

**MCGILL ASSOCIATION OF CONTINUING EDUCATION
STUDENTS INC.**

MAY 31, 2015

SUMMARY

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LEVY PILOTTE

Société de Comptables Professionnels Agréés S.E.N.C.R.L.
Partnership of Chartered Professional Accountants LLP

INDEPENDENT AUDITOR'S REPORT

To the directors of
MCGILL ASSOCIATION OF CONTINUING EDUCATION STUDENTS INC.

We have audited the accompanying financial statements of **MCGILL ASSOCIATION OF CONTINUING EDUCATION STUDENTS INC.**, which comprise the statement of financial position as at May 31, 2015, and the statements of revenues and expenditures, 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 audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of **MCGILL ASSOCIATION OF CONTINUING EDUCATION STUDENTS INC.** as at May 31, 2015, 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.

Levy Pilotte LLP

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April 25, 2016

1 CPA auditor, CA, public accountancy permit No. A111214

MCGILL ASSOCIATION OF CONTINUING EDUCATION STUDENTS INC.

STATEMENT OF FINANCIAL POSITION

May 31, 2015

	2015	2014 (restated)
ASSETS		
CURRENT		
Cash	\$ 308,536	\$ 10,484
Term deposit	-	350,000
Contributions receivable	22,256	22,897
Interest receivable	-	2,555
Prepaid expenses	-	724
	330,792	386,660
CAPITAL ASSETS (note 3)	46,446	41,737
	\$ 377,238	\$ 428,397
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities (note 4)	\$ 48,642	\$ 76,594
NET ASSETS	328,596	351,803
	\$ 377,238	\$ 428,397

APPROVED ON BEHALF OF THE BOARD:

....., Director

....., Director

MCGILL ASSOCIATION OF CONTINUING EDUCATION STUDENTS INC.

STATEMENT OF REVENUES AND EXPENDITURES AND CHANGES IN NET ASSETS

Year ended May 31, 2015

	2015	2014 (restated)
REVENUES		
Student fees	\$ 237,017	\$ 242,951
Other	1,897	1,000
Computer lab	1,676	1,853
Interest income	230	2,555
	<hr/> 240,820	<hr/> 248,359
OPERATING EXPENSES (note 5)		
Computer lab	136,264	106,497
Office	37,819	79,022
Building	37,213	34,321
Administration	37,103	40,425
Events	15,628	27,575
	<hr/> 264,027	<hr/> 287,840
DEFICIENCY OF REVENUES OVER EXPENDITURES	(23,207)	(39,481)
NET ASSETS , beginning of year		
As previously reported	380,803	420,284
Prior period adjustment (note 6)	(29,000)	(29,000)
	<hr/> 351,803	<hr/> 391,284
As restated	351,803	391,284
NET ASSETS , end of year	\$ 328,596	\$ 351,803

MCGILL ASSOCIATION OF CONTINUING EDUCATION STUDENTS INC.

STATEMENT OF CASH FLOWS

Year ended May 31, 2015

	2015	2014 (restated)
OPERATING ACTIVITIES		
Deficiency of revenues over expenditures for the year	\$ (23,207)	\$ (39,481)
Item not involving cash:		
Amortization of capital assets	12,290	11,713
	<u>(10,917)</u>	<u>(27,768)</u>
Variation in noncash working capital balances		
Contributions receivable	641	7,784
Interest receivable	2,555	(2,555)
Prepaid expenses	724	260
Accounts payable and accrued liabilities	(27,953)	39,490
	<u>(34,950)</u>	<u>17,211</u>
INVESTING ACTIVITIES		
Additions to capital assets	(16,998)	(13,586)
(DECREASE) INCREASE IN CASH AND EQUIVALENTS	(51,948)	3,625
CASH AND EQUIVALENTS, beginning of year	360,484	356,859
CASH AND EQUIVALENTS, end of year	\$ 308,536	\$ 360,484
CASH AND EQUIVALENTS CONSIST OF:		
Cash	\$ 308,536	\$ 10,484
Term deposit	-	350,000
	<u>\$ 308,536</u>	<u>\$ 360,484</u>

MCGILL ASSOCIATION OF CONTINUING EDUCATION STUDENTS INC.**NOTES TO FINANCIAL STATEMENTS**

May 31, 2015

1. NATURE OF OPERATIONS

The McGill Association of Continuing Education Students ("MACES") is a non-for-profit organization. The Association was incorporated under Part III of the Quebec Companies Act on September 27, 1989. The aim of the Association is to promote the welfare and interests of its members by pursuing the enhancements of their educational, environmental and social conditions. The Association follows the deferral method of accounting.

2. ACCOUNTING POLICIES**a) Financial Reporting Framework**

The Association, being not a publicly accountable enterprise, chose to establish its financial statements in accordance with Canadian accounting standards for not-for-profit organizations.

b) Financial Instruments**• Measurement of financial instruments**

The entity 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 entity subsequently measures all its financial assets and financial liabilities at amortized cost, except for marketable securities and derivative contracts other than those designated as hedging items, which are measured at fair value. Changes in fair value are recognized in net income.

Financial assets measured at amortized cost include cash and contributions receivable.

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

• Impairment

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The previously recognized impairment loss may be reversed when there is a subsequent increase in the financial asset. The amount of the write-down or reversal is recognized in net income.

• Transaction costs

The entity recognizes its transaction costs in net income in the period incurred. However, financial instruments that will not be subsequently measured at fair value are adjusted by the transaction costs that are directly attributable to their origination, issuance or assumption.

c) Use of Estimates

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from these estimates.

d) Impairment of Long-lived Assets

Long-lived assets subject to amortization 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.

MCGILL ASSOCIATION OF CONTINUING EDUCATION STUDENTS INC.

NOTES TO FINANCIAL STATEMENTS

May 31, 2015

2. ACCOUNTING POLICIES (continued)

e) Amortization

Amortization is provided for on the declining-balance basis, using the following annual rates:

Computer equipment	30%
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Amortization is provided for on the straight-line basis, using the following annual rates:

Furniture and fixtures	20%
Equipment	20%

Leasehold improvements are amortized on a straight-line basis over the term of the lease.

f) Revenue Recognition

Unrestricted contributions, comprised of student fee revenues, are recognized on a straight-line basis over the academic term as service is rendered if the amount to be received can be reasonably estimated and collection is reasonably assured.

Computer lab, interest and other revenue are recognized as the services are provided or earned and when the amount to be received can be reasonably estimated and collection is reasonably assured.

Restricted contributions are recognized as revenue in the year in which the related expenses are incurred.

g) Statement of Cash Flows

The company follows the indirect method for its presentation of the statement of cash flows. The company considers its investments in treasury bills, term deposits and its position in bank advances as part of its management of cash resources and, accordingly, these items are included as cash and cash equivalents.

MCGILL ASSOCIATION OF CONTINUING EDUCATION STUDENTS INC.

NOTES TO FINANCIAL STATEMENTS

May 31, 2015

3. CAPITAL ASSETS

	2015	2014
Cost		
Leasehold improvements	\$ 6,250	\$ -
Computer equipment	70,522	59,774
Furniture and fixtures	44,097	44,097
Equipment	35,192	35,192
	<u>156,061</u>	<u>139,063</u>
Accumulated amortization		
Leasehold improvements	1,250	-
Computer equipment	50,915	47,316
Furniture and fixtures	32,415	28,182
Equipment	25,035	21,828
	<u>109,615</u>	<u>97,326</u>
Net book value	<u>\$ 46,446</u>	<u>\$ 41,737</u>

4. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2015	2014
Accounts payable and accrued liabilities consist of:		
Accounts payable and accrued liabilities	\$ 19,692	\$ 47,274
Sales tax contingency	28,950	28,950
Amounts owed for payroll deductions at source	-	370
	<u>\$ 48,642</u>	<u>\$ 76,594</u>

5. OPERATING EXPENSES

	2015	2014
Operating expenses include:		
Amortization of capital assets	\$ 12,290	\$ 11,713

6. PRIOR PERIOD ADJUSTMENT

For May 31, 2014 and prior years, the accounts receivable and net assets had been overstated by \$29,000. As a result the opening net assets of the year ended May 31, 2014 was reduced by \$29,000 and the accounts receivable as of May 31, 2014 was also reduced by \$29,000.

MCGILL ASSOCIATION OF CONTINUING EDUCATION STUDENTS INC.

NOTES TO FINANCIAL STATEMENTS

May 31, 2015

7. RELATED PARTY TRANSACTIONS

During the year the company was charged at the exchange amount directors' fees amounting to \$33,355 (2014 - \$37,071).

8. COMMITMENTS

The minimum basic annual rentals called for under operating leases expiring in 2017 principally for office space are approximately:

2016	\$	20,000
2017		22,000
	\$	42,000

9. FINANCIAL RISK

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Association is exposed to credit risk with respect to cash from the potential default by counterparties that carry the Association's cash. The Association mitigates the credit risk with cash by dealing with one large financial institution with a good credit rating.



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AUDITOR'S COMMENTS ON SUPPLEMENTAL FINANCIAL INFORMATION

Our auditor's report relates to the financial statements of **MCGILL ASSOCIATION OF CONTINUING EDUCATION STUDENTS INC.** presented on the previous pages. The supplemental information shown on the following pages is presented for purposes of additional analysis and is not required to present fairly the financial position of the company or the results of its operations and changes in its cash flows. This supplemental information, extracted from the accounting records of the company, has been subjected to the auditing procedures applied in the audit of the financial statements taken as a whole.

MCGILL ASSOCIATION OF CONTINUING EDUCATION STUDENTS INC.

SUPPLEMENTAL FINANCIAL INFORMATION

Year ended May 31, 2015

	2015	2014
OPERATING EXPENSES		
Computer lab		
Amortization of capital assets	\$ 12,290	\$ 11,713
Computer support services	38,539	29,555
Materials and supplies	3,077	3,062
Salaries and fringe benefits	82,358	62,167
	\$ 136,264	\$ 106,497
Office		
Office and general	\$ 6,859	\$ 16,350
Office salaries and benefits	17,017	17,500
Professional fees	10,000	16,163
Scholarships	-	25,000
Telephone	3,943	4,009
	\$ 37,819	\$ 79,022
Building		
Cleaning contract	15,540	10,697
Insurance	3,502	8,637
Rent	17,500	14,000
Repairs and maintenance	671	987
	\$ 37,213	\$ 34,321
Administration		
Advisors' fees	\$ -	\$ 1,052
Directors' fees	32,855	37,071
Donations	734	-
Elections	3,515	2,302
	\$ 37,104	\$ 40,425
Events		
Networking events	\$ 13,700	\$ 22,178
Promotion	1,750	2,876
Seminars	177	2,522
	\$ 15,627	\$ 27,576