



Grant Thornton

Financial Statements

Graduate Students' Union,
University of Toronto

August 31, 2018

DRAFT

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Independent Auditor's Report

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

We have audited the accompanying financial statements of Graduate Students' Union, University of Toronto which comprise the statement of financial position as at August 31, 2018, and the statements of operations and changes in net assets and cash flows for the year then ended, 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 is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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.

We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Graduate Students' Union, University of Toronto as at August 31, 2018, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Other matter

Our audit was conducted for the purposes of forming an opinion on the financial statements taken as a whole. The supplementary information on pages 12 and 13 are presented for purposes of additional information and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied, only to the extent necessary to express an opinion, in the audit of the financial statements taken as a whole.

Toronto, Canada
December XX, 2018

Chartered Professional Accountants
Licensed Public Accountants

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Graduate Students' Union, University of Toronto

Statement of Operations and Changes in Net Assets

Year ended August 31

	Invested in property and equipment	Internally restricted for specific purposes (Note 7)	Unrestricted	Total 2018	Total 2017
Revenue					
Fees (Note 8)	\$ -	\$ -	\$ 11,076,339	\$ 11,076,339	\$ 10,064,495
Miscellaneous	-	-	20,453	20,453	60,121
Interest	-	-	79,797	79,797	57,187
	<u>-</u>	<u>-</u>	<u>11,176,589</u>	<u>11,176,589</u>	<u>10,181,803</u>
Expenses					
Grants and fees (Schedule 1)	-	-	9,657,367	9,657,367	8,696,848
Levy fees (Schedule 2)	-	-	562,024	562,024	546,463
Salaries and benefits (Schedule 3)	-	-	594,145	594,145	463,912
House (Schedule 4)	-	-	144,217	144,217	151,620
Restaurant and bar (Schedule 5)	-	-	10,564	10,564	4,007
Student Conference Bursary	-	18,566	-	18,566	19
Graduate Community Development	-	10,980	-	10,980	-
Amortization	4,284	-	-	4,284	4,250
Graduate Student Census	-	175	-	175	149
New Litigation	-	-	-	-	9,602
	<u>4,284</u>	<u>29,721</u>	<u>10,968,317</u>	<u>11,002,322</u>	<u>9,876,870</u>
Excess (deficiency) of revenue over expenses	(4,284)	(29,721)	208,272	174,267	304,933
Interfund transfer	-	171,463	(171,463)	-	-
Net assets, beginning of year	<u>25,728</u>	<u>366,388</u>	<u>508,743</u>	<u>900,859</u>	<u>595,926</u>
Net assets, end of year	<u>\$ 21,444</u>	<u>\$ 508,130</u>	<u>\$ 545,552</u>	<u>\$ 1,075,126</u>	<u>\$ 900,859</u>

Graduate Students' Union, University of Toronto

Statement of Financial Position

August 31

2018

2017

Assets

Current

Cash	\$ 128,062	\$ 77,963
Short-term investments (Note 4)	1,847,537	1,616,793
Prepaid expenses	<u>8,663</u>	<u>20,865</u>
	1,984,262	1,715,621

Property and equipment (Note 5)	<u>21,444</u>	<u>25,728</u>
	<u>\$ 2,005,706</u>	<u>\$ 1,741,349</u>

Liabilities

Current

Accounts payable and accrued liabilities	\$ 762,345	\$ 694,659
Deferred income (Note 6)	<u>168,235</u>	<u>145,831</u>
	<u>930,580</u>	<u>840,490</u>

Net assets

Invested in property and equipment	21,444	25,728
Internally restricted for specific purposes (Notes 3 and 7)	508,130	366,388
Unrestricted	<u>545,552</u>	<u>508,743</u>
	<u>1,075,126</u>	<u>900,859</u>
	<u>\$ 2,005,706</u>	<u>\$ 1,741,349</u>

On behalf of Council:

 Branden Rizzuto
 Finance Commissioner

 Sophie McGibbon-Gardner
 Academics and Funding Commissioner (Div. III
 and IV)

Graduate Students' Union, University of Toronto

Statement of Cash Flows

Year ended August 31

2018

2017

Decrease (increase) in cash

Operating

Excess of revenue over expenses	\$ 174,267	\$ 304,933
Item not involving cash		
Amortization	<u>4,284</u>	<u>4,250</u>
	<u>178,551</u>	<u>309,183</u>

Net change in non-cash working capital items

Prepaid expenses	12,202	(11,173)
Accounts payable and accrued liabilities	67,686	(11,399)
Deferred income	<u>22,404</u>	<u>(27,741)</u>
	<u>102,292</u>	<u>(50,313)</u>

280,843 258,870

Investing

Short-term investments (net)	(230,744)	(224,850)
Purchases of property and equipment	<u>-</u>	<u>(735)</u>
	<u>(230,744)</u>	<u>(225,585)</u>

Net change in cash during the year

50,099 33,285

Cash

Beginning of year	<u>77,963</u>	<u>44,678</u>
End of year	<u>\$ 128,062</u>	<u>\$ 77,963</u>

Graduate Students' Union, University of Toronto

Notes to Financial Statements

Year ended August 31, 2018

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. Summary of significant accounting policies

These financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO). ASNPO are part of Canadian generally accepted accounting principles.

ASNPO requires entities to select policies appropriate for their circumstances from policies provided in these standards. The following are the policies selected by the Union and applied in these financial statements.

Use of estimates

The preparation of financial statements in conformity with ASNPO 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 Union considers any contract creating a financial asset, liability or equity instrument as a financial instrument, except in certain limited circumstances. The Union accounts for the following as financial instruments:

- cash
- short-term investments
- accounts receivable
- accounts payable

Financial assets or liabilities obtained in arms-length transactions are initially measured at their fair value and financial assets or liabilities obtained in related party transactions are measured at their exchange amount.

The Union subsequently measures all of its financial assets and financial liabilities at amortized cost.

Graduate Students' Union, University of Toronto

Notes to Financial Statements

Year ended August 31, 2018

2. Summary of significant accounting policies (continued)

Property and equipment

Property and 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

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.

3. Net assets internally restricted for specific purposes

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

Student Conference Bursary Fund

The Fund was created in December 2015 to provide bursaries to Graduate Students' Union, University of Toronto members to attend conferences during the academic year.

Graduate Community Development Fund

The Graduate Community Development Fund was created in March 2017 in partnership with the School of Graduate Studies at the University of Toronto to provide merit-based equity awards recognizing exceptional students on campus for their contributions to the graduate student experience.

New Litigation Fund

The New Litigation Fund was established for issues related to the Callaghan versus the Union case. The legal matter was settled in fiscal year 2017 and the New Litigation Fund was dissolved in fiscal year 2018. The balance of the New Litigation Fund was re-allocated to the unrestricted fund during the year (Note 7).

Graduate Students' Union, University of Toronto

Notes to Financial Statements

Year ended August 31, 2018

3. Net assets internally restricted for specific purposes (continued)

The Graduate Student Census Fund

The Graduate Student Census Fund was established in October 2016 to fund the Graduate Student Census Ad-hoc Committee, which is tasked with implementing a university-wide graduate students' census.

Building, Planning and Accessibility Fund

The Building, Planning and Accessibility Fund was established to finance capital improvements to the facilities of the Union, with specific emphasis on issues of accessibility. The Fund shall serve to finance other related costs including, but not limited to, legal expenses related to the operationalization and negotiation of said improvements.

Directors' Liability Fund

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

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.

Legal Defense Fund

The Legal Defense Fund was established for issues related to Canadian Federation of Students disaffiliation referenda. The legal matter was settled in fiscal year 2016, and subsequently, at the September 27, 2016 council meeting, the Litigation Committee was dissolved.

4. Short-term investments

Short-term investments comprised of Guaranteed Investments Certificates (GICs) with an interest rate of 1.80% to 1.95% (2017 – 1.5%) and with maturities from January 2019 to August 2019 (2017 - October 2017 to January 2018).

Graduate Students' Union, University of Toronto

Notes to Financial Statements

Year ended August 31, 2018

5. Property and equipment

			<u>2018</u>	<u>2017</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Renovations, furniture and equipment	\$ 142,399	\$ 122,933	\$ 19,466	\$ 22,485
Security system	25,842	25,842	-	-
Computer equipment	<u>42,692</u>	<u>40,714</u>	<u>1,978</u>	<u>3,243</u>
	<u>\$ 210,933</u>	<u>\$ 189,489</u>	<u>\$ 21,444</u>	<u>\$ 25,728</u>

6. Deferred income

Deferred income relates to externally restricted amounts received from University of Toronto:

	<u>Total 2018</u>	<u>Total 2017</u>
Deferred income, beginning of the year	\$ 145,831	\$ 173,572
Amounts received	168,235	145,831
Amounts disbursed and recognized as revenue	<u>(145,831)</u>	<u>(173,572)</u>
Deferred income, end of year	<u>\$ 168,235</u>	<u>\$ 145,831</u>

Graduate Students' Union, University of Toronto

Notes to Financial Statements

Year ended August 31, 2018

7. Internally restricted for specific purposes

	Fund Balances August 31, 2017	Transfers	Revenue	Expenses	Fund Balances August 31, 2018
Building, Planning and Accessibility Fund	\$ 135,000	\$ 65,000	\$ -	\$ -	\$ 200,000
Directors' Liability Fund	40,000	70,000	-	-	110,000
Health and Dental Insurance Administration Fund	60,000	-	-	-	60,000
Student Services and Resources Fund	4,000	-	-	-	4,000
New Litigation Fund	34,394	(34,394)	-	-	-
Student Conference Bursary Fund	86,143	33,857	-	(18,566)	101,434
Graduate Student Census Fund	1,851	2,000	-	(175)	3,676
Graduate Community Development Fund	5,000	35,000	-	(10,980)	29,020
	<u>\$ 366,388</u>	<u>\$ 171,463</u>	<u>\$ -</u>	<u>\$ (29,721)</u>	<u>\$ 508,130</u>

8. Fees

Fees received from University of Toronto are as follows:

	<u>2018</u>	<u>2017</u>
September 2017	\$ 6,428,470	\$ 5,738,914
January 2018	3,628,457	3,349,984
March 2018	903,954	864,701
May 2018	931	-
June 2018	84,911	84,624
July 2018	52,020	-
	<u>11,098,743</u>	<u>10,038,223</u>
Deferred fees received from University of Toronto, current year (Note 6)	(168,235)	(145,831)
Deferred fees received from University of Toronto, prior year (Note 6)	<u>145,831</u>	<u>172,103</u>
	<u>\$ 11,076,339</u>	<u>\$10,064,495</u>

Graduate Students' Union, University of Toronto

Notes to Financial Statements

Year ended August 31, 2018

9. Objectives, policies and processes for managing capital

The Union's capital consists of net assets invested in property and equipment, net assets internally restricted for specific purposes and unrestricted net assets. 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 net assets have been restricted for specific purposes. The unrestricted net assets represent the accumulated annual operating surpluses not otherwise internally restricted. 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, aside from the New Litigation Fund, Student Conference Bursary Fund, Graduate Student Census Fund, and Graduate Community Development Fund are discussed by the Executive and are approved by the Union Council. Expenditures from the New Litigation Fund are administered by the Defense Committee while the expenditures for the Student Conference Bursary Fund, Graduate Student Census Fund, and Graduate Community Development Fund are administered by the Finance Committee and annually reported to General Council.

10. Financial instruments

The Union has a risk management framework to monitor, evaluate and manage the principal risks assumed with its financial instruments. The risks that arise from the Union's financial instruments include credit risk, liquidity risk, and market risk.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to meet its obligation. This risk is mitigated by the Union through ensuring revenue is derived from qualified sources. The allowance for doubtful accounts in relation to accounts receivable is \$Nil (2017 - \$Nil).

Liquidity risk

Liquidity risk is the risk that the Union cannot repay its obligations when they become due. This risk is mitigated by the Union by maintaining adequate unrestricted net assets to cover current liabilities.

Market risk

The Union is exposed to market risk on its investments which are quoted in active markets since changes in market prices could result in changes in the fair value of these investments. This risk is mitigated through the nature of the Union's investments, which comprise term deposits GIC's.

11. Comparative figures

Comparative figures have been adjusted to conform to changes in the current year presentation.

Graduate Students' Union, University of Toronto

Schedules to Financial Statements

Year ended August 31

Grants and fees	Schedule 1	
	2018	2017
Health and dental insurance	\$ 9,154,008	\$ 8,219,328
Head Grants	336,096	325,130
Health insurance administration	143,863	134,827
Conference grants	22,600	16,260
Special grants	800	1,303
	<u>\$ 9,657,367</u>	<u>\$ 8,696,848</u>

Levy fees	Schedule 2	
	2018	2017
Canadian Federation of Students' fees - National	\$ 152,943	\$ 146,761
Canadian Federation of Students' fees - Ontario	127,736	122,246
Ontario Public Interest Research Group	90,267	85,969
Students for Barrier-free Access	68,126	66,258
Downtown Legal Services	51,095	49,694
University of Toronto Environmental Resource Network	19,059	8,282
Bikechain	18,053	17,227
Sexual Education Centre	17,713	16,896
Women's Centre	17,032	16,565
Toronto Sustainable Food Coop	-	16,565
	<u>\$ 562,024</u>	<u>\$ 546,463</u>

Salaries and benefits	Schedule 3	
	2018	2017
Staff	\$ 329,495	\$ 275,988
Benefits	107,421	84,702
Executive officers	102,415	103,222
Settlement	54,814	-
	<u>\$ 594,145</u>	<u>\$ 463,912</u>

Graduate Students' Union, University of Toronto

Schedules to Financial Statements

Year ended August 31

House	Schedule 4	
	2018	2017
Agenda	\$ 18,193	\$ 24,437
Audit	14,269	12,434
Orientation	12,544	14,919
Council and executive meetings	11,535	10,056
Elections and referenda	9,713	10,959
Campaign and engagements	8,734	8,922
Legal	8,441	2,505
Maintenance and repairs	8,399	8,186
Printing and photocopy machine lease	7,128	11,297
Caucuses	6,448	5,426
Insurance	5,889	5,836
Donations and sponsorships	5,040	8,830
Office and general	4,205	4,140
Telephone	4,185	4,386
Meeting and conferences	3,607	1,538
Web and email expenses	3,444	3,692
Grad Minds	2,995	3,557
BDS Committee	2,190	2,536
Gym	2,121	1,730
Campaigns/Educationals	1,756	1,387
Environmental Justice and Sustainable Committee	1,218	2,378
Small equipment	885	971
Finance Committee	736	-
Bank charges and interest	503	447
Civics Committee	39	953
Equity/Advocacy Committee	-	98
	<u>\$ 144,217</u>	<u>\$ 151,620</u>

Restaurant and bar	Schedule 5	
	2018	2017
Insurance	\$ 4,158	\$ 4,568
Sundry	7,966	999
Contract rebate	<u>(1,560)</u>	<u>(1,560)</u>
	<u>\$ 10,564</u>	<u>\$ 4,007</u>