

THE STUDENTS' SOCIETY OF MCGILL UNIVERSITY

REPORT AND FINANCIAL STATEMENTS

APRIL 30, 1988

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 April 30, 1988 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 eleven-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 April 30, 1988 and the results of its operations for the eleven-month period then ended in accordance with accounting principles described in Note 1 to the financial statements applied on a basis consistent with that of the preceding year.

Montreal, Quebec,  
November 4, 1988.

*Touche Ross*

Chartered Accountants

THE STUDENTS' SOCIETY OF MCGILL UNIVERSITY

OPERATING FUND  
BALANCE SHEET AS AT APRIL 30, 1988

	<u>April 30,</u> 1988	<u>May 31,</u> 1987
<u>ASSETS</u>		
Current		
Cash	\$ 3,800	\$ 3,000
Short-term investments	-	47,775
Accounts receivable		
McGill University	-	89,011
Other	117,371	53,096
Inventories	42,277	43,939
Prepaid expense	<u>5,966</u>	<u>4,804</u>
	169,414	241,625
Fixed		
Equipment (Note 2)	<u>-</u>	<u>47,200</u>
	<u>\$169,414</u>	<u>\$288,825</u>
<u>LIABILITIES</u>		
Current		
Bank loan	\$ -	\$ 4,000
Accounts payable		
McGill University	19,146	-
Other	143,900	71,777
Due to debt repayment fund	800	800
Due to capital expenditures reserve fund	5,568	165,048
Loan payable to Les Services Alimentaires C.V.C. Inc.	<u>-</u>	<u>47,200</u>
	<u>\$169,414</u>	<u>\$288,825</u>

Approved on behalf of the Society

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THE STUDENTS' SOCIETY OF MCGILL UNIVERSITY

DEBT REPAYMENT FUND  
BALANCE SHEET AS AT APRIL 30, 1988

	<u>April 30, 1988</u>	<u>May 31, 1987</u>
<u>ASSETS</u>		
Due from operating fund	\$ 800	\$ 800
Fixed assets (Note 2)	<u>132,319</u>	<u>180,563</u>
	<u>\$133,119</u>	<u>\$181,363</u>
<u>LIABILITY AND DEFICIT</u>		
Loan payable to McGill University	\$352,062	\$480,424
Deficit	<u>(218,943)</u>	<u>(299,061)</u>
	<u>\$133,119</u>	<u>\$181,363</u>

STATEMENT OF CHANGES IN THE DEFICIT  
FOR THE ELEVEN-MONTH PERIOD ENDED APRIL 30, 1988

	<u>April 30, 1988</u> (11 months)	<u>May 31, 1987</u> (12 months)
Deficit, beginning of period	\$299,061	\$359,394
Add		
Write-off of fixed assets	48,244	47,644
Loss on sales of fixed assets	<u>-</u>	<u>18,789</u>
	347,305	425,827
Deduct		
Transfer from operating fund of students' contributions for debt repayment	<u>128,362</u>	<u>126,766</u>
Deficit, end of period	<u>\$218,943</u>	<u>\$299,061</u>

THE STUDENTS' SOCIETY OF MCGILL UNIVERSITY

CAPITAL EXPENDITURES RESERVE FUND  
BALANCE SHEET AS AT APRIL 30, 1988

	<u>April 30,</u> <u>1988</u>	<u>May 31,</u> <u>1987</u>
<u>ASSETS</u>		
Due from operating fund	\$ 5,568	\$165,048
Investments (market value 1988 - \$410,258; 1987 - \$260,360)	419,339	253,435
Capital expenditures	<u>153,672</u>	<u>12,622</u> *
	<u>\$578,579</u>	<u>\$431,105</u>
<u>CAPITAL</u>		
Reserve fund for capital expenditures	<u>\$578,579</u>	<u>\$431,105</u>

STATEMENT OF CHANGES IN THE RESERVE FUND FOR CAPITAL EXPENDITURES  
FOR THE ELEVEN-MONTH PERIOD ENDED APRIL 30, 1988

	<u>April 30,</u> <u>1988</u> (11 months)	<u>May 31,</u> <u>1987</u> (12 months)
Balance of fund, beginning of period	\$431,105	\$147,077
Add		
Transfer from operating fund	120,725	273,025
Interest revenue	<u>26,749</u>	<u>11,003</u>
Balance of fund, end of period	<u>\$578,579</u>	<u>\$431,105</u>

THE STUDENTS' SOCIETY OF MCGILL UNIVERSITY  
OPERATING FUND  
STATEMENT OF INCOME AND SURPLUS  
FOR THE ELEVEN-MONTH PERIOD ENDED APRIL 30, 1988

	April 30, 1988 (11 months)	May 31, 1987 (12 months)
Income		
Students' fees	\$ 814,496	\$ 756,012
Students' contributions for debt repayment (Note 1)	<u>128,362</u>	126,766
Food and beverage operations, net	98,091	166,581
Sadie's tabagie, net	406	4,741
Games machine	7,832	11,846
Other income	<u>-</u>	<u>107,067</u>
	<u>1,049,187</u>	<u>1,173,013</u>
Expenditure		
University Centre Building operations	269,934	253,829
General office and administrative	279,735	285,544
Council services	83,697	77,771
Society activities and services	96,916	87,617
Functional groups	46,298	43,029
Interest groups	12,338	9,688
Special projects	<u>11,182</u>	<u>15,744</u>
	<u>800,100</u>	<u>773,222</u>
Excess of income over expenditure for the period	<del>249,087</del> 120,725	399,791
Transfer to capital expenditures reserve fund	120,725	273,025
Transfer of students' contributions to debt repayment fund	<u><del>128,362</del></u>	<u>126,766</u>
Accumulated surplus, end of period	<u>\$ -</u>	<u>\$ -</u>

THE STUDENTS' SOCIETY OF MCGILL UNIVERSITY

NOTES TO FINANCIAL STATEMENTS  
APRIL 30, 1988

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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 six 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 surplus as deemed necessary to ensure the maintenance of an appropriate fixed asset base.

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

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 first-in, first-out method.

d. Fixed assets

Acquisitions of fixed assets and improvements of a capital nature are considered as operating expenses except for those significant purchases made by the capital expenditures reserve fund which are recorded at cost as assets of that fund.

The Students' Society of McGill University  
Notes to financial statements  
April 30, 1988

1. Significant accounting policies (continued)

e. Operating income and expenditure

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

2. Fixed assets

Fixed assets comprise the following:

	<u>1988</u>			<u>1987</u>
	<u>Cost</u>	<u>Accumulated depreciation</u>	<u>Net book value</u>	<u>Net book value</u>
Equipment - operating fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 47,200</u>
Equipment - debt repayment fund	<u>\$705,350</u>	<u>\$573,031</u>	<u>\$132,319</u>	<u>\$180,563</u>

3. 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:

Food services

Years ending

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 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 April 30, 1988, such rental fees, including distribution of profits, amounted to \$136,312 (1987 - \$132,845).

The Students' Society of McGill University  
Notes to financial statements  
April 30, 1988

3. Food and beverage operations (continued)

Beverage services

3-month period ended

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.

Year ending September 1, 1988

The greater of \$30,000 or 10.5% of gross sales of Gertrude's Pub, the Ballroom and the Alley, plus

Gertrude's Pub profit share - 50% of amounts in excess of \$7,998 per annum, plus

Alley and Ballroom profit share - 50% of amounts in excess of the surplus from the alcoholic beverages account.

Years ending

September 1, 1989	\$37,500
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.

4. Heat, electricity and air conditioning expense

The heat, electricity and air conditioning expense of \$224,100 for the University Centre has been paid by McGill University (1987 - \$232,800).

THE STUDENTS' SOCIETY OF MCGILL UNIVERSITY

AUDITORS' REPORT  
SUPPLEMENTARY INFORMATION RELATED TO THE OPERATING FUND

APRIL 30, 1988

AUDITORS' REPORT  
SUPPLEMENTARY INFORMATION RELATED TO THE OPERATING FUND

Our examination of the financial statements of The Students' Society of McGill University for the eleven-month period ended April 30, 1988 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,  
November 4, 1988.

*Touche Ross*

Chartered Accountants

Schedule 1

THE STUDENTS' SOCIETY OF MCGILL UNIVERSITY  
STATEMENT OF FOOD AND BEVERAGE OPERATIONS  
FOR THE ELEVEN-MONTH PERIOD ENDED APRIL 30, 1988

	April 30, 1988 (11 months)	May 31, 1987 (12 months)
Contribution from Les Services Alimentaires C.V.C. Inc. (Note 3)		
Food operations		
Base income	\$227,021	\$223,461
Profit sharing	23,537	13,614
Beverage operations (Gertrude's Pub and The Alley)		
Base income	<u>39,105</u>	<u>65,000</u>
	289,663	302,075
Other income	<u>1,775</u>	<u>-</u>
	<u>291,438</u>	<u>302,075</u>
Expenditure		
Rent (Note 3)	136,312	132,845
Amortization of fixed assets	47,200	-
Other	<u>9,835</u>	<u>2,649</u>
	<u>193,347</u>	<u>135,494</u>
Net income	<u>\$ 98,091</u>	<u>\$166,581</u>

Unaudited.

THE STUDENTS' SOCIETY OF MCGILL UNIVERSITY

STATEMENT OF SADIE'S TABAGIE OPERATIONS  
FOR THE ELEVEN-MONTH PERIOD ENDED APRIL 30, 1988

	McConnell Engineering		University Centre		Total	
	April 30, 1988 (11 months)	May 31, 1987 (12 months)	April 30, 1988 (11 months)	May 31, 1987 (12 months)	April 30, 1988 (11 months)	May 31, 1987 (12 months)
Income						
Sales						
Metro tickets and stamps	\$ 9,075	\$ 11,111	\$ 60,319	\$ 48,692	\$ 69,394	\$ 59,803
Tobacco products	18,219	21,274	93,789	93,553	112,008	114,827
Confectionery	16,468	17,181	65,475	56,296	81,943	73,477
Calculators	34,968	44,232	7,056	6,285	42,024	50,517
Miscellaneous	14,729	16,243	46,970	42,588	61,699	58,831
	<u>93,459</u>	<u>110,041</u>	<u>273,609</u>	<u>247,414</u>	<u>367,068</u>	<u>357,455</u>
Cost of sales						
Metro tickets and stamps	8,905	10,572	59,160	46,752	68,065	57,324
Tobacco products	16,033	17,335	82,454	82,455	98,487	99,790
Confectionery	13,339	12,903	53,286	43,767	66,625	56,670
Calculators	25,875	38,036	5,127	6,696	31,002	44,732
Miscellaneous	12,962	13,448	41,061	36,262	54,023	49,710
	<u>77,114</u>	<u>92,294</u>	<u>241,088</u>	<u>215,932</u>	<u>318,202</u>	<u>308,226</u>
Gross profit	16,345	17,747	32,521	31,482	48,866	49,229
Commission income	3,256	2,099	6,960	10,848	10,216	12,947
	<u>19,601</u>	<u>19,846</u>	<u>39,481</u>	<u>42,330</u>	<u>59,082</u>	<u>62,176</u>
Expenditure						
Material and supplies	17	-	33	720	50	720
Postage and miscellaneous	1,055	1,085	2,001	2,031	3,056	3,116
Advertising	1,870	1,254	1,077	1,065	2,947	2,319
Salaries	10,268	11,164	10,752	11,165	21,020	22,329
Casual wages	7,258	5,477	19,329	18,296	26,587	23,773
Fringe benefits	2,017	2,112	2,999	2,850	5,016	4,962
New equipment	-	-	-	216	-	216
	<u>22,485</u>	<u>21,092</u>	<u>36,191</u>	<u>36,343</u>	<u>58,676</u>	<u>57,435</u>
Net income (expenditure)	<u>(\$ 2,884)</u>	<u>(\$ 1,246)</u>	<u>\$ 3,290</u>	<u>\$ 5,987</u>	<u>\$ 406</u>	<u>\$ 4,741</u>

Unaudited.

Schedule 3

THE STUDENTS' SOCIETY OF MCGILL UNIVERSITY  
STATEMENT OF UNIVERSITY CENTRE BUILDING OPERATIONS  
FOR THE ELEVEN-MONTH PERIOD ENDED APRIL 30, 1988

	April 30, 1988 <u>(11 months)</u>	May 31, 1987 <u>(12 months)</u>
Income		
Parking income	\$ 12,125	\$ 13,280
Room rentals	<u>26,596</u>	<u>32,358</u>
	<u>38,721</u>	<u>45,638</u>
Expenditure		
Salaries and wages	151,641	141,635
Cleaning and security	95,889	91,378
Repairs and alterations	22,927	28,982
Materials and supplies	31,610	28,123
Stationery and postage	1,181	1,331
Telephone	1,296	3,516
Miscellaneous	1,426	-
New equipment	<u>2,685</u>	<u>4,502</u>
	<u>308,655</u>	<u>299,467</u>
Net expenditure	<u>\$269,934</u>	<u>\$253,829</u>

Unaudited.

Schedule 4

THE STUDENTS' SOCIETY OF MCGILL UNIVERSITY  
STATEMENT OF GENERAL OFFICE AND ADMINISTRATIVE EXPENDITURE  
FOR THE ELEVEN-MONTH PERIOD ENDED APRIL 30, 1988

	April 30, 1988 <u>(11 months)</u>	May 31, 1987 <u>(12 months)</u>
Salaries and benefits	\$169,631	\$177,588
Casual wages	52,590	51,377
Postage, stationery and printing	877	623
Telephone and telegraph	8,370	12,574
Legal and audit fees	23,651	17,636
Supplies	4,459	3,822
Advertising	427	-
Insurance	11,185	9,317
Computer charges	8,500	8,500
Investment income	(2,276)	(5,335)
Miscellaneous	<u>2,321</u>	<u>9,442</u>
	<u>\$279,735</u>	<u>\$285,544</u>

Unaudited.

Schedule 5

THE STUDENTS' SOCIETY OF MCGILL UNIVERSITY  
STATEMENT OF COUNCIL SERVICES EXPENDITURE  
FOR THE ELEVEN-MONTH PERIOD ENDED APRIL 30, 1988

	April 30, 1988 (11 months)	May 31, 1987 (12 months)
Council and committees	\$51,026	\$51,964
Communications	8,707	8,707
Elections	16,203	11,831
External Affairs - general	6,606	3,558
External Affairs - South Africa committee	<u>1,155</u>	<u>1,711</u>
	<u>\$83,697</u>	<u>\$77,771</u>

Unaudited.

Schedule 6

THE STUDENTS' SOCIETY OF MCGILL UNIVERSITY  
STATEMENT OF SOCIETY ACTIVITIES AND SERVICES  
FOR THE ELEVEN-MONTH PERIOD ENDED APRIL 30, 1988

	April 30, 1988 <u>(11 months)</u>	May 31, 1987 <u>(12 months)</u>
Activities Night	\$ 1,567	\$ 1,511
Advertising Office	1,906	(62)
Blood Donor Clinic	4,226	2,879
Educational Programming	1,782	1,911
McGill Annual	4,909	(275)
Network - Alternative Programming	4,429	3,708
Network - Concerts and Events	15,038	6,081
Network - General	3,699	8,714
Network - Volunteers	257	403
Network - Speakers	6,020	6,339
Network - Performing Arts	3,147	2,768
Ombudsman	750	616
Student Directory	73	5,082
Student Handbook	11,806	16,074
Student Security	15,931	2,598
Tribune Newsletter	15,203	21,015
Winter Carnival and Welcome Week	<u>6,173</u>	<u>8,255</u>
	<u>\$96,916</u>	<u>\$87,617</u>

Unaudited.

Schedule 7

THE STUDENTS' SOCIETY OF MCGILL UNIVERSITY  
STATEMENT OF FUNCTIONAL GROUPS EXPENDITURE  
FOR THE ELEVEN-MONTH PERIOD ENDED APRIL 30, 1988

	April 30, 1988 <u>(11 months)</u>	May 31, 1987 <u>(12 months)</u>
Amateur Radio Club	\$ -	\$ 462
Campus Legal Aid	16,292	15,892
Community McGill	1,162	1,649
Debating Union Society	7,703	7,921
Film Society	2,553	1,787
Multicultural Society	2,379	2,168
Multicultural Society Fiesta	5,060	6,822
Savoy Society	4,918	2,156
Women's Union	<u>6,231</u>	<u>4,172</u>
	<u>\$46,298</u>	<u>\$43,029</u>

Unaudited.

Schedule 8

THE STUDENTS' SOCIETY OF MCGILL UNIVERSITY  
STATEMENT OF INTEREST GROUPS EXPENDITURE  
FOR THE ELEVEN-MONTH PERIOD ENDED APRIL 30, 1988

	April 30, 1988 (11 months)	May 31, 1987 (12 months)
Access McGill	\$ 1,814	\$ -
Americans Abroad	248	177
Amnesty International	-	753
Arab Student Association	149	332
Armenian Club	369	360
Black Students' Network	237	114
Caribbean Students' Association	1,135	378
Censorwatch	-	359
Central America Group	186	181
Chess Association	49	53
Choral Society	-	145
Coca Conference	-	270
Entrepreneurs' Club	-	201
Foster Parents' Association	238	215
Galom	412	595
Hellenic Club	-	437
Inter-Fraternity Council	943	-
Iranian Students' Association	304	(45)
Lithuania Club	-	(145)
Mature Students' Association	173	109
McGill Crossroads	191	-
McGill Quebec	856	-
Model U.N.	1,443	-
Pakistan Students' Association	248	685
Personal Finance Club	456	(30)
Project Ploughshares	-	520
Simulation Gamers Guild	102	137
Southeast Asian Students' Association	510	357
Student Pugwash	488	892
Uhuru Na Ufahamu	97	49
Ukrainian Students' Association	50	372
Vietnamese Students' Association	539	258
Miscellaneous Clubs	<u>1,101</u>	<u>1,959</u>
	<u>\$12,338</u>	<u>\$9,688</u>

Unaudited.

Schedule 9

THE STUDENTS' SOCIETY OF MCGILL UNIVERSITY  
STATEMENT OF SPECIAL PROJECTS  
FOR THE ELEVEN-MONTH PERIOD ENDED APRIL 30, 1988

	April 30, 1988 <u>(11 months)</u>	May 31, 1987 <u>(12 months)</u>
Burger King	\$ 4,444	\$ -
Club Reception	1,923	-
External Affairs - McGill	1,374	-
Loans and Bursaries	630	-
Miscellaneous	2,811	2,050
Parliamentary Advertising	-	3,879
Executive Director Search Committee	-	3,203
Challenge '86	-	2,490
Club Award	-	1,885
African Nations	-	1,286
Model U.N.	-	951
	<u>\$11,182</u>	<u>\$15,744</u>

Unaudited.