

QUEBEC PUBLIC INTEREST RESEARCH GROUP - MCGILL INC.

ANNUAL FINANCIAL REPORT

AUGUST 31, 2022

QUEBEC PUBLIC INTEREST RESEARCH GROUP - MCGILL INC.

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INDEPENDENT AUDITOR'S REPORT

To the directors of
QUEBEC PUBLIC INTEREST RESEARCH GROUP - MCGILL INC.

Opinion

We have audited the financial statements of QUEBEC PUBLIC INTEREST RESEARCH GROUP - MCGILL INC. (the Organization), which comprise the balance sheet as at August 31, 2022, and the statements of operations, 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 Organization as at August 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 Organization 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 Organization'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 Organization or to cease operations, or has no realistic alternative but to do so.

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

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 Organization'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 Organization'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 Organization 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.

APSV Chartered Professional Accountants inc.

APSV Chartered Professional Accountants inc.¹

Montreal, April 19, 2023

¹ By Caroline Pombert, CPA auditor

QUEBEC PUBLIC INTEREST RESEARCH GROUP - MCGILL INC.

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED AUGUST 31, 2022

	2022	2021 (Restated)
	<u> </u>	<u> </u>
REVENUES		
Student fees	\$ 263,702	\$ 266,647
Revenues - events and working groups	56,282	43,545
Grants	18,125	27,048
Other revenues	2,312	272
Interest income	<u>75</u>	<u>227</u>
	<u>340,496</u>	<u>337,739</u>
 EXPENSES		
Salaries and benefits	177,515	169,055
Working groups and projects (note 4)	100,090	88,517
Rent	24,171	24,773
General office expenses	13,565	4,894
Meetings and events	12,187	8,705
Professional fees	11,357	14,247
Discretionary fund	6,596	4,415
Insurance	3,766	3,091
Telecommunications	2,737	2,392
Repair and maintenance	2,540	360
Depreciation of fixed assets	1,186	1,467
Bank charges	<u>990</u>	<u>556</u>
	<u>356,700</u>	<u>322,472</u>
 EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	 <u>\$ (16,204)</u>	 <u>\$ 15,267</u>

QUEBEC PUBLIC INTEREST RESEARCH GROUP - MCGILL INC.

CHANGES IN NET ASSETS

FOR THE YEAR ENDED AUGUST 31, 2022

	Invested in fixed assets	Un- restricted	2022 Total	2021 Total (Restated)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
BALANCE, BEGINNING OF YEAR				
As previously reported	\$ 3,470	\$ 98,913	\$ 102,383	\$ 92,591
Prior period adjustments (note 2)	<u> -</u>	<u> 5,475</u>	<u> 5,475</u>	<u> -</u>
As restated	3,470	104,388	107,858	92,591
Excess (deficiency) of revenues over expenses	¹ (1,186)	(15,018)	(16,204)	15,267
Fixed asset acquisition	<u> 525</u>	<u> (525)</u>	<u> -</u>	<u> -</u>
BALANCE, END OF YEAR	<u><u> 2,809</u></u>	<u><u> 88,845</u></u>	<u><u> 91,654</u></u>	<u><u> 107,858</u></u>

¹ Consist of depreciation of fixed assets

QUEBEC PUBLIC INTEREST RESEARCH GROUP - MCGILL INC.

BALANCE SHEET

AS AT AUGUST 31, 2022

	2022	2021 (Restated)
	<u> </u>	<u> </u>
ASSETS		
CURRENT ASSETS		
Cash	\$ 83,217	\$ 74,708
Reserved cash - external projects	22,164	27,690
Term deposit, 0.2%, maturing on September 1st, 2022	32,307	32,307
Accounts receivable (note 5)	7,766	5,961
Prepaid expenses	<u> -</u>	<u> 2,529</u>
	<u> 145,454</u>	<u> 143,195</u>
PREPAID EXPENSES	<u> -</u>	<u> 1,940</u>
FIXED ASSETS (note 6)	<u> 2,809</u>	<u> 3,470</u>
	<u> 2,809</u>	<u> 5,410</u>
	<u>\$ 148,263</u>	<u>\$ 148,605</u>
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities (note 8)	\$ 16,726	\$ 13,057
Deferred contribution (note 9)	17,719	-
Accounts payable - external projects	<u> 22,164</u>	<u> 27,690</u>
	<u> 56,609</u>	<u> 40,747</u>
NET ASSETS		
INVESTED IN FIXED ASSETS	2,809	3,470
UNRESTRICTED	<u> 88,845</u>	<u> 104,388</u>
	<u> 91,654</u>	<u> 107,858</u>
	<u>\$ 148,263</u>	<u>\$ 148,605</u>

COMMITMENTS (note 10)

ON BEHALF OF THE BOARD OF DIRECTORS,

_____, Signature

_____, Position

_____, Signature

_____, Position

QUEBEC PUBLIC INTEREST RESEARCH GROUP - MCGILL INC.

CASH FLOWS

FOR THE YEAR ENDED AUGUST 31, 2022

	2022	2021 (Restated)
	<u> </u>	<u> </u>
OPERATING ACTIVITIES		
Excess (deficiency) of revenues over expenses	\$ (16,204)	\$ 15,267
Non-cash items:		
Depreciation of fixed assets	1,186	1,467
	<u>1,940</u>	<u>-</u>
	(13,078)	16,734
Net change in non-cash working capital items:		
Accounts receivable	(1,805)	(5,284)
Prepaid expenses	2,529	(2,529)
Accounts payable and accrued liabilities	3,669	697
Deferred contribution	17,719	-
Accounts payable - external projects	<u>(5,526)</u>	<u>396</u>
	3,508	10,014
INVESTING ACTIVITY		
Acquisition of tangible fixed assets	<u>(525)</u>	<u>-</u>
INCREASE IN CASH AND CASH EQUIVALENTS	2,983	10,014
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>102,398</u>	<u>92,384</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ <u><u>105,381</u></u>	\$ <u><u>102,398</u></u>
Cash and cash equivalents consist of Cash and Reserved cash - external projects.		
Cash	\$ 83,217	\$ 74,708
Reserved cash - external projects	<u>22,164</u>	<u>27,690</u>
	\$ <u><u>105,381</u></u>	\$ <u><u>102,398</u></u>

QUEBEC PUBLIC INTEREST RESEARCH GROUP - MCGILL INC.

NOTES TO FINANCIAL STATEMENTS

AS AT AUGUST 31, 2022

1. GOVERNING STATUTES AND PURPOSE OF THE ORGANIZATION

The association is incorporated under the Quebec Companies Act (Part III) since February 15, 1989. The association is a non-profit organization dedicated to promoting and conducting research, educating the public based on that research, and undertaking appropriate action, all in an effort to develop effective citizenship skills in students and the general population, and work in the public interest for social change in Quebec. It is exempt from income tax.

2. RESTATEMENT

During the fiscal year, the organization noted an amount of \$ 5,475 had not been recorded in the revenue of the previous fiscal year. As a result, the organization's financial statements have been restated; accounts receivable as at August 31, 2021 were increased by \$ 5,475 and the grants revenue and unrestricted net assets for the year then ended were increased by the same amount.

3. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

Use of estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and the reported amounts of revenues and expenses for the periods covered. These estimates are based on management's best knowledge of current events and actions that the organization may undertake in the future. Actual results may differ from these estimates.

Revenue recognition

Grants and contributions

The organization follows the deferral method of accounting for grants and contributions. Under this method, grants and contributions restricted for future period expenses are deferred and are recognized as revenue in the year in which the related expenses are incurred. Unrestricted grants and contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Students fees

Students fees are recognized as revenue proportionately over the period they are effective, when the amount can be reasonably estimated and collection is reasonably assured.

QUEBEC PUBLIC INTEREST RESEARCH GROUP - MCGILL INC.

NOTES TO FINANCIAL STATEMENTS

AS AT AUGUST 31, 2022

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

Events and working groups

Revenues from events and working groups are recognized when events and activities take place when collection is reasonably assured.

Contributed supplies and services

The organization recognizes contributed supplies and services when the fair value of these contributions can be reasonably estimated and if it would have had to otherwise acquire these supplies and services for its normal operations. In such cases, the contributed supplies and services are valued at fair value.

Fixed assets

Fixed assets are accounted for at cost. Depreciation is calculated on their estimated useful life using the following methods and rates:

	Rates
Office equipment	20%
Leasehold improvements	25%
Computer software and equipment	30%

Financial instruments

Initial and subsequent measurement

The Organization initially measures its financial assets and liabilities at fair value.

The Organization subsequently measures all its financial assets and liabilities at cost or amortized cost.

Financial assets measured at amortized cost include cash, reserved cash - external projects, term deposit and accounts receivable.

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

QUEBEC PUBLIC INTEREST RESEARCH GROUP - MCGILL INC.

NOTES TO FINANCIAL STATEMENTS

AS AT AUGUST 31, 2022

4. WORKING GROUPS AND PROJECTS

	<u>2022</u>	<u>2021</u>
Harm reduction	\$ 26,043	\$ 21,617
Work Study program	16,338	19,611
Radical Frosh	12,889	12,117
Summer Stipends	6,250	4,500
Prison radio	5,313	1,001
Black Healing Centre	5,000	-
Prisoner correspondance project	2,950	2,700
C.U.R.E.	2,326	(100)
End Exploitation	2,086	1,200
Communaity Cooks Collective	1,973	1,225
Unruly Writers Club	1,948	-
Reclaim Turtle Island	1,900	2,000
Lakas - Paggawa	1,900	1,800
Solidarity Across Borders	1,900	2,663
Building Community	1,850	-
Circles	1,741	500
Women of Diverse Origins	1,600	2,718
School Schmool	1,290	8,547
Beyond Equity	1,000	500
Accessibilise Montreal	926	(126)
Library	892	1,561
Hong Kongers at McGill	627	-
McGill BDS	624	(51)
Pan Asian Collective	434	500
BackBreak	290	-
Other projects	-	1,746
Montreal Student Entraide	-	1,100
Tadamon	-	1,038
Students for a Free Tibet	-	150
	<u>\$ 100,090</u>	<u>\$ 88,517</u>

QUEBEC PUBLIC INTEREST RESEARCH GROUP - MCGILL INC.

NOTES TO FINANCIAL STATEMENTS

AS AT AUGUST 31, 2022

5. ACCOUNTS RECEIVABLE

	<u>2022</u>	<u>2021</u> (Restated)
Accounts receivable	\$ 5,826	\$ 5,961
Other receivable	<u>1,940</u>	<u>-</u>
	<u>\$ 7,766</u>	<u>\$ 5,961</u>

6. FIXED ASSETS

	<u>2022</u>		<u>2021</u>	
	<u>Cost</u>	<u>Accumulated depreciation</u>	<u>Net book value</u>	<u>Net book value</u>
Office equipment	\$ 2,032	\$ 2,032	\$ -	\$ 112
Leasehold improvements	525	66	459	-
Computer software and equipment	<u>47,889</u>	<u>45,539</u>	<u>2,350</u>	<u>3,358</u>
	<u>\$ 50,446</u>	<u>\$ 47,637</u>	<u>\$ 2,809</u>	<u>\$ 3,470</u>

7. LINE OF CREDIT

The organization has a maximum authorized line of credit on a credit card of \$10,000 bearing interest at the rate of 13.20 % (10.95 % in 2021). On 31, August 2022, an amount of \$ 991 is included under the accounts payable.

QUEBEC PUBLIC INTEREST RESEARCH GROUP - MCGILL INC.

NOTES TO FINANCIAL STATEMENTS

AS AT AUGUST 31, 2022

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	<u>2022</u>	<u>2021</u>
Accounts payable	\$ 6,532	\$ 3,641
Government remittances	3,598	5,009
Accrued salaries	4,700	2,915
Accrued vacation	<u>1,896</u>	<u>1,492</u>
	<u>\$ 16,726</u>	<u>\$ 13,057</u>

9. DEFERRED CONTRIBUTION

Deferred contributions represent unused resources received during the year and intended to cover expenses of the following year. Change in the balance of the deferred contributions are as follows:

	<u>Balance as at August 31 2021</u>	<u>Contribution</u>	<u>Recognized as revenues</u>	<u>Balance as at August 31 2022</u>
Emploi et Développement social Canada	\$ <u>-</u>	\$ <u>17,719</u>	\$ <u>-</u>	\$ <u>17,719</u>

10. COMMITMENTS

The commitment of the Organization under a lease agreement for office equipment rental expires in September 2026, totalling to \$16,556. The instalments over the next four years are the following:

2023	\$ 4,139
2024	\$ 4,139
2025	\$ 4,139
2026	\$ 4,139

QUEBEC PUBLIC INTEREST RESEARCH GROUP - MCGILL INC.

NOTES TO FINANCIAL STATEMENTS

AS AT AUGUST 31, 2022

10. COMMITMENTS (continued)

The Organization also signed a long-term lease agreement for the rental of office space expiring in September 2026. The commitment of the Organization under this lease totalling to \$101,577, however the Organization may terminate the lease with a 3 months notice. The minimum instalments over the next five years are the following:

2023	\$	24,120
2024	\$	24,602
2025	\$	25,094
2026	\$	25,596
2027	\$	2,165

11. FINANCIAL INSTRUMENTS

Credit risk

Credit risk is the risk that one party to a financial asset will cause a financial loss for the Organization by failing to discharge an obligation. The Organization's credit risk is mainly related to accounts receivable and grants receivable. They are analysed on an ongoing basis to ensure their recoverability.

Liquidity risk

Liquidity risk is the risk that the Organization will encounter difficulty in meeting obligations associated with financial liabilities. The Organization is exposed to this risk mainly in respect with accounts payable and accrued liabilities.