

SOCIETY OF GRADUATE STUDENTS
GRAD CLUB
UNIVERSITY OF WESTERN ONTARIO
FINANCIAL STATEMENTS
APRIL 30, 2013

INDEPENDENT AUDITORS' REPORT

To the Members of the
Society of Graduate Students - Grad Club

I have audited the financial statements of Society of Graduate Students - Grad Club which comprise the statement of financial position as at April 30, 2013, April 30, 2012 and May 1, 2011 and the statements of loss, gross profit and cash flows for the years ended April 30, 2013 and April 30, 2012 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 necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform an audit to obtain reasonable assurance whether the financial statements are free of 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Non Qualified Opinion

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Society of Graduate Students - Grad Club as at April 30, 2013, April 30, 2012 and May 1, 2011 and the results of its operations and the changes in its financial position for the years ended April 30, 2013 and April 30, 2012 in accordance with Canadian accounting standards for not for profit organizations.

London, Canada
date of board approval

MICHAEL A. KING, CPA, CA
Licensed Public Accountant

**SOCIETY OF GRADUATE STUDENTS
GRAD CLUB
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Statement of Financial Position

As at April 30

	2013	2012
Assets		
Current assets:		
Cash	\$ 214,013	\$ 200,906
Accounts receivable	10,815	13,370
Inventory	39,263	37,029
Prepaid expenses	952	909
	265,043	252,214
Capital assets (note 2)	104,739	153,393
	\$ 369,782	\$ 405,607
Liabilities and Members' Equity		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 115,109	\$ 82,240
Government remittances payable	22,443	24,333
Deferred memberships	1,672	2,752
Due to Society of Graduate Students - Administration	206,353	218,094
	345,577	327,419
Members' equity:		
Balance, beginning of year	78,188	151,783
Deduct net loss for the year	(53,983)	(73,595)
Balance, end of year	24,205	78,188
	\$ 369,782	\$ 405,607

Commitments (note 5)

See accompanying notes to the financial statements.

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Statement of Loss

Year ended April 30

	2013	2012
Revenues (page 5)	\$1,240,182	\$1,243,861
Cost of goods sold (page 5)	608,958	618,824
Gross Profit (page 5)	631,224	625,037
Other income (expenses):		
Interest	831	1,060
Associate memberships	9,440	8,160
Sundry	852	6,225
Bursaries	(5,000)	(15,000)
	6,123	445
Net profit before operating expenses	637,347	625,482
Operating expenses:		
Wages and employee benefits	382,212	387,014
Occupancy costs	123,243	120,053
Amortization	53,299	57,791
Supplies	42,897	40,045
Entertainment	25,789	25,309
Interest and bank charges	16,958	13,533
Repairs, maintenance and rentals	14,266	19,012
Administration, Society of Graduate Students	13,800	13,800
Professional services	12,000	12,000
Travel	3,109	2,875
Insurance	1,385	1,278
Office supplies	1,200	1,147
Bad debts	1,172	2,146
Advertising, promotion and special events	-	3,074
	691,330	699,077
Net loss for the year	\$ (53,983)	\$ (73,595)

See accompanying notes to the financial statements.

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Statement of Gross Profit

Year ended April 30

2013				
	Revenues	Cost of Goods Sold	Gross Profit	%
Beer	474,844	230,871	243,973	51.38
Food	582,104	286,548	295,556	50.77
Beverages	94,870	45,374	49,496	52.17
Liquor	44,511	14,009	30,502	68.53
Cigarettes	31,706	24,701	7,005	22.09
Wine	18,163	7,455	10,708	58.96
Special events	6,760	-	6,760	100.00
Discounts	(12,776)	-	(12,776)	100.00
	1,240,182	608,958	631,224	50.90
2012				
	Revenues	Cost of Goods Sold	Gross Profit	%
Beer	453,594	232,959	220,635	48.64
Food	601,285	285,398	315,887	52.54
Beverages	94,004	52,348	41,656	44.31
Liquor	45,865	14,426	31,439	68.55
Cigarettes	31,456	25,851	5,605	17.82
Wine	21,441	7,842	13,599	63.43
Special events	7,945	-	7,945	100.00
Discounts	(11,729)	-	(11,729)	100.00
	1,243,861	618,824	625,037	50.25

See accompanying notes to the financial statements.

**SOCIETY OF GRADUATE STUDENTS
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Statement of Cash Flows

Year ended April 30

	2013	2012
Cash flows from operating activities:		
Net loss for the year	\$ (53,983)	\$ (73,595)
Items not affecting working capital:		
Amortization	53,299	57,791
Net changes in non-cash working capital		
Accounts receivable	2,555	15,932
Inventory	(2,234)	(3,099)
Prepaid expenses	(43)	(85)
Due to Society of Graduate Students - Administration	(11,741)	104,715
Accounts payable and accrued liabilities	32,869	43,764
Government remittances payable	(1,890)	656
Deferred memberships	(1,080)	152
	17,752	146,231
Cash flows from investing activities:		
Additions to capital assets	(4,645)	(3,747)
Increase in cash during the year	13,107	142,484
Cash, beginning of year	200,906	58,422
Cash, end of year	\$ 214,013	\$ 200,906

See accompanying notes to the financial statements.

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Notes to the Financial Statements

April 30, 2013

General:

The Society of Graduate Students is a not for profit organization, exempt from income taxes under the Income Tax Act. The Society consists of two divisions. The Administrative division is responsible for the health plan and bus passes offered to graduate students. The Grad Club division operates the restaurant/bar facilities. Separate financial statements are prepared for the Administration division.

Summary of significant accounting policies:

These financial statements have been prepared in accordance with Canadian accounting standards for not for profit organization, the more significant of which are summarized below.

Revenue recognition:

Revenues related to food and beverages is recognized at the time services are rendered. Revenues related to annual memberships are recognized when paid with the portion relating to the period after the year end deferred and recognized in the following year.

Inventory:

Inventory is valued at the lower of cost and net realizable value, with cost being determined on a first-in, first-out basis and consists of food and related items available for resale.

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Notes to the Financial Statements - continued

April 30, 2013

Capital assets:

Capital assets are recorded at cost. Amortization has been provided using the declining balance method, with half amortization on net acquisitions, and no amortization in the year of disposal, with the exception of leasehold improvements and concessions which are amortized over 10 years.

Computer hardware	30 %
Furniture and equipment	20 %
Concessions	10 yrs
Leasehold improvements	10 yrs

When properties are retired or otherwise disposed of, the assets and related accumulated amortization thereon are removed from the accounts and the resulting gain or loss is credited or charged to income.

Accounting Estimates:

The preparation of financial statements in accordance with Canadian accounting standards for not for profit organizations requires management to make estimates such as the useful life, the allowance for doubtful accounts. These estimates are reviewed periodically and reported in earnings in the period in which they become know. Actual results could differ from these estimates.

1. Impact of the Change in the Basis of Accounting:

These financial statements are the first financial statements for which the organization applied Canadian accounting standards for not for profit organizations. First-time adoption of this new basis of accounting had no impact on the organization's excess of revenues over expenses for the year ended April 30, 2012 or on net assets as at May 1, 2011, the date of transition.

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Notes to the Financial Statements - continued

April 30, 2013

2. Capital assets:

			2013	2012
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Computer hardware	\$ 42,208	\$ 38,197	\$ 4,011	\$ 5,731
Furniture and equipment	282,410	216,782	65,628	76,809
Concessions	150,000	135,000	15,000	30,000
Leasehold improvements	212,605	192,505	20,100	40,853
	\$ 687,223	\$ 582,484	\$ 104,739	\$ 153,393

3. Financial instruments:

Fair Values

The Club's financial instruments are comprised of cash, accounts receivable and accounts payable and accrued liabilities. These are reported at fair value on the statement of financial position.

Credit Risk

The Club's cash is held at a major financial institution.

Interest Rate and Currency Risk

The Club is not exposed to interest rate risk or currency risk as the Club does not have investments and transactions are in Canadian dollars.

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Notes to the Financial Statements - continued

April 30, 2013

4. Non-profit organization:

The Grad Club is a division of a non-profit organization and therefore, is not subject to income taxes.

5. Lease Commitment:

On May 1, 2004, the Grad Club entered into a 10 year lease agreement, with a 5 year renewal option, for the premises it occupies. Rent consists of a base amount plus an amount for janitorial services that are determined annually. For the 2012/2013 year the annual cost will be \$115,014.