

**Students' Society of McGill University /  
Association étudiante de l'Université McGill**

**Annual Financial Report  
May 31, 2009**

**RSM Richter Chamberland LLP  
Chartered Accountants  
Montréal**

RSM Richter Chamberland LLP is an independent member firm of RSM International,  
an affiliation of independent accounting and consulting firms.

# **Students' Society of McGill University / Association étudiante de l'Université McGill**

**Annual Financial Report  
May 31, 2009**

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# RSM Richter Chamberland

RSM Richter Chamberland S.E.N.C.R.L./LLP  
Comptables agréés/Chartered Accountants

2, Place Alexis Nihon  
Montréal (Québec) H3Z 3C2  
Téléphone/Telephone: 514.934.3400  
Télécopieur/Facsimile: 514.934.3408  
www.rsmrch.com

## Auditors' Report

To the Directors of the  
**Students' Society of McGill University /  
Association étudiante de l'Université McGill**

We have audited the balance sheet of Students' Society of McGill University /Association étudiante de l'Université McGill as at May 31, 2009 and the statements of operations and changes in fund balances and cash flows for the year then ended. These financial statements are the responsibility of the Society's management. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Society's management, as well as evaluating the overall financial statements presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Society as at May 31, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

*RSM Richter Chamberland LLP*

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### Chartered Accountants

Montréal (Québec)  
August 25, 2009

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<sup>1</sup> CA auditor permit no 13971

# Students' Society of McGill University / Association étudiante de l'Université McGill

**Balance Sheet  
As at May 31, 2009**

Assets	Operating Fund	Capital Expenditures Reserve Fund	Renovation Portion of McGill Student Fund	Awards of Distinction Reserve Fund	Queer McGill Undergraduate Fund	Health and Dental Plan Reserve Fund	2009 Total	2008 Total
<b>Current assets</b>								
Cash	\$ 1,008,403	\$ 567,253	\$ 4,755	\$ 435,038	\$ -	\$ 887,319	\$ 2,902,768	\$ 2,442,588
Accounts receivable	114,608	-	-	-	-	-	114,608	87,796
Inventories	22,849	-	-	-	-	-	22,849	20,743
Prepaid	36,867	-	-	-	-	-	36,867	45,897
Due from daycare	53,953	-	-	-	-	-	53,953	103,817
Due from (to) other funds	(743,105)	846,286	(110,484)	75,394	6,029	(74,120)	-	-
<b>Long-term investments (note 4)</b>	493,575	1,413,539	(105,729)	510,432	6,029	813,199	3,131,045	2,700,841
<b>Capital assets (note 5)</b>	942	1,671,710	-	-	-	-	1,671,710	1,777,201
	\$ 494,517	\$ 3,341,925	\$ 1,024,717	\$ 510,432	\$ 6,029	\$ 813,199	\$ 6,190,819	\$ 6,280,475
<b>Liabilities</b>								
<b>Current liabilities</b>								
Accounts payable								
McGill University	\$ 29,955	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 29,955	\$ 61,372
Student health insurance plan	-	-	-	-	-	605,320	605,320	772,725
Others	288,564	-	80,673	-	-	-	369,237	312,876
Deferred revenues	66,166	-	-	-	-	-	66,166	101,530
<b>Funds held for:</b>								
Bursaries	-	-	-	224,540	-	-	224,540	224,540
Miscellaneous awards	6,000	-	-	-	-	-	6,000	6,000
Current portion of long-term debt (note 7)	75,000	-	-	-	-	-	75,000	75,000
<b>Long-term debt (note 7)</b>	465,685	-	80,673	224,540	-	605,320	1,376,218	1,554,043
	28,832	-	-	-	-	-	28,832	103,832
	494,517	-	80,673	224,540	-	605,320	1,405,050	1,657,875
<b>Fund Balances</b>								
Invested in capital assets	-	-	-	-	-	-	-	-
Externally restricted (note 8)	-	256,676	944,044	-	-	-	1,200,720	1,163,825
Internally restricted (note 9)	-	3,085,249	-	283,507	6,029	207,879	3,301,542	268,742
	-	3,341,925	944,044	285,892	6,029	207,879	4,785,769	4,622,600
	\$ 494,517	\$ 3,341,925	\$ 1,024,717	\$ 510,432	\$ 6,029	\$ 813,199	\$ 6,190,819	\$ 6,280,475

Approved on behalf of the Students' Society: \_\_\_\_\_, Administrator

# Students' Society of McGill University / Association étudiante de l'Université McGill

## Statement of Operations and Changes in Fund Balances Year ended May 31, 2009

	Operating Fund	Capital Expenditures Reserve Fund	Renovation Portion of McGill Student Fund	Awards of Distinction Reserve Fund	Queer McGill Undergraduate Fund	Health and Dental Plan Reserve Fund	2009 Total	2008 Total
<b>Revenue</b>								
Student fees	\$ 1,404,299	\$ -	\$ -	\$ -	\$ -	\$ 2,518,509	\$ 3,922,808	\$ 3,758,724
Gert's Pub	157,578	-	-	-	-	-	157,578	154,364
Bookstore	214,029	-	-	-	-	-	214,029	84,966
University center building operations	433,861	-	-	-	-	-	433,861	301,775
General, office and administrative	71,727	-	-	-	-	-	71,727	172,911
Administrative fees - Student Health Plan	50,877	-	-	-	-	-	50,877	48,020
Programming activities	289,872	-	-	-	-	-	289,872	281,503
Publications	252,818	-	-	-	-	-	252,818	268,359
Services	334,158	-	-	-	39,790	-	373,948	348,970
Investment revenue	-	85,187	-	6,385	-	2,133	93,705	63,273
Donation	-	-	-	-	-	-	-	500
Contributions from students	-	-	453,473	-	-	-	453,473	470,182
McGill subsidies	523,871	-	-	-	-	-	523,871	649,266
	<b>\$ 3,733,090</b>	<b>\$ 85,187</b>	<b>\$ 453,473</b>	<b>\$ 6,385</b>	<b>\$ 39,790</b>	<b>\$ 2,520,642</b>	<b>\$ 6,838,567</b>	<b>\$ 6,602,813</b>
<b>Expenses</b>								
Gert's Pub	\$ 170,715	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 170,715	\$ 157,572
Bookstore	305,188	-	-	-	-	-	305,188	157,768
University center building operations	633,469	-	-	-	-	-	633,469	502,960
Student health plan	-	-	-	-	-	2,481,661	2,481,661	2,324,304
General, office and administrative	755,872	-	-	-	-	-	755,872	743,626
Governances	245,314	-	-	-	-	-	245,314	258,205
Programming activities	274,143	-	-	-	-	-	274,143	275,969
Publications	185,270	-	-	-	-	-	185,270	220,548
Services	313,390	-	-	-	-	-	350,649	316,415
Clubs	44,208	-	-	-	37,259	-	44,208	8,582
Electricity and heat	523,871	-	-	-	-	-	523,871	649,266
Amortization of capital assets	3,768	99,385	409,939	-	-	-	513,092	490,503
Interest on long-term debt	-	-	5,858	-	-	-	5,858	25,460
Interest, bank charges and others	-	11,117	119	4,000	-	-	11,236	12,909
Awards granted	-	85,239	-	-	2,250	-	6,250	8,000
Loss on disposal of investment	-	83,363	-	-	-	-	85,239	11,146
Unrealized loss on investments held for trading	-	-	-	-	-	-	83,363	27,969
	<b>\$ 3,455,208</b>	<b>\$ 279,104</b>	<b>\$ 415,916</b>	<b>\$ 4,000</b>	<b>\$ 39,509</b>	<b>\$ 2,481,661</b>	<b>\$ 6,675,398</b>	<b>\$ 6,191,202</b>
<b>Excess (deficiency) of revenue over expenses</b>	<b>\$ 277,882</b>	<b>\$ (193,917)</b>	<b>\$ 37,557</b>	<b>\$ 2,385</b>	<b>\$ 281</b>	<b>\$ 38,981</b>	<b>\$ 163,169</b>	<b>\$ 411,611</b>
Fund balances, beginning of year	-	3,257,960	906,487	283,507	5,748	168,898	4,622,600	4,210,989
Interfund transfers	(277,882)	277,882	-	-	-	-	-	-
<b>Fund balances - end of year</b>	<b>\$ -</b>	<b>\$ 3,341,925</b>	<b>\$ 944,044</b>	<b>\$ 285,892</b>	<b>\$ 6,029</b>	<b>\$ 207,879</b>	<b>\$ 4,785,769</b>	<b>\$ 4,622,600</b>

**Students' Society of McGill University /  
Association étudiante de l'Université McGill**

**Statement of Cash Flows  
Year ended May 31, 2009**

	2009	2008
<b>Operating activities</b>		
Excess of revenue over expenses	\$ 163,169	\$ 411,611
Items not affecting cash:		
Amortization of capital assets	513,092	490,503
Unrealized loss on investments held for trading	83,363	27,969
	<b>759,624</b>	930,083
Net change in non-cash working capital items	<b>(147,849)</b>	140,443
	<b>611,775</b>	1,070,526
<b>Financing activity</b>		
Repayment of long-term debt	<b>(75,000)</b>	(75,000)
<b>Investing activities</b>		
Acquisition of capital assets	<b>(98,723)</b>	(67,114)
Increase in long-term investments	-	(1,805,170)
Decrease of long-term investments	<b>22,128</b>	-
	<b>(76,595)</b>	(1,872,284)
<b>Net cash inflows (outflows)</b>	<b>460,180</b>	(876,758)
<b>Cash position - beginning of year</b>	<b>2,442,588</b>	3,319,346
<b>Cash position - end of year</b>	<b>\$ 2,902,768</b>	\$ 2,442,588

# **Students' Society of McGill University / Association étudiante de l'Université McGill**

**Notes to Financial Statements  
Year ended May 31, 2009**

## **1. Purpose of the organization**

The Students' Society of McGill University ("SSMU") incorporated the Student Center of McGill University on August 19, 1992 under Part III of the *Companies Act* (Québec). On June 1, 2007, the Student Center of McGill University/Centre étudiant de l'Université McGill merged with Students' Society of McGill university/Association étudiante de l'Université McGill. As a result, the Organization was renamed Students' Society of McGill university/Association étudiante de l'Université McGill.

The Students' Society is a not-for-profit organization dedicated to providing various services to McGill students.

## **2. Significant accounting policies**

### **Use of estimates**

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

### **Fund accounting**

The Society follows the restricted fund method of accounting for contributions.

The Operating Fund records unrestricted resources which are available for the general operations of the Society. This fund also records restricted resources for activities for which no restricted fund has been established.

The Capital Expenditures Reserve Fund was established in 1985 for the purpose of defraying and recording 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 capital asset base.

The Awards of Distinction Reserve Fund was established in 1990 for the purpose of generating revenue to provide for the Society's awards of distinction.

The Renovation Portion of the McGill Student Fund was established, on March 17, 2003 by referendum question, to record sources of funds and expenditures related to specific capital projects. The students agreed to make an additional contribution of \$11.84 per semester, per student, until autumn 2009 for the renovations of the Shatner building.

# **Students' Society of McGill University / Association étudiante de l'Université McGill**

**Notes to Financial Statements  
Year ended May 31, 2009**

## **3. Significant accounting policies (cont'd)**

### **Fund accounting (cont'd)**

The Queer McGill Undergraduate Fund was established in 2007 as a means to provide students affected by discrimination against queer or trans minorities with assistance to continue their studies. At the end of every fiscal year, any surplus in the Queer McGill department shall be transferred into the Queer McGill Undergraduate Fund.

The Health and Dental Plan Reserve Fund was established in 2007 to ensure steady health care costs for students. The surplus from the SSMU Health and Dental plan fees at the end of the fiscal year must be transferred into this fund.

### **Revenue recognition**

Unrestricted contributions are recognized as revenue of Operating Fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Restricted contributions related to general operations are recognized as revenue of the Operating Fund in the year in which the related expenses are incurred. All other restricted contributions are recognized as revenue of the appropriate restricted fund.

Investment income earned on resources that must be spent on restricted activities is recognized as revenue of the appropriate restricted fund.

Student fees are collected from students by McGill University and are remitted to the Society. To the extent fees relate to programs and activities administrated by the Society, they are recorded as revenue by the Society. When the fees relate to activities to be administrated by other entities, they are recorded as liabilities by the Society until such time as these funds are paid to the other entities. Activities for which the Society holds such funds include the library improvements, awards and bursaries.

### **Inventories**

Inventories are valued at the lower of cost and net realizable value. Net realizable value is the estimated sales price in ordinary course of business after allowing for all further estimated costs of completion and disposal. Cost is determined using the first in, first out method.



# Students' Society of McGill University / Association étudiante de l'Université McGill

Notes to Financial Statements  
Year ended May 31, 2009

## 3. Significant accounting policies (cont'd)

### Capital assets

Capital assets are recorded at cost less accumulated amortization. Amortization is calculated based on the estimated useful life of the assets and computed on a straight-line basis using the following annual rates:

	Rates
Building improvements	10%
Equipment	20%
Furniture and fixtures	20%
Computer equipment	20%
Computer software	50%

### Financial instruments

The following policies and assumptions were used to determine the fair value of each class of financial assets and financial liabilities.

#### Cash, accounts receivable, accounts payable and funds held for others

These financial assets and liabilities are measured at their carrying amount since it is comparable to their fair value due to the approaching maturity of these financial instruments.

### Investments

Investments are classified as financial assets available for sale. They are measured at fair value, determined on the basis of market value.

### Contributed Facilities

The Organization obtains building electricity and heat free of charge from a contributor. The fair value of these services for the year, which was estimated at \$523,871, has been recognized both as a subsidy and as an expense in the statement of operations. If these services were unavailable on this basis, the Organization would have had to pay for these services.

**Students' Society of McGill University /  
Association étudiante de l'Université McGill**

Notes to Financial Statements  
Year ended May 31, 2009

**4. Long-term investments**

**Capital Expenditures Reserve Fund**

	2009		2008	
	Cost	Fair market value	Cost	Fair market value
Shares in public corporations	\$ 499,145	\$ 371,772	\$ 497,222	\$ 449,569
Bonds certificates	1,283,897	1,299,938	1,307,948	1,327,632
	<b>\$ 1,783,042</b>	<b>\$ 1,671,710</b>	<b>\$ 1,805,170</b>	<b>\$ 1,777,201</b>

**5. Capital assets**

**Operating Fund**

	2009			2008
	Cost	Accumulated amortization	Net book value	Net book value
Equipment	\$ 18,840	\$ 17,898	\$ 942	\$ 4,710

**Capital Expenditures Reserve Fund**

	2009			2008
	Cost	Accumulated amortization	Net book Value	Net book value
Building improvements	\$ 826,397	\$ 699,000	\$ 127,397	\$ 123,383
Equipment	783,618	741,897	41,721	26,503
Furniture and fixtures	314,955	285,174	29,781	24,866
Computer equipment	369,361	322,081	47,280	54,482
Computer software	76,225	65,728	10,497	4,854
Goodwill	-	-	-	23,250
	<b>\$ 2,370,556</b>	<b>\$ 2,113,880</b>	<b>\$ 256,676</b>	<b>\$ 257,338</b>

**Renovation Portion of McGill Student Fund**

	2009			2008
	Cost	Accumulated amortization	Net book value	Net book value
Building improvements	\$ 4,099,378	\$ 2,968,932	\$ 1,130,446	\$ 1,540,385

**Students' Society of McGill University /  
Association étudiante de l'Université McGill**

**Notes to Financial Statements  
Year ended May 31, 2009**

**6. Bank Loan**

The Society has an authorized line of credit of \$50,000 bearing interest at prime rate plus 1.5%, seconded by a movable hypothec on all present and future property. The bank loan is renewable annually.

**7. Long-term debt**

	2009	2008
<b>Operating Fund</b>		
Funds held for library improvements payable by annual contributions of \$75,000 until September 2010	\$ 103,832	\$ 178,832
Current portion	75,000	75,000
	<b>\$ 28,832</b>	<b>\$ 103,832</b>

Long-term debt principal repayments over the next two years are the following:

2010	\$ 75,000
2011	28,832
	<b>\$ 103,832</b>

**8. Externally restricted assets**

	2009	2008
Endowments, the income from which must be used for grants awarded	\$ 283,507	\$ 268,742

In 1991, the SSMU established an endowed scholarship fund for an initial amount of \$100,000.

**9. Interfund transfers and internally restricted net assets**

The excess (deficiency) of revenue over expenses generated in the Operating Fund is transferred to (from) the Capital Expenditures Reserve Fund on an annual basis. However in July 2007, the Society decided that any surplus over the budgeted surplus of the Operating Fund will be transferred into the Awards of Distinction Reserve Fund at the end of the year until further notice.

The internally restricted funds of \$3,085,249 in the Capital Expenditures Reserve Fund are to be used for capital expenditures purposes.

An amount of \$2,385 in the internally restricted funds of the Awards of Distinction Reserve Fund is to be used for awards granted.

# Students' Society of McGill University / Association étudiante de l'Université McGill

Notes to Financial Statements  
Year ended May 31, 2009

## 9. Interfund transfers and internally restricted net assets (cont'd)

The internally restricted funds of Queer McGill Undergraduate Fund are to be used in helping students against discrimination.

The internally restricted funds for Heath and Dental Plan are to be used against future increase in premiums to be paid by the students.

## 10. Commitment

The Society is committed under lease agreements ranging from one to two years. Those leases requirements, including the rental requirement for the next two years are as follows:

2010	\$ 108,386
2011	102,759
<hr/>	
	\$ 211,145

## 11. Financial instruments

### Credit risk

The Society is exposed to credit risk from customers. This risk is alleviated by minimizing the amount of exposure the Society has to one customer, thereby ensuring a diversified customer mix.

### Financial instruments

The Organization's financial assets and financial liabilities are held for trading.

The carrying amount of cash term deposits, accounts receivable, accounts payable and funds is a reasonable approximation of their fair value given their short-term maturity.

Investments are evaluated at fair market value. The Society manages its investment portfolio according to its cash needs and in such a way as to maximize investment income. Moreover, the Society has an investment policy statement supervised by an investment portfolio committee.

**Students' Society of McGill University /  
Association étudiante de l'Université McGill**

**Notes to Financial Statements  
Year ended May 31, 2009**

**12. Financial instruments (cont'd)**

**Interest rate risk**

The effective interest rate on the temporary investments during the year varied from 4.3% to 7.5%. The average interest rate at the end of the year was 5.18% with investments maturing from between 1 month to 15 years.

**13. Comparative figures**

Certain reclassification of 2008 amounts has been made to facilitate comparison with the current year.

**Students' Society of McGill University /  
Association étudiante de l'Université McGill**

**Statement of Operations and Changes in Fund Balances Comparative to Budget  
Operating Fund  
Year ended May 31, 2009**

	2009		2008	
	Actual	Budget	Actual	Budget
<b>Revenue</b>				
Student fees	\$ 1,404,299	\$ 1,404,724	\$ 1,356,267	\$ 1,379,618
Gert's Pub	157,578	151,211	154,364	142,637
Bookstore	214,029	200,000	84,966	76,043
University center building operations	433,861	432,060	301,775	296,120
General, office and administrative	71,727	63,693	172,911	130,449
Administrative fees - Student Health Plan	50,877	50,877	48,020	43,299
Programming activities	289,872	284,781	281,503	265,255
Publications	252,818	264,303	268,359	260,510
Services	334,158	341,151	303,143	274,002
McGill subsidies	523,871	-	649,266	-
	<b>\$ 3,733,090</b>	<b>\$ 3,192,800</b>	<b>\$ 3,620,574</b>	<b>\$ 2,867,933</b>
<b>Expenses</b>				
Gert's Pub	\$ 170,715	\$ 167,829	\$ 157,572	\$ 153,514
Bookstore	305,188	274,149	157,768	175,909
University center building operations	633,469	685,171	502,960	547,910
General, office and administrative	755,872	755,211	695,606	688,529
Governances	245,314	273,202	258,205	296,644
Programming activities	274,143	278,992	275,969	265,587
Publications	185,270	226,280	220,548	222,585
Services	313,390	358,648	272,232	280,078
Clubs	44,208	44,550	8,582	56,578
Electricity and heat	523,871	-	649,266	-
Amortization of capital assets	3,768	3,768	3,768	3,770
	<b>3,455,208</b>	<b>3,067,800</b>	<b>3,202,476</b>	<b>2,691,104</b>
<b>Excess of revenue over expenses</b>	<b>\$ 277,882</b>	<b>\$ 125,000</b>	<b>\$ 418,098</b>	<b>\$ 176,829</b>

**Students' Society of McGill University /  
Association étudiante de l'Université McGill**

**Statement of Operations and Changes in Fund Balances Comparative to Budget  
Operating Fund  
Year ended May 31, 2009**

	2009		2008	
	Actual	Budget	Actual	Budget
<b>Excess of revenues over expenses</b>				
Students fees	\$ 1,404,299	\$ 1,404,724	\$ 1,356,267	\$ 1,379,618
Gert's Pub	(13,137)	(16,618)	(3,208)	(10,877)
Bookstore	(91,159)	(74,149)	(72,802)	(99,866)
University center building operations	(199,608)	(253,111)	(201,185)	(251,790)
General office and administrative	(684,145)	(691,518)	(522,695)	(558,080)
Administrative fees - Student Health Plan	50,877	50,877	48,020	43,299
Programming activities	15,729	5,789	5,534	(332)
Publications	67,548	38,023	47,811	37,925
Services	20,768	(17,497)	30,911	(6,076)
Governances	(245,314)	(273,202)	(258,205)	(296,644)
Clubs	(44,208)	(44,550)	(8,582)	(56,578)
Amortization	(3,768)	(3,768)	(3,768)	(3,770)
<b>Net income - Operating Fund</b>	<b>\$ 277,882</b>	<b>\$ 125,000</b>	<b>\$ 418,098</b>	<b>\$ 176,829</b>