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

FINANCIAL REPORT

MAY 31, 2023

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

FINANCIAL REPORT
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INDEPENDENT AUDITOR'S REPORT 1 - 2

FINANCIAL STATEMENTS

Statement of Operations and Changes in Net Assets 3

Statement of Financial Position 4

Statement of Cash Flows 5

Notes to the Financial Statements 6 - 10

Additional Information 11 - 12

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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, 2023, 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, 2023, 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 4, 2023

[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, 2023

	2023	2022
REVENUE		
Student council revenue (Schedule A)	$ 553,800	$ 602,802
Bar operations (Schedule B)	54,191	11,302
Restaurant operations (Schedule C)	25,547	407
Miscellaneous	900	-
	634,438	614,511
EXPENSES		
Student council (Schedule D)	471,097	446,537
Bar (Schedule E)	101,423	15,268
General (Schedule F)	94,300	71,831
Restaurant expenditures (Schedule G)	92,487	37,489
Administrative salaries – operations	88,099	60,745
	847,406	631,870
DEFICIENCY OF REVENUES OVER EXPENSES	(212,968)	(17,359)
NET ASSETS, BEGINNING OF YEAR	1,424,786	1,442,145
NET ASSETS, END OF YEAR	$ 1,211,818	$ 1,424,786

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

STATEMENT OF FINANCIAL POSITION
AS AT MAY 31, 2023

	2023	2022
ASSETS		
CURRENT ASSETS		
Cash	$ 161,371	$ 318,306
Accounts receivable (Note 3)	9,108	8,849
Inventory	9,869	6,758
Prepaid expenses	1,522	-
Current portion of investments (Note 4)	97,500	95,000
	279,370	428,913
INVESTMENTS (Note 4)	776,147	803,805
CAPITAL ASSETS (Note 6)	367,904	407,650
	$ 1,423,421	$ 1,640,368
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable (Note 7)	$ 67,441	$ 73,889
Club revenue payable (Note 8)	136,705	136,586
Class fees payable	7,457	5,107
	211,603	215,582
NET ASSETS		
UNRESTRICTED	1,211,818	1,424,786
	$ 1,423,421	$ 1,640,368

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, 2023

	2023	2022
OPERATING ACTIVITIES		
Deficiency of revenues over expenses	$ (212,968)	$ (17,359)
Non-cash items:		
Amortization – capital assets	45,925	14,976
Unrealized (gain) loss on investments	39,157	(37,633)
Interest income on investment not collected	(13,999)	(11,707)
	(141,885)	(51,723)
Net change in non-cash items related to operating activities	(8,871)	90,303
Cash flows from (used in) operating activities	(150,756)	38,580
INVESTING ACTIVITIES		
Acquisition – investments	(98,306)	-
Disposal – investments	98,306	-
Acquisition – capital assets	(6,179)	(7,371)
Cash flows used in investing activities	(6,179)	(7,371)
NET VARIATION IN CASH AND CASH EQUIVALENTS	(156,935)	31,209
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	318,306	287,097
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 161,371	$ 318,306

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, 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.

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 both guaranteed and unguaranteed capital investments.

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

3. ACCOUNTS RECEIVABLE

		2023		2022
Other accounts receivable	$	9,108	$	7,060
Sales taxes receivable		-		1,789
	$	9,108	$	8,849

4. INVESTMENTS

	2023	2022
Term deposits, interest rates between 1.68% and 5.01%, maturing from November 2023 to November 2027	$ 610,549	$ 596,550
Guaranteed capital investments, maturing from November 2024 to November 2025	263,098	302,255
	873,647	898,805
Current portion	97,500	95,000
	$ 776,147	$ 803,805

5. INVENTORY

The amount of the variation recorded as expenses is $35 235 ($214 in 2022).

6. CAPITAL ASSETS

			2023	2022
	COST	ACCUMULATED AMORTIZATION	NET BOOK VALUE	NET BOOK VALUE
Bar furniture and equipment	$ 233,088	$ 219,338	$ 13,750	$ 15,646
Computers	49,118	44,184	4,934	4,107
Office furniture	55,399	49,271	6,128	5,595
Leasehold improvements	302,105	37,763	264,342	294,552
Kitchen equipment	90,000	11,250	78,750	87,750
	$ 729,710	$ 361,806	$ 367,904	$ 407,650

7. ACCOUNTS PAYABLE

	2023	2022
Trade and accrued charges	$ 18,898	$ 47,624
Due to McGill University	29,652	12,107
Government remittances	14,173	14,158
Sales taxes payable	4,718	-
	$ 67,441	$ 73,889

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:

	2023	2022
McGill University		
Rent for use of facilities	$ 29,652	$ -
McGill administration fees	$ 2,400	$ 2,400
Student Council Members		
Honorariums and reimbursement of expenses	$ 17,202	$ 15,313

At the end of the year, the amounts due to and (from) related entities are as follows:

	2023	2022
Due to McGill University	$ 29,652	$ 12,107

10. COMMITMENTS

The commitment of the Society under lease agreements aggregate to $126,868. The instalments over the next four years are the following:

2024	$ 30,457
2025	$ 31,283
2026	$ 32,130
2027	$ 32,998

11. 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 risk at the balance sheet date.

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

12. COMPARATIVE FIGURES

Certain figures for 2022 have been reclassified to conform to the presentation adopted in 2023.

MACDONALD CAMPUS STUDENTS' SOCIETY/
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ADDITIONAL INFORMATION
YEAR ENDED MAY 31, 2023

	2023	2022
SCHEDULE A – STUDENT COUNCIL REVENUE		
Health insurance	$ 294,614	$ 328,810
Fees – activities	280,449	219,723
Interest income	13,999	11,707
Publication – handbook	2,633	2,673
Lockers	1,209	1,979
Sponsorship	53	277
Unrealized gain (loss) on investment	(39,157)	37,633
	$ 553,800	$ 602,802
SCHEDULE B – BAR OPERATIONS		
Income		
Bar – Ceilidh	$ 78,570	$ 7,968
Room rental and meals	14,657	2,544
Catering, beer and liquor	521	1,004
	93,748	11,516
Expenses		
Cost of beer and liquor	35,235	101
Cost of food and soft drinks	4,322	113
	39,557	214
	$ 54,191	$ 11,302
SCHEDULE C – RESTAURANT OPERATIONS		
Income		
Restaurant revenue	$ 50,842	$ 4,454
Expenses		
Cost of restaurant	25,295	4,047
	$ 25,547	$ 407

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

ADDITIONAL INFORMATION
YEAR ENDED MAY 31, 2023

	2023	2022
SCHEDULE D – STUDENT COUNCIL		
Health insurance	$ 253,926	$ 295,439
Student activities	161,697	94,335
Administrative salaries and benefits	45,602	42,866
Publication – handbook	6,282	4,583
McGill administration fees	2,400	2,400
Donations	1,000	1,000
Webmaster	190	5,914
	$ 471,097	$ 446,537
SCHEDULE E – BAR		
Salaries and benefits	$ 50,652	$ 5,651
Rent	29,652	-
Supplies	10,756	4,178
Repairs and maintenance	9,096	3,722
Sound system	1,030	1,441
Telephone	237	276
	$ 101,423	$ 15,268
SCHEDULE F – GENERAL		
Amortization – capital assets	$ 45,925	$ 14,976
Audit and legal	18,706	17,556
Insurance	13,786	13,125
Office	4,843	7,529
Bad debts	4,821	5,251
Miscellaneous	3,002	10,065
Computer	2,127	1,607
Telephone	1,083	1,761
Bank charges	7	(39)
	$ 94,300	$ 71,831
SCHEDULE G – RESTAURANT EXPENDITURES		
Salaries	$ 87,293	$ 32,520
Supplies	5,194	4,969
	$ 92,487	$ 37,489