

**SOCIETY OF GRADUATE STUDENTS
UNIVERSITY OF WESTERN ONTARIO
GRAD CLUB**

FINANCIAL STATEMENTS

APRIL 30, 2008

AUDITORS' REPORT

To the Members of the
Society of Graduate Students

I have audited the statement of financial position of the Grad Club of the Society of Graduate Students as at April 30, 2008 and the statements of loss, gross profit and cash flows for the year then ended. These financial statements are the responsibility of the company's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the company as at April 30, 2008 and the results of its operations and changes in its financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

Since the prior year's financial statements were prepared on a review engagement basis, therefore, an audit was not performed, I do not express an opinion on the financial statements for the preceding period.

London, Canada
July 8, 2008

MICHAEL A. KING, C. A.
Licensed Public Accountant

**SOCIETY OF GRADUATE STUDENTS
UNIVERSITY OF WESTERN ONTARIO
GRAD CLUB**

Statement of Financial Position

As at April 30

	2008	2007
Assets		
Current assets:		
Cash	\$ 183,971	\$ 163,412
Accounts receivable	29,761	15,923
Inventory	29,304	32,882
Prepaid expenses	847	730
	243,883	212,947
Capital assets (note 1)	371,716	436,198
	\$ 615,599	\$ 649,145
Liabilities and Members' Equity		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 162,812	\$ 91,292
Other taxes payable	15,900	13,130
Deferred memberships	2,400	1,500
Due to Society of Graduate Students	69,321	61,469
Current portion of long-term debt	-	15,180
	250,433	182,571
Long-term debt	-	149,498
Loan from Society of Graduate Students	69,971	-
Members' equity:		
Balance, beginning of year	317,076	376,479
Add net loss for the year	(21,881)	(59,403)
Balance, end of year	295,195	317,076
	\$ 615,599	\$ 649,145

See accompanying notes to the financial statements.

**SOCIETY OF GRADUATE STUDENTS
UNIVERSITY OF WESTERN ONTARIO
GRAD CLUB**

Statement of Loss

Year ended April 30

	2008	2007
Revenues (page 4)	\$1,187,269	\$1,022,260
Cost of goods sold (page 4)	580,787	489,876
Gross Profit (page 4)	606,482	532,384
Other income (expenses):		
Interest	2,598	3,791
Associate memberships	6,337	6,596
Sundry	14,891	13,059
Bursaries	(13,500)	(12,000)
	10,326	11,446
Net profit before operating expenses	616,808	543,830
Operating expenses:		
Wages and employee benefits	309,151	275,026
Occupancy costs	108,101	108,816
Amortization	75,832	95,140
Supplies	47,734	32,536
Administration, Society of Graduate Students	27,600	27,600
Entertainment	19,500	19,613
Interest and bank charges	16,127	20,327
Professional services	12,000	6,600
Repairs, maintenance and rentals	10,940	9,158
Advertising, promotion and special events	5,902	3,608
Travel	3,251	2,906
Office supplies	1,237	728
Insurance	1,094	1,153
Miscellaneous expense	220	22
	638,689	603,233
Net loss for the year	\$ (21,881)	\$ (59,403)

See accompanying notes to the financial statements.

**SOCIETY OF GRADUATE STUDENTS
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GRAD CLUB**

Statement of Gross Profit

Year ended April 30

2008				
	Revenue	Cost of Goods Sold	Gross Profit	%
Beer	426,542	210,675	215,867	50.61
Food	613,399	265,657	347,742	56.69
Beverages	64,043	62,389	1,654	2.58
Liquor	40,912	13,791	27,121	66.29
Cigarettes	19,602	21,566	(1,964)	(10.02)
Wine	22,771	6,709	16,062	70.54
	1,187,269	580,787	606,482	51.08
2007				
	Revenue	Cost of Goods Sold	Gross Profit	%
Beer	382,441	189,039	193,402	50.57
Food	509,561	220,029	289,532	56.82
Beverages	53,877	48,780	5,097	9.46
Liquor	36,884	12,112	24,772	67.16
Cigarettes	21,269	16,440	4,829	22.70
Wine	18,228	3,476	14,752	80.93
	1,022,260	489,876	532,384	52.08

See accompanying notes to the financial statements.

**SOCIETY OF GRADUATE STUDENTS
UNIVERSITY OF WESTERN ONTARIO
GRAD CLUB**

Statement of Cash Flows

Year ended April 30

	2008	2007
Cash flows from operating activities:		
Net loss for the year	\$ (21,881)	\$ (59,403)
Items not affecting working capital:		
Amortization	75,832	95,140
Net changes in non-cash working capital		
Accounts receivable	(13,837)	(4,661)
Inventory	3,578	(9,519)
Prepaid expenses	(117)	58
Due to Society of Graduate Students	7,852	14,716
Accounts payable and accrued liabilities	71,520	11,379
Other taxes payable	2,770	(6,479)
Deferred memberships	900	(500)
	126,617	40,731
Cash flows from investing activities:		
Additions to capital assets	(11,351)	(4,307)
Cash flows from financing activities:		
Net repayments of long-term debt	(164,678)	(13,913)
Loans from Society of Graduate Students	69,971	-
	(94,707)	(13,913)
Increase in cash during the year	20,559	22,511
Cash, beginning of year	163,412	140,901
Cash, end of year	\$ 183,971	\$ 163,412

See accompanying notes to the financial statements.

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Notes to the Financial Statements

April 30, 2008

Summary of significant accounting policies:

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles, the more significant of which are summarized below.

Inventory:

Inventory is valued at the lower of cost and net realizable value, with cost being determined on a first-in, first-out basis.

Capital assets:

Capital assets are recorded at cost. Amortization has been provided using the declining balance method, with half amortization on net acquisitions, and no amortization in the year of disposal, with the exception of leasehold improvements and concessions which are amortized over 10 years.

Computer hardware	30 %
Furniture and equipment	20 %
Concessions	10 yrs
Leasehold improvements	10 yrs

When properties are retired or otherwise disposed of, the assets and related accumulated amortization thereon are removed from the accounts and the resulting gain or loss is credited or charged to income.

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Notes to the Financial Statements - continued

April 30, 2008

1. Capital assets:

			2008	2007
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Computer hardware	\$ 33,781	\$ 26,590	\$ 7,191	\$ 10,274
Furniture and equipment	252,878	102,218	150,660	177,730
Concessions	150,000	60,000	90,000	105,000
Leasehold improvements	212,605	88,740	123,865	143,194
	\$ 649,264	\$ 277,548	\$ 371,716	\$ 436,198

2. Financial instruments:

The organization's financial instruments consist of cash, accounts receivable, and accounts payable. It is management's opinion that the organization is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value of these financial instruments approximate their carrying values.

3. Non-profit organization:

The Grad Club is a division of a non-profit organization and therefore, is not subject to income taxes.