

ARTS UNDERGRADUATE SOCIETY OF MCGILL UNIVERSITY

FINANCIAL STATEMENTS

APRIL 30, 2014



**ARTS UNDERGRADUATE SOCIETY OF MCGILL UNIVERSITY
FINANCIAL STATEMENTS
APRIL 30, 2014**

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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, 2014, and the statements of operations, changes in net assets and cash flows for the one month period 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 one month period ending April 30 and the year ending March 31, 2014, assets as at April 30 and March 31, 2014 and net asset balances as at April 1 for both the 2013 and 2014 years and as at April 30 and March 31, 2014. Our audit opinion for the year ended March 31, 2014 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 April 30, 2014, and the results of its operations and its cash flows for the one month period then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Fuller Landau LLP

Montreal, September 15, 2015

¹ CPA auditor, CA, public accountancy permit No. A118902

ARTS UNDERGRADUATE SOCIETY OF MCGILL UNIVERSITY
STATEMENT OF FINANCIAL POSITION
AS AT APRIL 30, 2014

	April 30, 2014 \$	March 31, 2014 \$
ASSETS		
Current		
Cash	83,632	131,247
Term deposit (Note 3)	265,000	265,000
Accounts receivable	9,580	16,753
	358,212	413,000
Capital assets (Note 4)	28,904	29,856
	387,116	442,856
LIABILITIES		
Current		
Accounts payable and accrued liabilities (Note 5)	22,500	47,788
NET ASSETS		
Invested in capital assets	28,904	29,856
Unrestricted net assets	335,712	365,212
	364,616	395,068
	387,116	442,856

On behalf of the Board,

_____, Director

_____, Director

ARTS UNDERGRADUATE SOCIETY OF MCGILL UNIVERSITY
STATEMENT OF OPERATIONS
FOR THE PERIOD ENDED APRIL 30, 2014

	April 30, 2014 (1 month) \$	March 31, 2014 (12 months) \$
Revenues		
Student fees	-	199,855
Programs	17,180	306,948
Improvement fund allocations	-	60,994
Sponsorships	1,397	47,691
SNAX store sales	18,925	183,676
Miscellaneous	-	5,747
	37,502	804,911
Expenses		
Advertising and promotion	3,449	3,063
Amortization of capital assets	952	9,403
Contributions and subscriptions	7,881	18,588
Equipment rental	-	10,706
Insurance	-	8,941
Interest and bank charges	65	400
Office expense	9,932	50,946
Professional fees	1,129	43,691
Programs	27,104	308,848
Repairs and maintenance	-	5,942
SNAX store	7,945	101,132
Salaries and fringe benefits	5,044	64,445
Sponsorships	3,269	3,934
Travelling	1,184	17,626
	67,954	647,665
Excess (deficiency) of revenues over expenses	(30,452)	157,246

ARTS UNDERGRADUATE SOCIETY OF MCGILL UNIVERSITY
STATEMENT OF CHANGES IN NET ASSETS
FOR THE PERIOD ENDED APRIL 30, 2014

	Net assets invested in capital assets \$	Unrestricted \$	April 30, 2014 (1 month) Total \$	March 31, 2014 (12 months) Total \$
Balance, beginning of period	29,856	365,212	395,068	237,822
Excess (deficiency) of revenues over expenses	(952)	(29,500)	(30,452)	157,246
Balance, end of period	28,904	335,712	364,616	395,068

ARTS UNDERGRADUATE SOCIETY OF MCGILL UNIVERSITY
STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED APRIL 30, 2014

	April 30, 2014 (1 month) \$	March 31, 2014 (12 months) \$
Operating activities		
Excess (deficiency) of revenues over expenses	(30,452)	157,246
Item not requiring cash		
Amortization of capital assets	952	9,403
	(29,500)	166,649
Net change in non-cash working capital items	(18,115)	(28,240)
	(47,615)	138,409
Investing activities		
Acquisition of term deposits	-	(265,000)
Proceeds from redemption of term deposits	-	220,000
Acquisition of capital assets	-	(19,452)
	-	(64,452)
Increase (decrease) in cash and cash equivalents	(47,615)	73,957
Cash and cash equivalents, beginning of year	131,247	57,290
Cash and cash equivalents, end of year	83,632	131,247

Cash and cash equivalents consist of cash.

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

The Association changed its fiscal year end from March 31 to April 30 to align itself with the fiscal year end of McGill University.

2. Significant accounting policies

The Association has elected to apply 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.

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.

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

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

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

	April 30, 2014	March 31, 2014
	\$	\$
Term deposit GIC - 1.75% due March 28, 2017	165,000	165,000
Term deposit GIC - 0.8% due March 27, 2015	25,000	25,000
Term deposit GIC - 0.9% due November 27, 2014	50,000	50,000
Term deposit GIC - 0.8% due June 28, 2014	25,000	25,000
	265,000	265,000

ARTS UNDERGRADUATE SOCIETY OF MCGILL UNIVERSITY
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4. Capital assets

	Cost \$	Accumulated amortization \$	April 30, 2014 Net book value \$	March 31, 2014 Net book value \$
Furniture	70,970	49,616	21,354	22,126
Office equipment	8,109	1,698	6,411	6,546
Computer equipment	24,153	23,014	1,139	1,184
	103,232	74,328	28,904	29,856

5. Accounts payable and accrued liabilities

	April 30, 2014 \$	March 31, 2014 \$
Trade and accrued liabilities	22,500	37,282
Sales taxes payable	-	10,506
	22,500	47,788

6. 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, 2014.

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.

**ARTS UNDERGRADUATE SOCIETY OF MCGILL UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
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7. 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.