

**Graduate Student Association-
University of Waterloo
Financial Statements**
August 31, 2024

To the Members of Graduate Student Association-University of Waterloo:

Opinion

We have audited the financial statements of Graduate Student Association-University of Waterloo (the "Organization"), which comprise the statement of financial position as at August 31, 2024, and the statements of operations, changes in net assets 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 Organization as at August 31, 2024, 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.

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 Organization in accordance with the 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 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.

In preparing the financial statements, management is responsible for assessing the Organization'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 Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization'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:

- 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 Organization'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 Organization'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 Organization 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.

Waterloo, Ontario

February 27, 2025

MNP LLP

Chartered Professional Accountants

Licensed Public Accountants

Graduate Student Association-University of Waterloo
Statement of Financial Position

As at August 31, 2024

	<i>Association Fund</i>	<i>Graduate House Fund</i>	<i>Capital Fund</i>	<i>Health and Dental Fund</i>	2024	2023
Assets						
Current						
Cash	150,320	-	-	-	150,320	1,273,540
Investments and interest receivable (Note 3)	855,803	-	-	-	855,803	1,872,374
Accounts receivable	-	490	-	-	490	6,266
Inventory (Note 4)	-	14,935	-	-	14,935	13,895
Prepaid expenses and deposits	7,004	3,763	-	-	10,767	15,562
Interfund receivable (payable)	(2,284,165)	307,829	60,540	1,915,796	-	-
	(1,271,038)	327,017	60,540	1,915,796	1,032,315	3,181,637
Capital assets (Note 6)	-	-	204,982	-	204,982	198,559
Investments and interest receivable (Note 3)	1,961,147	-	-	-	1,961,147	546,265
External reserves	-	-	-	122,387	122,387	80,866
	690,109	327,017	265,522	2,038,183	3,320,831	4,007,327

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Graduate Student Association-University of Waterloo
Statement of Financial Position

As at August 31, 2024

	<i>Association Fund</i>	<i>Graduate House Fund</i>	<i>Capital Fund</i>	<i>Health and Dental Fund</i>	2024	2023
Liabilities						
Current						
Accounts payable and accruals <i>(Note 7)</i>	-	120,120	-	137,210	257,330	1,143,697
Deferred contributions, capital assets <i>(Note 8)</i>	-	-	16,000	-	16,000	17,000
	-	120,120	16,000	137,210	273,330	1,160,697
Net Assets						
Unrestricted	690,109	-	-	-	690,109	438,916
Internally restricted	-	206,897	249,522	1,900,973	2,357,392	2,407,714
	-	-	-	-	3,047,501	2,846,630
	690,109	327,017	265,522	2,038,183	3,320,831	4,007,327

Approved on behalf of the Board

Director

Graduate Student Association-University of Waterloo
Statement of Operations

For the year ended August 31, 2024

	<i>Association Fund</i>	<i>Graduate House Fund</i>	<i>Capital Fund</i>	<i>Health and Dental Fund</i>	<i>2024</i>	<i>2023</i>
Revenue						
Bus pass fees, net <i>(Note 9)</i>	(411)	-	-	-	(411)	783
Dental plan fees	-	-	-	1,434,632	1,434,632	1,337,436
Health plan fees	-	-	-	888,962	888,962	925,659
Investment income	142,216	-	-	-	142,216	72,532
Legal protection fees, net <i>(Note 9)</i>	(231)	-	-	-	(231)	245
Other income	7,970	12,344	1,000	-	21,314	12,684
Sales (Schedule 1)	-	409,418	-	-	409,418	377,586
Student fees	414,138	246,486	-	-	660,624	649,605
	563,682	668,248	1,000	2,323,594	3,556,524	3,376,530
Expenses						
Amortization	-	-	20,449	-	20,449	19,723
Dental plan fees	-	-	-	1,422,085	1,422,085	1,274,798
Health plan fees	-	-	-	1,005,862	1,005,862	856,318
Miscellaneous	8,733	2,945	-	-	11,678	7,474
Operating	14,450	56,745	-	-	71,195	67,117
Professional fees	34,366	12,675	-	-	47,041	31,258
Purchases (Schedule 1)	-	160,494	-	-	160,494	147,488
Salaries and benefits	319,013	339,004	-	-	658,017	681,308
Student services	25,179	9,281	-	-	34,460	33,224
Supplies	3,183	13,624	-	-	16,807	17,352
	404,924	594,768	20,449	2,427,947	3,448,088	3,136,060
Excess (deficiency) of revenue over expenses before other items	158,758	73,480	(19,449)	(104,353)	108,436	240,470
Other items						
Unrealized gain on investments	92,435	-	-	-	92,435	48,332
Excess (deficiency) of revenue over expenses	251,193	73,480	(19,449)	(104,353)	200,871	288,802

The accompanying notes are an integral part of these financial statements

Graduate Student Association-University of Waterloo
Statement of Changes in Net Assets

For the year ended August 31, 2024

	<i>Association Fund</i>	<i>Graduate House Fund</i>	<i>Capital Fund</i>	<i>Health and Dental Fund</i>	2024	2023
Net assets, beginning of year	438,916	133,417	268,971	2,005,326	2,846,630	2,557,828
Excess (deficiency) of revenue over expenses	251,193	73,480	(19,449)	(104,353)	200,871	288,802
Net assets, end of year	690,109	206,897	249,522	1,900,973	3,047,501	2,846,630

The accompanying notes are an integral part of these financial statements

Graduate Student Association-University of Waterloo
Statement of Cash Flows

For the year ended August 31, 2024

	<i>Association Fund</i>	<i>Graduate House Fund</i>	<i>Capital Fund</i>	<i>Health and Dental Fund</i>	2024	2023
Cash provided by (used for) the following activities						
Operating						
Excess (deficiency) of revenue over expenses	251,193	73,480	(19,449)	(104,353)	200,871	288,802
Amortization	-	-	20,449	-	20,449	19,723
Unrealized gain on investments	(92,435)	-	-	-	(92,435)	(48,332)
Amortization of deferred contributions	-	-	(1,000)	-	(1,000)	(1,000)
	158,758	73,480	-	(104,353)	127,885	259,193
Changes in working capital accounts						
Accounts receivable	-	5,776	-	-	5,776	(6,266)
Inventory	-	(1,040)	-	-	(1,040)	(5,368)
Interfund receivable/payable	(970,450)	934,914	26,872	8,664	-	-
Prepaid expenses and deposits	(5,652)	10,447	-	-	4,795	(1,988)
Accounts payable and accruals	-	(1,023,577)	-	137,210	(886,367)	263,085
	(817,344)	-	26,872	41,521	(748,951)	508,656
Investing						
Purchase of capital assets	-	-	(26,872)	-	(26,872)	(15,619)
Purchase of investments	(3,205,873)	-	-	-	(3,205,873)	(1,621,134)
Proceeds on disposal of investments	2,899,997	-	-	-	2,899,997	235,000
Net change in external reserves	-	-	-	(41,521)	(41,521)	282,732
	(305,876)	-	(26,872)	(41,521)	(374,269)	(1,119,021)
Decrease in cash resources	(1,123,220)	-	-	-	(1,123,220)	(610,365)
Cash resources, beginning of year	1,273,540	-	-	-	1,273,540	1,883,905
Cash resources, end of year	150,320	-	-	-	150,320	1,273,540

The accompanying notes are an integral part of these financial statements

Graduate Student Association-University of Waterloo

Notes to the Financial Statements

For the year ended August 31, 2024

1. Status and nature of activities

Graduate Student Association-University of Waterloo (the "Organization") is incorporated without share capital under the laws of the Province of Ontario. The Organization is a registered not-for-profit organization and thus is exempt from income taxes under section 149(1)(e) of the Income Tax Act of Canada. The Organization is an association of graduate students of the University of Waterloo whose purpose is to provide advice and a voice for its members in the University community. In addition, the Organization operates the Graduate House, a private club and graduate student lounge and provides dental and health benefit plans, legal assistance, and a Grand River Transit universal bus pass to its members.

2. Significant accounting policies

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations set out in Part III of the CPA Canada Handbook - Accounting, as issued by the Accounting Standards Board in Canada and include the following significant accounting policies:

Fund accounting

The Organization follows the restricted fund method of accounting for contributions, and maintains four funds: the Association Fund, the Graduate House Fund, the Capital Fund and the Health and Dental Fund.

The Association Fund reports the Organization's revenue and expenses related to program delivery and administrative activities.

The Graduate House Fund, an internally restricted fund, reports the Organization's revenue and expenses related to bar and house activities.

The Capital Fund, an internally restricted fund, reports the Organization's assets, liabilities, revenues and expenses related to the Graduate Student Association capital assets. Amortization of capital assets is recorded in this fund. Beginning in 1998, other funds which use these assets reimburse the Capital Fund for amortization expense via interfund transfers.

The Health and Dental Fund, an internally restricted fund, reports the Organization's revenue and expenses related to the health and dental plan, including administrative activities.

Investments

Investments with prices quoted in an active market are measured at fair value while those that are not quoted in an active market are measured at amortized cost.

Inventory

Inventory is valued at the lower of cost and net realizable value. Cost is determined by the weighted average method. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling costs.

Capital assets

Purchased capital assets are recorded in the Capital Fund at cost. Contributed capital assets are recorded in the Capital Fund at fair value at the date of contribution, if fair value can be reasonably determined.

Amortization expense is reported in the Capital Fund. Amortization is provided using the following methods at rates intended to amortize the cost of assets over their estimated useful lives.

	Method	Rate
Computer equipment	straight-line	3 years
Equipment	straight-line	7-10 years
Furniture and fixtures	declining balance	20 %
Leasehold improvements	declining balance	20 years

Graduate Student Association-University of Waterloo

Notes to the Financial Statements

For the year ended August 31, 2024

2. Significant accounting policies (Continued from previous page)

Revenue recognition

The Organization uses the deferral method of accounting for contributions and reports on a fund accounting basis. Restricted contributions are recognized as revenue of the appropriate fund in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue in the Association Fund when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Restricted investment income is recognized as revenue of the appropriate fund in the year in which the related expenses are incurred. Unrestricted investment income is recognized as revenue of the Association Fund when earned.

Student fees are recognized as revenue of the Association Fund and the Graduate House Fund when the fees are earned, which is over the related school term. Bus pass fees and legal protection fees are recognized on a net basis as revenue of the Association Fund when the fees are earned, collected and remitted to the appropriate third parties as the Organization is acting as an agent on behalf of the third parties. Health and dental fees are recognized as revenue of the Health and Dental Fund when the fees are earned. Bar and food sales at the Graduate House are recognized as revenue of the Graduate House Fund at the point of sale when the transaction occurs.

Contributed services

Volunteers assist the Organization in carrying out its service delivery activities. Due to the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

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 amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Significant estimates include amortization, accruals, external reserves, equity based investments, inventory and allowance for doubtful accounts.

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization is based on the estimated useful lives of capital assets. Accruals are made for expenses that have occurred, but the invoice has not been received. The external reserves including the health reserve fund is based on a valuation completed by an arm's length third party. The fair market value of the guaranteed investment certificates subject to interest at a market rate are estimated based on managements estimate of the interest rate that will be received at maturity. Management has estimated the value of the inventory based upon their assessment of the realizable amount less selling costs.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in excess (deficiency) of revenue over expenses in the periods in which they become known.

Deferred contributions related to capital assets

Deferred contributions related to capital assets represent the unamortized portion of contributed capital assets and externally restricted contributions that were used to purchase the Organization's leasehold improvements on the Graduate House patio. Recognition of these amounts as revenue is deferred to periods when the related capital assets are amortized.

2. Significant accounting policies *(Continued from previous page)*

Financial instruments

The Organization recognizes financial instruments when the Organization becomes party to the contractual provisions of the financial instrument.

Arm's length financial instruments

Financial instruments originated/acquired or issued/assumed in an arm's length transaction ("arm's length financial instruments") are initially recorded at their fair value.

At initial recognition, the Organization may irrevocably elect to subsequently measure any arm's length financial instrument at fair value. The Organization has not made such an election during the year.

The Organization subsequently measures investments in equity instruments quoted in an active market and all derivative instruments, except those designated in a qualifying hedging relationship or that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, at fair value. Fair value is determined by published price quotations. Investments in equity instruments not quoted in an active market and derivatives that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, are subsequently measured at cost less impairment. With the exception of financial liabilities indexed to a measure of the Organization's performance or value of its equity and those instruments designated at fair value, all other financial assets and liabilities are subsequently measured at amortized cost.

Transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

Related party financial instruments

The Organization initially measures the following financial instruments originated/acquired or issued/assumed in a related party transaction ("related party financial instruments") at fair value:

- Investments in equity instruments quoted in an active market
- Debt instruments quoted in an active market
- Debt instruments when the inputs significant to the determination of its fair value are observable (directly or indirectly)
- Derivative contracts.

All other related party financial instruments are measured at cost on initial recognition. When the financial instrument has repayment terms, cost is determined using the undiscounted cash flows, excluding interest, dividend, variable and contingent payments, less any impairment losses previously recognized by the transferor. When the financial instrument does not have repayment terms, but the consideration transferred has repayment terms, cost is determined based on the repayment terms of the consideration transferred. When the financial instrument and the consideration transferred both do not have repayment terms, the cost is equal to the carrying or exchange amount of the consideration transferred or received.

At initial recognition, the Organization may elect to subsequently measure related party debt instruments that are quoted in active market, or that have observable inputs significant to the determination of fair value, at fair value.

The Organization has not made such an election during the year, thus all such related party debt instruments are subsequently measured at amortized cost.

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance or assumption of related party financial instruments are immediately recognized in excess (deficiency) of revenues over expenses.

Graduate Student Association-University of Waterloo

Notes to the Financial Statements

For the year ended August 31, 2024

2. Significant accounting policies (Continued from previous page)

Financial instruments (Continued from previous page)

Financial asset impairment

The Organization assesses impairment of all its financial assets measured at cost or amortized cost. The Organization groups assets for impairment testing when available information is not sufficient to permit identification of each individually impaired financial asset in the group; there are numerous assets affected by the same factors; or no asset is individually significant. Management considers whether the issuer is having significant financial difficulty and whether there has been a breach in contract, such as a default or delinquency in interest or principal payments, in determining whether objective evidence of impairment exists. When there is an indication of impairment, the Organization determines whether it has resulted in a significant adverse change in the expected timing or amount of future cash flows during the year.

With the exception of related party debt instruments and related party equity instruments initially measured at cost, the Organization reduces the carrying amount of any impaired financial assets to the highest of: the present value of cash flows expected to be generated by holding the assets; the amount that could be realized by selling the assets at the statement of financial position date; and the amount expected to be realized by exercising any rights to collateral held against those assets.

For related party debt instruments initially measured at cost, the Organization reduces the carrying amount of the asset (or group of assets), to the highest of: the undiscounted cash flows expected to be generated by holding the asset, or group of similar assets, excluding the interest and dividend payments of the instrument; the present value of cash flows expected to be generated by holding the assets; the amount that could be realized by selling the assets at the statement of financial position date; and the amount expected to be realized by exercising any rights to collateral held against those assets.

For related party equity instruments initially measured at cost, the Organization reduces the carrying amount of the asset (or group of assets), to the amount that could be realized by selling the asset(s) at the statement of financial position date.

Any impairment, which is not considered temporary, is included in current year excess (deficiency) of revenues over expenses.

The Organization reverses impairment losses on financial assets when there is a decrease in impairment and the decrease can be objectively related to an event occurring after the impairment loss was recognized. The amount of the reversal is recognized in excess (deficiency) of revenues over expenses in the year the reversal occurs.

Graduate Student Association-University of Waterloo

Notes to the Financial Statements

For the year ended August 31, 2024

3. Investments and interest receivable

	2024	2023
Measured at amortized cost:		
CIBC cashable guaranteed investment certificate, interest at 4.90%, due November 1, 2024	152,279	-
CIBC cashable guaranteed investment certificate, interest at 4.90%, due November 6, 2024	625,298	-
CIBC guaranteed investment certificate, interest at 5.35%, due November 8, 2027	326,695	-
CIBC guaranteed investment certificate, interest at 4.56%, due February 14, 2028	19,390	-
CIBC guaranteed investment certificate, interest at 3.95%, due July 25, 2028	130,000	-
CIBC guaranteed investment certificate, redeemed during the year	-	574,000
CIBC guaranteed investment certificate, redeemed during the year	-	1,000,000
Accrued interest receivable	46,806	28,278
	1,300,468	1,602,278
Measured at fair value:		
CIBC mutual funds	80,554	327,505
Equities held with CIBC	603,906	-
CIBC index fund, interest at 8.00%, due November 17, 2025	349,181	-
CIBC index fund, interest at 3.75%, due February 20, 2029	230,368	-
CIBC guaranteed investment certificate, interest at a market rate to be determined upon maturity, due February 4, 2026	252,473	247,038
CIBC guaranteed investment certificate, redeemed during the year	-	241,818
	1,516,482	816,361
Total investments and interest receivable	2,816,950	2,418,639

4. Inventory

	2024	2023
Beer, wine and spirits	4,940	4,185
Food	7,858	7,498
Supplies	2,137	2,212
	14,935	13,895

The cost of inventories recognized as an expense amounted to \$160,494 (2023 – \$147,488).

5. Interfund transactions

During the year, the Organization approved the following transfers:

- a) a transfer of \$20,449 from the Graduate House Fund to the Capital Fund as consideration for the amortization of capital assets;
- b) a transfer of \$24,000 from the Health and Dental Fund to the Association Fund as consideration for administration costs; and
- c) a transfer of \$140,000 from the Graduate House Fund to the Capital Fund for the Graduate House patio improvement project.

Graduate Student Association-University of Waterloo

Notes to the Financial Statements

For the year ended August 31, 2024

6. Capital assets

	<i>Cost</i>	<i>Accumulated amortization</i>	<i>2024 Net book value</i>	<i>2023 Net book value</i>
Computer equipment	4,374	4,185	189	569
Equipment	198,274	160,482	37,792	32,951
Furniture and fixtures	69,732	65,968	3,764	4,489
Leasehold improvements	547,135	383,898	163,237	160,550
	819,515	614,533	204,982	198,559

Equipment held but not yet in use at year end totalled \$10,917 (2023 - \$11,622). Leasehold improvements in progress at year end totalled \$7,967 (2023 - nil).

Amortization for the year amounted to \$20,449 (2023 - \$19,723).

7. Related party transactions

The University of Waterloo (the "University") has an economic interest in the Organization. The University owns the building in which the Organization operates, provides services to the Organization, and collects student fees on behalf of the Organization.

The University provides a number of services to the Organization at the University's cost. These services include space cost for the Graduate House, utilities and repair and maintenance services for the Graduate House, insurance for the building and the telephone and voice mail system.

The University also provides processing of payroll to the Organization at no cost.

Amounts owing to the University are \$66,178 (2023 - \$63,014) and are included in accounts payable and accruals.

8. Deferred contributions, capital assets

Deferred capital contributions consist of the unamortized amount of contributions received for the purchase of capital assets. Recognition of these amounts as revenue is deferred to periods when the related capital assets are amortized. The amount is shown on the statement of operations as other income. Changes in deferred capital contributions are as follows:

	<i>Association Fund</i>	<i>Graduate House Fund</i>	<i>Capital Fund</i>	<i>Health and Dental Fund</i>
Balance, beginning of year	-	-	17,000	-
Less: Amortization to revenue during the year	-	-	1,000	-
Balance, end of year	-	-	16,000	-

9. Bus pass fees and legal protection fees

Bus pass fees and legal protection fees are collected from graduate students and remitted to the third party service providers. The fee amounts are determined by the third party providers. During the year, \$1,430,290 was collected from graduate students for bus pass fees and \$1,430,701 was remitted to the Region of Waterloo - Grand River Transit, the third party service provider. \$128,054 was collected from graduate students for legal protection fees and \$128,285 was remitted to Studentcare, the third party service provider.

Graduate Student Association-University of Waterloo

Notes to the Financial Statements

For the year ended August 31, 2024

10. Commitments

The Organization entered into a contract with the Region of Waterloo - Grand River Transit, for a period of five years from September 1, 2020 to August 31, 2025, to provide a universal bus pass to full-time, on campus, graduate students. The rate for the pass beginning September 1, 2023 is \$113.30, and will increase to \$116.70 starting September 1, 2024.

11. Financial instruments

The Organization, as part of its operations, carries a number of financial instruments. It is management's opinion that the Organization is not exposed to significant interest, currency, credit, liquidity or other price risks arising from these financial instruments except as otherwise disclosed.

Liquidity risk

Liquidity risk is the risk that the Organization will encounter difficulty in meeting obligations associated with financial liabilities. Liquidity risk is also the risk that the Organization will not be able to liquidate assets in a timely manner at a reasonable price. The Organization's exposure to liquidity risk is dependent on the sale of inventory, collection of accounts receivable, and purchasing commitments and obligations.

The Organization meets its liquidity requirements by preparing and monitoring detailed budgets for operations, anticipating investing and financing activities and holding assets that can be readily converted into cash.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. Changes in market interest rates may have an effect on the cash flows associated with some financial assets and liabilities, known as cash flow risk, and on the fair value of other financial assets or liabilities, known as price risk.

The Organization is exposed to interest rate cash flow risk with respect to CIBC guaranteed investment certificates, expected to be realized within one to five years, and some of which are subject to floating interest rates.

Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or foreign currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Organization enters into transactions to purchase mutual funds, for which the market price fluctuates, equity-based investments for which the market value fluctuates based on market performance and shares held in equity investments for which the value fluctuates based on changes in the market.

During the year, the Organization's exposure to other price risk increased as the Organization purchased shares in equity investments.

12. Comparative figures

Certain comparative figures have been reclassified to conform with current year presentation.

Graduate Student Association - University of Waterloo
Schedule 1 - Schedule of Graduate House Sales and Cost of Sales

For the year ended August 31, 2024

	<i>Beer</i>	<i>Liquor</i>	<i>Wine</i>	<i>Food</i>	<i>Total</i>
2024					
Sales	\$ 138,810	\$ 15,813	\$ 2,682	\$ 252,113	\$ 409,418
Cost of sales					
Inventory, beginning of year	3,086	946	154	7,498	11,684
Add: purchases	55,349	3,983	731	101,545	161,608
Less: inventory, end of year	3,762	1,087	91	7,858	12,798
	54,673	3,842	794	101,185	160,494
Gross margin	\$ 84,137	\$ 11,971	\$ 1,888	\$ 150,928	\$ 248,924
Gross margin %	60.6	75.7	70.4	59.9	60.8
2023					
Sales	\$ 135,210	\$ 15,244	\$ 3,521	\$ 223,611	\$ 377,586
Cost of sales					
Inventory, beginning of year	2,487	615	101	3,799	7,002
Add: purchases	51,762	3,348	1,081	95,978	152,169
Less: inventory, end of year	3,086	945	154	7,498	11,683
	51,163	3,018 0	1,028 0	92,279	147,488
Gross margin	\$ 84,047	\$ 12,226	\$ 2,493	\$ 131,332	\$ 230,098
Gross margin %	62.2	80.2	70.8	58.7	60.9