

**Graduate Student Association-
University of Waterloo
Financial Statements**
August 31, 2021

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, 2021, 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, 2021, 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

March 8, 2022

MNP LLP

Chartered Professional Accountants

Licensed Public Accountants

Graduate Student Association-University of Waterloo
Statement of Financial Position

As at August 31, 2021

	<i>Association Fund</i>	<i>Graduate House Fund</i>	<i>Capital Fund</i>	<i>Health and Dental Fund</i>	<i>2021</i>	<i>2020</i>
Assets						
Current						
Cash	1,627,496	-	-	-	1,627,496	1,660,496
Accounts receivable	-	-	-	-	-	54,325
Inventory (Note 3)	-	6,431	-	-	6,431	11,610
Prepaid expenses and deposits	1,258	650	-	-	1,908	12,054
External reserves	-	-	-	283,990	283,990	318,298
Interfund receivable (payable) (Note 4)	(2,289,934)	882,942	31,151	1,375,841	-	-
	(661,180)	890,023	31,151	1,659,831	1,919,825	2,056,783
Capital assets (Note 5)	-	-	179,730	-	179,730	190,529
Investments (Note 6)	1,052,876	-	-	-	1,052,876	-
	391,696	890,023	210,881	1,659,831	3,152,431	2,247,312

Continued on next page

Graduate Student Association-University of Waterloo
Statement of Financial Position

As at August 31, 2021

	<i>Association Fund</i>	<i>Graduate House Fund</i>	<i>Capital Fund</i>	<i>Health and Dental Fund</i>	2021	2020
Liabilities						
Current						
Accounts payable and accruals	-	817,149	-	-	817,149	161,361
Deferred contributions, capital assets	-	-	19,000	-	19,000	20,000
	-	817,149	19,000	-	836,149	181,361
Significant event (Note 11)						
Net Assets						
Unrestricted	391,696	-	-	-	391,696	362,378
Internally restricted	-	72,874	191,881	1,659,831	1,924,586	1,703,573
	391,696	72,874	191,881	1,659,831	2,316,282	2,065,951
	391,696	890,023	210,881	1,659,831	3,152,431	2,247,312

Approved on behalf of the Board

Director

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, 2021

	<i>Association Fund</i>	<i>Graduate House Fund</i>	<i>Capital Fund</i>	<i>Health and Dental Fund</i>	2021	2020
Revenue						
Bus pass fees	1,218,652	-	-	-	1,218,652	881,231
Dental plan fees	-	-	-	1,328,810	1,328,810	1,389,092
Health plan fees	-	-	-	929,097	929,097	947,107
Investment income	4,622	-	-	-	4,622	20,594
Other income	-	-	2,000	-	2,000	6,610
Sales (Schedule 1)	-	30,360	-	-	30,360	223,119
Student fees	411,090	145,153	-	-	556,243	539,465
Legal protection fees	129,154	-	-	-	129,154	-
	1,763,518	175,513	2,000	2,257,907	4,198,938	4,007,218
Expenses						
Amortization	-	-	20,506	-	20,506	15,355
Bus pass fees	1,218,652	-	-	-	1,218,652	882,224
Dental plan fees	-	-	-	1,293,075	1,293,075	1,285,522
Health plan fees	-	-	-	708,879	708,879	634,264
Legal premium fees	129,267	-	-	-	129,267	-
Miscellaneous	28,517	1,678	-	-	30,195	3,092
Operating	24,643	40,576	-	-	65,219	69,616
Professional services	20,588	10,663	-	-	31,251	56,870
Promotion	-	-	-	-	-	1,241
Purchases (Schedule 1)	-	13,549	-	-	13,549	93,559
Salaries and benefits	334,840	95,987	-	-	430,827	568,551
Student services	48,877	563	-	-	49,440	98,382
Supplies	692	4,433	-	-	5,125	24,642
	1,806,076	167,449	20,506	2,001,954	3,995,985	3,733,318
Excess (deficiency) of revenue over expenses before other items	(42,558)	8,064	(18,506)	255,953	202,953	273,900
Other items						
Unrealized gain on investments	47,876	-	-	-	47,876	-
Loss on disposal of capital assets	-	-	(498)	-	(498)	-
	47,876	-	(498)	-	47,378	-
Excess (deficiency) of revenue over expenses	5,318	8,064	(19,004)	255,953	250,331	273,900

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, 2021

	<i>Association Fund</i>	<i>Graduate House Fund</i>	<i>Capital Fund</i>	<i>Health and Dental Fund</i>	2021	2020
Net assets, beginning of year	362,378	85,814	189,881	1,427,878	2,065,951	1,792,051
Excess (deficiency) of revenue over expenses	5,318	8,064	(19,004)	255,953	250,331	273,900
Interfund transfers (Note 4)	24,000	(21,004)	21,004	(24,000)	-	-
Net assets, end of year	391,696	72,874	191,881	1,659,831	2,316,282	2,065,951

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, 2021

	<i>Association Fund</i>	<i>Graduate House Fund</i>	<i>Capital Fund</i>	<i>Health and Dental Fund</i>	2021	2020
Cash provided by (used for) the following activities						
Operating						
Excess (deficiency) of revenue over expenses	5,318	8,064	(19,004)	255,953	250,331	273,900
Amortization	-	-	20,506	-	20,506	15,355
Loss on disposal of capital assets	-	-	498	-	498	-
Unrealized gain on investments	(47,876)	-	-	-	(47,876)	-
Amortization of deferred contributions	-	-	(1,000)	-	(1,000)	-
	(42,558)	8,064	1,000	255,953	222,459	289,255
Changes in working capital accounts						
Accounts receivable	-	34,325	20,000	-	54,325	(15,800)
Interest receivable	-	-	-	-	-	3,796
Inventory	-	5,179	-	-	5,179	2,188
Interfund receivable/ payable	991,341	(693,281)	(31,799)	(266,261)	-	-
External reserves	-	-	-	34,308	34,308	(274,985)
Prepaid expenses and deposits	(783)	10,929	-	-	10,146	(1,656)
Accounts payable and accruals	-	655,788	-	-	655,788	49,489
	948,000	21,004	(10,799)	24,000	982,205	52,287
Financing						
Deferred contributions received for capital assets	-	-	-	-	-	20,000
Investing						
Purchase of investments	(1,005,000)	-	-	-	(1,005,000)	-
Proceeds on disposal of investment	-	-	-	-	-	513,500
Purchase of capital assets	-	-	(10,205)	-	(10,205)	(76,957)
	(1,005,000)	-	(10,205)	-	(1,015,205)	436,543
Increase (decrease) in cash resources	(57,000)	21,004	(21,004)	24,000	(33,000)	508,830

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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, 2021

					<i>2021</i>	<i>2020</i>
Increase (decrease) in cash resources	(57,000)	21,004	(21,004)	24,000	(33,000)	508,830
<i>(Continued from previous page)</i>						
Cash resources, beginning of year	1,660,496	-	-	-	1,660,496	1,151,666
Interfund adjustments	24,000	(21,004)	21,004	(24,000)	-	-
Cash resources, end of year	1,627,496	-	-	-	1,627,496	1,660,496

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, 2021

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 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 cost less impairment.

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	straight-line	20 years

Graduate Student Association-University of Waterloo

Notes to the Financial Statements

For the year ended August 31, 2021

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. Because 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 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.

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.

Financial instruments

The Organization recognizes its financial instruments when the Organization becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at their fair value, including financial assets and liabilities originated and issued in a related party transaction with management. Financial assets and liabilities originated and issued in all other related party transactions are initially measured at their carrying or exchange amount in accordance with CPA Canada Handbook Section 3840 *Related Party Transactions* (refer to Note 8).

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

The Organization subsequently measures investments in equity instruments quoted in an active market at fair value. Fair value is determined by published price quotations. Investments in equity instruments not quoted in an active market and fixed income investments 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 directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in operations for the current period. Conversely, transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

Graduate Student Association-University of Waterloo
Notes to the Financial Statements
For the year ended August 31, 2021

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

Financial asset impairment

The Organization assesses impairment of all of 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; 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. If so, 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; and the amount expected to be realized by exercising any rights to collateral held against those assets. Any impairment, which is not considered temporary, is included in current year operations.

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 operations in the year the reversal occurs.

Deferred contributions, capital assets

Deferred contributions related to capital assets represent the unamortized portion of contributed capital assets and restricted contributions that were used to purchase the Organization's leasehold improvements on the Graduate House patio during the 2021 fiscal year. Recognition of these amounts as revenue is deferred to periods when the related capital assets are amortized.

3. Inventory

	2021	2020
Beer, wine and spirits	1,724	2,132
Food	2,262	6,423
Supplies	2,445	3,055
	6,431	11,610

The cost of inventories recognized as an expense amounted to \$13,549 (2020 – \$93,559).

4. Interfund transactions

During the year, the Organization approved the following transfers:

- a) a transfer of \$21,004 from the Graduate House Fund to the Capital Fund as payment for the amortization of capital assets and loss on disposal of assets; and
- b) a transfer of \$24,000 from the Health and Dental Fund to the Association Fund as payment for administration costs.

Graduate Student Association-University of Waterloo

Notes to the Financial Statements

For the year ended August 31, 2021

5. Capital assets

	<i>Cost</i>	<i>Accumulated amortization</i>	<i>2021 Net book value</i>	<i>2020 Net book value</i>
Computer equipment	3,235	3,107	128	3,106
Equipment	178,676	150,509	28,167	24,812
Furniture and fixtures	68,082	63,520	4,562	5,427
Leasehold improvements	493,404	346,531	146,873	157,184
	743,397	563,667	179,730	190,529

Amortization for the year amounted to \$20,506 (2020 - \$15,355).

6. Investments

	<i>2021</i>	<i>2020</i>
Measured at cost:		
CIBC guaranteed investment certificate, market rate, due February 6, 2023	235,000	-
CIBC guaranteed investment certificate, market rate, due February 5, 2024	235,000	-
CIBC guaranteed investment certificate, market rate, due February 4, 2026	235,000	-
	705,000	-
Measured at fair value:		
CIBC Mutual Funds	347,876	-
	1,052,876	-

7. 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>2021</i>	<i>2020</i>
Balance, beginning of year	-	-	20,000	-	20,000	-
Contributions during the year	-	-	-	-	-	20,000
Less: Amortization to revenue during the year	-	-	(1,000)	-	(1,000)	-
Balance, end of year	-	-	19,000	-	19,000	20,000

Graduate Student Association-University of Waterloo

Notes to the Financial Statements

For the year ended August 31, 2021

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 \$67,805 (2020 - \$91,895) and are included in accounts payable and accruals.

Amounts receivable from the University are \$nil (2020 - \$10,000) and are included in accounts receivable.

9. 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, 2020 is \$105.50 and will increase by 5% annually.

10. 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 two to five years, and which are subject to floating interest rates.

During the year, the Organization's exposure to interest rate risk increased as there were no guaranteed investment certificates held in the prior fiscal year.

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.

During the year, the Organization's exposure to other price risk increased as there were no mutual funds held in the prior fiscal year.

Graduate Student Association-University of Waterloo

Notes to the Financial Statements

For the year ended August 31, 2021

11. Significant event

The global outbreak of COVID-19 (coronavirus) has had a significant impact on businesses through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders.

Post-secondary institutions within the Organization's region were forced to enact restrictions on campus and encourage virtual learning for the fiscal year. As a result of the restrictions, the Organization was unable to continue normal operations of the Graduate House. Despite the closures, student fees have continued to be received throughout the fiscal year and into subsequent periods, therefore the Organization has been able to mitigate significant financial impact that could have potentially occurred.

The duration and impact of the COVID-19 outbreak is unknown at this time and it is not possible to reliably predict the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus.

Management does not believe that there is any significant doubt about the Organization's ability to continue as a going concern.