

THE STUDENTS' SOCIETY OF MCGILL UNIVERSITY

REPORT AND FINANCIAL STATEMENTS

MAY 31, 1990



THE STUDENTS' SOCIETY OF MCGILL UNIVERSITY

REPORT AND FINANCIAL STATEMENTS

MAY 31, 1990





AUDITORS' REPORT

The Executive Director and Members,
The Students' Society of McGill University.

We have examined the balance sheets of the operating fund, the debt repayment fund and the capital expenditures reserve fund of The Students' Society of McGill University as at May 31, 1990 and the statements of income and surplus of the operating fund, changes in the deficit of the debt repayment fund and changes in the reserve fund for capital expenditures for the thirteen-month period then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Society as at May 31, 1990 and the results of its operations for the thirteen-month period then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year, except for the change in accounting policy on the depreciation of fixed assets in the capital expenditures reserve fund as described in Note 1, which was applied prospectively.

Montreal, Quebec,
September 28, 1990.

Samson Bélair
Deloitte + Touche
Chartered Accountants

THE STUDENTS' SOCIETY OF MCGILL UNIVERSITY

OPERATING FUND
BALANCE SHEET AS AT MAY 31, 1990

	<u>May 31,</u> 1990	<u>April 30,</u> 1989
<u>ASSETS</u>		
Current		
Cash	\$ 7,336	\$ 48,024
Accounts receivable	150,987	119,318
Inventories	58,465	52,238
Prepaid expense	6,185	4,717
Due from capital expenditures reserve fund	<u>210,187</u>	<u>-</u>
	<u>\$433,160</u>	<u>\$224,297</u>
<u>LIABILITIES AND DEFICIT</u>		
Current		
Accounts payable		
McGill University	\$302,902	\$ 13,061
Other	129,458	126,634
Due to debt repayment fund	800	800
Due to capital expenditures reserve fund	<u>-</u>	<u>83,802</u>
	<u>\$433,160</u>	<u>\$224,297</u>

Approved on behalf of the Society

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THE STUDENTS' SOCIETY OF MCGILL UNIVERSITY

DEBT REPAYMENT FUND
BALANCE SHEET AS AT MAY 31, 1990

	<u>May 31,</u> 1990	<u>April 30,</u> 1989
<u>ASSETS</u>		
Due from operating fund	\$ 800	\$ 800
Fixed assets (Note 2)	<u>31,945</u>	<u>82,565</u>
	<u>\$ 32,745</u>	<u>\$ 83,365</u>
<u>LIABILITY AND DEFICIT</u>		
Loan payable to McGill University	\$ 85,028	\$219,685
Deficit	<u>(52,283)</u>	<u>(136,320)</u>
	<u>\$ 32,745</u>	<u>\$ 83,365</u>

STATEMENT OF CHANGES IN THE DEFICIT
FOR THE THIRTEEN-MONTH PERIOD ENDED MAY 31, 1990

	<u>May 31,</u> 1990 (13 months)	<u>April 30,</u> 1989 (12 months)
Deficit, beginning of period	\$136,320	\$218,943
Add		
Write-off of fixed assets	<u>50,620</u>	<u>49,754</u>
	186,940	268,697
Deduct		
Transfer from operating fund of students' contributions for debt repayment	<u>134,657</u>	<u>132,377</u>
Deficit, end of period	<u>\$ 52,283</u>	<u>\$136,320</u>

THE STUDENTS' SOCIETY OF MCGILL UNIVERSITY

CAPITAL EXPENDITURES RESERVE FUND
BALANCE SHEET AS AT MAY 31, 1990

	<u>May 31,</u> 1990	<u>April 30,</u> 1989
<u>ASSETS</u>		
Due from operating fund	\$ -	\$ 83,802
Investments (market value 1990 - \$477,398; 1989 - \$414,584)	471,906	421,909
Fixed assets (Note 3)	<u>353,910</u>	<u>288,530</u>
	<u>\$825,816</u>	<u>\$794,241</u>
<u>LIABILITY AND CAPITAL</u>		
Due to operating fund	\$210,187	\$ -
Reserve fund for capital expenditures	<u>615,629</u>	<u>794,241</u>
	<u>\$825,816</u>	<u>\$794,241</u>

STATEMENT OF CHANGES IN THE RESERVE FUND FOR CAPITAL EXPENDITURES
FOR THE THIRTEEN-MONTH PERIOD ENDED MAY 31, 1990

	<u>May 31,</u> 1990 (13 months)	<u>April 30,</u> 1989 (12 months)
Balance of fund, beginning of period	\$794,241	\$578,579
Add		
Transfer from operating fund	-	185,087
Interest revenue	<u>43,931</u>	<u>30,575</u>
	838,172	794,241
Deduct		
Transfer to operating fund	148,604	-
Depreciation of fixed assets	<u>73,939</u>	<u>-</u>
Balance of fund, end of period	<u>\$615,629</u>	<u>\$794,241</u>



THE STUDENTS' SOCIETY OF MCGILL UNIVERSITY

OPERATING FUND
STATEMENT OF INCOME AND SURPLUS
FOR THE THIRTEEN-MONTH PERIOD ENDED MAY 31, 1990

	May 31, 1990 (13 months)	April 30, 1989 (12 months)
Income		
Students' fees	\$ 892,525	\$ 883,838
Students' contributions for debt repayment (Note 1)	134,657	132,377
Food and beverage operations, net	154,076	142,978
Sadie's tabagie, net	(15,943)	2,300
Video machines	9,350	11,061
Miscellaneous	1,381	-
	<u>1,176,046</u>	<u>1,172,554</u>
Expenditure		
University Centre Building operations, net	384,778	300,380
General office and administrative	445,185	342,222
Council services	149,834	93,659
Society activities and services, net	131,658	37,260
Functional groups, net	23,001	41,843
Interest groups, net	33,653	11,506
Special projects	21,884	28,220
	<u>1,189,993</u>	<u>855,090</u>
Excess of (expenditure over income) income over expenditure for the period	(13,947)	317,464
Transfer from (to) capital expenditures reserve fund	148,604	(185,087)
Transfer of students' contributions to debt repayment fund	<u>(134,657)</u>	<u>(132,377)</u>
Accumulated surplus, end of period	<u>\$ -</u>	<u>\$ -</u>

THE STUDENTS' SOCIETY OF MCGILL UNIVERSITY

NOTES TO FINANCIAL STATEMENTS

MAY 31, 1990

1. Significant accounting policies

a. Fund accounting

The Society accounts for each fund separately. The purpose of each fund is as follows:

Operating fund

The resources available are used for the general operations of the Society.

Debt repayment fund

This fund was established to facilitate the repayment of the debt owed to McGill University as of May 31, 1985. Accordingly, the amount of the debt outstanding to McGill University as of May 31, 1985, and the portion of fixed assets and accumulated deficit represented by such debt, were transferred to the debt repayment fund as of June 1, 1985. The debt repayment is being made from a special fee per semester to be collected from all members of the Society for a period of approximately five years which commenced January 1986. Accordingly, the fixed assets transferred are being written off to the deficit of the fund at a rate corresponding to the debt repayment.

Capital expenditures reserve fund

This fund was established on June 1, 1985 for the purpose of defraying the cost of certain significant capital expenditures. The capital of this fund is derived from transfers made from the operating fund as deemed necessary to ensure the maintenance of an appropriate fixed asset base.

The maximum expenditure in any given fiscal year will not exceed 30% of the current fiscal year's beginning balance in the capital expenditures reserve fund.

Significant capital expenditures made by the capital expenditures reserve fund are recorded at cost less accumulated depreciation. Commencing in the current period, depreciation is calculated based on the estimated useful lives of the assets and computed on a straight-line basis using the following rates:

Building improvements	10%
Equipment	20%
Furniture and fixtures	20%

Other capital expenditures are expensed in the year of acquisition.

b. Investments

Investments are carried at cost. Investment income is accounted for on an accrual basis.



The Students' Society of McGill University
 Notes to financial statements
 May 31, 1990

1. Significant accounting policies (continued)

c. Inventories

Inventories are valued at the lower of cost and net realizable value.
 Cost is determined using the first-in, first-out method.

2. Fixed assets - debt repayment fund

Fixed assets in the debt repayment fund comprise the following:

	1990		1989
	<u>Cost</u>	<u>Accumulated depreciation</u>	<u>Net book value</u>
Equipment - debt repayment fund	<u>\$705,350</u>	<u>\$673,405</u>	<u>\$ 31,945</u>
			<u>\$ 82,565</u>

3. Fixed assets - capital expenditures reserve fund

Fixed assets in the capital expenditures reserve fund comprise the following:

	1990		1989
	<u>Cost</u>	<u>Accumulated depreciation</u>	<u>Net book value</u>
Building improvements	\$261,873	\$ 26,187	\$235,686
Equipment	94,899	18,980	75,919
Furniture and fixtures	52,881	10,576	42,305
Other	<u>18,196</u>	<u>18,196</u>	<u>-</u>
	<u>\$427,849</u>	<u>\$ 73,939</u>	<u>\$353,910</u>
			<u>\$288,530</u>

4. Food and beverage operations

The food and beverage services are managed and provided by Les Services Alimentaires C.V.C. Inc. Under the terms of the food services agreement terminating on May 31, 1990 and the beverage services agreement terminating on September 1, 1992, the Society is entitled to receive the following:



The Students' Society of McGill University
Notes to financial statements
May 31, 1990

4. Food and beverage operations (continued)

Food services

For the thirteen-month period ended on May 31, 1990, the greater of \$225,750 or 10.5% of gross sales plus 50% of any excess of revenues over expenditures.

The Society is committed to pay rental fees to the various faculty undergraduate societies and several university departments where food services are provided through Les Services Alimentaires C.V.C. Inc. Such rental fees are defined within each rental agreement and are based on a percentage of gross sales by location. Some of the agreements also provide for a sharing of the profits earned from such services. For the period ended May 31, 1990, such rental fees, including distribution of profits, amounted to \$123,497 (1989 - \$146,363).

Beverage services

Years ending

September 1, 1990	\$40,000
September 1, 1991	42,500
September 1, 1992	45,000

or

10.5% for sales of \$350,000 or less
11.5% for sales of \$350,001 to \$400,000
12.5% for sales of \$400,001 to \$450,000
13.5% for sales of \$450,001 to \$500,000
14.5% for sales in excess of \$500,000,

whichever is greater.

As at June 1, 1990, the food and beverage service agreements between the Society and Les Services Alimentaires C.V.C. Inc. were terminated.

As of this date, the food and beverage services are managed and provided by Capital Food Services Ltd. (Scott's).



The Students' Society of McGill University
Notes to financial statements
May 31, 1990

4. Food and beverage operations (continued)

Under the terms of the agreement terminating May 31, 1995, the Society is entitled to receive the following consideration by way of monthly instalments:

For the year ending:

May 31, 1991, the greater of \$400,000 or 12.5% of gross sales
May 31, 1992, the greater of \$440,000 or 12.5% of gross sales
May 31, 1993, the greater of \$475,000 or 12.5% of gross sales
May 31, 1994, the greater of \$500,000 or 12.5% of gross sales
May 31, 1995, the greater of \$525,000 or 12.5% of gross sales

Either the Society, or Capital Food Services Ltd. (Scott's), may terminate the agreement at any time during the term of the agreement or any renewed term by giving ninety days' written notice.

As at June 1, 1990, the Society is committed to pay rental fees of 11% of gross sales to the various faculty undergraduate societies and several university departments where food services are provided through Capital Food Services Ltd. (Scott's). In addition, the Society is committed to establish a restricted capital reserve fund (calculated at 0.5% of annual gross sales) for the sole purpose of financing the purchase and/or replacement of furnishings and equipment required at these locations.

5. Heat, electricity and air conditioning expense

The heat, electricity and air conditioning expense of \$297,040 for the University Centre has been paid by McGill University (1989 - \$259,140).

6. Comparative figures

Certain 1989 figures have been modified in order to conform with the presentation adopted in 1990.

THE STUDENTS' SOCIETY OF MCGILL UNIVERSITY

AUDITORS' REPORT
SUPPLEMENTARY INFORMATION RELATED TO THE OPERATING FUND

MAY 31, 1990



AUDITORS' REPORT
SUPPLEMENTARY INFORMATION RELATED TO THE OPERATING FUND

Our examination of the financial statements of The Students' Society of McGill University for the thirteen-month period ended May 31, 1990 was made primarily in order to express an opinion on the basic financial statements as a whole. The supplementary information related to the operating fund which is contained in the accompanying schedules is drawn principally from accounting records and other documents of the Society. In our opinion, this information is not necessary for a fair presentation of the financial position of the Society and the results of its operations. We have not carried out sufficient tests and other audit procedures in connection with this information to be able to express an opinion on the fairness of each item contained in these schedules and, consequently, do not express an opinion on this supplementary information.

Montreal, Quebec,
September 28, 1990.

*Samson Bélair
Deloitte + Touche*
Chartered Accountants

THE STUDENTS' SOCIETY OF MCGILL UNIVERSITY

STATEMENT OF FOOD AND BEVERAGE OPERATIONS
FOR THE PERIOD ENDED MAY 31, 1990

	May 31, 1990 (13 months)	April 30, 1989 (12 months)
Contribution from Les Services Alimentaires C.V.C. Inc. (Note 4)		
Food operations		
Base income	\$256,951	\$257,830
Profit sharing	-	(7,922)
Beverage operations (Gertrude's Pub and Ballroom, The Alley)		
Base income	<u>66,030</u>	<u>43,739</u>
	322,981	293,647
Other income	<u>1,347</u>	<u>1,298</u>
	<u>324,328</u>	<u>294,945</u>
Expenditure		
Rental fees - vending agreements (Note 4)	123,497	146,363
Food and beverage consulting report	20,350	-
Other	<u>26,405</u>	<u>5,604</u>
	<u>170,252</u>	<u>151,967</u>
Net income	<u><u>\$154,076</u></u>	<u><u>\$142,978</u></u>

Unaudited.



THE STUDENTS' SOCIETY OF MCGILL UNIVERSITY

STATEMENT OF SADIE'S TABAGIE OPERATIONS
FOR THE PERIOD ENDED MAY 31, 1990

	University Centre		McConnell Engineering		Chancellor Day		Total	
	May 31, 1990 (13 months)	April 30, 1989 (12 months)	May 31, 1990 (13 months)	April 30, 1989 (12 months)	May 31, 1990 (13 months)	April 30, 1989 (12 months)	May 31, 1990 (13 months)	April 30, 1989 (12 months)
Income								
Sales								
Metro tickets and stamps	\$ 54,036	\$ 57,901	\$ 13,015	\$ 9,718	\$ 2,486	\$ 3,380	\$ 69,537	\$ 70,999
Debit cards	127,502	173,983	38,177	43,669	5,259	27,486	170,938	245,138
Confectionery	86,080	81,456	23,696	20,750	5,590	4,254	115,366	106,460
Tobacco products	100,860	92,188	18,940	16,041	2,378	2,336	122,178	110,565
Calculators	36,020	51,247	7,362	2,984	-	-	43,382	54,231
Miscellaneous	83,983	63,076	25,273	16,819	7,813	5,006	117,069	84,901
	<u>488,481</u>	<u>519,851</u>	<u>126,463</u>	<u>109,981</u>	<u>23,526</u>	<u>42,462</u>	<u>638,470</u>	<u>672,294</u>
Cost of sales								
Metro tickets and stamps	52,144	56,027	12,560	9,400	2,401	3,297	67,105	68,724
Debit cards	118,577	161,695	35,504	40,249	4,926	25,505	159,007	227,449
Confectionery	72,225	65,979	20,251	16,808	4,745	3,446	97,221	86,233
Tobacco products	85,732	79,582	16,479	14,277	2,069	2,079	104,280	95,938
Calculators	30,976	41,756	6,331	2,208	-	-	37,307	43,964
Miscellaneous	71,295	45,889	21,444	13,642	6,327	1,393	99,066	60,924
	<u>430,949</u>	<u>450,928</u>	<u>112,569</u>	<u>96,584</u>	<u>20,468</u>	<u>35,720</u>	<u>563,986</u>	<u>583,232</u>
Gross profit	57,532	68,923	13,894	13,397	3,058	6,742	74,484	89,062
Expenditure								
Material and supplies	3,729	1,798	9	-	-	143	3,738	1,941
Postage and miscellaneous	1,827	1,863	709	1,123	635	2,385	3,171	5,371
Advertising	2,823	2,098	-	421	-	152	2,823	2,671
Salaries	26,647	25,371	1,913	2,819	-	-	28,560	28,190
Casual wages	29,947	28,710	10,305	7,149	3,366	2,966	43,618	38,825
Fringe benefits	5,659	4,559	1,272	1,157	139	131	7,070	5,847
New equipment	897	2,667	425	-	125	1,250	1,447	3,917
	<u>71,529</u>	<u>67,066</u>	<u>14,633</u>	<u>12,669</u>	<u>4,265</u>	<u>7,027</u>	<u>90,427</u>	<u>86,762</u>
Net income (expenditure)	<u>(\$ 13,997)</u>	<u>\$ 1,857</u>	<u>(\$ 739)</u>	<u>\$ 728</u>	<u>(\$ 1,207)</u>	<u>(\$ 285)</u>	<u>(\$ 15,943)</u>	<u>\$ 2,300</u>

Unaudited.

THE STUDENTS' SOCIETY OF MCGILL UNIVERSITY
STATEMENT OF UNIVERSITY CENTRE BUILDING OPERATIONS
FOR THE PERIOD ENDED MAY 31, 1990

	May 31, 1990 (13 months)	April 30, 1989 (12 months)
Income		
Parking income	\$ 18,504	\$ 17,904
Room rentals	<u>27,639</u>	<u>28,973</u>
	<u>46,143</u>	<u>46,877</u>
Expenditure		
Salaries and wages	218,079	182,103
Cleaning and security	104,554	99,122
Repairs and alterations	42,592	17,958
Materials and supplies	44,641	36,607
Stationery and postage	2,087	157
Telephone	2,008	1,454
Miscellaneous	9,020	2,587
New equipment	<u>7,940</u>	<u>7,269</u>
	<u>430,921</u>	<u>347,257</u>
Net expenditure	<u>\$384,778</u>	<u>\$300,380</u>

Unaudited.



THE STUDENTS' SOCIETY OF MCGILL UNIVERSITY

STATEMENT OF GENERAL OFFICE AND ADMINISTRATIVE EXPENDITURE
FOR THE PERIOD ENDED MAY 31, 1990

	May 31, 1990 (13 months)	April 30, 1989 (12 months)
Salaries and benefits	\$271,010	\$213,890
Casual wages	55,995	52,448
Postage, stationery and printing	9,742	2,745
Telephone and telegraph	11,422	7,422
Legal and audit fees	47,338	38,507
Supplies	7,141	3,707
Advertising	434	229
Insurance	10,372	11,190
Computer charges	9,500	9,500
Investment income	-	(5,714)
Miscellaneous	<u>22,231</u>	<u>8,298</u>
	<u>\$445,185</u>	<u>\$342,222</u>

Unaudited.



THE STUDENTS' SOCIETY OF MCGILL UNIVERSITY

STATEMENT OF COUNCIL SERVICES EXPENDITURE
FOR THE PERIOD ENDED MAY 31, 1990

	May 31, 1990 (13 months)	April 30, 1989 (12 months)
Council and committees	\$ 72,189	\$57,517
Communications	23,139	12,971
Elections	29,176	14,393
External Affairs - general	23,086	7,498
External Affairs - South Africa committee	<u>2,244</u>	<u>1,280</u>
	<u>\$149,834</u>	<u>\$93,659</u>

Unaudited.



THE STUDENTS' SOCIETY OF MCGILL UNIVERSITY

STATEMENT OF SOCIETY ACTIVITIES AND SERVICES EXPENDITURE (NET)
FOR THE PERIOD ENDED MAY 31, 1990

	May 31, 1990 (13 months)	April 30, 1989 (12 months)
Activities Night	\$ 2,034	\$ 1,676
Advertising Office	1,340	636
Blood Donor Clinic	3,641	2,166
Educational Programming	556	911
McGill Annual	15,862	(10,007)
Multicultural Society Fiesta	9,646	3,293
Network - Alternative Programming	5,361	4,107
Network - Concerts and Events	11,275	2,254
Network - General	5,976	4,689
Network - Volunteers	1,023	199
Network - Speakers	9,731	5,619
Network - Performing Arts	6,783	4,869
Network - Winter Carnival	21,066	-
Ombudsman	-	1,724
Student Directory	485	394
Student Handbook	12,004	3,358
Student Security	4,153	7,272
Tribune Newsletter	836	600
User's Guide	520	848
Welcome Week	19,263	2,652
Second Hand Text Book Sale	103	-
	<u>\$131,658</u>	<u>\$37,260</u>

Unaudited.



THE STUDENTS' SOCIETY OF MCGILL UNIVERSITY
 STATEMENT OF FUNCTIONAL GROUPS EXPENDITURE (NET)
 FOR THE PERIOD ENDED MAY 31, 1990

	May 31, 1990 <u>(13 months)</u>	April 30, 1989 <u>(12 months)</u>
Campus Legal Aid	\$ 6,499	\$17,659
Debating Union Society	6,090	6,655
Film Society	4,607	-
McGill Volunteer Bureau	858	1,138
Multicultural Society	2,649	1,878
Players' Club	(8,800)	3,668
Savoy Society	6,124	6,181
Women's Union	<u>4,974</u>	<u>4,664</u>
	<u>\$23,001</u>	<u>\$41,843</u>

Unaudited.



THE STUDENTS' SOCIETY OF MCGILL UNIVERSITY
STATEMENT OF INTEREST GROUPS EXPENDITURE (NET)
FOR THE PERIOD ENDED MAY 31, 1990

	May 31, 1990 (13 months)	April 30, 1989 (12 months)
Access McGill	\$ 830	\$ 960
Americans Abroad	-	878
Amnesty International	954	(311)
Arab Students' Association	2,710	1,150
Armenian Club	1,045	553
Black Students' Network	1,368	543
Caribbean Students' Association	1,751	(317)
Censorwatch	178	165
Central America Group	612	(1)
Chess Association	99	(30)
Choral Society	1,590	(995)
Entrepreneurs' Club	500	846
Folk Music Society	401	417
Foster Parents' Association	888	182
Galom	220	284
Go Club	86	245
Group Leader Program	1,065	-
Hellenic Club	195	32
Inter-Fraternity Council	405	289
Iranian Students' Association	715	577
Mature Students' Association	94	20
McGill Crossroads	139	6
McGill Quebec	1,143	1,290
Model U.N.	2,225	1,532
Pakistan Students' Association	682	479
Personal Finance Club	515	732
Project Ploughshares	87	(219)
Red Herring	5,327	(750)
Simulation Gamers Guild	774	349
Southeast Asian Students' Association	436	672
Student Pugwash	(52)	874
Uhuru Na Ufahamu	394	361
Ukrainian Students' Association	471	250
Vietnamese Students' Association	623	(120)
W.U.S.C. McGill	978	(71)
Youth Parliament	565	616
Miscellaneous Clubs	3,640	18
	<u>\$33,653</u>	<u>\$11,506</u>

Unaudited.



THE STUDENTS' SOCIETY OF MCGILL UNIVERSITY

STATEMENT OF SPECIAL PROJECTS EXPENDITURE
FOR THE PERIOD ENDED MAY 31, 1990

	May 31, 1990 <u>(13 months)</u>	April 30, 1989 <u>(12 months)</u>
Players' Theatre - Light Project	\$ -	\$10,000
University Affairs	6,330	2,550
Sexual Assault Awareness	-	1,995
McGill Business Consulting	-	1,615
Internal Affairs - General	4,802	1,167
C.U.L.T. Project	-	1,000
AQEUQAM	-	800
États Généraux	3,500	-
Aids Awareness Week	2,000	-
McGill International Relations	1,350	-
National Engineering Week Scholarship	1,000	-
Spike Lee	1,000	-
Lou Gehrig Foundation - Choral Society	750	-
Miscellaneous	<u>1,152</u>	<u>9,093</u>
	<u>\$21,884</u>	<u>\$28,220</u>

Unaudited.

