

**MACDONALD CAMPUS STUDENTS' SOCIETY/
ASSOCIATION DES ÉTUDIANTS DU CAMPUS MACDONALD**

FINANCIAL REPORT

MAY 31, 2022

**MACDONALD CAMPUS STUDENTS' SOCIETY/
ASSOCIATION DES ÉTUDIANTS DU CAMPUS MACDONALD**

**FINANCIAL REPORT
MAY 31, 2022**

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INDEPENDENT AUDITOR'S REPORT

To the Members of
**MACDONALD CAMPUS STUDENTS' SOCIETY/
ASSOCIATION DES ÉTUDIANTS DU CAMPUS MACDONALD**

Opinion

We have audited the financial statements of **MACDONALD CAMPUS STUDENTS' SOCIETY/ASSOCIATION DES ÉTUDIANTS DU CAMPUS MACDONALD** (the Society), which comprise the statement of financial position as at May 31, 2022, and the statements of operations and changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Society as at May 31, 2022, 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.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Society in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Society's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Society or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Society's financial reporting process.

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Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Society's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Society's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Society to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

*Mazars, LLP*¹

Montréal, October 5, 2022

¹ By CPA auditor, public accountancy permit No. A123052

**MACDONALD CAMPUS STUDENTS' SOCIETY/
ASSOCIATION DES ÉTUDIANTS DU CAMPUS MACDONALD**

**STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS
YEAR ENDED MAY 31, 2022**

	2022	2021
REVENUE		
Student council revenue (Schedule A)	\$ 602,802	\$ 479,332
Bar operations (Schedule B)	11,302	(940)
Restaurant operations (Schedule C)	407	-
Miscellaneous	-	6,632
	614,511	485,024
EXPENSES		
Student council (Schedule D)	446,537	255,562
General (Schedule E)	71,831	41,287
Administrative salaries – operations	60,745	78,693
Restaurant expenditures (Schedule F)	37,489	-
Bar (Schedule G)	15,268	5,310
Bookstore costs (Schedule H)	-	(3,460)
	631,870	377,392
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	(17,359)	107,632
NET ASSETS, BEGINNING OF YEAR	1,442,145	1,334,513
NET ASSETS, END OF YEAR	\$ 1,424,786	\$ 1,442,145

**MACDONALD CAMPUS STUDENTS' SOCIETY/
ASSOCIATION DES ÉTUDIANTS DU CAMPUS MACDONALD**

**STATEMENT OF FINANCIAL POSITION
AS AT MAY 31, 2022**

	2022	2021
ASSETS		
CURRENT ASSETS		
Cash	\$ 318,306	\$ 287,097
Accounts receivable (Note 3)	8,849	23,594
Inventory	6,758	1,834
Current portion of investments (Note 4)	95,000	584,843
	428,913	897,368
INVESTMENTS (Note 4)	803,805	264,622
CAPITAL ASSETS (Note 6)	407,650	415,255
	\$ 1,640,368	\$ 1,577,245
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable (Note 7)	\$ 73,889	\$ 28,717
Club revenue payable (Note 8)	136,586	101,989
Class fees payable	5,107	4,394
	215,582	135,100
NET ASSETS		
UNRESTRICTED	1,424,786	1,442,145
	\$ 1,640,368	\$ 1,577,245

ON BEHALF OF THE BOARD

_____, Director

_____, Director

**MACDONALD CAMPUS STUDENTS' SOCIETY/
ASSOCIATION DES ÉTUDIANTS DU CAMPUS MACDONALD**

**STATEMENT OF CASH FLOWS
YEAR ENDED MAY 31, 2022**

	2022	2021
OPERATING ACTIVITIES		
Excess (deficiency) of revenues over expenses	\$ (17,359)	\$ 107,632
Non-cash items:		
Amortization – capital assets	14,976	5,850
Unrealized gain on investments	(37,633)	(48,092)
Interest income on investment not collected	(11,707)	(17,934)
	(51,723)	47,456
Net change in non-cash items related to operating activities	90,303	59,880
Cash flows from operating activities	38,580	107,336
INVESTING ACTIVITIES		
Disposal – investments	-	300,000
Acquisition – capital assets	(7,371)	(290,547)
Cash flows from (used in) investing activities	(7,371)	9,453
INCREASE IN CASH AND CASH EQUIVALENTS	31,209	116,789
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	287,097	170,308
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 318,306	\$ 287,097

**MACDONALD CAMPUS STUDENTS' SOCIETY/
ASSOCIATION DES ÉTUDIANTS DU CAMPUS MACDONALD**

**NOTES TO THE FINANCIAL STATEMENTS
MAY 31, 2022**

1. STATUS AND NATURE OF OPERATIONS

The Society was incorporated on February 20, 1976, under Part III of the Québec Companies Act as a not-for-profit organization and is exempt from tax on its operations. The Society operates a bar for the students of Macdonald Campus, it exercises a control of students' activities and promotes students' welfare and interests.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations included in Part III of the CPA Canada Handbook – Accounting, and include the following significant accounting policies:

Revenue Recognition

The Society follows the deferral method in accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and its collection is reasonably assured.

Bar and restaurant sales are recognized when the goods are shipped or services are provided, when there is persuasive evidence that an arrangement exists, the price is fixed or determinable and that the recovery is reasonably assured.

Fees for activities are recognized as revenue proportionally over the fiscal year to which they relate.

Interest is recognized as revenue when earned.

Cash and Cash Equivalents

The Society's policy is to present in cash and cash equivalents, bank balances including bank overdraft with balances from positive to negative and term deposits with a maturity period of three months or less from the date of acquisition.

Inventory

Inventory is measured at the lower of cost and net realizable value, with cost being determined using the first-in, first-out method. Net realizable value is the estimated selling price in the ordinary course of business, less any applicable variable selling costs.

**MACDONALD CAMPUS STUDENTS' SOCIETY/
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**NOTES TO THE FINANCIAL STATEMENTS
MAY 31, 2022**

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets

Capital Assets are accounted for at cost. Amortization is calculated using the following methods, rates and periods:

	Methods	Rates and periods
Bar furniture and equipment	Declining balance	20%
Computers	Declining balance	30%
Office furniture	Declining balance	20%
Leasehold improvements	Straight-line	10 years
Kitchen equipment	Straight-line	10 years

Financial Instruments

Initial and subsequent measurement

The Society initially measures its financial assets and liabilities at fair value, except for certain related party transactions that are measured at the carrying amount or exchange amount, as appropriate.

The Society subsequently measures all its financial assets and liabilities at cost or amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value of these financial instruments are recognized in net earnings in the period incurred.

Financial assets measured at amortized cost on a straight-line basis include cash, accounts receivable and all deposits.

Financial assets measured at fair value include guaranteed capital investments and unguaranteed capital investments.

Financial liabilities measured at amortized cost include accounts payable, club revenue payable and class fees payable.

3. ACCOUNTS RECEIVABLE

	2022		2021	
Other accounts receivable	\$	7,060	\$	21,111
Sales taxes receivable		1,789		2,483
	\$	8,849	\$	23,594

**MACDONALD CAMPUS STUDENTS' SOCIETY/
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**NOTES TO THE FINANCIAL STATEMENTS
MAY 31, 2022**

4. INVESTMENTS

	2022	2021
Term deposits at interest rates between 1.26% and 2.78%, maturing from November 2022 to November 2026	\$ 596,550	\$ 584,843
Guaranteed capital investments, maturing from November 2024 to November 2025	302,255	264,622
	898,805	849,465
Current portion	95,000	584,843
	\$ 803,805	\$ 264,622

5. INVENTORY

The amount of the variation recorded as expenses is \$214 (\$6,104 in 2021).

6. CAPITAL ASSETS

	2022		2021	
	COST	ACCUMULATED AMORTIZATION	NET BOOK VALUE	NET BOOK VALUE
Bar furniture and equipment	\$ 231,834	\$ 216,188	\$ 15,646	\$ 19,119
Computers	46,176	42,069	4,107	928
Office furniture	53,416	47,821	5,595	3,103
Leasehold improvements	302,105	7,553	294,552	392,105
Kitchen equipment	90,000	2,250	87,750	-
	\$ 723,531	\$ 315,881	\$ 407,650	\$ 415,255

7. ACCOUNTS PAYABLE

	2022	2021
Trade and accrued charges	\$ 59,731	\$ 16,180
Government remittances	14,158	12,537
	\$ 73,889	\$ 28,717

**MACDONALD CAMPUS STUDENTS' SOCIETY/
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**NOTES TO THE FINANCIAL STATEMENTS
MAY 31, 2022**

8. CLUB REVENUE PAYABLE

The Society holds amounts in trust for various club activities. The results of the club activities are only included in these financial statements to the extent of support provided by the Students' Society.

9. RELATED PARTY TRANSACTIONS

The Society operates as an independent organization and elects its own directors and management. As a result, McGill University is not considered as a related party except for the following transactions which are measured at the exchange amount, which is the amount of consideration established and agreed to by the parties:

	2022	2021
McGill administration fees	\$ 2,400	\$ 6,641

10. FINANCIAL INSTRUMENTS

Risks and Concentrations

The Society is exposed to various risks through its financial instruments without being exposed to concentrations of risk. The following analysis provides a measure of the risks at the balance sheet date.

Interest Rate

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 Society is exposed to interest rate risk on its fixed-interest financial instruments. Fixed-interest instruments subject the Society to a fair value risk.

**MACDONALD CAMPUS STUDENTS' SOCIETY/
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**ADDITIONAL INFORMATION
YEAR ENDED MAY 31, 2022**

	2022	2021
SCHEDULE A – STUDENT COUNCIL REVENUE		
Health insurance	\$ 328,810	\$ 221,624
Fees – activities	219,723	187,574
Unrealized gain on investment	37,633	48,092
Interest income	11,707	17,934
Publication – handbook	2,673	4,108
Lockers	1,979	-
Sponsorship	277	-
	\$ 602,802	\$ 479,332

SCHEDULE B – BAR OPERATIONS

Income

Bar – Ceilidh	\$ 7,968	\$ -
Room rental and meals	2,544	1,350
Catering, beer and liquor	1,004	-
	11,516	1,350

Expenses

Cost of food and soft drinks	113	-
Cost of beer and liquor	101	2,290
	214	2,290
	\$ 11,302	\$ (940)

SCHEDULE C – RESTAURANT OPERATIONS

Income

Restaurant revenue	\$ 4,454	\$ -
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Expenses

Cost of restaurant	4,047	-
	\$ 407	\$ -

**MACDONALD CAMPUS STUDENTS' SOCIETY/
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**ADDITIONAL INFORMATION
YEAR ENDED MAY 31, 2022**

	2022	2021
SCHEDULE D – STUDENT COUNCIL		
Health insurance	\$ 295,439	\$ 180,328
Student activities	94,335	25,213
Administrative salaries and benefits	42,866	42,240
Webmaster	5,914	140
Publication – handbook	4,583	-
McGill administration fees	2,400	6,641
Donations	1,000	1,000
	\$ 446,537	\$ 255,562
SCHEDULE E – GENERAL		
Audit and legal	\$ 17,556	\$ 16,028
Amortization – capital assets	14,976	5,850
Insurance	13,125	11,112
Miscellaneous	10,065	1,007
Office	7,529	2,485
Bad debts	5,251	547
Telephone	1,761	1,760
Computer	1,607	1,444
Bank charges	(39)	1,054
	\$ 71,831	\$ 41,287
SCHEDULE F – RESTAURANT EXPENDITURES		
Salaries	\$ 32,520	\$ -
Supplies	4,969	-
	\$ 37,489	\$ -
SCHEDULE G – BAR		
Salaries and benefits	\$ 5,651	\$ -
Supplies	4,178	4,159
Repairs and maintenance	3,722	852
Sound system	1,441	-
Telephone	276	299
	\$ 15,268	\$ 5,310
SCHEDULE H – BOOKSTORE COSTS		
Books	\$ -	\$ (3,510)
Salaries and benefits	-	50
	\$ -	\$ (3,460)