

THE STUDENTS' SOCIETY OF MCGILL UNIVERSITY

REPORT AND FINANCIAL STATEMENTS

MAY 31, 1986

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, 1986 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 year 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, 1986 and the results of its operations for the year then ended in accordance with accounting principles described in Note 1 to the financial statements applied, except for the change in the method of accounting for fixed assets and depreciation as explained in Note 2 to the financial statements, on a basis consistent with that of the preceding year.

Montreal, Quebec,
September 12, 1986.


Chartered Accountants

THE STUDENTS' SOCIETY OF MCGILL UNIVERSITY

OPERATING FUND
BALANCE SHEET AS AT MAY 31, 1986

	<u>1986</u>	<u>1985</u>
<u>ASSETS</u>		
Current		
Cash	\$ 3,500	\$ 2,500
Short-term investments	45,543	43,137
Accounts receivable		
McGill University	66,267	-
Other	75,023	66,582
Inventories	33,379	48,002
Prepaid expense	<u>4,536</u>	<u>18,595</u>
	228,248	178,816
Fixed		
Equipment (Notes 2 and 3)	<u>47,200</u>	<u>94,400</u>
	<u>\$275,448</u>	<u>\$273,216</u>
<u>LIABILITIES AND SURPLUS</u>		
Current		
Bank loan (secured)	\$ 4,000	\$ 10,000
Accounts payable		
McGill University	-	114,924
Other	77,171	53,892
Due to capital expenditures reserve fund	147,077	-
Current portion of loan payable (Note 4)	<u>47,200</u>	<u>47,200</u>
	275,448	226,016
Loan payable (Note 4)	<u>-</u>	<u>47,200</u>
	275,448	273,216
Accumulated surplus	<u>-</u>	<u>-</u>
	<u>\$275,448</u>	<u>\$273,216</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, 1986

	<u>1986</u>	<u>1985</u>
<u>ASSETS</u>		
Fixed assets (Note 3)	<u>\$247,796</u>	<u>\$272,903</u>
<u>LIABILITY AND DEFICIT</u>		
Loan payable to McGill University	\$607,190	\$668,783
Deficit	<u>(359,394)</u>	<u>(395,880)</u>
	<u>\$247,796</u>	<u>\$272,903</u>

STATEMENT OF CHANGES IN THE DEFICIT
FOR THE YEAR ENDED MAY 31, 1986

	<u>1986</u>	<u>1985</u>
Deficit, beginning of year	\$395,880	\$ -
Add		
Transfer of debt from operating fund, net	-	668,783
Write off of fixed assets	25,107	-
Deduct		
Transfer of fixed assets from operating fund, net	-	272,903
Transfer of students' contributions from operating fund for debt repayment	<u>61,593</u>	<u>-</u>
Deficit, end of year	<u>\$359,394</u>	<u>\$395,880</u>

THE STUDENTS' SOCIETY OF MCGILL UNIVERSITY

CAPITAL EXPENDITURES RESERVE FUND
BALANCE SHEET AS AT MAY 31, 1986

<u>ASSETS</u>	
Current	
Due from operating fund	<u>\$147,077</u>
 <u>CAPITAL</u> 	
Reserve fund for capital expenditures	<u>\$147,077</u>

STATEMENT OF CHANGES IN THE RESERVE FUND FOR CAPITAL EXPENDITURES
FOR THE YEAR ENDED MAY 31, 1986

Balance of fund, beginning of year	\$ -
Add	
Transfer from operating fund	<u>147,077</u>
Balance of fund, end of year	<u>\$147,077</u>

THE STUDENTS' SOCIETY OF MCGILL UNIVERSITY

OPERATING FUND
STATEMENT OF INCOME AND SURPLUS
FOR THE YEAR ENDED MAY 31, 1986

	<u>1986</u>	<u>1985</u>
Income		
Students' fees	\$ 750,493	\$746,237
Students' contributions for debt repayment (Note 1)	61,593	-
Food and beverage operations (Schedule 1)	89,799	(578)
Games machine	18,506	19,609
Other income	<u>81,660</u>	<u>31,801</u>
	<u>1,002,051</u>	<u>797,069</u>
Expenditure		
Sadie's Tabagie operations (Schedule 2)	7,960	53
University Centre Building operations (Schedule 3)	243,305	230,114
General office and administrative (Schedule 4)	325,892	312,117
Council services (Schedule 5)	67,654	38,601
Society activities and services (Schedule 6)	70,317	102,198
Functional groups (Schedule 7)	48,239	69,686
Interest groups (Schedule 8)	9,074	12,520
Special projects (Schedule 9)	<u>20,940</u>	<u>1,500</u>
	<u>793,381</u>	<u>766,789</u>
Excess of income over expenditure for the year	208,670	30,280
Accumulated deficit, beginning of year	-	(30,280)
Transfer to capital expenditures reserve fund	147,077	-
Transfer of students' contributions to debt repayment fund	<u>61,593</u>	<u>-</u>
Accumulated surplus, end of year	<u>\$ -</u>	<u>\$ -</u>

THE STUDENTS' SOCIETY OF MCGILL UNIVERSITY

NOTES TO FINANCIAL STATEMENTS
MAY 31, 1986

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 on June 1, 1985 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 the 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 six years commencing January 1986. Accordingly, the fixed assets transferred will be 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 surplus as deemed necessary to ensure the maintenance of an appropriate fixed asset base.

b. Investments

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

c. Inventories

Inventories are valued at the lower of cost and net realizable value. Cost is determined using the FIFO method.

d. Fixed assets

Acquisitions of fixed assets are considered as operating expenses except for those purchased by the capital expenditures reserve fund which are stated at cost.

The Students' Society of McGill University
Notes to financial statements
May 31, 1986

1. Significant accounting policies (continued)

e. Operating income and expenditure

Operating income and expenditure are accounted for on an accrual basis.

2. Changes in accounting policies

a. Fund accounting

The financial statements have been prepared on the fund accounting basis for the first time in 1986 as the Society's management considers that this presentation provides more useful financial reporting. Accordingly, all 1985 comparative figures have been reclassified to conform with the current presentation.

b. Fixed assets

On June 1, 1985, the Society changed its method of accounting for fixed assets and depreciation. Acquisitions of fixed assets and improvements of a capital nature made subsequent to May 31, 1985 are accounted for as operating expenses, except for those significant expenditures purchased by the capital expenditures reserve fund which are recorded at cost as assets of that fund. The net book value of equipment presented as an asset in the operating fund and amounting to \$94,400 as at May 31, 1985 is amortized as the related loan (Note 4) is reimbursed. This change in method of accounting has been applied prospectively.

3. Fixed assets

Fixed assets comprise the following:

	<u>1986</u>		<u>1985</u>
	<u>Cost</u>	<u>Accumulated depreciation</u>	<u>Net book value</u>
Equipment - operating fund	<u>\$ 94,400</u>	<u>\$ 47,200</u>	<u>\$ 47,200</u>
Equipment - debt repayment fund	<u>\$770,564</u>	<u>\$522,768</u>	<u>\$247,796</u>

4. Loan payable

	<u>1986</u>	<u>1985</u>
Loan from Les Services Alimentaires C.V.C. Inc., due May 31, 1987	<u>\$ 47,200</u>	<u>\$ 94,400</u>

The Students' Society of McGill University
Notes to financial statements
May 31, 1986

5. 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 August 31, 1987, the Society is entitled to receive the following:

Food services

Years ending

May 31, 1986, the greater of \$185,000 or 10% of gross sales
May 31, 1987, the greater of \$195,000 or 10.5% of gross sales
May 31, 1988, the greater of \$204,750 or 10.5% of gross sales
May 31, 1989, the greater of \$215,000 or 10.5% of gross sales
May 31, 1990, the greater of \$225,750 or 10.5% of gross sales

plus, in each year, 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 either fixed or 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 year ended May 31, 1986, such rental fees, including distribution of profits, amounted to \$124,692 (1985 - \$86,270). ✓

Beverage services

Years ending

May 31, 1986, the greater of \$60,000 or 13% of gross sales
May 31, 1987, the greater of \$65,000 or 14% of gross sales

3 month period ending

August 31, 1987, 14% of gross sales for the period

plus, in each period, 50% of any excess of revenues over expenditures for the first \$20,000 of any such excess and 70% thereafter.

6. Heat, electricity and air conditioning expense

Heat, electricity and air conditioning expense of \$211,640 for the University Centre has been paid by McGill University (1985 - \$185,250).

THE STUDENTS' SOCIETY OF MCGILL UNIVERSITY

ADDITIONAL INFORMATION

MAY 31, 1986

ADDITIONAL INFORMATION

In connection with our examination of the financial statements of The Students' Society of McGill University for the year ended May 31, 1986, we have reviewed the additional information presented in the following pages which has been taken primarily from accounting and other records of the Society but which is not, in our opinion, necessary for a fair presentation of its financial position or the results of its operations for the year then ended.

Our examination of the financial statements of The Students' Society of McGill University was intended primarily for the purpose of formulating an opinion on the basic financial statements taken as a whole and not to enable us to express an opinion as to the fairness of all the information in the attached schedules.

Montreal, Quebec,
September 12, 1986.


Chartered Accountants

THE STUDENTS' SOCIETY OF MCGILL UNIVERSITY

STATEMENT OF FOOD AND BEVERAGE OPERATIONS
FOR THE YEAR ENDED MAY 31, 1986

Contribution from Les Services Alimentaires	
C.V.C. Inc. (Note 5)	
Food operations	
Base income	\$192,362
Beverage operations	
Base income	<u>60,000</u>
	252,362
Other income	<u>10,200</u>
	<u>262,562</u>
Expenditure	
Rent (Note 5)	124,692
Amortization of fixed assets (Note 2)	47,200
Other	<u>871</u>
	<u>172,763</u>
Net income	<u>\$ 89,799</u>

Unaudited.

THE STUDENTS' SOCIETY OF MCGILL UNIVERSITY

STATEMENT OF SADIE'S TABAGIE OPERATIONS
FOR THE YEAR ENDED MAY 31, 1986

	McConnell		University Centre		Total	
	Engineering					
	<u>1986</u>	<u>1985</u>	<u>1986</u>	<u>1985</u>	<u>1986</u>	<u>1985</u>
Income						
Sales						
Metro tickets and stamps	\$ 19,062	\$ 16,568	\$ 47,965	\$ 48,921	\$ 67,027	\$ 65,489
Tobacco products	27,325	21,914	96,285	78,862	123,610	100,776
Confectionery	17,544	16,833	42,478	27,842	60,022	44,675
Miscellaneous	<u>54,430</u>	<u>44,944</u>	<u>40,058</u>	<u>40,051</u>	<u>94,488</u>	<u>84,995</u>
	<u>118,361</u>	<u>100,259</u>	<u>226,786</u>	<u>195,676</u>	<u>345,147</u>	<u>295,935</u>
Cost of sales						
Metro tickets and stamps	18,677	15,912	46,995	47,315	65,672	63,227
Tobacco products	22,846	15,516	85,419	65,250	108,265	80,766
Confectionery	13,100	9,248	31,843	20,482	44,943	29,730
Miscellaneous	<u>43,864</u>	<u>35,482</u>	<u>33,826</u>	<u>37,639</u>	<u>77,690</u>	<u>73,121</u>
	<u>98,487</u>	<u>76,158</u>	<u>198,083</u>	<u>170,686</u>	<u>296,570</u>	<u>246,844</u>
Gross profit	19,874	24,101	28,703	24,990	48,577	49,091
Commission income	<u>2,156</u>	<u>1,735</u>	<u>1,350</u>	<u>2,291</u>	<u>3,506</u>	<u>4,026</u>
	<u>22,030</u>	<u>25,836</u>	<u>30,053</u>	<u>27,281</u>	<u>52,083</u>	<u>53,117</u>
Expenditure						
Material and supplies	13	-	5,376	5,845	5,389	5,845
Postage and miscellaneous	331	2,052	363	1,164	694	3,216
Advertising	497	437	3,358	1,316	3,855	1,753
Salaries	10,010	8,516	10,657	10,411	20,667	18,927
Casual wages	8,690	7,063	13,587	11,259	22,277	18,322
Fringe benefits	1,920	1,571	2,431	2,160	4,351	3,731
Depreciation	-	-	-	407	-	407
New equipment	<u>260</u>	<u>92</u>	<u>2,550</u>	<u>877</u>	<u>2,810</u>	<u>969</u>
	<u>21,721</u>	<u>19,731</u>	<u>38,322</u>	<u>33,439</u>	<u>60,043</u>	<u>53,170</u>
Net (income) expenditure	<u>(\$ 309)</u>	<u>(\$ 6,105)</u>	<u>\$ 8,269</u>	<u>\$ 6,158</u>	<u>\$ 7,960</u>	<u>\$ 53</u>

Unaudited.

THE STUDENTS' SOCIETY OF MCGILL UNIVERSITY
STATEMENT OF UNIVERSITY CENTRE BUILDING OPERATIONS
FOR THE YEAR ENDED MAY 31, 1986

	<u>1986</u>	<u>1985</u>
Income		
Parking income	\$ 11,047	\$ 11,047
Room rentals	<u>29,905</u>	<u>17,341</u>
	<u>40,952</u>	<u>28,388</u>
Expenditure		
Salaries and wages	128,624	122,457
Cleaning and security	82,527	77,144
Repairs and alterations	41,140	23,457
Materials and supplies	25,761	23,028
Stationery and postage	2,187	1,243
Insurance and taxes	-	836
Telephone	1,329	2,785
Miscellaneous	950	915
New equipment	1,739	589
Depreciation	<u>-</u>	<u>6,048</u>
	<u>284,257</u>	<u>258,502</u>
Net expenditure	<u>\$243,305</u>	<u>\$230,114</u>

Unaudited.

THE STUDENTS' SOCIETY OF MCGILL UNIVERSITY

STATEMENT OF GENERAL OFFICE AND ADMINISTRATIVE EXPENDITURE
FOR THE YEAR ENDED MAY 31, 1986

	<u>1986</u>	<u>1985</u>
Salaries and benefits	\$248,459	\$234,439
Casual wages	13,413	20,497
Postage, stationery and printing	7,566	6,463
Telephone and telegraph	15,218	7,454
Legal and audit fees	20,361	33,547
Supplies	2,311	2,405
Advertising	487	446
Insurance	10,586	6,603
Depreciation	-	2,609
Computer charges	8,100	7,700
Investment income	(5,388)	(3,563)
Overhead recoveries	-	(10,940)
Miscellaneous	4,779	4,457
	<u>\$325,892</u>	<u>\$312,117</u>

Unaudited.

THE STUDENTS' SOCIETY OF MCGILL UNIVERSITY

STATEMENT OF COUNCIL SERVICES EXPENDITURE
FOR THE YEAR ENDED MAY 31, 1986

	<u>1986</u>	<u>1985</u>
Council and committees	\$40,918	\$25,997
Communications	8,676	4,572
Elections	13,265	4,532
External Affairs - general	4,772	2,521
External Affairs - South Africa committee	<u>23</u>	<u>979</u>
	<u>\$67,654</u>	<u>\$38,601</u>

Unaudited.

THE STUDENTS' SOCIETY OF MCGILL UNIVERSITY

STATEMENT OF SOCIETY ACTIVITIES AND SERVICES
FOR THE YEAR ENDED MAY 31, 1986

	<u>1986</u>	<u>1985</u>
Activities Night	\$ 1,048	\$ 480
Advertising Office	1,075	5,395
Blood Donor Clinic	1,694	1,358
Educational Programming	1,126	792
McGill Annual	2,282	13,186
Mini Courses	-	363
Network - Alternative Programming	1,317	3,795
Network - Concerts and Events	11,361	1,411
Network - General	2,995	6,618
Network - Speakers	5,331	9,948
Ombudsman	1,658	899
Pub Programming	(6,591)	17,864
Researchers' Office	-	548
Secondhand Book Sale	149	16
Student Directory	795	-
Student Handbook	12,934	5,825
Student Security	11,959	20,907
Student Society Liaison Project	151	678
Tribune Newsletter	14,533	6,116
Winter Carnival and Welcome Week	<u>6,500</u>	<u>5,999</u>
	<u>\$70,317</u>	<u>\$102,198</u>

Unaudited.

THE STUDENTS' SOCIETY OF MCGILL UNIVERSITY

STATEMENT OF FUNCTIONAL GROUPS EXPENDITURE
 FOR THE YEAR ENDED MAY 31, 1986

	<u>1986</u>	<u>1985</u>
Amateur Radio Club	\$ 454	\$ 1,357
Campus Legal Aid	17,657	17,274
CFRM - Radio McGill	9,008	-
Community McGill	1,298	945
Debating Union Society	7,685	8,195
Film Society	854	14,793
Multicultural Society	2,410	1,580
Multicultural Society Fiesta	4,367	2,580
Players' Club	2,248	6,826
Radio McGill	(6,000)	11,338
Savoy Society	1,920	2,321
Women's Union	<u>6,338</u>	<u>2,477</u>
	<u>\$48,239</u>	<u>\$69,686</u>

Unaudited.

THE STUDENTS' SOCIETY OF MCGILL UNIVERSITY

STATEMENT OF INTEREST GROUPS EXPENDITURE
FOR THE YEAR ENDED MAY 31, 1986

	<u>1986</u>	<u>1985</u>
Amnesty International	\$ 765	\$ 325
Arab Student Association	24	731
Armenian Club	223	162
Censorwatch	738	243
Central America Group	133	155
Chess Association	356	105
Chinese Students' Association	-	58
Choral Society	-	363
Coca Conference	-	(2,361)
Entrepreneurs' Club	291	-
Foster Parents' Association	(31)	348
Galom	598	1,055
Hellenic Club	-	918
Indian Students' Association	-	145
Inter-Fraternity Council	-	3
Iranian Students' Association	456	202
Lithuania Club	161	-
Malaysian Students' Association	614	357
Mature Students' Association	544	(155)
Pakistan Students' Association	(58)	485
Personal Finance Club	240	(126)
Pre-law Undergraduate Society	5	36
Project Ploughshares	487	379
Simulation Gamers Guild	76	43
Student Pugwash	196	449
Students for Life	278	(31)
Turkish Students' Association	66	-
Ukrainian Students' Association	84	429
Vietnamese Students' Association	269	32
Miscellaneous Clubs	<u>2,559</u>	<u>8,170</u>
	<u>\$9,074</u>	<u>\$12,520</u>

Unaudited.

THE STUDENTS' SOCIETY OF MCGILL UNIVERSITY

STATEMENT OF SPECIAL PROJECTS
FOR THE YEAR ENDED MAY 31, 1986

	<u>1986</u>	<u>1985</u>
International Youth year	\$ 1,348	\$ -
Thomson House	2,500	-
Red and White review	1,275	1,500
Computerization of accounting systems	<u>15,817</u>	<u>-</u>
	<u>\$20,940</u>	<u>\$1,500</u>

Unaudited.