

**SOCIETY OF GRADUATE STUDENTS
ADMINISTRATION
UNIVERSITY OF WESTERN ONTARIO
FINANCIAL STATEMENTS
APRIL 30, 2013**

INDEPENDENT AUDITOR'S REPORT

To the Members of the
Society of Graduate Students

I have audited the financial statements of Society of Graduate Students- Administration which comprise the statement of financial position as at April 30, 2013, April 30, 2012 and May 1, 2011 and the statements of income (loss) 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 Society of Graduate Students- Administration 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

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Statement of Financial Position

As at April 30

	2013	2012
Assets		
Current assets:		
Cash	\$ 702,195	\$ 676,728
Loans receivable	5,135	3,344
Accounts receivable	2,057	9,713
Prepaid expenses	129,730	125,594
Due from Grad Club	206,353	218,094
	1,045,470	1,033,473
Capital assets (note 2)	6,790	6,394
Other assets:		
Long-term investments (note 3)	200,000	200,000
	\$1,252,260	\$1,239,867
Liabilities and Members' Equity		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 57,855	\$ 75,349
Government remittances payable	3,713	5,479
Deferred revenues	686,769	735,324
	748,337	816,152
Members' equity:		
Restricted Fund	200,000	200,000
Unrestricted Fund:		
Balance, beginning of year	223,715	436,577
Add (deduct) net income (loss) for the year	80,208	(12,862)
Deduct transfer to restricted fund	-	(200,000)
Unrestricted fund balance, end of year	303,923	223,715
Total members' equity	503,923	423,715
	\$1,252,260	\$1,239,867

See accompanying notes to the financial statements.

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Statement of Income (Loss)

Year ended April 30

	2013	2012
Revenues:		
Health insurance	\$2,266,081	\$2,194,761
Bus pass fees	812,654	767,778
Membership fees - full-time	238,299	234,790
CFS membership dues	70,387	68,149
Membership fees - part-time	26,285	23,747
Administration fees from Grad Club	13,800	13,800
Advertising	9,345	-
Interest	8,470	11,097
Contributions and subsidies	1,800	10,500
Sundry	67	236
	\$3,447,188	\$3,324,858

See accompanying notes to the financial statements.

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Statement of Income (Loss) - continued

Year ended April 30

	2013	2012
Operating expenses:		
Health insurance	\$2,137,459	\$2,165,048
Bus pass fees	803,105	763,694
Wages and employee benefits	207,829	189,298
CFS membership fees	70,387	68,149
Grants, bursaries and donations	67,347	60,358
Travel, conferences and executives	14,698	17,140
Office supplies and telephone	13,856	14,509
Handbook	12,480	11,911
Professional services	11,781	11,703
Teaching Assistant expenses	7,501	12,628
Research forum	5,231	6,670
Social committee	3,746	8,381
Elections/Referendum	2,503	191
Bank charges	2,214	570
Insurance	2,093	1,997
Amortization	1,593	1,303
Sponsorship	1,500	1,150
Miscellaneous expense	957	762
Advertising	700	207
Bad debts	-	2,051
	3,366,980	3,337,720
Net income (loss) for the year	\$ 80,208	\$ (12,862)

See accompanying notes to the financial statements.

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Statement of Cash Flows

Year ended April 30

	2013	2012
Cash flows from operating activities:		
Net income (loss) for the year	\$ 80,208	\$ (12,862)
Items not affecting working capital:		
Amortization	1,593	1,303
Net changes in non-cash working capital		
Loans receivable	(1,791)	1,063
Accounts receivable	7,655	(7,096)
Prepaid expenses	(4,136)	6,231
Due from (to) Grad Club	11,741	(104,714)
Accounts payable and accrued liabilities	(17,494)	(347,768)
Government remittances payable	(1,766)	1,612
Deferred revenues	(48,555)	(314,339)
	27,455	(776,570)
Cash flows from investing activities:		
Additions to capital assets	(1,988)	(456)
Additions to long-term investments	-	(200,000)
	(1,988)	(200,456)
Increase (decrease) in cash position during the year	25,467	(977,026)
Cash, beginning of year	676,728	1,653,754
Cash, end of year	\$ 702,195	\$ 676,728

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 at the University of Western Ontario. The Grad Club division operates the restaurant/bar facilities. Separate financial statements are prepared for the Grad Club division.

Summary of significant accounting policies:

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

Revenue recognition:

Revenue for the health plan and student fees is recognized on a deferral basis. The amount of fees collected each September is calculated to be recognized for the period ending April 30th with the remaining balance recorded as deferred revenue.

Revenue for the bus pass fee is recognized each term.

Capital assets:

Capital assets are recorded at cost. Amortization has been provided using the declining balance method at the following rates, with half amortization on net acquisitions, and no amortization in the year of disposal:

Computer hardware	30 %
Furniture and equipment	20 %

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.

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Notes to the Financial Statements - continued

April 30, 2013

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 known. 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.

2. Capital assets:

			2013		2012	
	Cost	Accumulated Amortization	Net Book Value		Net Book Value	
Computer hardware	\$ 8,210	\$ 4,436	\$ 3,774	\$ 2,914		
Furniture and equipment	24,268	21,252	3,016	3,480		
	\$ 32,478	\$ 25,688	\$ 6,790	\$ 6,394		

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Notes to the Financial Statements - continued

April 30, 2013

3. Long-term investments:

The organization has contributed the following funds to the University of Western Ontario investment portfolio. Interest will be paid to the organization based on the rate of return commencing three years after the fund is established. As of April 30, 2013 the funds have earned \$20,741 of income.

	2013	2012
Fixed rate of return investment	\$ 100,000	\$ 100,000
Variable rate of return investment	100,000	100,000
	\$ 200,000	\$ 200,000

4. Financial instruments:

Fair Values

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

Currency Risk

The Society is not exposed to currency risk as the Society's transactions are in Canadian dollars.

Interest Rate Risk

The investment is subject to interest rate risk as it is subject to a variable interest rate on half of the investment and fixed rate interest on the other half.

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Notes to the Financial Statements - continued

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5. Non-profit organization:

The Society of Graduate Students is a non-profit organization and therefore is not subject to income taxes.