

GSA Carleton Inc.



Financial Statements
For the year ended April 30, 2020



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For the year ended April 30, 2020

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Independent Auditor's Report

**To the Members of the
GSA Carleton Inc.**

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of GSA Carleton Inc. (the "corporation") which comprise the statement of financial position as at April 30, 2020, and the statements of changes in fund balances, operations, 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 corporation as at April 30, 2020, and its results of 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 corporation 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 corporation'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 corporation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the corporation'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.

AUDIT • TAX • ADVISORY

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Auditor's Responsibilities for the Audit of the Financial Statements (continued)

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 corporation'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 corporation'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 corporation 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.

Report on Other Legal and Regulatory Requirements

As required by the Corporations Act of Ontario, we report that, in our opinion, the accounting principles in Canadian Accounting Standards for Not-for-Profit Organizations have been applied on a basis consistent with that of the preceding year.

Baker Tilly Ottawa LLP

Chartered Professional Accountants, Licensed Public Accountants
October 21, 2020
Ottawa, Ontario

GSA Carleton Inc.
Statement of Financial Position

April 30

2020

2019

Assets

Current

Bank	\$ 1,409,497	\$ 1,342,950
Accounts receivable	22,293	4,921
Receivable from external organizations	8,141	18,881
Materials inventory	16,087	11,977

	1,456,018	1,378,729
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Tangible capital assets (Note 1)

	83,538	103,870
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Intangible assets (Note 1)

	8,353	10,441
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	\$ 1,547,909	\$ 1,493,040
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Liabilities and Fund Balances

Current

Accounts payable and accrued liabilities	\$ 540,222	\$ 450,491
Government liabilities	4,538	6,333
Due to external organizations (Note 2)	199,393	182,891

	744,153	639,715
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Fund balances

Unrestricted		
General Fund	250,312	336,678
Internally restricted funds:		
Invested in tangible capital assets and intangible assets	91,891	114,311
Capital development fund	109,815	84,919
Accessibility fund	298,783	271,920
Unicentre fund	21,806	21,806
Other funds	31,149	23,691

	803,756	853,325
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	\$ 1,547,909	\$ 1,493,040
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On behalf of the Board:

Hemant Gupta

Director

Shweta Pillai

Director

GSA Carleton Inc.
Statement of Changes in Fund Balances

For the year ended April 30, 2020

	Balance, beginning of year	Deficiency of revenue over expenses for the year	Transfer to (from)	Balance, end of year
Unrestricted				
General Fund	\$ 336,678	\$ (25,171)	\$ (61,195)	\$ 250,312
Internally restricted				
Invested in tangible capital assets and intangible assets	114,311	(24,398)	1,978	91,891
Capital development fund	84,919	-	24,896	109,815
Accessibility fund	271,920	-	26,863	298,783
Unicentre fund	21,806	-	-	21,806
Other funds	23,691	-	7,458	31,149
	<u>516,647</u>	<u>(24,398)</u>	<u>61,195</u>	<u>553,444</u>
	<u>\$ 853,325</u>	<u>\$ (49,569)</u>	<u>-</u>	<u>\$ 803,756</u>

For the year ended April 30, 2019

	Balance, beginning of year, restated	Deficiency of revenue over expenses for the year	Transfer to (from)	Balance, end of year
Unrestricted				
General Fund, restated	\$ 401,694	\$ (13,304)	\$ (51,712)	\$ 336,678
Internally restricted				
Invested in tangible capital assets and intangible assets	66,001	(21,733)	70,043	114,311
Capital development fund	129,410	-	(44,491)	84,919
Accessibility fund	246,368	-	25,552	271,920
Unicentre fund	21,806	-	-	21,806
Other funds	23,083	-	608	23,691
	<u>486,668</u>	<u>(21,733)</u>	<u>51,712</u>	<u>516,647</u>
	<u>\$ 888,362</u>	<u>\$ (35,037)</u>	<u>-</u>	<u>\$ 853,325</u>

GSA Carleton Inc. Statement of Operations

For the year ended April 30	2020	2019
Revenue from business operations		
Sales	\$ 418,791	\$ 540,269
Inventory expensed as cost of sales	194,793	285,940
	223,998	254,329
Other revenue		
Student fees	833,196	841,539
Investment and other income	71,340	69,197
CEWS subsidy	13,000	-
	917,536	910,736
Total revenue	1,141,534	1,165,065
Expenses		
Administration	91,853	93,208
Amortization of capital assets	18,206	14,322
Business operations (Note 3)	319,034	311,968
Bad debts	2,685	2,152
Council (Note 4)	20,269	19,822
Department rebates	-	2,169
Elections	4,000	5,577
General operations (Note 4)	43,360	70,657
Grants and awards	72,016	22,553
Liaison travel	6,574	18,527
Professional fees	25,041	26,579
Publications	-	5,537
Salaries and benefits	502,158	501,546
Service centre distribution	60,000	60,000
Sponsored events (Note 4)	20,968	33,572
Travel grants	4,939	11,913
	1,191,103	1,200,102
Deficiency of revenue over expenses for the year	\$ (49,569)	\$ (35,037)

GSA Carleton Inc.
Statement of Cash Flows

For the year ended April 30	2020	2019
Cash flows from operating activities		
Deficiency of revenue over expenses for the year	\$ (49,569)	\$ (35,037)
Adjustments for		
Amortization of tangible and intangible capital assets	<u>24,398</u>	21,733
	(25,171)	(13,304)
Changes in non-cash working capital items		
Accounts receivable	(6,632)	6,082
Materials inventory	(4,110)	4,381
Prepaid expenses	-	3,579
Accounts payable and accrued liabilities	89,731	79,983
Government liabilities	(1,795)	2,392
Due to external organizations	<u>16,502</u>	(2,106)
	<u>68,525</u>	81,007
Cash flows from investing activities		
Purchase of assets	<u>(1,978)</u>	(70,043)
Increase in cash during the year	66,547	10,964
Cash, beginning of year	<u>1,342,950</u>	<u>1,331,986</u>
Cash, end of year	<u>\$ 1,409,497</u>	<u>\$ 1,342,950</u>

GSA Carleton Inc.

Summary of Significant Accounting Policies

April 30, 2020

Nature of Business	<p>GSA Carleton Inc. ("the corporation") was incorporated on June 9, 1981, without share capital, by Letters Patent pursuant to the Ontario Corporations Act, with the objectives of:</p> <ul style="list-style-type: none">i) representing graduate students at Carleton University;ii) developing and maintaining unity, and encouraging cooperation among them;iii) developing, monitoring and promoting the social and academic affairs of them; andiv) advancing the cause of higher learning.
Basis of Presentation	<p>These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and are in accordance with Canadian generally accepted accounting principles and include the following significant accounting policies.</p>
Use of Estimates	<p>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 revenue and expenditures during the year. The corporation's estimates relate to provision for doubtful receivables and estimated useful life of tangible and intangible capital assets. Actual results could differ from these estimates.</p>
Financial Instruments	<p><u>Measurement of financial instruments</u></p> <p>Financial instruments are financial assets or liabilities of the corporation where, in general, the corporation has the right to receive cash or another financial asset from another party or the corporation has the obligation to pay another party cash or other financial assets.</p> <p>The corporation initially measures its financial assets and liabilities at fair value, except for certain non-arm's length transactions that are measured at the exchange amount.</p> <p>The corporation subsequently measures all its financial assets and financial liabilities at amortized cost.</p> <p>Financial assets and financial liabilities measured at amortized cost include cash, investments, accounts receivable, receivable from external organizations, due to external organizations, accounts payable and accrued liabilities and government liabilities.</p>

GSA Carleton Inc.
Summary of Significant Accounting Policies

April 30, 2020

**Financial Instruments
(continued)**

Impairment

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write down, if any, is recognized in excess of revenues over expenses. The previously recognized impairment loss may be reversed, to the extent of the improvement, directly or by adjusting the allowance account. The reversal may be recorded provided it is no greater than the amount that had been previously reported as a reduction in the asset and it does not exceed original cost. The amount of the reversal is recognized in the excess of revenue over expenses.

Transaction costs

The corporation recognizes its transactions costs in the excess of revenue over expenses in the period incurred. However, financial instruments that will not be subsequently measured at fair value are adjusted by the transaction costs that are directly attributable to their origination, issuance or assumption.

Tangible Capital Assets

Tangible capital assets are stated at cost. Amortization is provided over the estimated useful life of the assets at the following annual rates:

Computer equipment	30%	diminishing balance basis
Furniture & equipment	20%	diminishing balance basis
Leasehold improvements	20%	straight-line basis

One-half of the above rates are used in the year of acquisition.

Intangible Assets

Intangible asset is an identifiable non-monetary asset without physical substance. Intangible assets are recorded at cost. Amortization is provided over the estimated useful life of the assets at the following annual rates:

Software	20%	diminishing balance basis
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Fund Accounting

The corporation follows the deferral method of accounting for revenue.

The General fund accounts for business operations, program delivery and administrative activities. This fund reports unrestricted resources. Invested in capital assets represents the net book value of tangible and intangible capital assets.

The Capital development fund accounts for revenue designated for capital expenditures. All graduate students pay a pro-rated fee of \$3 per term for improvements in this area. Any purchases of equipment or leasehold improvements over \$500 can be paid out of this fund at the discretion of the Board of Directors.

GSA Carleton Inc.
Summary of Significant Accounting Policies

April 30, 2020

**Fund Accounting
(continued)**

The Accessibility fund accounts for revenue designated for student accessibility expenditures. All graduate students pay a pro-rated fee of \$3 per term for improvements in this area. Any improvements made to spaces operated by the GSA or to accommodate students wanting to participate in graduate life can be paid out of this fund at the discretion of the Board of Directors.

The Unicentre fund accounted for joint programs with Carleton University and CUSA. Graduate students voted to terminate the University Centre levy and it ceased to be collected after the Spring/Summer 2015 term. Any unused funds have been internally restricted at the discretion of the Board of Directors.

Other funds accounts for the Sexual Assault fund and the GRC fund. The sexual assault fund is used for activities related to the sexual assault programming, education and outreach. Designated student fees net of annual program expenditures are accumulated in the fund. . The GRC fund stipulates that surpluses from the GRC annual budget can be set aside in a separate fund for future graduate residence expenditures. Both fund revenues and expenditures are at the discretion of the Board of Directors.

Inventory

Inventory is valued at lower of cost or net realizable value.

Income Tax Status

The corporation is a non-profit organization as defined in subsection 149(1)(l) of the Income Tax Act, Canada and, as such, is exempt from income taxes.

Revenue Recognition

Restricted contributions relating to general operations are deferred and recognized as revenue of the General fund in the period in which the related expenses are incurred. All other restricted contributions are recognized as revenue of the appropriate restricted fund.

Unrestricted contributions are recognized as revenue of the General fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Investment income is recognized as revenue of the General fund when earned.

GSA Carleton Inc.

Notes to Financial Statements

April 30, 2020

1. Tangible Capital Assets and Intangible Assets

	2020			2019		
	Accumulated Cost	Amortization	Net Book Value	Accumulated Cost	Amortization	Net Book Value
Tangible capital assets						
Mike's Place						
Furniture	\$ 70,185	\$ 65,555	\$ 4,630	\$ 70,185	\$ 64,398	\$ 5,787
Equipment	97,431	91,931	5,500	97,431	90,556	6,875
Computer equipment	4,796	3,290	1,506	4,796	2,644	2,152
Leasehold improvements	209,659	197,601	12,058	209,659	194,587	15,072
GSA Office						
Furniture and equipment	104,338	78,990	25,348	104,338	72,653	31,685
Computer equipment	91,467	83,408	8,059	89,489	80,236	9,253
Leasehold improvements	81,685	55,248	26,437	81,685	48,639	33,046
	\$ 659,561	\$ 576,023	\$ 83,538	\$ 657,583	\$ 553,713	\$ 103,870
Intangible assets						
Software	\$ 13,008	\$ 4,655	\$ 8,353	\$ 13,008	\$ 2,567	\$ 10,441

2. Fees for Designated Organizations

The Corporation collects preauthorized contributions on behalf of the Canadian Federation of Students, Ontario Public Interest Research Group, World University Services of Canada, The Leveller, Carleton University Foot Patrol, Carleton Food Collective, Charlatan Publications Inc., and C.K.C.U. and remits the funds to their organizations. These amounts are not recorded as revenue and expenses of the Corporation.

3. Business Operations

Expenses for the operation of Mike's Place are as follows:

	2020	2019
Insurance	\$ 12,534	\$ 10,607
Labour	202,567	206,256
Operating	56,051	47,453
Rent and license fees	41,690	40,241
Amortization of capital assets	6,192	7,411
	\$ 319,034	\$ 311,968

GSA Carleton Inc.
Notes to Financial Statements

April 30, 2020

4. Distribution of Residual Fee

Included in the following expenses are amounts incurred to fund any clubs, societies, services, events, or programs that are open and advertised to all University students:

	<u>2020</u>		<u>2019</u>
Council	\$ 14,896	\$	10,124
General operations	26,208		40,502
Sponsorship events	1,735		7,737
	<u>\$ 42,839</u>	\$	<u>58,363</u>

5. Risks and Concentrations

The corporation is exposed to various risks through its financial instruments. The following analysis provides a measure of the organization's risk exposure and concentrations as at April 30, 2020.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The corporation is exposed to this credit risk mainly in respect of its accounts receivable and due from external organizations.

Liquidity risk

Liquidity risk is the risk that the corporation will encounter difficulty in meeting obligations associated with financial liabilities. The corporation is exposed to this risk mainly in respect of its accounts payable and accrued liabilities, due to external organizations and government liabilities.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk, and other price risk. The corporation is not exposed to any significant market risk.

Changes in risk

There have been no significant changes in the corporation risk exposures from the 2019 fiscal year.

GSA Carleton Inc.
Notes to Financial Statements

April 30, 2020

6. COVID-19

On March 11, 2020, the World Health Organization categorized COVID-19 as a pandemic. The potential economic effects within the organization's environment and in the global markets, possible disruption in supply chains, and measures being introduced at various levels of government to curtail the spread of the virus (such as travel restrictions, closures of non-essential municipal and private operations, imposition of quarantines and social distancing) could have a material impact on the organization's operations. The extent of the impact of this outbreak and related containment measures on the organization's operations cannot be reliably estimated at this time.
