THE GRADUATE STUDENTS' ASSOCIATION OF THE UNIVERSITY OF ALBERTA

EDMONTON, ALBERTA

March 31, 2011

AUDITED FINANCIAL STATEMENTS

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INDEPENDENT AUDITORS' REPORT

To the Council 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, 2011, 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 generally accepted accounting principles 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 auditors' 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, 2011 and its financial performance and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Edmonton, Alberta
August 31, 2011

Peterson Walker LLP
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THE GRADUATE STUDENTS' ASSOCIATION OF THE UNIVERSITY OF ALBERTA

Statement of Financial Position

Year Ended March 31, 2011

	2011	2010
ASSETS		
CURRENT ASSETS		
Cash--Note 3	$1,025,006	$1,038,503
Short-term investments--Note 4	135,590	123,518
Accounts receivable	105,060	95,603
Prepaid expenses	3,786	4,362
	1,269,442	1,261,986
SHARE IN THE UNITIZED ENDOWMENT POOL--Note 5	302,519	289,647
PROPERTY AND EQUIPMENT--Note 6	192,727	225,144
	$1,764,688	$1,776,777
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	$ 145,370	$ 55,103
Dental and health plan payable	187,415	163,903
Deferred contributions--Note 7	44,948	36,620
	377,733	255,626
DEFERRED CONTRIBUTIONS RELATED TO PROPERTY--Note 8	69,167	79,167
NET ASSETS		
Invested in property and equipment	123,560	145,977
Internally restricted--Note 9	705,054	646,776
Unrestricted	489,174	649,231
	1,317,788	1,441,984
	$1,764,688	$1,776,777

LEASE COMMITMENTS--Note 10

APPROVED ON BEHALF OF THE COUNCIL

_____ President

_____ Vice President

_____ Executive Director

THE GRADUATE STUDENTS' ASSOCIATION OF THE UNIVERSITY OF ALBERTA

Statement of Operations

Year Ended March 31, 2011

	2011	2010
REVENUE--Schedule 1		
Academically Employed Graduate Students Fund	$ 391,388	$ 384,087
Administration and services	652,818	631,054
Commercial activities	19,749	20,519
Dental and health plan--net	(3,722)	69,149
Unitized Endowment Pool	35,651	44,872
	1,095,884	1,149,681
EXPENSES--Schedule 2		
Academically Employed Graduate Students Fund	395,710	389,244
Administration	750,071	452,195
Commercial activities	20,060	21,063
Services	54,239	63,197
	1,220,080	925,699
REVENUE (UNDER) OVER EXPENSES	$ (124,196)	$ 223,982

THE GRADUATE STUDENTS' ASSOCIATION OF THE UNIVERSITY OF ALBERTA

Statement of Changes in Net Assets

Year Ended March 31, 2011

	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	2011	2010
Balance at beginning of year	$ 145,977	$ 146,776	$ 0	$ 500,000	$ 646,776	$ 649,231	$1,441,984	$1,218,002
Revenue (under) over expenses	(25,658)	(3,722)	0	0	(3,722)	(94,816)	(124,196)	223,982
Investment in property and equipment	3,241	0	0	0	0	(3,241)	0	0
Transfer	0	0	62,000	0	62,000	(62,000)	0	0
BALANCE AT END OF YEAR	$ 123,560	$ 143,054	$ 62,000	$ 500,000	$ 705,054	$ 489,174	$1,317,788	$1,441,984

THE GRADUATE STUDENTS' ASSOCIATION OF THE UNIVERSITY OF ALBERTA

Statement of Cash Flows

Year Ended March 31, 2011

	2011	2010
CASH PROVIDED BY (USED IN)		
Operating activities:		
Revenue (under) over expenses	$ (124,196)	$ 223,982
Changes not affecting cash:		
Amortization	35,658	38,727
Amortization of deferred contributions related to property	(10,000)	(10,000)
Net changes in non-cash working capital items--Note 11	101,154	4,202
	2,616	256,911
Investing activities:		
Increase in Unitized Endowment Pool	(12,872)	(38,616)
Purchase of property and equipment	(3,241)	(6,611)
	(16,113)	(45,227)
CASH (DECREASE) INCREASE	(13,497)	211,684
Cash at beginning of year	1,038,503	826,819
CASH AT END OF YEAR	$1,025,006	$1,038,503

THE GRADUATE STUDENTS' ASSOCIATION OF THE UNIVERSITY OF ALBERTA

Notes to Financial Statements

March 31, 2011

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 generally accepted accounting principles.

Short-term Investments

Short-term investments are classified as held-for-trading financial assets that are initially recognized at acquisition cost and subsequently measured at fair value at each reporting date. Unrealized gains or losses on re-measurement are recognized in the statement of operations.

Share in the Unitized Endowment Pool

The share in the Unitized Endowment Pool is classified as a held-for-trading financial asset that is initially 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 they are earned.

Donated Goods and Services

Donated goods and services are recorded at fair value when fair value can be reasonably estimated. No donated goods and services have been recorded during the current year.

Property and Equipment

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

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

NOTE 2--SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of Estimates

The preparation of financial statements, in conformity with Canadian generally accepted accounting principles, requires management to make estimates and assumptions that affect the amounts reported in the financial statements. By their nature, these estimates are subject to measurement uncertainty and actual results could differ.

NOTE 3--CASH

Cash consists of the following:

	2011	2010
Cash	$ 216,018	$ 233,175
Guaranteed Investment Certificates	808,988	805,328
	$1,025,006	$1,038,503

Cash includes $65,000 (2010--$77,627) held in a separate account for the Dental and Health Plan Reserve Fund.

NOTE 4--SHORT-TERM INVESTMENTS

	2011		2010	
	Cost	Market	Cost	Market
Mutual funds	$124,628	$135,590	$120,735	$123,518

Included with the short-term investments is $62,000 restricted for the Legal Defense Fund described in Note 9.

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 provides 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 $4,729 (2010--$18,091) was earned on the fund.

NOTE 6--PROPERTY AND EQUIPMENT

	2011			2010
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Furniture and fixtures	$ 99,944	$ 58,357	$ 41,587	$ 51,984
Computer equipment	64,210	50,438	13,772	15,738
Leasehold improvements	198,000	60,885	137,115	156,915
Computer software	3,450	3,197	253	507
	$365,604	$172,877	$192,727	$225,144

NOTE 7--DEFERRED CONTRIBUTIONS

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

	2011	2010
Fee revenue	$ 35,715	$ 34,837
Academically Employed Graduate Students' Bursary Program	9,233	1,783
BALANCE AT END OF YEAR	$ 44,948	$ 36,620

NOTE 8--DEFERRED CONTRIBUTIONS RELATED TO PROPERTY

Deferred contributions related to property 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 are amortized on the same basis as the related leasehold improvements.

NOTE 9--INTERNALLY RESTRICTED NET ASSETS

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 Council.

NOTE 10--LEASE COMMITMENTS

During the year, the Association leased 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 2014. Future minimum annual lease payments under these operating leases will be approximately:

2012	$ 10,069
2013	10,069
2014	10,069
	$ 30,207

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:

	2011	2010
Short-term investments	$ (12,072)	$ (63,880)
Accounts receivable	(9,457)	3,908
Prepaid expenses	576	(2,237)
Accounts payable and accrued liabilities	90,267	32,056
Dental and health plan payable	23,512	23,044
Deferred contributions	8,328	11,311
	$101,154	$ 4,202

NOTE 12--FINANCIAL INSTRUMENTS

For cash, short-term investments, accounts receivable, unitized endowment pool and accounts payable, the carrying amounts of these financial instruments approximate their fair values due to their short-term maturity or capacity for prompt liquidation.

The effective interest rate on the Guaranteed Investment Certificates varied during the year from 0.85% to 1.25% (2010--0.85% to 1.0%).

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.

The share in the Unitized Endowment Pool and short-term investments are 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 University's Investment Committee, a subcommittee of the Board of Governors, 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.

NOTE 13--CAPITAL MANAGEMENT

The Association's goal in managing capital is to safeguard its ability to continue as a going concern so that it can continue to provide services to the members. To accomplish this goal, policies have been established to preserve the financial condition of the Association and protect its assets. This is done by setting limitations on the expenditure of funds, incurrence of debt, use of any long-term reserves and investment of funds. During the year, the Council addressed capital management through the budget review, financial analysis and through long-term planning over expenditures and revenue to review the Association's financial position.

NOTE 14--FUTURE ACCOUNTING CHANGES

In December of 2010, the Accounting Standards Board of the Canadian Institute of Chartered Accountants approved the adoption of new accounting standards for not-for-profit organizations to be effective for fiscal years commencing on or after January 1, 2012. Management and the Council will ensure the Association complies with the new standards.

THE GRADUATE STUDENTS' ASSOCIATION OF THE UNIVERSITY OF ALBERTA

Schedule 1

Schedule of Revenue

Year Ended March 31, 2011

	2011	2010
Academically Employed Graduate Students' Fund		
Child care subsidy	$ 51,773	$ 59,957
Emergency bursaries	87,549	89,526
Graduate student assistance program	84,838	48,562
Graduate student recognition awards	10,180	11,889
Professional development grants	157,048	174,153
	391,388	384,087
Administration and Services		
Advanced Educational and Technology grant	8,000	0
Alberta Graduate Council	7,200	0
Awards night	7,000	7,000
CJSR fees	14,401	0
Graduate Students' Association fees	578,165	576,629
Investment and interest	14,024	10,324
Killam Centre for Advanced Studies	10,000	10,000
Miscellaneous	0	7,465
Orientation	5,850	4,300
Unrealized gain on short-term investments	8,178	15,336
	652,818	631,054
Commercial Activities		
Handbook	15,290	10,730
Other	302	1,095
Photocopying	4,157	8,694
	19,749	20,519
Dental and Health Plan		
Net fees	(3,722)	69,149
Unitized Endowment Pool		
Investment income	4,729	18,091
Unrealized gain	30,922	26,781
	35,651	44,872
TOTAL REVENUE	$1,095,884	$1,149,681

THE GRADUATE STUDENTS' ASSOCIATION OF THE UNIVERSITY OF ALBERTA

Schedule 2

Schedule of Expenses

Year Ended March 31, 2011

	2011	2010
Administration		
Advocacy	$ 136	$ 18
Alberta Graduate Council Conference director	8,000	0
Alberta Graduate Council membership	14,401	13,133
Amortization	35,658	38,727
Annual general meeting	546	0
Audit and accounting	7,560	7,491
Bank charges	224	718
Chief returning officer	1,000	1,500
Committees	2,288	392
Conferences	2,014	4,303
Consulting fees	59,749	0
Council secretary	1,500	2,000
Council security	2,428	2,625
Council speaker	2,100	2,000
Council	6,078	4,583
Elections	436	4,381
Executive expenses	2,822	2,263
Executive stipends and benefits	175,429	107,090
Executive transition	996	1,890
General	277	1,612
Government and external relations	1,712	204
Hiring costs	65	1,493
Insurance	2,018	1,659
Legal fees	76,023	21,982
Miscellaneous	5,345	2,011
Office supplies	6,214	3,849
Photocopier lease	3,357	3,429
Photocopier meter	1,473	728
Photocopier paper	352	845
Professional development	2,059	315
Promotion	851	0
Repairs and maintenance	1,269	595
Salaries	296,816	195,257
Staff benefits	23,350	19,583
Subscriptions	30	330
Telephone	5,495	5,189
	$750,071	$452,195

THE GRADUATE STUDENTS' ASSOCIATION OF THE UNIVERSITY OF ALBERTA

Schedule 2

Schedule of Expenses (continued)

Year Ended March 31, 2011

	2011	2010
Academically Employed Graduate Students Fund		
Child care subsidy	$ 51,773	$ 59,957
Emergency bursaries	87,549	89,526
Graduate student assistance program	89,160	53,719
Graduate student recognition awards	10,180	11,889
Professional development grants	157,048	174,153
	395,710	389,244
Commercial Activities		
Handbook	11,287	11,625
Photocopier lease	6,713	6,817
Photocopier meter	1,521	1,084
Photocopier paper	539	1,537
	20,060	21,063
Services		
Academic events	5,287	2,139
Awards night	8,339	8,389
CJSR fees	14,401	13,133
External grants	0	300
Food Bank	9,000	9,000
Lecture grants	11,840	15,790
Orientation	3,998	6,469
Socials	0	4,415
Student groups	1,171	3,000
Subscriptions and data collection	203	562
	54,239	63,197
TOTAL EXPENSES	$1,220,080	$ 925,699