



Arts Undergraduate Society of McGill University
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Report of the AUS VP Finance – February 19, 2013

AUS Financial Statements: The final version of AUS' Fiscal Year 2013 financial statements are attached. This document will be presented to the relevant members of McGill administration, thus fulfilling a major obligation to McGill administration which is long overdue. These statements will be (or have been) made available on the AUS website, for all members of the McGill community to see. President Fletcher and I are soon meeting with our auditor to discuss how we can improve our accounting practices and make the upcoming audit much easier. I want to plan some sort of pseudo-corporate statement unveiling event and press conference, but I am not sure if this will actually happen.

Ethical Purchasing Policy: At the time which I am writing this report, I do not know what transpired during last week's Council meeting or our planned consultation sessions. If the proposed policy was received in good favour, then I guess it will be presented for approval tonight. If major changes need to be made, then we will have a revised version by the next Council session.

AUIF: Meeting tomorrow night. Thank you for your timely application submissions.

FMC: The meeting dates for the rest of the semester are set: February 21, March 14, March 28.

Respectfully Submitted,

Samuel Higgs
AUS VP Finance

**ARTS UNDERGRADUATE SOCIETY
OF MCGILL UNIVERSITY**

FINANCIAL STATEMENTS

MARCH 31, 2013



**ARTS UNDERGRADUATE SOCIETY
OF MCGILL UNIVERSITY
FINANCIAL STATEMENTS
MARCH 31, 2013**

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INDEPENDENT AUDITOR'S REPORT

To the Directors of
Arts Undergraduate Society of McGill University

We have audited the accompanying financial statements of Arts Undergraduate Society of McGill University, which comprise the statement of financial position as at March 31, 2013, and the statements of operations, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion

In common with many not-for-profit organizations, the Association derives part of its receipts from the general public in the form of cash receipts, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Association. Therefore we were not able to determine whether any adjustments might be necessary to revenues, excess of revenues over expenses and cash flows for the year ended March 31, 2013, assets as at March 31, 2013 and net asset balances as at March 31, 2013.

Qualified Opinion

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Arts Undergraduate Society of McGill University as at March 31, 2013, 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.

Comparative Information

Without modifying our opinion, we draw attention to Note 2 to the financial statements which describes that Arts Undergraduate Society of McGill University adopted Canadian accounting standards for not-for-profit organizations on April 1, 2012 with a transition date of April 1, 2011. These standards were applied retrospectively by management to the comparative information in these financial statements, including the statements of financial position as at March 31, 2012 and April 1, 2011, and the statements of operations, changes in net assets and cash flows for the year ended March 31, 2012 and related disclosures. We were not engaged to report on the restated comparative information, and as such, it is unaudited.

Other Matter

The financial statements of the Arts Undergraduate Society of McGill University for the year ended March 31, 2012 were compiled by another public accountant.

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Fuller Landau LLP

Montreal, February 13, 2014

¹ CPA auditor, CA, public accountancy permit No. AI 18902



ARTS UNDERGRADUATE SOCIETY OF MCGILL UNIVERSITY
STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2013

	2013	2012	As at April 1,
	\$	(Unaudited)	2011
		\$	(Unaudited)
			\$
ASSETS			
Current			
Cash	57,290	50,754	26,058
Term deposit (Note 4)	220,000	-	90,000
Accounts receivable (Note 5)	14,562	35,816	36,457
	291,852	86,570	152,515
Capital assets (Note 6)	19,807	26,584	31,115
Restricted cash	-	94,799	18,578
	311,659	207,953	202,208
LIABILITIES			
Current			
Accounts payable and accrued liabilities (Note 7)	73,837	12,887	7,889
NET ASSETS			
Invested in capital assets	19,807	26,584	31,115
Unrestricted	218,015	168,482	163,204
	237,822	195,066	194,319
	311,659	207,953	202,208

On behalf of the Board,

_____, Director

_____, Director

ARTS UNDERGRADUATE SOCIETY OF MCGILL UNIVERSITY
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 2013

	2013	2012
	\$	(Unaudited) \$
Revenues (Note 8)	757,547	632,156
Expenses		
Advertising and promotion	1,415	3,865
Amotization of captial assets	7,299	6,411
Contributions and subscriptions	23,860	41,970
Equipment rental	8,359	22,605
Insurance	9,720	7,110
Interest and bank charges	1,555	11,718
Office expense	40,507	42,337
Professional fees	45,830	12,541
Programs	394,944	322,389
SNAX store	127,948	118,880
Salaries and fringe benefits	38,089	32,400
Travelling	15,265	9,183
	714,791	631,409
Excess of revenue over expenses	42,756	747

ARTS UNDERGRADUATE SOCIETY OF MCGILL UNIVERSITY
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED MARCH 31, 2013

	Net assets invested in capital assets \$	Unrestricted \$	2013 Total \$	2012 Total \$
Balance, beginning of year	26,584	168,482	195,066	194,319
Excess of revenue over expenses	(7,299)	50,055	42,756	747
Investment in capital assets	522	(522)	-	-
Balance, end of year	19,807	218,015	237,822	195,066

ARTS UNDERGRADUATE SOCIETY OF MCGILL UNIVERSITY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2013

	2013	2012
	\$	(Unaudited) \$
Operating activities		
Excess of revenue over expenses	42,756	747
Item not requiring cash		
Amortization of capital assets	7,299	6,411
	50,055	7,158
Net change in non-cash working capital items	82,204	5,639
	132,259	12,797
Investing activities		
Acquisition of term deposit	(220,000)	-
Acquisition of capital assets	(522)	(1,880)
Disposal of term deposit	-	90,000
	(220,522)	88,120
Change in restricted cash	94,799	(76,221)
Increase in cash and cash equivalents	6,536	24,696
Cash and cash equivalents, beginning of year	50,754	26,058
Cash and cash equivalents, end of year	57,290	50,754

Cash and cash equivalents consist of cash.

**ARTS UNDERGRADUATE SOCIETY OF MCGILL UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2013**

1. Statutes of incorporation and nature of activities

Arts Undergraduate Society of McGill University is a student-run not-for-profit organization, incorporated under Part III of Quebec Companies' Act. The Association's objective is to promote and represent the welfare and interests of the students of the faculty of arts at McGill University by providing activities and services to enhance the educational, cultural, environmental and social conditions of its members.

2. Impact of the change in the basis of accounting

These financial statements are the first financial statements prepared in accordance with Canadian accounting standards for not-for-profit organizations, hereafter referred to as "ASNFPPO".

The financial statements for the year ended March 31, 2013 were prepared in accordance with the accounting principles described and the provisions set out in Section 1501, First-time Adoption by not-for-profit organizations, of CICA Handbook - Accounting for first-time adopters of this basis of accounting.

The adoption of this new basis of accounting had the following impact on the excess of revenues over expenses of the Association for the year ending March 31, 2012 and the fund balances at the date of transition being April, 2011.

ARTS UNDERGRADUATE SOCIETY OF MCGILL UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2013

2. Impact of the change in the basis of accounting (continued)

	Notes	Balance sheet as at April 1, 2011 based on previous financial statements \$	Changes in net assets \$	Balance sheet as at April 1, 2011 in accordance with the new basis of accounting \$
ASSETS				
Cash	A	45,922	(19,864)	26,058
Term deposit		90,000	-	90,000
Accounts receivable		36,457	-	36,457
Capital assets		31,115	-	31,115
Restricted cash		18,578	-	18,578
		222,072	(19,864)	202,208
LIABILITIES				
Accounts payable and accrued liabilities		7,889	-	7,889
Endowment fund	B	130,000	(130,000)	-
NET ASSETS		137,889	(130,000)	7,889
Invested in capital assets		31,115	-	31,115
Unrestricted		53,068	110,136	163,204
		84,183	110,136	194,319
		222,072	(19,864)	202,208

ARTS UNDERGRADUATE SOCIETY OF MCGILL UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2013

2. Impact of the change in the basis of accounting (continued)

A. Cash

The Association is the parent organization of various constituent student associations which are bound by contractual obligation to the Association.

Five constituent student associations are also constituent associations of the Science Undergraduate Society of McGill University. It was agreed upon by the Associations that these five constituent student associations would be accounted for as part of the Science Undergraduate Society.

As a result, the impact of the removal of these five constituent associations resulted in cash and unrestricted net assets being reduced by \$19,864, representing the constituent student association's net assets that were previously accounted for in the 2012 and 2011 financial statements.

	According to previous financial statements \$	Changes in net assets \$	In accordance with the new basis of accounting \$
Cash	45,922	(19,864)	26,058

B. Endowment fund

In prior years, the Association previously showed an endowment fund for \$ 130,000 with conditions that the funds were to be maintained as capital for a period set to expire after 2026.

During the course of the audit, it was determined that these funds were a contribution, since they were disbursed by McGill University as consideration for taking away part of the University's facilities occupied by the Association to generate revenues and were non-reciprocal.

Therefore it has been determined that these funds represent a contribution to the Association and the impact is a net increase of \$ 130,000 in the opening net assets balance.

	According to previous financial statements \$	Changes in net assets \$	In accordance with the new basis of accounting \$
Endowment fund	130,000	(130,000)	-

**ARTS UNDERGRADUATE SOCIETY OF MCGILL UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2013**

2. Impact of the change in the basis of accounting (continued)

C. Reconciliation of net assets in the financial statements as at April 1, 2011

	Notes	\$
<hr/>		
Net assets as at April 1, 2011 according to previous financial statements		84,183
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Cash	A	(19,864)
Endowment fund	B	130,000
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Total changes		110,136
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Net assets as at April 1, 2011 in accordance with the new basis of accounting		194,319
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D. Reconciliation of net assets in the financial statements as at March 31, 2012

	Notes	\$
<hr/>		
Total changes in net assets as at April 1, 2011	C	110,136
<hr/>		
Total changes in net assets as at March 31, 2012 in accordance with the new basis of accounting		110,136
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3. Significant accounting policies

The Association applies the Canadian accounting standards for not-for-profit organizations in Part III of the CICA Accounting Handbook.

**ARTS UNDERGRADUATE SOCIETY OF MCGILL UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2013**

3. Significant accounting policies (continued)

Revenue recognition

Student fees are collected from students by McGill University and are recognized as revenues by the Association when the funds are collected by the University.

Sponsorship revenue is recognized by the Association when received or when collection is reasonably assured.

Program revenues of the Association and its constituent associations are recognized as revenue in the period that the programs occurred.

Sales of goods from the SNAX convenience store are recognized when the goods are sold and when the funds are collected.

Financial instruments

Measurement of financial instruments

The Association initially measures its financial assets and financial liabilities at fair value, except for certain non-arm's length transactions.

The Association subsequently measures all its financial assets and financial liabilities at amortized cost.

Financial assets measured at amortized cost include cash, term deposit and accounts receivable.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

Cash and cash equivalents

The Association's policy is to disclose bank balances under cash and cash equivalents.

Capital assets

Capital assets are accounted for at cost. Amortization is calculated on their respective estimated useful lives using the straight-line method over the following periods:

	<u>Periods</u>
Furniture	5 years
Office equipment	5 years
Computer equipment	3 years

ARTS UNDERGRADUATE SOCIETY OF MCGILL UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2013

3. Significant accounting policies (continued)

Use of estimates

The preparation of these financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. These estimates are reviewed periodically and adjustments are made to income as appropriate in the year they become known.

Contributed services

Volunteers contribute significant hours annually to assist the Association in carrying out its activities. Due to the difficulty in determining the fair value of this volunteer time, such contributions are not recognized in the financial statements.

The Association receives free rental of office space from McGill University, however, the value of this rent is difficult to estimate, and is therefore not included in the financial statements.

4. Term deposit

The term deposit bears interest at 0.9% per annum and matures on March 25, 2014.

5. Accounts receivable

	2013	2012
	\$	\$
Student fees	7,996	-
Sales tax receivable	6,566	35,816
	14,562	35,816

ARTS UNDERGRADUATE SOCIETY OF MCGILL UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2013

6. Capital assets

	Cost \$	Accumulated amortization \$	2013 Net book value \$	2012 Net book value \$
Furniture	58,852	40,796	18,056	24,892
Office equipment	1,880	564	1,316	1,692
Computer equipment	23,048	22,613	435	-
	83,780	63,973	19,807	26,584

7. Accounts payable and accrued liabilities

	2013 \$	2012 \$
Trade accounts payable	72,881	9,083
Deduction at source	956	3,804
	73,837	12,887

8. Revenues

	2013 \$
Student fees	244,821
Programs	323,839
Sponsorships	16,323
SNAX store sales	172,393
Miscellaneous	171
	757,547

9. Financial instruments**Risks and concentration**

The Association is exposed to various risks through its financial instruments, without being exposed to concentrations of risk. The following analysis provides a measure of the Association's risk exposure at the balance sheet date of March 31, 2013.

**ARTS UNDERGRADUATE SOCIETY OF MCGILL UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2013**

9. Financial instruments (continued)

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 Association is mainly exposed to interest rate risk.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Association is exposed to interest rate risk on its fixed interest rate term deposit which subjects it to a fair value risk.

10. Economic dependence

The Association receives student fees from member payments that are collected by McGill University on behalf of the Association to ensure the continuity of its operations.

11. Comparative figures

Certain figures for 2012 have been reclassified to make their presentation identical to that adopted in 2013.