

ARTS UNDERGRADUATE SOCIETY OF MCGILL UNIVERSITY

FINANCIAL STATEMENTS

APRIL 30, 2016



ARTS UNDERGRADUATE SOCIETY OF MCGILL UNIVERSITY
FINANCIAL STATEMENTS
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	Page
Independent Auditor's Report	1 - 2
Statement of Financial Position	3
Statement of Operations	4
Statement of Changes in Net Assets	5
Statement of Cash Flows	6
Notes to financial Statements	7 - 10

INDEPENDENT AUDITOR'S 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, 2016, 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 (deficiency) of revenues over expenses and cash flows for the years ended April 30, 2016 and 2015, assets as at April 30, 2016 and 2015 and net assets as at April 30, 2016 and 2015.

Qualified Opinion

In our opinion, except for the 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, 2016, 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 ffdtu LL/J


Montreal, November 30, 2016

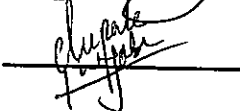
¹ CPA auditor, CA, public accountancy permit No. AI 18902

**ARTS UNDERGRADUATE SOCIETY OF MCGILL UNIVERSITY
STATEMENT OF FINANCIAL POSITION
AS AT APRIL 30, 2016**

	2016 \$	2015 \$
ASSETS		
Current		
Cash	57,732	155,729
Term deposits	200,000	190,000
Accounts receivable (Note 4)	133,935	45,361
Prepaid expenses	22,798	6,582
	414,465	397,672
Capital assets (Note 5)	20,757	30,091
	435,222	427,763
LIABILITIES		
Current		
Accounts payable and accrued liabilities (Note 6)	31,932	77,037
NET ASSETS		
Invested in capital assets	20,757	30,091
Unrestricted	382,533	320,635
	403,290	350,726
	435,222	427,763

On behalf of the Board,

 _____, Director

 _____, Director

ARTS UNDERGRADUATE SOCIETY OF MCGILL UNIVERSITY
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED APRIL 30, 2016

	2016	2015
	\$	\$
Revenues		
Programs	412,165	322,554
SNAX store sales	171,123	191,058
Sponsorships	41,337	47,336
Student fees	200,129	196,805
Improvement fund allocations	43,193	24,000
	867,947	781,753
Expenses		
Programs	435,314	402,110
SNAX store	119,379	153,615
Sponsorships	5,972	6,232
Advertising and promotion	1,418	7,207
Amortization of capital assets	14,301	13,503
Contributions and subscriptions	32,433	34,631
Equipment rental	7,507	12,690
Insurance	2,234	2,194
Interest and bank charges	1,438	(41)
Office expense	71,361	62,307
Professional fees	8,675	13,146
Salaries and fringe benefits	102,561	71,173
Travelling	12,790	16,876
	815,383	795,643
Excess (deficiency) of revenues over expenses	52,564	13,890

ARTS UNDERGRADUATE SOCIETY OF MCGILL UNIVERSITY
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED APRIL 30, 2016

	Net assets invested in capital assets \$	Unrestricted \$	2016 Total \$	2015 Total \$
Balance, beginning of year	30,091	320,635	350,726	364,616
Excess (deficiency) of revenues over expenses	(14,301)	66,865	52,564	(13,890)
Acquisition of capital assets	4,967	(4,967)	-	-
Balance, end of year	20,757	382,533	403,290	350,726

ARTS UNDERGRADUATE SOCIETY OF MCGILL UNIVERSITY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED APRIL 30, 2016

	2016	2015
	\$	\$
Operating activities		
Excess (deficiency) of revenues over expenses	52,564	(13,890)
Item not requiring cash		
Amortization of capital assets	14,301	13,503
	66,865	(387)
Net change in non-cash items related to operating activities	(149,895)	12,174
	(83,030)	11,787
Investing activities		
Acquisition of term deposits	(35,000)	(25,000)
Proceeds from redemption of term deposits	25,000	100,000
Acquisition of capital assets	(4,967)	(14,690)
	(14,967)	60,310
Increase (decrease) in cash and cash equivalents	(97,997)	72,097
Cash and cash equivalents, beginning of year	155,729	83,632
Cash and cash equivalents, end of year	57,732	155,729

Cash and cash equivalents consist of cash.

ARTS UNDERGRADUATE SOCIETY OF MCGILL UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2016

I. 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.

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.

ARTS UNDERGRADUATE SOCIETY OF MCGILL UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2016

2. Significant accounting policies (continued)

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.

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.