

**Graduate Student Association-  
University of Waterloo  
Financial Statements**  
*August 31, 2023*

## Independent Auditor's Report

---

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, 2023, 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, 2023, 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.

### Emphasis of Matter - Correction of an Error

We draw attention to Note 3 to the financial statements, which explains that certain comparative information for the year ended August 31, 2022 has been restated. Our opinion is not modified in respect of this matter.

### 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.

### MNP LLP

3, 139 Northfield Drive W, Waterloo ON, N2L 5A6

1.866.464.0740 T: 519.725.7700 F: 519.725.7708

- 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

March 21, 2024

*MNP LLP*

Chartered Professional Accountants

Licensed Public Accountants

**Graduate Student Association-University of Waterloo**  
**Statement of Financial Position**

*As at August 31, 2023*

	<i>Association Fund</i>	<i>Graduate House Fund</i>	<i>Capital Fund</i>	<i>Health and Dental Fund</i>	<b>2023</b>	<i>2022</i> <i>Restated (Note 3)</i>
<b>Assets</b>						
<b>Current</b>						
Cash	1,273,540	-	-	-	1,273,540	1,883,905
Investments and interest receivable (Note 4)	1,872,374	-	-	-	1,872,374	235,000
Accounts receivable	-	6,266	-	-	6,266	-
Inventory (Note 5)	-	13,895	-	-	13,895	8,527
Prepaid expenses and deposits	1,352	14,210	-	-	15,562	13,574
Interfund receivable (payable)	(3,254,615)	1,242,743	87,412	1,924,460	-	-
	(107,349)	1,277,114	87,412	1,924,460	3,181,637	2,141,006
<b>Capital assets (Note 7)</b>	-	-	198,559	-	198,559	202,663
<b>Investments and interest receivable (Note 4)</b>	546,265	-	-	-	546,265	749,173
<b>External reserves</b>	-	-	-	80,866	80,866	363,598
	438,916	1,277,114	285,971	2,005,326	4,007,327	3,456,440

*Continued on next page*

**Graduate Student Association-University of Waterloo**  
**Statement of Financial Position**

*As at August 31, 2023*

	<i>Association Fund</i>	<i>Graduate House Fund</i>	<i>Capital Fund</i>	<i>Health and Dental Fund</i>	<b>2023</b>	<i>2022</i> <i>Restated (Note 3)</i>
<b>Liabilities</b>						
<b>Current</b>						
Accounts payable and accruals <i>(Note 8)</i>	-	1,143,697	-	-	1,143,697	880,612
<b>Deferred contributions, capital assets</b> <i>(Note 9)</i>	-	-	17,000	-	17,000	18,000
	-	1,143,697	17,000	-	1,160,697	898,612
<b>Net Assets</b>						
Unrestricted	438,916	-	-	-	438,916	320,924
Internally restricted	-	133,417	268,971	2,005,326	2,407,714	2,236,904
	438,916	133,417	268,971	2,005,326	2,846,630	2,557,828
	438,916	1,277,114	285,971	2,005,326	4,007,327	3,456,440

Approved on behalf of the Board

\_\_\_\_\_  
Director

*The accompanying notes are an integral part of these financial statements*

# Graduate Student Association-University of Waterloo

## Statement of Operations

For the year ended August 31, 2023

	Association Fund	Graduate House Fund	Capital Fund	Health and Dental Fund	2023	2022
						<i>Restated (Note 3)</i>
<b>Revenue</b>						
Bus pass fees	1,327,602	-	-	-	<b>1,327,602</b>	1,349,466
Dental plan fees	-	-	-	1,337,436	<b>1,337,436</b>	1,373,701
Health plan fees	-	-	-	925,659	<b>925,659</b>	955,972
Investment income	72,532	-	-	-	<b>72,532</b>	7,952
Legal protection fees	131,254	-	-	-	<b>131,254</b>	133,877
Other income	5,000	6,684	1,000	-	<b>12,684</b>	6,198
Sales (Schedule 1)	-	377,586	-	-	<b>377,586</b>	204,950
Student fees	398,026	251,579	-	-	<b>649,605</b>	675,105
	<b>1,934,414</b>	<b>635,849</b>	<b>1,000</b>	<b>2,263,095</b>	<b>4,834,358</b>	4,707,221
<b>Expenses</b>						
Amortization	-	-	19,723	-	<b>19,723</b>	17,630
Bus pass fees	1,326,819	-	-	-	<b>1,326,819</b>	1,349,466
Dental plan fees	-	-	-	1,274,798	<b>1,274,798</b>	1,373,641
Health plan fees (Note 3)	-	-	-	856,318	<b>856,318</b>	694,516
Legal protection fees	131,009	-	-	-	<b>131,009</b>	134,325
Miscellaneous	4,563	2,911	-	-	<b>7,474</b>	2,793
Operating	14,703	52,414	-	-	<b>67,117</b>	62,364
Professional services	20,408	10,850	-	-	<b>31,258</b>	31,171
Purchases (Schedule 1)	-	147,488	-	-	<b>147,488</b>	77,162
Salaries and benefits	364,989	316,319	-	-	<b>681,308</b>	616,804
Student services	24,571	8,653	-	-	<b>33,224</b>	19,353
Supplies	1,692	15,660	-	-	<b>17,352</b>	17,747
	<b>1,888,754</b>	<b>554,295</b>	<b>19,723</b>	<b>2,131,116</b>	<b>4,593,888</b>	4,396,972
<b>Excess (deficiency) of revenue over expenses before other items</b>	<b>45,660</b>	<b>81,554</b>	<b>(18,723)</b>	<b>131,979</b>	<b>240,470</b>	310,249
<b>Other items</b>						
Unrealized gain (loss) on investments	48,332	-	-	-	<b>48,332</b>	(68,703)
<b>Excess (deficiency) of revenue over expenses</b>	<b>93,992</b>	<b>81,554</b>	<b>(18,723)</b>	<b>131,979</b>	<b>288,802</b>	241,546

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, 2023*

	<i>Association Fund</i>	<i>Graduate House Fund</i>	<i>Capital Fund</i>	<i>Health and Dental Fund</i>	<b>2023</b>	<i>2022</i> <i>Restated (Note 3)</i>
<b>Net assets, beginning of year, as previously stated</b>	320,924	146,586	192,971	1,967,661	<b>2,628,142</b>	2,316,282
<b>Correction of an error (Note 3)</b>	-	-	-	(70,314)	<b>(70,314)</b>	-
<b>Net assets, beginning of year, as restated</b>	<b>320,924</b>	<b>146,586</b>	<b>192,971</b>	<b>1,897,347</b>	<b>2,557,828</b>	2,316,282
<b>Excess (deficiency) of revenue over expenses</b>	93,992	81,554	(18,723)	131,979	<b>288,802</b>	241,546
<b>Interfund transfers (Note 6)</b>	24,000	(94,723)	94,723	(24,000)	-	-
<b>Net assets, end of year</b>	<b>438,916</b>	<b>133,417</b>	<b>268,971</b>	<b>2,005,326</b>	<b>2,846,630</b>	2,557,828

*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, 2023*

	<i>Association Fund</i>	<i>Graduate House Fund</i>	<i>Capital Fund</i>	<i>Health and Dental Fund</i>	<b>2023</b>	<i>2022</i> <i>Restated (Note 3)</i>
<b>Cash provided by (used for) the following activities</b>						
<b>Operating</b>						
Excess (deficiency) of revenue over expenses	93,992	81,554	(18,723)	131,979	288,802	241,546
Amortization	-	-	19,723	-	19,723	17,630
Unrealized loss (gain) on investments	(48,332)	-	-	-	(48,332)	68,703
Amortization of deferred contributions	-	-	(1,000)	-	(1,000)	(1,000)
	<b>45,660</b>	<b>81,554</b>	<b>-</b>	<b>131,979</b>	<b>259,193</b>	<b>326,879</b>
Changes in working capital accounts						
Accounts receivable	-	(6,266)	-	-	(6,266)	-
Inventory	-	(5,368)	-	-	(5,368)	(2,096)
Interfund receivable/payable	706,562	(236,747)	(79,104)	(390,711)	-	-
Prepaid expenses and deposits	(453)	(1,535)	-	-	(1,988)	(11,666)
Accounts payable and accruals	-	263,085	-	-	263,085	63,463
	<b>751,769</b>	<b>94,723</b>	<b>(79,104)</b>	<b>(258,732)</b>	<b>508,656</b>	<b>376,580</b>
<b>Investing</b>						
Purchase of capital assets	-	-	(15,619)	-	(15,619)	(40,563)
Purchase of investments	(1,621,134)	-	-	-	(1,621,134)	-
Proceeds on disposal of investments	235,000	-	-	-	235,000	-
Net change in external reserves	-	-	-	282,732	282,732	(79,608)
	<b>(1,386,134)</b>	<b>-</b>	<b>(15,619)</b>	<b>282,732</b>	<b>(1,119,021)</b>	<b>(120,171)</b>
<b>Increase (decrease) in cash resources</b>	<b>(634,365)</b>	<b>94,723</b>	<b>(94,723)</b>	<b>24,000</b>	<b>(610,365)</b>	<b>256,409</b>
<b>Cash resources, beginning of year</b>	<b>1,883,905</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,883,905</b>	<b>1,627,496</b>
<b>Cash resources, end of year</b>	<b>1,273,540</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,273,540</b>	<b>1,883,905</b>

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, 2023

---

### 1. Status and nature of activities

Graduate Student Association-University of Waterloo (the "Organization") is a non-profit organization, incorporated without share capital under the laws of the Province of Ontario. 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 as issued by the Accounting Standards Board in Canada and include the following significant accounting policies:

#### **Fund accounting**

The Organization follows the deferral method of accounting for contributions and reports using fund accounting, 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.

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

# Graduate Student Association-University of Waterloo

## Notes to the Financial Statements

For the year ended August 31, 2023

---

### 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. Bus pass fees and legal protection fees are recognized as revenue of the Association Fund when the fees are earned. 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 of 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, 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 revenue over expenses.

# Graduate Student Association-University of Waterloo

## Notes to the Financial Statements

For the year ended August 31, 2023

---

### 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 revenue 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 revenue over expenses in the year the reversal occurs.

### 3. Correction of an error

During the year, the Organization determined that the external reserves for the Health and Dental Fund as at August 31, 2022 were overstated by \$70,314. For 2022, the impact of this correction has resulted in an increase in health plan fees expense of \$70,314 and a decrease in external reserves of \$70,314.

# Graduate Student Association-University of Waterloo

## Notes to the Financial Statements

*For the year ended August 31, 2023*

#### 4. Investments and interest receivable

	2023	2022
Measured at amortized cost:		
CIBC guaranteed investment certificate, interest at prime less 3.3%, due March 14, 2024	574,000	-
CIBC guaranteed investment certificate, interest at prime less 3.3%, due March 14, 2024	1,000,000	-
CIBC guaranteed investment certificate, redeemed during the year	-	235,000
Accrued interest receivable	28,278	-
	<b>1,602,278</b>	235,000
Measured at fair value:		
CIBC mutual funds	327,505	279,173
CIBC guaranteed investment certificate, interest at a market rate to be determined upon maturity, due February 5, 2024	241,818	235,000
CIBC guaranteed investment certificate, interest at a market rate to be determined upon maturity, due February 4, 2026	247,038	235,000
	<b>816,361</b>	749,173
<b>Total investments and interest receivable</b>	<b>2,418,639</b>	984,173

#### 5. Inventory

	2023	2022
Beer, wine and spirits	4,185	3,203
Food	7,498	3,799
Supplies	2,212	1,525
	<b>13,895</b>	8,527

The cost of inventories recognized as an expense amounted to \$147,488 (2022 – \$77,162).

#### 6. Interfund transactions

During the year, the Organization approved the following transfers:

- a) a transfer of \$19,723 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 \$75,000 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, 2023*

### 7. Capital assets

	<i>Cost</i>	<i>Accumulated amortization</i>	<i>2023 Net book value</i>	<i>2022 Net book value</i>
Computer equipment	4,374	3,805	569	949
Equipment	194,293	161,342	32,951	22,460
Furniture and fixtures	69,732	65,243	4,489	5,290
Leasehold improvements	531,179	370,629	160,550	173,964
	<b>799,578</b>	<b>601,019</b>	<b>198,559</b>	<b>202,663</b>

Equipment held at year end but not yet in use totalled \$11,622 (2022 - \$nil).

Amortization for the year amounted to \$19,723 (2022 - \$17,630).

### 8. 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 \$63,014 (2022 - \$105,745) and are included in accounts payable and accruals.

### 9. 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. 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>	<i>2023</i>	<i>2022</i>
Balance, beginning of year	-	-	18,000	-	18,000	19,000
Less: Amortization to revenue during the year	-	-	(1,000)	-	(1,000)	(1,000)
Balance, end of year	-	-	17,000	-	17,000	18,000

### 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, 2022 is \$107.61, and will increase to \$113.30 starting September 1, 2023.

**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 three years, and which are subject to floating interest rates.

During the year, the Organization's exposure to interest rate risk increased as the principal invested in guaranteed investment certificates increased, as did the prime interest rate.

***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 and equity-based investments for which the market value fluctuates based on market performance.

During the year, the Organization's exposure to other price risk remained unchanged from the prior year.

**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, 2023*

	<i>Beer</i>	<i>Liquor</i>	<i>Wine</i>	<i>Food</i>	<i>Total</i>
<b>2023</b>					
<b>Sales</b>	\$ 135,210	\$ 15,244	\$ 3,521	\$ 223,611	\$ 377,586
<b>Cost of sales</b>					
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
	51,162	3,018	1,028	92,279	147,488
<b>Gross margin</b>	\$ 84,048	\$ 12,226	\$ 2,493	\$ 131,332	\$ 230,098
<b>Gross margin %</b>	62.2	80.2	70.8	58.7	60.9
<b>2022</b>					
<b>Sales</b>	\$ 84,094	\$ 6,130	\$ 2,012	\$ 112,714	\$ 204,950
<b>Cost of sales</b>					
Inventory, beginning of year	1,217	464	42	2,263	3,986
Add: purchases	34,844	1,554	562	43,218	80,178
Less: inventory, end of year	2,487	615	101	3,799	7,002
	33,574	1,403	503	41,682	77,162
<b>Gross margin</b>	\$ 50,520	\$ 4,727	\$ 1,509	\$ 71,032	\$ 127,788
<b>Gross margin %</b>	60.1	77.1	75.0	63.0	62.4