

**ARTS UNDERGRADUATE SOCIETY
OF MCGILL UNIVERSITY**

FINANCIAL STATEMENTS

MARCH 31, 2014

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OF MCGILL UNIVERSITY
FINANCIAL STATEMENTS
MARCH 31, 2014**

	Page
Independent Auditor's Report	1 - 2
Statement of Financial Position	3
Statement of Operations	4
Statement of Changes in Net Assets	5
Statement of Cash Flows	6
Notes to Financial Statements	7 - 10

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, 2014, 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 years ended March 31, 2014 and 2013, and assets as at March 31, 2014 and 2013 and net asset balances as at April 1 and March 31 for both the 2013 and 2014 years. Our audit opinion on the financial statements for the year ended March 31, 2013 was modified accordingly because of the possible effects of this limitation in scope.

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, 2014, 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.

Fuller Landau LLP

Montreal, November 24, 2014

ARTS UNDERGRADUATE SOCIETY OF MCGILL UNIVERSITY
STATEMENT OF FINANCIAL POSITION¹
AS AT MARCH 31, 2014

	2014	2013
	\$	\$
ASSETS		
Current		
Cash	131,247	57,290
Term deposits (Note 3)	265,000	220,000
Accounts receivable (Note 4) ²	16,753	14,562
	413,000	291,852
Capital assets (Note 5) ³	29,856	19,807
	442,856	311,659
LIABILITIES		
Current		
Accounts payable and accrued liabilities (Note 6) ⁴	47,788	73,837
NET ASSETS⁵		
Invested in capital assets	29,856	19,807
Unrestricted	365,212	218,015
	395,068	237,822
	442,856	311,659

On behalf of the Board,

_____, Director

_____, Director

¹ Shows value of what the AUS owns (Assets)
vs. what the AUS owes (Liabilities)

² Accounts Receivable: value of what is owed to the
AUS

³ Capital Assets: includes furniture, computers,
and office equipment

⁴ Current Liabilities: value of what the AUS owes
that has to be paid back within 12 months
(year (fiscal))

⁵ Net Assets: value of what the AUS owns minus
what the AUS owes

ARTS UNDERGRADUATE SOCIETY OF MCGILL UNIVERSITY
STATEMENT OF OPERATIONS¹
FOR THE YEAR ENDED MARCH 31, 2014

	2014	2013
	\$	\$
Revenues		
Student fees	199,855	244,821
Programs	306,948	297,069
Improvement fund allocations	60,994	26,769
Sponsorships	43,757	16,323
SNAX store sales	183,676	172,393
Interest income	5,747	171
	800,977	757,546
Expenses		
Advertising and promotion	3,063	1,415
Amortization of capital assets ²	9,403	7,299
Clubs	18,588	23,860
Equipment rental	10,706	8,359
Insurance	8,941	9,720
Interest and bank charges	400	1,555
Office expense	50,946	40,507
Professional fees	43,691	45,830
Programs	308,848	394,944
Repairs and maintenance	5,942	-
SNAX store	101,132	127,948
Salaries and fringe benefits	64,445	38,089
Travelling	17,626	15,265
	643,731	714,791
Excess of revenues over expenses	157,246	42,755

2

Amortization: take something we don't plan on using up in a year then we estimate how long it will be useful to us:

$$\rightarrow \frac{(\text{value new} - \text{value when no longer useful})}{\text{Years we can use it for}}$$

\rightarrow / something is worth

¹ shows the value of what the AUS takes in during a given period of time (revenue) and the value of what the AUS spends for a given period of time (expenses).

ARTS UNDERGRADUATE SOCIETY OF MCGILL UNIVERSITY
STATEMENT OF CHANGES IN NET ASSETS¹
FOR THE YEAR ENDED MARCH 31, 2014

	Net assets invested in capital assets \$	Unrestricted \$	2014 Total \$	2013 Total \$
Balance, beginning of year	19,807	218,015	237,822	195,067
Excess of revenues over expenses	(9,403)	166,649	157,246	42,755
Investment in capital assets	19,452	(19,452)	-	-
Balance, end of year	29,856	365,212	395,068	237,822

¹ Shows changes in the value of net assets during the course of the year

ARTS UNDERGRADUATE SOCIETY OF MCGILL UNIVERSITY
STATEMENT OF CASH FLOWS ¹
FOR THE YEAR ENDED MARCH 31, 2014

	2014	2013
	\$	\$
Operating activities ²		
Excess of revenues over expenses	157,246	42,755
Item not requiring cash		
Amortization of capital assets	9,403	7,299
	166,649	50,054
Net change in non-cash working capital items	(28,240)	82,205
	138,409	132,259
Investing activities ³		
Acquisition of term deposits	(265,000)	(220,000)
Proceeds from redemption of term deposits	220,000	-
Acquisition of capital assets	(19,452)	(522)
	(64,452)	(220,522)
Change in restricted cash	-	94,799
Increase in cash and cash equivalents	73,957	6,536
Cash and cash equivalents, beginning of year	57,290	50,754
Cash and cash equivalents, end of year	131,247	57,290

Cash and cash equivalents consist of cash.

- ¹ Shows how cash flows in and out of the AUS
- ² Operating Activities: Cash used for day-to-day expenses
- ³ Investing: Money used to acquire capital assets and to invest in GIC's.

→ GIC's: The AUS has excess cash it is not currently using. It has been put into a term deposit GIC. Basically, we are lending the bank our money for a fixed period of time. At the end of the term, we receive the principal amount plus interest.

ARTS UNDERGRADUATE SOCIETY OF MCGILL UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2014

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. Significant accounting policies

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

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.

Improvement fund allocations represent funds disbursed by McGill University for capital maintenance and improvements of the Association's facilities and are recognized as revenues by the Association when received, subsequent to the approval of the related expenditures by the University.

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 deposits and accounts receivable.

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

ARTS UNDERGRADUATE SOCIETY OF MCGILL UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2014

2. Significant accounting policies (continued)

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:

Furniture	5 years
Office equipment	5 years
Computer equipment	3 years

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.

3. Term deposits

	2014	2013
	\$	\$
Term deposit GIC - 1.75% due March 28, 2017	165,000	-
Term deposit GIC - 0.8% due March 27, 2015	25,000	-
Term deposit GIC - 0.9% due November 27, 2014	50,000	-
Term deposit GIC - 0.8% due June 28, 2014	25,000	-
Term deposit GIC - 0.9% due March 25, 2014	-	220,000
	265,000	220,000

ARTS UNDERGRADUATE SOCIETY OF MCGILL UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2014

4. Accounts receivable

	2014	2013
	\$	\$
Student fees	16,753	7,996
Sales tax receivable	-	6,566
	16,753	14,562

5. Capital assets

	Cost	Accumulated amortization	2014 Net book value	2013 Net book value
	\$	\$	\$	\$
Furniture	70,970	48,844	22,126	18,056
Office equipment	8,109	1,563	6,546	1,316
Computer equipment	24,153	22,969	1,184	435
	103,232	73,376	29,856	19,807

6. Accounts payable and accrued liabilities

	2014	2013
	\$	\$
Trade accounts payable	37,282	72,881
Deduction at source	-	956
Sales tax payable	10,506	-
	47,788	73,837

7. 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, 2014.

ARTS UNDERGRADUATE SOCIETY OF MCGILL UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2014

7. 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.

8. 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.

9. Comparative figures

Certain figures for 2013 have been reclassified to make their presentation identical to that adopted in 2014.