

**GRADUATE STUDENTS' UNION,  
UNIVERSITY OF TORONTO**

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**2009 Financial Statements**

**GRADUATE STUDENTS' UNION,  
UNIVERSITY OF TORONTO**  
2009 Financial Statements

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## **Auditors' Report**

### **To the Members of Graduate Students' Union, University of Toronto**

We have audited the balance sheet of Graduate Students' Union, University of Toronto (the "Union") as at August 31, 2009 and the statements of operations and changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Union's management. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Union as at August 31, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

*PKF Hill LLP*

Chartered Accountants, Licensed Public Accountants (License Number 18393)  
October 9, 2009

**GRADUATE STUDENTS' UNION,  
UNIVERSITY OF TORONTO**

**Balance Sheet  
As at August 31**

	<b>2009</b>	<b>2008</b>
<b>ASSETS</b>		
Current assets		
Cash (note 5)	\$ 97,436	\$ 107,706
Short-term investments (note 6)	404,333	383,805
Accounts receivable	22,844	33,565
Prepaid expenses (note 7)	91,500	38,544
	<hr/> 616,113	<hr/> 563,620
Property and equipment (note 8)	<hr/> 73,565	<hr/> 71,601
	<hr/> <hr/> \$ 689,678	<hr/> <hr/> \$ 635,221

**LIABILITIES AND NET ASSETS**

Current liabilities		
Accounts payable and accrued liabilities	\$ 62,997	\$ 123,876
Deferred income (note 9)	165,606	147,490
	<hr/> 228,603	<hr/> 271,366
Net assets		
Invested in property and equipment	73,565	71,601
Internally restricted for specific purposes (note 4)	201,362	102,371
Unrestricted	186,148	189,883
	<hr/> 461,075	<hr/> 363,855
	<hr/> <hr/> \$ 689,678	<hr/> <hr/> \$ 635,221

**See accompanying notes**

**On behalf of Council:**



**Anton Neschadim  
University Affairs Commissioner**



**Greg West  
Finance and Services Commissioner**

**GRADUATE STUDENTS' UNION,  
UNIVERSITY OF TORONTO**  
Statement of Operations and Changes in Net Assets  
Year ended August 31

	2009								2008		
	Internally Restricted for Specific Purposes								Unrestricted	Total	Total
	Invested in Property and Equipment	Building Fund	Thesis Cabinet Fund	Emergency Fund	Directors' Liability Fund	Accessibility Fund	Health and Dental Insurance Fund	Student Services and Resources Fund			
Revenue											
Fees (note 10)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,102,613	\$ 5,102,613	\$ 5,039,577
Sundry and interest	-	-	-	-	-	-	-	-	46,997	46,997	68,390
Miscellaneous income	-	-	37	-	-	-	-	-	62,021	62,058	2,010
	-	-	37	-	-	-	-	-	5,211,631	5,211,668	5,109,977
Expenses											
Grants and fees (schedule 1)	-	-	-	-	-	-	-	-	4,479,632	4,479,632	4,460,886
Salaries and benefits (schedule 2)	-	-	-	-	-	-	-	-	416,152	416,152	388,105
House (schedule 3)	-	-	-	-	-	-	-	-	199,727	199,727	171,625
Amortization	13,810	-	-	-	-	-	-	-	-	13,810	13,163
Restaurant and bar (schedule 4)	-	-	-	-	-	-	-	-	5,060	5,060	5,985
Thesis cabinet	-	-	37	-	-	-	-	-	-	37	10
Building repairs (cost recovery)	-	30	-	-	-	-	-	-	-	30	(1,155)
	13,810	30	37	-	-	-	-	-	5,100,571	5,114,448	5,038,619
Excess (deficiency) of revenue over expenses	(13,810)	(30)	-	-	-	-	-	-	111,060	97,220	71,358
Interfund transfer	15,774	-	-	-	-	-	37,000	62,021	(114,795)	-	-
Net assets, beginning of year	71,601	21,371	1,000	10,000	40,000	30,000	-	-	189,883	363,855	292,497
Net assets, end of year	\$ 73,565	\$ 21,341	\$ 1,000	\$ 10,000	\$ 40,000	\$ 30,000	\$ 37,000	\$ 62,021	\$ 186,148	\$ 461,075	\$ 363,855

See accompanying notes

**GRADUATE STUDENTS' UNION,  
UNIVERSITY OF TORONTO**  
Statement of Cash Flows  
Year ended August 31

	<b>2009</b>	<b>2008</b>
Operating activities		
Excess of revenue over expenses	\$ 97,220	\$ 71,358
Item not involving cash		
Amortization	13,810	13,163
	<hr/> 111,030	<hr/> 84,521
Net change in cash during the year		
Accounts receivable	10,721	36,580
Prepaid expenses	(52,956)	690
Accounts payable and accrued liabilities	(60,879)	6,124
Deferred income	18,116	2,679
	<hr/> (84,998)	<hr/> 46,073
Cash flows from operating activities	26,032	130,594
Investing activities		
Additions to property and equipment	(15,774)	(19,871)
Short-term investments	(20,528)	(239,340)
Cash flows from investing activities	<hr/> (36,302)	<hr/> (259,211)
Net change in cash during the year	(10,270)	(128,617)
Cash, beginning of year	107,706	236,323
Cash, end of year	<hr/> \$ 97,436	<hr/> \$ 107,706

**See accompanying notes**

# GRADUATE STUDENTS' UNION, UNIVERSITY OF TORONTO

Notes to Financial Statements  
Year ended August 31, 2009

## 1. Nature of the organization

The Graduate Students' Union, University of Toronto (the "Union") is incorporated under the Corporations Act (Ontario) as a not-for-profit organization. The Union was established to meet the needs of and provide services to the graduate students of the University of Toronto.

As a not-for-profit organization, the Union is exempt from income taxes under Part I of the Income Tax Act.

## 2. Change in accounting policy

Effective September 1, 2008, the Union adopted the provisions of Canadian Institute of Chartered Accountants ("CICA") Handbook Section 1535 - Capital Disclosures, which requires the Union to disclose information that enables users of the financial statements to evaluate the Union's objectives, policies and processes for managing capital. See note 11, objectives, policies and processes for managing capital for disclosures made under this Section.

## 3. Summary of significant accounting policies

The statements have been prepared by management in accordance with Canadian generally accepted accounting principles, the more significant of which are outlined below.

### 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 reported amount of assets, liabilities, revenue and expenses. Actual results could differ from these estimates.

### Financial instruments

The CICA provides a temporary choice for financial instruments disclosure and presentation and the Union has chosen to continue to apply Section 3861, Financial Instruments - Disclosure and Presentation, in place of Section 3862, Financial Instruments - Disclosure, and Section 3863, Financial Instruments - Presentation.

The Union's financial instruments are comprised of cash, short-term investments, accounts receivable and accounts payable which approximate fair value due to their short-term maturities.

### Property and equipment

Equipment is recorded at cost and is amortized on a straight-line basis over its estimated useful life as follows:

Renovations, furniture and equipment	10 years
Security system	10 years
Computer equipment	5 years

**GRADUATE STUDENTS' UNION,  
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Notes to Financial Statements  
Year ended August 31, 2009

**3. Summary of significant accounting policies - continued**

Revenue recognition

The Union follows the deferral method of accounting whereby externally restricted contributions are deferred and recognized as revenue in the period in which the related expenses are incurred.

Fees are recognized as revenue in the fiscal year to which they relate.

Fees received from the University of Toronto for insurance premiums are shown gross of the related insurance premium expenses. The fees from extended or family insurance premiums are presented net of the related insurance expenses.

Future accounting standard changes

The CICA has issued the following accounting standards which the Union will be required to adopt for the fiscal year ending August 31, 2010. The adoption of the new standards is not expected to have a material impact on the presentation of the financial statements.

Section 3862, Financial Instruments - Disclosure and Section 3863, Financial Instruments - Presentation, places an increased emphasis on risk disclosures. Section 3862 requires entities to provide both qualitative and quantitative information about exposures to risks arising from financial instruments, including credit, interest rate, liquidity, currency and other price risks. Section 3863 is consistent with the previous standard and therefore will not have an impact on the Union's financial statements.

Section 4470, Disclosure of Allocated Expenses for Not-for-Profit Organizations, will require the Union to disclose its policy on the allocation of fund raising and general support expenses including the nature of expenses, the basis of allocation and the amounts allocated.

**4. Net assets internally restricted for specific purposes**

The Union has set up internally restricted funds to support the following activities:

Building Fund

The Building Fund was established to finance capital improvements to the facilities of the Union.

Thesis Cabinet Fund

The Thesis Cabinet Fund was established to finance the costs associated with the Union's Thesis Cabinet, including thesis reproduction expenditures.

Emergency Fund

The Emergency Fund was established to finance unforeseen expenditures not included in the budget and which are necessary between May 1 and September 15 of each year.

Directors' Liability Fund

The Directors' Liability Fund was established to protect the Directors of the Union in the event that the Union ceases operations.

**GRADUATE STUDENTS' UNION,  
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Notes to Financial Statements  
Year ended August 31, 2009

**4. Net assets internally restricted for specific purposes - continued**

Accessibility Fund

The Accessibility Fund was established to finance accessibility-related improvements to the facilities, communications, and services of the Union.

Health and Dental Insurance Administration Fund

The Health and Dental Insurance Administration Fund was established to offset the administrative costs of the increased demand on the health and dental plans.

Student Services and Resources Fund

The Student Services and Resources Fund was established with the remaining funds from the 2007/2008 Peer Review levy. A student services and resources working group will make recommendations on the use of the funds.

**5. Credit facility**

The Union has available an operating line of credit in the amount of \$25,000 (2008 - \$25,000). This line of credit had a \$Nil (2008 - \$Nil) balance at year end.

**6. Short-term investments**

	<b>2009</b>	<b>2008</b>
Mutual funds - Investment savings account	\$ -	\$ 235,255
Cashable term deposit, 3.55%, maturing March 14, 2009	-	54,275
Cashable term deposit, 3.55%, maturing March 14, 2009	-	54,275
Fixed term deposit, 4.55%, maturing December 8, 2008	-	40,000
Fixed term deposit, 4.25%, maturing September 8, 2009	66,660	-
Fixed term deposit, 3.76%, maturing September 14, 2009	47,673	-
Fixed term deposit, 3.30%, maturing December 8, 2009	40,000	-
Cashable term deposit, 2.55%, maturing January 23, 2010	250,000	-
	<hr/>	<hr/>
	\$ 404,333	\$ 383,805

**7. Prepaid expenses**

Included in prepaid expenses is an estimated overpayment of \$44,762 to the Union's health and dental broker. This overpayment was the result of errors made by the health and dental broker. The amount recorded in the accounts reflects management's best estimate based on information available but management recognizes that the actual amount could differ from this estimate. Management does not believe any difference would be material.

**GRADUATE STUDENTS' UNION,  
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Notes to Financial Statements  
Year ended August 31, 2009

**8. Property and equipment**

	2009			2008
	Cost	Accumulated Amortization	Net	Net
Renovations, furniture and equipment	\$ 111,685	\$ 57,462	\$ 54,223	\$ 53,244
Security system	25,842	15,917	9,925	12,509
Computer equipment	29,999	20,582	9,417	5,848
	<u>\$ 167,526</u>	<u>\$ 93,961</u>	<u>\$ 73,565</u>	<u>\$ 71,601</u>

**9. Deferred income**

Deferred income received from University of Toronto and graduate students consists of:

	2009			2008
	Thesis Cabinet Fund	Fees	Total	Total
Balance, beginning of year	\$ 1,663	\$ 145,827	\$ 147,490	\$ 144,811
Amounts received	-	163,980	163,980	145,827
Amounts disbursed and recognized as revenue	(37)	(145,827)	(145,864)	(143,148)
Balance, end of year	<u>\$ 1,626</u>	<u>\$ 163,980</u>	<u>\$ 165,606</u>	<u>\$ 147,490</u>

**10. Fees**

Fees received from University of Toronto are as follows:

September 2008	\$ 2,883,027
January 2009	1,674,769
March 2009	420,955
May 2009	2,955
June 2009	95,601
July 2009	54,702
	<u>5,132,009</u>
Deferred fees received from University of Toronto, current year	(145,923)
Deferred fees received from University of Toronto, prior year	116,527
	<u>\$ 5,102,613</u>

**GRADUATE STUDENTS' UNION,  
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Notes to Financial Statements  
Year ended August 31, 2009

**11. Objectives, policies and processes for managing capital**

The Union's capital consists of assets invested in equipment, building improvements, internally restricted funds and unrestricted surplus funds. The Union invests in computer and other equipment as required and in building improvements to improve the office and student areas of the building, which is owned by the University of Toronto.

The internally restricted funds have been set up for specific purposes from the unrestricted fund. The unrestricted fund has accumulated from annual operating budget surpluses. The Union is not subject to any external capital requirements.

Recommendations for new property and equipment purchases are discussed by the staff and the Executive and noted in the annual operating budget. Expenditures from the internally restricted funds are discussed by the Executive and, in most cases, are approved by the Union Council.

Property and equipment purchases in 2009 included a café fridge and improved lighting, improvements to gym security and office facilities, and new computers.

**12. Financial instruments**

It is management's opinion that the Union is not exposed to significant interest, currency or credit risks arising from its financial instruments.

**13. Comparative Amounts**

Certain comparative amounts have been reclassified from those previously presented to conform to the presentation of the 2009 financial statements.

**GRADUATE STUDENTS' UNION,  
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Schedules to Financial Statements  
Year ended August 31, 2009

<b>Grants and Fees</b>	<b>Schedule 1</b>	
	<b>2009</b>	<b>2008</b>
Health insurance	\$ 3,966,815	\$ 3,897,067
University of Toronto Course Union Head Grants	216,329	214,069
Canadian Federation of Students - National	98,596	93,166
Canadian Federation of Students - Ontario	82,163	77,557
Ontario Public Interest Research Group	63,203	60,973
Downtown Legal Services	37,922	36,584
Women's Centre	12,641	12,195
Special grants	1,963	2,550
Peer Review	-	66,725
	<b>\$ 4,479,632</b>	<b>\$ 4,460,886</b>

<b>Salaries and Benefits</b>	<b>Schedule 2</b>	
	<b>2009</b>	<b>2008</b>
Staff	\$ 273,439	\$ 253,847
Benefits	85,968	79,164
Executive officers	56,745	55,094
	<b>\$ 416,152</b>	<b>\$ 388,105</b>

<b>House</b>	<b>Schedule 3</b>	
	<b>2009</b>	<b>2008</b>
Health insurance administration	\$ 70,405	\$ 62,403
Handbook	18,302	19,237
Student conferences	12,540	11,030
Travel and conferences	10,336	8,786
General council meetings	10,216	9,143
Communications	8,310	6,401
Campaigns	7,600	5,696
Office and general	7,211	6,608
Duplicating and printing	7,131	3,314
Orientation	6,553	4,119
Professional fees	6,040	2,009
Insurance	5,661	5,721
Photocopying	5,153	5,186
Repairs and maintenance	4,438	4,742
Telephone	3,932	4,699
Sundry projects	3,798	2,749
Metropass sales contribution	3,000	3,000
Elections	2,594	20
Social events	2,354	2,348
Small equipment	1,934	2,478
Gym	922	669
Bank charges and interest	775	389
Security monitoring	300	300
Women's caucus	192	270
Subscriptions	30	308
	<b>\$ 199,727</b>	<b>\$ 171,625</b>

See accompanying notes

**GRADUATE STUDENTS' UNION,  
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Schedules to Financial Statements  
Year ended August 31, 2009

**Restaurant and Bar**

**Schedule 4**

	<b>2009</b>	<b>2008</b>
Insurance	\$ 6,566	\$ 7,867
Sundry	978	978
Repairs and maintenance	376	-
Contract rebate	(2,860)	(2,860)
	<hr/> <hr/>	<hr/> <hr/>
	\$ 5,060	\$ 5,985

See accompanying notes