

QUEBEC PUBLIC INTEREST RESEARCH GROUP - MCGILL INC.

ANNUAL FINANCIAL REPORT

AS AT AUGUST 31, 2017

QUEBEC PUBLIC INTEREST RESEARCH GROUP - MCGILL INC.

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the balance sheet of QUEBEC PUBLIC INTEREST RESEARCH GROUP - MCGILL INC. which comprise the statement of financial position as at August 31, 2017 and the statements of operations, changes in net asset 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 the 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 concluded 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 evidence about the amounts and disclosures in the financial statements. These procedures selected depend on auditor's judgment, including the assessment of 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 circumstances, but not for the purpose of expressing an opinion on 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, these financial statements present fairly, in all material respects, the financial position of QUEBEC PUBLIC INTEREST RESEARCH GROUP - MCGILL INC. as at August 31, 2017 and its financial performance and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

APSV Chartered Professional Accountants inc.
APSV Chartered Professional Accountants inc.¹

Montreal, March 2, 2018

¹ By Caroline Pombert, CPA auditor, CA

QUEBEC PUBLIC INTEREST RESEARCH GROUP - MCGILL INC.

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED AUGUST 31, 2017

| | <u>2017</u> | <u>2016</u> |
|---|----------------|----------------|
| | \$ | \$ |
| REVENUES | | |
| Students fees | 247,792 | 245,465 |
| Revenues - events and working groups | 25,797 | 37,492 |
| Grants | 13,663 | 12,631 |
| Other revenues | 378 | 3,850 |
| Interest income | 160 | 160 |
| | <u>287,790</u> | <u>299,598</u> |
| EXPENSES | | |
| Salaries and benefits | 128,545 | 140,720 |
| Working groups and projects (note 3) | 83,063 | 79,551 |
| Rent | 23,280 | 22,830 |
| Meetings and events | 17,589 | 16,981 |
| Professional fees and accounting fees | 8,659 | 3,247 |
| Discretionary fund | 5,884 | 6,036 |
| General office expenses | 4,831 | 4,958 |
| Telecommunications | 3,385 | 3,561 |
| Insurance | 3,275 | 3,106 |
| Advertising and promotions | 1,854 | 1,268 |
| Repairs and maintenance | 1,410 | 1,450 |
| Depreciation of fixed assets | 886 | 767 |
| Bank charges | 360 | 482 |
| Consultation | 260 | 200 |
| Miscellaneous | 113 | - |
| | <u>283,394</u> | <u>285,157</u> |
| EXCESS OF REVENUES OVER EXPENSES | <u>4,396</u> | <u>14,441</u> |

QUEBEC PUBLIC INTEREST RESEARCH GROUP - MCGILL INC.

CHANGES IN NET ASSET

FOR THE YEAR ENDED AUGUST 31, 2017

| | 2017 | | 2016 |
|--|-----------------------------|---------------|---------------|
| | Invested in fixed assets | Unrestricted | Total |
| | \$ | \$ | \$ |
| BALANCE, BEGINNING OF YEAR | 3,068 | 57,402 | 60,470 |
| Excess (deficiency) of revenues over expenses | (886) ⁽¹⁾ | 5,282 | 4,396 |
| BALANCE, END OF YEAR | <u>2,182</u> | <u>62,684</u> | <u>64,866</u> |
| | | | <u>60,470</u> |

⁽¹⁾ Consist of depreciation of fixed assets

QUEBEC PUBLIC INTEREST RESEARCH GROUP - MCGILL INC.

BALANCE SHEET

AS AT AUGUST 31, 2017

| | <u>2017</u> | <u>2016</u> |
|---|----------------------|----------------------|
| | \$ | \$ |
| ASSET | | |
| CURRENT ASSET | | |
| Cash | 22,230 | 21,873 |
| Reserved cash - external projects | 8,916 | 3,299 |
| Term deposit, 0.5%, maturing on December 2018 | 31,988 | 31,934 |
| Accounts receivable (note 4) | 15,229 | 20,524 |
| Prepaid expenses | 1,940 | 1,940 |
| | <u>80,303</u> | <u>79,570</u> |
| FIXED ASSETS (note 5) | <u>2,182</u> | <u>3,068</u> |
| | <u><u>82,485</u></u> | <u><u>82,638</u></u> |
| LIABILITIES | | |
| CURRENT LIABILITIES | | |
| Accounts payable and accrued liabilities (note 7) | 8,703 | 18,869 |
| Accounts payable - external projects | 8,916 | 3,299 |
| | <u>17,619</u> | <u>22,168</u> |
| NET ASSET | | |
| INVESTED IN FIXED ASSETS | 2,182 | 3,068 |
| UNRESTRICTED | <u>62,684</u> | <u>57,402</u> |
| | <u>64,866</u> | <u>60,470</u> |
| | <u><u>82,485</u></u> | <u><u>82,638</u></u> |
| COMMITMENTS (note 8) | | |

ON BEHALF OF THE BOARD OF DIRECTORS



Signature

member of the Board

Fonction



Signature

Secretary

Fonction

QUEBEC PUBLIC INTEREST RESEARCH GROUP - MCGILL INC.

CASH FLOW

FOR THE YEAR ENDED AUGUST 31, 2017

| | 2017 | 2016 |
|--|----------------------|----------------------|
| | \$ | \$ |
| OPERATING ACTIVITIES | | |
| Excess (deficiency) of revenues over expenses | 4,396 | 14,441 |
| Item not affecting cash | | |
| Depreciation of fixed assets | 886 | 767 |
| | <u>5,282</u> | <u>15,208</u> |
| Net change in non-cash working capital items | | |
| Accounts receivable | 5,295 | (7,333) |
| Prepaid expenses | - | 2,831 |
| Accounts payable and accrued liabilities | (10,166) | 9,516 |
| Accounts payable - external projects | 5,617 | (6,773) |
| | <u>746</u> | <u>(1,759)</u> |
| Cash flows from operating activities | <u>6,028</u> | <u>13,449</u> |
| INVESTING ACTIVITIES | | |
| Acquisition of fixed assets | - | (3,014) |
| Increase in investment | (54) | - |
| | <u>(54)</u> | <u>-</u> |
| Cash flows from investing activities | <u>(54)</u> | <u>(3,014)</u> |
| INCREASE IN CASH AND CASH EQUIVALENTS | 5,974 | 10,435 |
| CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR | <u>25,172</u> | <u>14,737</u> |
| CASH AND CASH EQUIVALENTS, END OF YEAR | <u><u>31,146</u></u> | <u><u>25,172</u></u> |
| Cash and cash equivalents consist of cash and reserved cash - external projects. | | |
| | | |
| Cash | 22,230 | 21,873 |
| Reserved cash - external projects | 8,916 | 3,299 |
| | <u><u>31,146</u></u> | <u><u>25,172</u></u> |

QUEBEC PUBLIC INTEREST RESEARCH GROUP - MCGILL INC.

NOTES TO THE FINANCIAL STATEMENTS

AS AT AUGUST 31, 2017

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.

2- 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:

Accounting estimates

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the amounts recorded in the financial statements and notes to the financial statements. 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.

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.

QUEBEC PUBLIC INTEREST RESEARCH GROUP - MCGILL INC.

NOTES TO THE FINANCIAL STATEMENTS

AS AT AUGUST 31, 2017

2- SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Fixed assets

Fixed assets are accounted for at cost. Amortization is based on their useful life using the diminishing balance method at the following rates:

| | <u>Rate</u> |
|---------------------------------|-------------|
| Office equipment | 20% |
| Computer software and equipment | 30% |

Financial instruments

The organization initially measures its financial assets and liabilities at fair value. They are subsequently measured at amortized cost.

Financial assets measured at amortized cost consist of cash, reserved cash and accounts receivable.

Financial liabilities measured at amortized cost consist of accounts payable.

QUEBEC PUBLIC INTEREST RESEARCH GROUP - MCGILL INC.

NOTES TO THE FINANCIAL STATEMENTS

AS AT AUGUST 31, 2017

3- WORKING GROUPS AND PROJECTS

| | 2017 | 2016 |
|---------------------------------|---------------|---------------|
| | \$ | \$ |
| Work Study program | 29,156 | 23,851 |
| Radical Frosh | 23,047 | 27,539 |
| Summert stipends | 5,000 | 6,000 |
| School Schmool | 4,579 | 5,110 |
| C.U.R.E. | 2,517 | 358 |
| Library | 2,501 | 2,414 |
| Prisoner correspondance project | 2,100 | 1,900 |
| Reclaim Turtle Island | 2,008 | - |
| Barriere Lake Solidarity | 2,000 | 2,000 |
| End Exploitation | 1,766 | 1,991 |
| Accessibilise Montreal | 1,550 | - |
| Lakas - Paggawa | 1,375 | 1,797 |
| Demilitarise McGill | 1,200 | 1,500 |
| Tadamon | 1,072 | 727 |
| Women of Diverse Origins | 828 | - |
| C-UniT | 800 | 1,400 |
| Howl Arts Collective | 800 | 115 |
| Other projects | 781 | 528 |
| Solidarity Across Borders | 528 | 3 |
| Atelier Celadon | 279 | - |
| Accessibility | 52 | - |
| Sigaw Ng Bayan | 13 | - |
| Kanata | - | 190 |
| Harm reduction | (889) | 2,128 |
| | <u>83,063</u> | <u>79,551</u> |

4- ACCOUNTS RECEIVABLE

| | 2017 | 2016 |
|---------------------|---------------|---------------|
| | \$ | \$ |
| Accounts receivable | 10,500 | 16,831 |
| Grants receivable | 4,729 | 3,693 |
| | <u>15,229</u> | <u>20,524</u> |

QUEBEC PUBLIC INTEREST RESEARCH GROUP - MCGILL INC.

NOTES TO THE FINANCIAL STATEMENTS

AS AT AUGUST 31, 2017

5- FIXED ASSETS

| | 2017 | | 2016 |
|---------------------------------|---------------|--------------------------|----------------|
| | Cost | Accumulated depreciation | Net book value |
| | \$ | \$ | \$ |
| Office equipment | 2,632 | 2,358 | 342 |
| Computer software and equipment | 41,825 | 39,917 | 2,726 |
| | <u>44,457</u> | <u>42,275</u> | <u>3,068</u> |

6- LINE OF CREDIT

The organization has a maximum authorized line of credit on a credit card of \$5,000, bearing interest at the rate of 11.45%.

7- ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

| | 2017 | 2016 |
|---------------------|--------------|---------------|
| | \$ | \$ |
| Accounts payable | 4,957 | 12,424 |
| Accrued liabilities | 1,691 | 3,739 |
| Accrued salaries | 2,055 | 2,706 |
| | <u>8,703</u> | <u>18,869</u> |

8- COMMITMENTS

The organization has entered into a long-term lease agreement for the rental of office space expired in May 2017 and in the course of renegotiation. The current monthly amount paid by the organization is \$ 1,940. The organization also entered into a lease agreement for office equipment rental expiring in March 2022, totalling \$ 13,050.

Minimum payments for the next years for office equipment are as follows :

| | |
|------|-------|
| | \$ |
| 2018 | 2,900 |
| 2019 | 2,900 |
| 2020 | 2,900 |
| 2021 | 2,900 |
| 2022 | 1,450 |

9- FINANCIAL INSTRUMENTS

Credit risk

The financial instruments that potentially expose the organisation to credit risk are accounts and grants receivable. They are analyse on an ongoing basis to ensure their recoverability.