March 31, 2018

8. LEASE COMMITMENTS

The Association has a five year lease which expires June 2021, 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 2019. The future minimum annual lease payments to the expiry of the lease is \$3,833.

9. CHANGES IN NON-CASH WORKING CAPITAL

	2018	2017
Accounts receivable	\$ (31,893)	\$ (2,215)
Prepaid expenses	(385)	1,020
Accounts payable and accrued liabilities	(9,802)	(5,730)
Health and Dental Plan payable	(7,193)	28,740
Deferred contributions	2,243	18,255
	\$ (47,030)	\$ 40,070

10. FINANCIAL INSTRUMENTS

The Association's financial instruments consist of cash, accounts receivable, restricted cash and investments, accounts payable and accrued liabilities and Health and Dental Plan payable.

The Association is exposed to various risks through its financial instruments. The following provides information about the Association's risk exposure as of March 31, 2018.

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, 2018.

Interest rate risk

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

THE GRADUATE STUDENTS' ASSOCIATION OF THE UNIVERSITY OF ALBERTA

Schedule of Revenues

(Schedule 1)

Year Ended March 31, 2018

	2018	2017
Graduate Student Support Fund		
Child Care Grants	\$ 274,000	\$ 373,000
Emergency Bursaries	126,095	45,220
Graduate Student Recognition Awards	18,000	18,000
Academic Travel Awards	405,336	337,705
	823,431	773,925
Administration, GSA Fees and Services		
Awards Night	2,550	1,550
Graduate Students' Association fees	1,171,822	1,126,136
Investment and interest	69,532	78,016
Killam Centre for Advanced Studies	9,167	10,000
TDIMM funding	11,500	11,500
Dean of Students funding	4,190	4,190
Studentcare funding	5,190	5,190
Other	4,648	7,498
Orientation	5,000	7,500
	1,283,599	1,251,580
Other Restricted		
Graduate Student Assistance Program fees	76,193	68,014
CJSR fees	15,063	14,700
Alberta Graduate Provincial Advocacy Council fees	8,992	21,817
	100,248	104,531
Commercial Activities		
Handbook	11,380	8,755
PAW revenue	40,162	38,888
	51,542	47,643
TOTAL REVENUES	\$ 2,258,820	\$ 2,177,679
Health and Dental Plan		
Plan fees	\$ 2,618,547	\$ 2,525,937
Plan expenses	(2,543,038)	(2,545,848)
	\$ 75,509	\$ (19,911)

See notes to financial statements

THE GRADUATE STUDENTS' ASSOCIATION OF THE UNIVERSITY OF ALBERTA

Schedule of Expenses

(Schedule 2)

Year Ended March 31, 2018

	2018	2017
Graduate Student Support Fund		
Child Care Grants	\$ 274,000	\$ 373,000
Emergency Bursaries	126,095	45,220
Graduate Student Recognition Awards	18,000	18,000
Academic Travel Awards	405,336	337,705
	823,431	773,925
Administration and Services (Schedule 3)		
Governance	195,207	189,892
Advocacy	26,769	30,614
Human resources	642,949	653,588
Office administration	22,847	29,969
Professional	47,278	45,001
Services	69,419	61,355
Amortization	18,315	38,715
	1,022,784	1,049,134
Other Restricted		
Graduate Student Assistance Program	76,194	68,014
CJSR fees	15,063	14,700
	91,257	82,714
Commercial Activities		
Handbook	10,113	8,795
TOTAL EXPENSES	\$ 1,947,585	\$ 1,914,568

See notes to financial statements

THE GRADUATE STUDENTS' ASSOCIATION OF THE UNIVERSITY OF ALBERTA

Schedule of Administration and Services Expenses

(Schedule 3)

Year Ended March 31, 2018

	2018	2017
Governance		
Elected officers stipends and benefits	\$ 168,865	\$ 166,324
Employer contributions		
Employer CPP contributions	7,457	7,023
Employer EI contributions	3,765	3,983
	11,222	11,006
Elected officers - Other		
Insurance (directors' and officers' liability insurance)	1,035	1,215
Transition/Early Call for Talent	883	2,671
Executive officers recognition	563	-
Executive officers discretionary expenses	564	268
Board and other committees	3,154	1,019
	6,199	5,173
Council		
Council/food/other	3,490	3,349
Election	1,081	1,098
Council Speaker honorarium	1,850	1,860
Chief Returning Officer honorarium	1,500	1,082
Other honorarium	1,000	-
	8,921	7,389
	\$ 195,207	\$ 189,892
Advocacy		
Government and external relations	\$ 4,315	\$ 8,425
University relations	545	372
Alberta Graduate Provincial Advocacy Council fees	21,909	21,817
	\$ 26,769	\$ 30,614

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See notes to financial statements

THE GRADUATE STUDENTS' ASSOCIATION OF THE UNIVERSITY OF ALBERTA

Schedule of Administration and Services Expenses *(continued)*

(Schedule 3)

Year Ended March 31, 2018

Human Resources		
Salaries and benefits	\$ 610,580	\$ 610,587
Employer contributions		
Employer CPP contributions	19,390	18,935
Employer EI contributions	9,008	9,672
	28,398	28,607
Other human resources		
Staff recognition	458	503
Professional expense allowance	1,489	10,845
Workers' Compensation Board	1,947	1,495
Parking	77	1,551
	3,971	14,394
	\$ 642,949	\$ 653,588
Office Administration and Operational Costs		
Small equipment purchases	\$ 2,833	\$ 13,058
Telephone and cable	3,107	3,291
Office supplies	2,245	1,630
Repairs and maintenance	7,303	2,696
Payroll and bank service charges	1,352	1,319
Photocopier lease/office	5,472	7,440
Insurance	535	535
	\$ 22,847	\$ 29,969
Professional		
Financial audit	\$ 11,588	\$ 11,025
Consultants	700	-
IT consultants	6,000	6,732
Legal fees - general	16,500	16,486
Investment advisor	12,490	10,758
	\$ 47,278	\$ 45,001

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See notes to financial statements

THE GRADUATE STUDENTS' ASSOCIATION OF THE UNIVERSITY OF ALBERTA

Schedule of Administration and Services Expenses *(continued)*

(Schedule 3)

Year Ended March 31, 2018

Services

Grants and Subsidies		
Academic workshop subsidies	\$ 5,500	\$ 5,500
External grants	1,050	1,525
	6,550	7,025
Student Groups		
Academically-Related Graduate Student Group Awards	22,617	14,957
Council remuneration student groups	11,000	4,700
	33,617	19,657
Other		
Annual Strategic Plan Initiatives	3,760	6,528
Association of Managers in Canadian College University and Student Centre membership	650	650
Food Bank	9,000	9,000
Fall and Winter Engagement Events	5,907	-
Awards Night	7,265	12,967
Orientation	2,670	5,528
	29,252	34,673
	\$ 69,419	\$ 61,355
Amortization	\$ 18,315	\$ 38,715
TOTAL ADMINISTRATION AND SERVICES EXPENSES	\$ 1,022,784	\$ 1,049,134

See notes to financial statements