

ARTS UNDERGRADUATE SOCIETY OF MCGILL UNIVERSITY

FINANCIAL STATEMENTS

APRIL 30, 2018

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FINANCIAL STATEMENTS
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INDEPENDENT AUDITORS 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, 2018, 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, 2018 and 2017, assets as at April 30, 2018 and 2017 and net assets as at April 30, 2018 and 2017.

Qualified Opinion

In our opinion, except for the possible 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, 2018, 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*¹

Montreal, December 11, 2018

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



ARTS UNDERGRADUATE SOCIETY OF MCGILL UNIVERSITY
STATEMENT OF FINANCIAL POSITION
AS AT APRIL 30, 2018

	2018	2017
	\$	\$
ASSETS		
Current		
Cash	23,018	361,057
Term deposits (Note 3)	327,000	35,567
Accounts receivable (Note 4)	76,609	34,442
Prepaid expenses	23,668	7,120
	450,295	438,186
Capital assets (Note 5)	18,622	29,625
	468,917	467,811
LIABILITIES		
Current		
Accounts payable and accrued liabilities (Note 6)	38,666	35,645
NET ASSETS		
Invested in capital assets	18,622	29,625
Unrestricted	411,629	402,541
	430,251	432,166
	468,917	467,811
Commitments (Note 7)		

On behalf of the Board,

_____, Director

_____, Director

ARTS UNDERGRADUATE SOCIETY OF MCGILL UNIVERSITY
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED APRIL 30, 2018

	2018	2017
	\$	\$
Revenues		
Programs	394,840	385,794
SNAX store sales	217,913	197,300
Sponsorships	35,519	41,590
Student fees	242,879	207,604
Interest	1,807	3,534
Improvement fund allocations	38,192	27,877
	931,150	863,699
Expenses		
Programs	402,697	399,406
SNAX store	172,674	170,682
Sponsorships	27,705	16,369
Advertising and promotion	8,403	2,566
Amortization of capital assets	12,402	12,464
Contributions and subscriptions	8,018	11,800
Insurance	9,546	9,075
Interest and bank charges	1,370	1,180
Office expenses	72,120	75,918
Professional fees	39,568	10,072
Salaries and fringe benefits	139,337	84,209
Travelling	39,225	41,082
	933,065	834,823
Excess (deficiency) of revenues over expenses	(1,915)	28,876

ARTS UNDERGRADUATE SOCIETY OF MCGILL UNIVERSITY
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED APRIL 30, 2018

	Net assets capital assets \$	Unrestricted \$	2018 Total \$	2017 Total \$
Balance, beginning of year	29,625	402,541	432,166	403,290
Excess (deficiency) of revenues over expenses	(12,402)	10,487	(1,915)	28,876
Acquisition of capital assets	1,399	(1,399)	-	-
Balance, end of year	18,622	411,629	430,251	432,166

ARTS UNDERGRADUATE SOCIETY OF MCGILL UNIVERSITY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED APRIL 30, 2018

	2018	2017
	\$	\$
Operating activities		
Excess (deficiency) of revenues over expenses	(1,915)	28,876
Item not requiring cash		
Amortization of capital assets	12,402	12,464
	10,487	41,340
Net change in non-cash working capital items	(55,694)	118,884
	(45,207)	160,224
Investing activities		
Acquisition of term deposits	(327,000)	(35,567)
Acquisition of capital assets	(1,399)	(21,332)
Proceeds from redemption of term deposits	35,567	200,000
	(292,832)	143,101
Increase (decrease) in cash and cash equivalents	(338,039)	303,325
Cash and cash equivalents, beginning of year	361,057	57,732
Cash and cash equivalents, end of year	23,018	361,057

Cash and cash equivalents consist of cash.

ARTS UNDERGRADUATE SOCIETY OF MCGILL UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2018

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 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
APRIL 30, 2018

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, 2018

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

	2018	2017
	\$	\$
Term deposit GIC - 0.50% due March 17, 2019	10,000	-
Term deposit GIC - 1.00% due November 16, 2018	317,000	-
Term deposit GIC - 0.50% matured on March 17, 2018	-	10,000
Term deposit GIC - 0.50% matured on June 28, 2017	-	25,567
	327,000	35,567

4. Accounts receivable

	2018	2017
	\$	\$
Student fees	8,787	6,566
Programs	67,822	27,876
	76,609	34,442

ARTS UNDERGRADUATE SOCIETY OF MCGILL UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2018

5. Capital assets

	Cost \$	Accumulated amortization \$	2018 Net book value \$	2017 Net book value \$
Furniture	31,828	17,764	14,064	20,430
Office equipment	10,228	8,893	1,335	3,005
Computer equipment	21,665	18,442	3,223	6,190
	63,721	45,099	18,622	29,625

6. Accounts payable and accrued liabilities

	2018 \$	2017 \$
Trade accounts payable	36,155	32,063
Sales tax payable	2,511	3,582
	38,666	35,645

7. Commitments

The commitments of the Association under lease agreements aggregate to \$10,476. The instalments over the next two years are the following:

	\$
2019	5,238
2020	5,238

ARTS UNDERGRADUATE SOCIETY OF MCGILL UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
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8. 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, 2018

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.

9. 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.

10. Comparative figures

Certain figures for 2017 have been reclassified to make their presentation identical to that adopted in 2018.