

UNIVERSITY OF VICTORIA GRADUATE STUDENTS' SOCIETY
Financial Statements
Year Ended March 31, 2020

UNIVERSITY OF VICTORIA GRADUATE STUDENTS' SOCIETY
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Year Ended March 31, 2020

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INDEPENDENT AUDITOR'S REPORT

To the Members of University of Victoria Graduate Students' Society

Report on the Financial Statements

Opinion

We have audited the financial statements of University of Victoria Graduate Students' Society (the Society), which comprise the statement of financial position as at March 31, 2020, and the statements of changes in net assets, revenues and expenses and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Society as at March 31, 2020, and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Society in accordance with ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with ASNPO, 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.

In preparing the financial statements, management is responsible for assessing the Society's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Society or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Society's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

(continues)

* Denotes professional corporation

Independent Auditor's Report to the Members of University of Victoria Graduate Students' Society
(continued)

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Society's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Society's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Society to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

As required by the Societies Act of British Columbia, we report that, in our opinion, the accounting policies applied in preparing and presenting the financial statements in accordance with Canadian Accounting Standards for Not-for-profit Organizations have been applied on a basis consistent with that of the preceding year.

Obara & Company LLP

Victoria, B.C.
November 12, 2020

Chartered Professional Accountants

UNIVERSITY OF VICTORIA GRADUATE STUDENTS' SOCIETY
STATEMENT OF FINANCIAL POSITION

March 31, 2020

ASSETS

CURRENT

	Operating Fund	Health and Dental Fund	Capital Fund	Building Fund	Grad House Restaurant Fund	Total 2020	Total 2019
Cash	\$ 437,772	\$ 248,171	\$ 148,273	\$ 7,526	\$ 6,283	\$ 848,025	\$ 766,480
Accounts receivable	3,004	-	-	-	4,698	7,702	8,690
GST receivable	-	-	-	-	-	-	567
Prepaid expenses	5,824	948	-	-	533	7,305	5,536
Inventory	-	-	-	-	7,476	7,476	23,067
	446,600	249,119	148,273	7,526	18,990	870,508	804,340

CAPITAL ASSETS (Note 4)

	-	-	901,894	-	-	901,894	978,092
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INTERFUND RECEIVABLES

Due from Operating Fund	-	260,222	-	-	-	260,222	24,783
Due from Grad House Restaurant Fund	447,578	-	-	-	-	447,578	380,338
Due from Capital Fund	1,794	-	-	-	-	1,794	-
	449,372	260,222	-	-	-	709,594	405,121

TOTAL ASSETS

	\$ 895,972	\$ 509,341	\$ 1,050,167	\$ 7,526	\$ 18,990	\$ 2,481,996	\$ 2,187,553
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Approved by the Board:

Director

Director

See notes to financial statements

UNIVERSITY OF VICTORIA GRADUATE STUDENTS' SOCIETY

STATEMENT OF FINANCIAL POSITION (continued)

March 31, 2020

	Operating Fund	Health and Dental Fund	Capital Fund	Building Fund	Grad House Restaurant Fund	Total 2020	Total 2019
LIABILITIES							
CURRENT							
Accounts payable and accrued liabilities	\$ 123,550	\$ 506	\$ -	\$ -	\$ 17,224	\$ 141,280	\$ 146,046
GST payable	252	-	-	-	10,524	10,776	3,385
Payroll deductions payable	3,037	-	-	-	3,776	6,813	12,427
WorkSafeBC payable	330	-	-	-	370	700	871
Deferred contributions (Note 5, 6)	-	479,925	43,750	-	-	523,675	475,428
Current portion of long term debt (Note 7)	-	-	26,691	-	-	26,691	25,026
	<u>127,169</u>	<u>480,431</u>	<u>70,441</u>	<u>-</u>	<u>31,894</u>	<u>709,935</u>	<u>663,183</u>
LONG TERM DEBT (Note 7)	-	-	122,740	-	-	122,740	149,467
INTERFUND LIABILITIES							
Due to Health and Dental Fund	260,222	-	-	-	-	260,222	24,111
Due to Building Fund	-	-	-	-	-	-	-
Due to Operating Fund	-	-	1,794	-	447,578	449,372	380,338
Due to Capital Fund	-	-	-	-	-	-	672
	<u>260,222</u>	<u>-</u>	<u>1,794</u>	<u>-</u>	<u>447,578</u>	<u>709,594</u>	<u>405,121</u>
NET ASSETS							
Internally restricted (Note 3)	-	28,910	855,192	7,526	-	891,628	910,358
Unrestricted	508,581	-	-	-	(460,482)	48,099	59,424
	<u>508,581</u>	<u>28,910</u>	<u>855,192</u>	<u>7,526</u>	<u>(460,482)</u>	<u>939,727</u>	<u>969,782</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 895,972</u>	<u>\$ 509,341</u>	<u>\$ 1,050,167</u>	<u>\$ 7,526</u>	<u>\$ 18,990</u>	<u>\$ 2,481,996</u>	<u>\$ 2,187,553</u>

See notes to financial statements

UNIVERSITY OF VICTORIA GRADUATE STUDENTS' SOCIETY
STATEMENT OF CHANGES IN NET ASSETS
Year Ended March 31, 2020

	Operating Fund	Health and Dental Fund	Capital Fund	Building Fund	Grad House Restaurant Fund	Total 2020	Total 2019
NET ASSETS- BEGINNING OF YEAR	\$ 453,895	\$ 39,119	\$ 863,748	\$ 7,522	\$ (394,502)	\$ 969,782	\$1,123,140
Excess (Deficiency) of revenues over expenses	55,155	(9,959)	(8,556)	4	(66,699)	(30,055)	(153,358)
Interfund transfers	(469)	(250)	-	-	719	-	-
NET ASSETS - END OF YEAR	\$ 508,581	\$ 28,910	\$ 855,192	\$ 7,526	\$ (460,482)	\$ 939,727	\$ 969,782

See notes to financial statements

UNIVERSITY OF VICTORIA GRADUATE STUDENTS' SOCIETY

STATEMENT OF REVENUES AND EXPENSES

Year Ended March 31, 2020

	Operating Fund	Health and Dental Fund	Capital Fund	Building Fund	Grad House Restaurant Fund	Total 2020	Total 2019
REVENUES							
Membership fees <i>(Note 8)</i>	\$ 364,105	\$ -	\$ 78,240	\$ -	\$ -	\$ 442,345	\$ 421,362
Handbook revenues	3,250	-	-	-	-	3,250	3,500
Health and Dental Premiums	-	1,082,723	-	-	-	1,082,723	1,032,635
Room rentals	1,794	-	-	-	-	1,794	2,299
CRA Wage Subsidy	844	-	-	-	1,374	2,218	-
Other income	461	-	2,500	-	3,583	6,544	6,740
Interest income	292	369	361	4	27	1,053	1,436
	370,746	1,083,092	81,101	4	4,984	1,539,927	1,467,972
RESTAURANT							
Sales	-	-	-	-	407,906	407,906	534,194
Cost of Goods Sold	-	-	-	-	(174,124)	(174,124)	(227,346)
Gross Profit	-	-	-	-	233,782	233,782	306,848
EXPENSES							
Advertising and memberships	4,865	-	-	-	5,490	10,355	12,390
Amortization	-	-	78,963	-	-	78,963	76,168
Equipment rental and maintenance	3,345	355	-	-	6,255	9,955	8,315
Grants	7,000	-	-	-	-	7,000	12,750
Handbook expenses	3,215	-	-	-	-	3,215	3,051
Health and dental premiums	-	1,023,289	-	-	-	1,023,289	1,010,640
Insurance	7,806	928	-	-	-	8,734	9,526
Interest on long term debt	-	-	10,517	-	-	10,517	11,639
Meetings and events	9,572	-	-	-	795	10,367	28,152
Office and administration	19,681	3,109	177	-	37,348	60,315	60,248
Professional fees	25,952	2,345	-	-	-	28,297	16,915
Utilities, repairs and maintenance	44,365	7,222	-	-	390	51,977	51,442
Wages and benefits	189,790	55,803	-	-	255,187	500,780	626,942
	315,591	1,093,051	89,657	-	305,465	1,803,764	1,928,178
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	\$ 55,155	\$ (9,959)	\$ (8,556)	\$ 4	\$ (66,699)	\$ (30,055)	\$ (153,358)

See notes to financial statements

UNIVERSITY OF VICTORIA GRADUATE STUDENTS' SOCIETY

Statement of Cash Flows

Year Ended March 31, 2020

	2020	2019
OPERATING ACTIVITIES		
Deficiency of revenues over expenses	\$ (30,055)	\$ (153,358)
Item not affecting cash:		
Amortization of capital assets	<u>78,963</u>	<u>76,168</u>
	<u>48,908</u>	<u>(77,190)</u>
Changes in non-cash working capital:		
Accounts receivable	988	28,634
GST receivable	567	33,980
Prepaid expenses	(1,769)	(532)
Inventory	15,591	680
Accounts payable and accrued liabilities	(4,766)	67,649
GST payable	7,391	1,203
Payroll deductions payable	(5,614)	10,819
WorkSafeBC payable	(171)	78
Deferred contributions	<u>48,247</u>	<u>(14,040)</u>
	<u>60,464</u>	<u>128,471</u>
Cash flow from operating activities	<u>109,372</u>	<u>51,281</u>
INVESTING ACTIVITY		
Purchase of capital assets	<u>(2,765)</u>	<u>(46,625)</u>
FINANCING ACTIVITY		
Repayment of long term debt	<u>(25,062)</u>	<u>(23,413)</u>
INCREASE (DECREASE) IN CASH FLOW	81,545	(18,757)
Cash - beginning of year	<u>766,480</u>	<u>785,237</u>
CASH - END OF YEAR	<u>\$ 848,025</u>	<u>\$ 766,480</u>

See notes to financial statements

UNIVERSITY OF VICTORIA GRADUATE STUDENTS' SOCIETY

Notes to Financial Statements

Year Ended March 31, 2020

1. DESCRIPTION OF OPERATIONS

University of Victoria Graduate Students' Society (the "Society") is a non-profit organization and its purpose is to promote the interests of graduate students at the University of Victoria. The Society operates and maintains premises on campus including a general office, food services and meeting and seminar rooms. The Society is exempt from income taxes.

2. BASIS OF PRESENTATION

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fund accounting

The Operating Fund is unrestricted and accounts for the Society's program delivery and administrative costs of operating the George and Ida Halpern Centre for Graduate Students.

A \$10,000 Employee Leave and Emergency Hire fund was set-up as an internally restricted budget item within the Operating Fund in October 2010. It is to be used to cover extraordinary employee benefits, such as maternity and sick leave or emergency hires. \$1,000 was transferred into the fund during the fiscal year ended March 31, 2020 (\$500 Operating Fund, \$250 Health and Dental Fund and \$250 Grad House Restaurant Fund). \$969 of expenses were incurred during the fiscal year leaving a \$nil balance in the account at March 31, 2020 (2019 - deficit of \$31).

The Health and Dental Fund was established to segregate the financial transactions of the health and dental plan member revenues with related costs and administration.

The Capital Fund represents the assets, liabilities, revenues and expenses related to the Society's capital assets. The Capital Fund is maintained to provide for the replacement of major capital items to maintain the building and its contents, such as roofing, painting, carpeting, walkways and other items.

The Building Fund was established to accumulate funds for future building/space expansion in light of increased graduate student enrolment.

The Grad House Restaurant Fund represents the restaurant and pub operations.

Revenue recognition

University of Victoria Graduate Students' Society follows the deferral method of accounting for contributions.

Interest income is recognized as revenue when earned.

Membership fees and Health and Dental Premiums are recognized as revenue when they have been received or are receivable for the school terms falling within the fiscal year of the Society.

Room rentals, other income and handbook revenues are recognized as revenue when earned.

Restaurant revenue is recorded upon providing of the service.

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UNIVERSITY OF VICTORIA GRADUATE STUDENTS' SOCIETY

Notes to Financial Statements

Year Ended March 31, 2020

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

Financial instruments policy

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

The Society is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. As at March 31, 2020, it is management's opinion that the Society is not exposed to significant credit, liquidity, market, currency or interest rate risks.

Inventory

Inventories are comprised of food and beverages for the restaurant operations and are valued at the lower of cost and net realizable value with the amount being determined using the most recent cost.

Capital assets

Capital assets are stated at cost or deemed cost less accumulated amortization. Capital assets are amortized over their estimated useful lives at the following rates and methods:

Furniture and equipment	5 years	straight-line method
Restaurant equipment	5 years	straight-line method
Computers	3 years	straight-line method
Leasehold improvements	10 years	straight-line method
Major renovations	20 years	straight-line method

Measurement uncertainty

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 amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

UNIVERSITY OF VICTORIA GRADUATE STUDENTS' SOCIETY

Notes to Financial Statements

Year Ended March 31, 2020

4. CAPITAL ASSETS

	Cost	Accumulated amortization	2020 Net book value	2019 Net book value
<u>Capital Fund</u>				
Furniture and equipment	\$ 128,455	\$ 128,254	\$ 201	\$ 604
Restaurant equipment	279,810	262,929	16,881	26,196
Computers	36,509	30,699	5,810	6,263
Leasehold improvements	132,467	84,897	47,570	54,904
Major renovations	1,173,851	342,419	831,432	890,125
<u>Grad House Restaurant Fund</u>				
Furniture and equipment	15,500	15,500	-	-
	\$ 1,766,592	\$ 864,698	\$ 901,894	\$ 978,092

5. DEFERRED CONTRIBUTIONS - HEALTH AND DENTAL FUND

Effective September 1, 1999, the Society commenced with a health and dental plan for which the University collects from students and pays premiums upon receiving an authorized for payment invoice from the Society. The insurance premiums are paid to Blue Cross on a monthly basis by the Society. The fees collected from students registering in September and January cover the fiscal year of the plan (September 1 - August 31). Since the fees are collected prior to the March 31 year end of the Society, and will be used to pay invoices to August 31, 2020, the unexpended balance has been recorded as a deferred contribution. Any excess or shortfall at the completion of the term of coverage will then be transferred as revenue or expense to the Statement of Revenues and Expenses.

	2020	2019
Beginning balance	\$ 429,178	\$ 440,718
Amount recognized as revenue in year	(429,178)	(440,718)
Amount related to next year	479,925	429,178
Ending balance	\$ 479,925	\$ 429,178

6. DEFERRED CONTRIBUTIONS - CAPITAL FUND

Deferred contributions in the Capital Fund represents major renovations funded by the University of Victoria. The contributions are recognized as revenue as the major renovations are amortized. Changes in the deferred contribution balance for the year are as follows:

	2020	2019
Deferred contributions, beginning of the year	\$ 46,250	\$ 48,750
Less: amounts amortized to revenue	(2,500)	(2,500)
Deferred contributions, end of the year	\$ 43,750	\$ 46,250

UNIVERSITY OF VICTORIA GRADUATE STUDENTS' SOCIETY

Notes to Financial Statements

Year Ended March 31, 2020

7. LONG TERM DEBT

	<u>2020</u>	<u>2019</u>
84 month variable rate term loan with monthly payments bearing an interest rate of prime + 2.5%; ending March 2, 2025	\$ 149,431	\$ 174,493
Amounts payable within one year	<u>(26,691)</u>	<u>(25,026)</u>
	<u>\$ 122,740</u>	<u>\$ 149,467</u>

Principal repayment terms are approximately:

2021	\$ 26,691
2022	28,467
2023	30,360
2024	32,380
2025	<u>31,533</u>
	<u>\$ 149,431</u>

8. MEMBERSHIP FEES

Membership fees are reported net of defined contributions to designated external agencies:

	<u>2020</u>	<u>2019</u>
Membership Fees	\$ 591,177	\$ 550,462
-University of Victoria Students' Society (UVSS) Service Fees	<u>(75,068)</u>	<u>(56,732)</u>
-Travel Grants	<u>(44,265)</u>	<u>(43,108)</u>
-Vancouver Island Public Interest Research Group (VIPIRG)	<u>(15,753)</u>	<u>(15,788)</u>
-Childcare	<u>(8,034)</u>	<u>(8,052)</u>
-University 101	<u>(2,856)</u>	<u>(2,710)</u>
-CFUV Radio Station (CFUV)	<u>(2,856)</u>	<u>(2,710)</u>
	<u>\$ 442,345</u>	<u>\$ 421,362</u>

UNIVERSITY OF VICTORIA GRADUATE STUDENTS' SOCIETY

Notes to Financial Statements

Year Ended March 31, 2020

MEMBERSHIP FEES - CONTINUED

The Society collects membership fees from each graduate student each term, as follows:

	2020	2019
Operating	\$ 43.80	\$ 42.53
UVSS/VIPIRG Service Fees	12.12	9.54
Capital Fund	9.94	9.65
Travel Grants	5.62	5.46
Childcare Operating	1.02	1.02
CFUV	0.54	0.52
University 101	0.54	0.52
Student Advocate	1.00	-
	\$ 74.58	\$ 69.24

Membership fees are recorded in the Funds presented as follows:

	2020	2019
Capital Fund	\$ 9.94	\$ 9.65
Operating Fund	43.80	42.53
	\$ 53.74	\$ 52.18

Capital and Operating fees are automatically adjusted for consumer price index annually. The increase for the 2020 year was 2.9% (2019 - 2.1%).

The \$12.12 UVSS/VIPIRG service fees break down as follows: \$2.00 paid directly to the Vancouver Island Public Interest Research Group (VIPIRG) and \$10.12 paid directly to the University of Victoria Students' Society. This \$10.12 is broken down as follows: \$1.50 for the UVic Ombudsperson, \$2.00 for the Anti-Violence Project, \$1.33 for Constituency groups, \$0.50 for UVSS Clubs, \$3.00 for WUSC (Student Refugee Program) and \$1.79 for the Campus food bank.

In addition to the membership fees described above, UVic collects and remits fees for graduate student bus passes ("U-Pass"). The fees are remitted to the University of Victoria Students' Society, who in turn, remit the fees to BC Transit. For the year ended March 31, 2020 the total amount was \$420,372 (2019 - \$416,999).

9. PREMISES

The Graduate Students' Society offices and ancillary services reside in the George and Ida Halpern Centre for Graduate Students the construction of which was completed in 1991. The funding for the Centre was provided by George and Ida Halpern, the Graduate Students Society Building Fund, the Province of British Columbia and the University of Victoria.

The title to the building and the land on which it is situated is held by the University of Victoria. The Graduate Students' Society and the graduate students are the primary users of the building and therefore, the policies and regulations governing the use and operations of the building are developed and administered to reflect this intended purpose.

The responsibility for the operation and maintenance of the building is borne by the Society.

UNIVERSITY OF VICTORIA GRADUATE STUDENTS' SOCIETY

Notes to Financial Statements

Year Ended March 31, 2020

10. RELATED PARTY TRANSACTIONS

The directors of the Graduate Students' Society receive monthly payroll from the Society. For the March 31, 2020 year end this figure amounted to \$47,864 (2019 - \$47,064) for all the directors.

11. COVID-19 PANDEMIC

Since March 31, 2020 the COVID-19 pandemic has spread to numerous countries across the globe. The situation is unprecedented and has had a significant impact on businesses through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. At this time, the extent of the impact of the COVID-19 outbreak may have on the Society is unknown as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence.
