

**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

**SOCIETY OF GRADUATE STUDENTS  
ADMINISTRATION  
UNIVERSITY OF WESTERN ONTARIO**

Statement of Financial Position

As at April 30

	2013	2012
<b>Assets</b>		
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
	<b>1,045,470</b>	<b>1,033,473</b>
Capital assets (note 2)	<b>6,790</b>	<b>6,394</b>
Other assets:		
Long-term investments (note 3)	<b>200,000</b>	<b>200,000</b>
	<b>\$1,252,260</b>	<b>\$1,239,867</b>
<b>Liabilities and Members' Equity</b>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 57,855	\$ 75,349
Government remittances payable	3,713	5,479
Deferred revenues	686,769	735,324
	<b>748,337</b>	<b>816,152</b>
Members' equity:		
Restricted Fund	<b>200,000</b>	<b>200,000</b>
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	<b>303,923</b>	<b>223,715</b>
Total members' equity	<b>503,923</b>	<b>423,715</b>
	<b>\$1,252,260</b>	<b>\$1,239,867</b>

See accompanying notes to the financial statements.

**SOCIETY OF GRADUATE STUDENTS  
ADMINISTRATION  
UNIVERSITY OF WESTERN ONTARIO**

Statement of Income (Loss)

Year ended April 30

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

See accompanying notes to the financial statements.

**SOCIETY OF GRADUATE STUDENTS  
ADMINISTRATION  
UNIVERSITY OF WESTERN ONTARIO**

Statement of Income (Loss) - continued

Year ended April 30

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

See accompanying notes to the financial statements.

**SOCIETY OF GRADUATE STUDENTS  
ADMINISTRATION  
UNIVERSITY OF WESTERN ONTARIO**

Statement of Cash Flows

Year ended April 30

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

See accompanying notes to the financial statements.

**SOCIETY OF GRADUATE STUDENTS  
ADMINISTRATION  
UNIVERSITY OF WESTERN ONTARIO**

Notes to the Financial Statements

April 30, 2013

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**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.



**SOCIETY OF GRADUATE STUDENTS  
ADMINISTRATION  
UNIVERSITY OF WESTERN ONTARIO**

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:**

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

**SOCIETY OF GRADUATE STUDENTS  
ADMINISTRATION  
UNIVERSITY OF WESTERN ONTARIO**

Notes to the Financial Statements - continued

April 30, 2013

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**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.

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	<b>2013</b>	2012
Fixed rate of return investment	<b>\$ 100,000</b>	\$ 100,000
Variable rate of return investment	<b>100,000</b>	100,000
	<b>\$ 200,000</b>	\$ 200,000

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**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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ADMINISTRATION  
UNIVERSITY OF WESTERN ONTARIO**

Notes to the Financial Statements - continued

April 30, 2013

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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.