

**ARTS UNDERGRADUATE SOCIETY OF MCGILL UNIVERSITY**

**FINANCIAL STATEMENTS**

**APRIL 30, 2017**

**ARTS UNDERGRADUATE SOCIETY OF MCGILL UNIVERSITY  
FINANCIAL STATEMENTS  
APRIL 30, 2017**

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## INDEPENDENT AUDITOR'S REPORT

To the Members 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 April 30, 2017, 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 contributions, excess of revenues over expenses and cash flows for the years ended April 30, 2017 and 2016, assets as at April 30, 2017 and 2016 and net assets as at April 30, 2017 and 2016.

### *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 April 30, 2017, 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.

*FL Fuller Landau LLP*<sup>1</sup>

Montreal, January 24, 2018

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<sup>1</sup> CPA auditor, CA, public accountancy permit No. A118902



**ARTS UNDERGRADUATE SOCIETY OF MCGILL UNIVERSITY**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT APRIL 30, 2017**

	2017	2016
	\$	\$
<b>ASSETS</b>		
Current		
Cash	361,057	57,732
Term deposits (Note 3)	35,567	200,000
Accounts receivable (Note 4)	34,442	133,935
Prepaid expenses	7,120	22,798
	<b>438,186</b>	414,465
Capital assets (Note 5)	29,625	20,757
	<b>467,811</b>	435,222
<b>LIABILITIES</b>		
Current		
Accounts payable and accrued liabilities (Note 6)	35,645	31,932
<b>NET ASSETS</b>		
Invested in capital assets	29,625	20,757
Unrestricted	402,541	382,533
	<b>432,166</b>	403,290
	<b>467,811</b>	435,222

On behalf of the Board,

\_\_\_\_\_, Director

\_\_\_\_\_, Director

**ARTS UNDERGRADUATE SOCIETY OF MCGILL UNIVERSITY**  
**STATEMENT OF OPERATIONS**  
**FOR THE YEAR ENDED APRIL 30, 2017**

	2017	2016
	\$	\$
<b>Revenues</b>		
Programs	385,794	418,653
SNAX store sales	197,300	171,123
Sponsorships	41,590	41,337
Student fees	207,604	200,129
Interest	3,534	5
Improvement fund allocations	27,877	43,193
	<b>863,699</b>	<b>874,440</b>
<b>Expenses</b>		
Programs	399,406	409,414
SNAX store	170,682	119,379
Sponsorships	16,369	31,872
Advertising and promotion	2,566	1,418
Amortization of capital assets	12,464	14,301
Contributions and subscriptions	11,800	32,433
Equipment rental	9,817	7,507
Insurance	9,075	8,722
Interest and bank charges	1,180	1,443
Office expenses	66,101	71,361
Professional fees	10,072	8,675
Salaries and fringe benefits	84,209	102,561
Travelling	41,082	12,790
	<b>834,823</b>	<b>821,876</b>
<b>Excess of revenues over expenses</b>	<b>28,876</b>	<b>52,564</b>

**ARTS UNDERGRADUATE SOCIETY OF MCGILL UNIVERSITY**  
**STATEMENT OF CHANGES IN NET ASSETS**  
**FOR THE YEAR ENDED APRIL 30, 2017**

	Net assets invested in capital assets \$	Unrestricted \$	<b>2017 Total \$</b>	2016 Total \$
Balance, beginning of year	20,757	382,533	<b>403,290</b>	350,726
Excess (deficiency) of revenues over expenses	(12,464)	41,340	<b>28,876</b>	52,564
Acquisition of capital assets	21,332	(21,332)	-	-
Balance, end of year	29,625	402,541	<b>432,166</b>	403,290

**ARTS UNDERGRADUATE SOCIETY OF MCGILL UNIVERSITY**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED APRIL 30, 2017**

	2017 \$	2016 \$
Operating activities		
Excess of revenues over expenses	28,876	52,564
Item not requiring cash		
Amortization of capital assets	12,464	14,301
	41,340	66,865
Net change in non-cash items related to operating activities	118,884	(149,895)
	160,224	(83,030)
Investing activities		
Acquisition of term deposits	(35,567)	(35,000)
Proceeds from redemption of term deposits	200,000	25,000
Acquisition of capital assets	(21,332)	(4,967)
	143,101	(14,967)
Increase (decrease) in cash and cash equivalents	303,325	(97,997)
Cash and cash equivalents, beginning of year	57,732	155,729
Cash and cash equivalents, end of year	361,057	57,732

Cash and cash equivalents consist of cash.



**ARTS UNDERGRADUATE SOCIETY OF MCGILL UNIVERSITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**APRIL 30, 2017**

**I. 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 and is exempt from the payment of income taxes under the Income Tax 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 financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the CPA Canada Handbook – Accounting and include the following accounting policies:

**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.

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

Programs 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 delivered and when the funds are collected.

Improvement fund allocations represent funds from the McGill University to provide assistance to the Association for maintenance and capital expenditures. These revenues are recognized following approval of expenses submitted by the Association to the McGill University.

Interest income is recognized on a time basis in the period in which it is earned.

**ARTS UNDERGRADUATE SOCIETY OF MCGILL UNIVERSITY**  
**NOTES TO FINANCIAL STATEMENTS**  
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**2. Significant accounting policies (continued)**

**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.

**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

**Impairment of long-lived assets**

Capital assets are tested for recoverability whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. An impairment loss is recognized when the carrying amount of the asset exceeds the sum of the undiscounted cash flows resulting from its use and eventual disposition. The impairment loss is measured as the amount by which the carrying amount of the long-lived asset exceeds its fair value.

**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.

**ARTS UNDERGRADUATE SOCIETY OF MCGILL UNIVERSITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**APRIL 30, 2017**

**2. Significant accounting policies (continued)**

**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**

	2017	2016
	\$	\$
Term deposit GIC - 0.65% due June 28, 2016	-	25,000
Term deposit GIC - 0.80% due March 17, 2017	-	10,000
Term deposit GIC - 1.75% due March 28, 2017	-	165,000
Term deposit GIC - 0.50% due June 28, 2017	<b>25,567</b>	-
Term deposit GIC - 0.50% due March 17, 2018	<b>10,000</b>	-
	<b>35,567</b>	200,000

**4. Accounts receivable**

	2017	2016
	\$	\$
Student fees	<b>6,566</b>	6,296
Programs	<b>27,876</b>	127,639
	<b>34,442</b>	133,935

**ARTS UNDERGRADUATE SOCIETY OF MCGILL UNIVERSITY**  
**NOTES TO FINANCIAL STATEMENTS**  
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**5. Capital assets**

	Cost \$	Accumulated amortization \$	2017 Net book value \$	2016 Net book value \$
Furniture	31,828	11,398	<b>20,430</b>	5,749
Office equipment	10,228	7,223	<b>3,005</b>	4,862
Computer equipment	20,266	14,076	<b>6,190</b>	10,146
	<b>62,322</b>	<b>32,697</b>	<b>29,625</b>	<b>20,757</b>

**6. Accounts payable and accrued liabilities**

	2017 \$	2016 \$
Trade accounts payable	<b>32,063</b>	28,766
Sales tax payable	<b>3,582</b>	3,166
	<b>35,645</b>	<b>31,932</b>

**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 April 30, 2017.

**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 deposits which subjects it to a fair value risk.

**ARTS UNDERGRADUATE SOCIETY OF MCGILL UNIVERSITY  
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**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 2016 have been reclassified to conform to the presentation adopted in 2017.