

**THE POST-GRADUATE STUDENTS' SOCIETY OF MCGILL UNIVERSITY INC./
L'ASSOCIATION DES ÉTUDIANTS POST-GRADUÉS DE L'UNIVERSITÉ
MCGILL INC.**

**Financial Statements
May 31, 2023**



**THE POST-GRADUATE STUDENTS' SOCIETY OF MCGILL UNIVERSITY INC.
L'ASSOCIATION DES ÉTUDIANTS POST-GRADUÉS DE L'UNIVERSITÉ
MCGILL INC.**

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INDEPENDENT AUDITOR'S REPORT

To The Post-Graduate Students' Society of McGill University Inc./
L'Association des étudiants post-gradués de l'Université McGill Inc.

Report on the Audit of the Financial Statements

Qualified Opinion

I have audited the financial statements of The Post-Graduate Students' Society of McGill University/L'Association des étudiants post-gradués de l'Université McGill Inc. which comprise the statement of financial position as at May 31, 2023 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 my opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of my report, 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 its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Qualified Opinion

My examination of membership fees, which because of its nature is not susceptible of satisfactory audit verification, was confined principally to test comparisons of recorded receipts against bank deposits received from McGill University. Accordingly, my verification of these revenues was limited to the amounts recorded in the records of the Society and I was not able to determine whether any adjustments might be necessary to revenue, excess of revenues over expenses, assets and net assets.

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards is further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Society in accordance with the ethical requirements that are relevant to my audit of the financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Other Information

Management is responsible for the other information. The other information comprises management's discussion and analysis when applicable, which is other than the financial statements and my auditor's report thereon, included in the the annual report , which is expected to be made available to me after that date.

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.

Auditor's Responsibilities for the Audit of the Financial Statements

My 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 my 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, I exercise professional judgment and maintain professional skepticism throughout the audit. I 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 my 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 I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my 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 transaction and events in a manner that achieves fair presentation.

I 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 I identify during my audit.

Frank Santillo CPA auditor

Frank Santillo CPA auditor

Montreal, Quebec

December 20, 2023





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MCGILL INC.

Statement of financial position
as at May 31, 2023

	2023	2022
	\$	\$
Assets		
Current assets		
Cash	3,064,238	2,693,331
Short-term investments	1,478,286	1,563,173
Accounts and sundry receivables	48,227	118,173
Due from McGill	5,799	5,469
Inventory	12,097	11,619
	4,608,647	4,391,765
Capital assets (Note 4)	24,409	23,234
Art collection	5,750	5,750
Total assets	4,638,806	4,420,749
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (Note 5)	1,129,815	992,981
Current portion of long-term debt	40,000	-
	1,169,815	992,981
Long-term debt (Note 6)	-	40,000
Total liabilities	1,169,815	1,032,981
Net assets		
Unrestricted (operating fund)	2,015,189	1,857,296
Invested in capital assets and art collection	30,159	28,984
Externally-restricted funds (Note 7)	1,423,643	1,501,488
	3,468,991	3,387,768
Total liabilities and net assets	4,638,806	4,420,749

Approved on behalf of the Board of Directors

 Juzel Popic December 30, 2023 Director

 [Signature] December 22, 2023 Director

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**Statement of operations
for the year ended May 31, 2023**

	Unrestricted fund		Restricted funds		Total	
	2023	2022	2023	2022	2023	2022
	\$	\$	\$	\$	\$	\$
Revenue						
Fees	669,102	648,308	3,860,851	3,979,411	4,529,953	4,627,719
Services	76,999	49,081	-	-	76,999	49,081
Sales	1,254,786	560,403	-	-	1,254,786	560,403
Investments	17,099	6,829	159,673	29,310	176,772	36,139
Other revenue	41,327	41,395	-	-	41,327	41,395
	2,059,313	1,306,016	4,020,524	4,008,721	6,079,837	5,314,737
Expenses						
Cost of goods sold	455,269	178,762	-	-	455,269	178,762
Stipends	156,743	147,721	-	-	156,743	147,721
Executive and committee activities	7,287	6,364	-	-	7,287	6,364
Advocacy & outreach	1,786	1,899	-	-	1,786	1,899
Governance	2,255	1,940	-	-	2,255	1,940
Services	110,404	58,704	134,719	107,969	245,123	166,673
Salaries and benefits	740,789	274,441	-	-	740,789	274,441
Contractual obligations	3,668	4,834	3,963,650	3,700,843	3,967,318	3,705,677
Operational costs	23,408	16,483	-	-	23,408	16,483
Operational consumables	15,310	5,839	-	-	15,310	5,839
Corporate management	45,016	26,840	-	-	45,016	26,840
Administrative	330,674	262,443	-	-	330,674	262,443
Amortization of capital assets	7,636	6,784	-	-	7,636	6,784
Amortization-service agreement	-	4,378	-	-	-	4,378
	1,900,245	997,432	4,098,369	3,808,812	5,998,614	4,806,244
Excess of revenue over expenses						
for the year	159,068	308,584	(77,845)	199,909	81,223	508,493

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**Statement of changes in net assets
for the year ended May 31, 2023**

	Operating fund		Restricted funds	Total
	Unrestricted	Invested in capital assets and art collection	Externally restricted	
	\$	\$	\$	\$
Balance as at May 31, 2022	1,857,296	28,984	1,501,488	3,387,768
Transfer for acquisition of capital assets	(8,811)	8,811	-	
Excess of revenue over expenses (expenses over revenue)	166,704	(7,636)	(77,845)	81,223
Balance as at May 31, 2023	2,015,189	30,159	1,423,643	3,468,991

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**Statement of cash flows
for the year ended May 31, 2023**

	2023	2022
	\$	\$
Operating activities		
Excess of revenue over expenses	81,223	508,493
Adjustments for:		
Amortization of capital assets	7,636	6,784
Amortization of service agreement	-	4,378
	88,859	519,655
Changes in non-cash working capital balances		
Accounts and sundry receivables and due from McGill	69,616	(103,998)
Inventory	(478)	(4,161)
Accounts payable and accrued liabilities	136,834	233,363
	205,972	125,204
	294,831	644,859
Investing activities		
Acquisition of capital assets	(8,811)	-
Short-term investments	84,887	1,921,305
	76,076	1,921,305
Financing activities		
Net increase in cash		
Cash beginning of year	370,907	2,566,164
	2,693,331	127,167
Cash end of year	3,064,238	2,693,331

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Notes to the financial statements

May 31, 2023

1. Organization

The Post-Graduate Students' Society of McGill University Inc. / L' Association des étudiants post-gradués de l'Université McGill Inc. (the "Society" or "PGSS") is a democratic, non-profit corporation having its head office in the City of Montreal and is incorporated under Part III of the Companies Act (Quebec) as a not-for-profit organization. The Society is constituted for the following purposes:

- i) to provide representation and advocacy for members
- ii) to promote the educational and cultural interests of members
- iii) to offer opportunity for free and informal discussion of issues of concern to members
- iv) to promote and enhance collegial relations amongst members
- v) to establish and maintain a social club for its members and their guests

The Society receives the use of premises, referred to as Thomson House, from McGill University Inc. ("McGill"), for a nominal consideration (note 10).

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 CICA Handbook and include the following significant accounting policies :

Revenue recognition

The Society follows the restricted fund method of accounting for contributions. The revenue, expenditures and capital of the Society are maintained in accordance with the principles of fund accounting and are classified into funds in accordance with activities or objectives specified. Income from the Society's various activities is recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. For unrestricted funds, the Society follows the deferral method of accounting.

Financial instruments

Measurement of financial instruments

The Society initially measures its financial assets and financial liabilities at fair value, except for certain non-arm's length transactions.

The Society subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value at the statement of financial position date. Changes in fair value are recognized in excess of revenues over expenses.

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**Notes to the financial statements
May 31, 2023**

2. Significant accounting policies (continued)

Financial assets measured at amortized cost include cash, accounts and sundry receivables and due from McGill.

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

Impairment

Financial assets measured at cost are tested for impairment when there are indicators of possible impairment. The Society determines whether a significant adverse change has occurred in the expected timing or amount of future cash flows from the financial asset. If this is the case, the carrying amount of the asset is reduced directly to the higher of the present value of the cash flows expected to be generated by holding the asset, and the amount that could be realized by selling the asset at the balance sheet date. The amount of the write-down is recognized in the Statement of Operations. The previously recognized impairment loss may be reversed to the extent of the improvement, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognised previously. The amount of the reversal is recognized in the Statement of Operations.

Inventory

Inventory is valued at the lower of cost and net realizable value. Cost is determined on a specific identification basis. Net realizable value is the estimated selling price less the estimated cost necessary to make the sale.

Capital assets

Contributed capital assets are recorded at fair value at the date of contribution. Purchased capital assets are recorded at cost and are amortized over their estimated useful life on a declining-balance basis as follows:

Computers and software	30%
Website - database	30%
Furniture, fixtures and equipment	20%
Leasehold improvements	20%
Block assets	50%

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**Notes to the financial statements
May 31, 2023**

2. Significant accounting policies (continued)

Use of estimates

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations require 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 reporting period. Key components of the financial statements requiring management to make estimates include the useful lives of long-lived assets, inventory obsolescence and the fair value of investments. Actual results could differ from those estimates.

3. PGSS Retirement Savings Plan

Employee future benefits

The Society sponsors a defined contribution pension plan covering some of its employees. The Society contributes up to 6% of employees' salaries. Pension expense incurred during the year was \$9,382 (\$12,022 in 2022).

4. Capital assets

	May 31, 2023		May 31, 2022	
	Cost	Accumulated amortization	Net book value	Net book value
	\$	\$	\$	\$
Computers and software	35,272	29,466	5,806	1,484
Website-database	123,896	121,113	2,783	3,976
Furniture, fixtures and equipment	627,677	613,725	13,952	15,439
Leasehold improvements	521,634	519,766	1,868	2,335
Block assets	7,146	7,146	-	-
	1,315,625	1,291,216	24,409	23,234

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May 31, 2023

5. Accounts payable and accrued liabilities

	2023	2022
	\$	\$
Student health and dental insurance premiums	1,042,967	885,423
Accounts and other payables	86,848	107,558
	1,129,815	992,981

6. Long-term debt

Loan Under the Canada Emergency Business Account Program (CEBA)

The Society obtained \$60,000 in loans under the Canada Emergency Business Account Program. If the corporation repays \$40,000 by December 31, 2023, the remaining \$20,000 balance will be forgiven. Otherwise, an interest rate of 5% will apply to the balance, which will be repayable in 36 monthly blended instalments. Since there is reasonable assurance that the Society will repay \$40,000 by December 31, 2023, the Society recognized \$20,000 in operations in prior years.

7. Externally-restricted funds

	2023	2022
	\$	\$
Student Health and Dental Insurance Fund	517,619	615,073
FEUQ Fund	47,247	47,248
Grants Program Fund	62,851	88,907
Thomson House Fund	100,796	90,903
Student Support Services Fund	148,196	143,905
Special Projects Fund	410,628	331,118
Graduate Student Fund	33,973	69,668
Legal Protection Services Fund	(7,644)	(3,347)
Dialogue Services Fund	109,977	118,013
	1,423,643	1,501,488

The restricted funds consist primarily of the following:

- The Student Health and Dental Insurance Fund, the Student Support Services Fund, the Grants Program Fund, the Graduate Student Fund, Legal Protection Services Fund and the Dialogue Services Fund account for contributions received for specific purposes, as stipulated by the contributors.

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**Notes to the financial statements
May 31, 2023**

7. Externally-restricted funds (Continued)

- The Library Improvement Fund accounts for the collection and disbursement of fees to improve library resources and facilities for graduate students.
- Thomson House Fund accounts for the collection and disbursement of student fees specifically designated for the basic maintenance of Thomson House.
- Special Projects Fund relate to various endeavours which among other things include disbursements for information technology, sustainability issues and litigation fees. Receipts and disbursements are made in and out of the operating fund bank account respectively on behalf of the special projects fund.

8. Credit facilities

The Society has an available credit facility of \$200,000 (2022 - \$200,000), bearing interest at the bank's prime lending rate, plus 2.5% on amounts advanced. As at May 31, 2023, nil (2022 - nil) had been drawn on this demand loan. The bank has a \$345,000 (2022 - \$345,000) charge on the Society's movable property as security for the demand loan. The last written agreement is dated in 2013, and the loan facility is reviewed on an annual basis

9. Financial instruments

Risks and concentration

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 Society's risk exposure at May 31, 2023.

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 Society's main credit relate to its accounts receivable. The Society provides credit to its clients in the normal course of its operations.

Liquidity risk

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

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9. Financial instruments (Continued)

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 rate financial instruments. The fixed-rate investment certificates subject the society to a interest rate risk. The interest rate on the guaranteed investment certificates included in short-term investments is approximately 2.00% to 5.20% per annum at year-end (0.50% to 2.00% in 2022) .

10. Contractual obligations

The Society leases its premises under a lease expiring May 31, 2024. Future payments for lease operating costs aggregate to approximately \$37,500 and will include the following payment over the next year: 2024, \$37,500.

11. Subsequent events

In March 2020, the World Health Organization declared the Covid-19 outbreak a pandemic, which caused major health crisis worldwide affecting the global economy and financial markets.

As per Society's management, the fiscal year ending May 31, 2023 (as well as May 31, 2022) was affected by the shutdown caused by the pandemic. However, the Society had recovered operational revenues for the twelve month period ending May 31, 2023, matching pre-pandemic levels.

The student fees for the May 31, 2023 fiscal year (as in prior years) were not affected by the pandemic .