

**STUDENT CENTER OF MCGILL UNIVERSITY /  
CENTRE ÉTUDIANT DE L'UNIVERSITÉ MCGILL**

**Financial statements**

**May 31, 1994**



## **Auditors' report**

To the Directors of the  
Student Center of McGill University /  
Centre étudiant de l'Université McGill

We have audited the balance sheets of the operating fund, the capital expenditures reserve fund and awards of distinction reserve fund of the Student Center of McGill University / Centre étudiant de l'Université McGill as at May 31, 1994 and the statements of revenue and expenses and surplus of the operating fund, changes in the reserve fund for capital expenditures and of changes in the reserve fund for awards of distinction for the year then ended. These financial statements are the responsibility of the Students' Society Council. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with 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 Students' Society Council, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Center as at May 31, 1994 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles.

*Samson Bélair  
Deloitte + Touche*

Chartered Accountants

September 2, 1994

**STUDENT CENTER OF MCGILL UNIVERSITY /  
CENTRE ÉTUDIANT DE L'UNIVERSITÉ MCGILL**

**Operating fund  
Balance sheet  
as at May 31, 1994**

	1994	1993
<b>Current assets</b>		
Cash	\$ 18,525	\$ 57,408
Short-term investments	501,397	99,622
Accounts receivable	171,746	224,848
Inventories	39,741	64,920
Prepaid expenses	20,280	20,485
Due from capital expenditures reserve fund	<u>25,203</u>	<u>80,476</u>
	<b>\$ 776,892</b>	<b>\$ 547,759</b>
<b>Current liabilities</b>		
Accounts payable		
McGill University	\$ 163,933	\$ 128,220
Student health insurance plan	402,302	163,178
Other	204,441	247,790
Due to awards of distinction reserve fund	<u>6,216</u>	<u>8,571</u>
	<b>\$ 776,892</b>	<b>\$ 547,759</b>

**Approved on behalf of the Student Center**

..... *[Signature]* VP FINANCE  
..... *[Signature]* G.M.

**STUDENT CENTER OF MCGILL UNIVERSITY /  
CENTRE ÉTUDIANT DE L'UNIVERSITÉ MCGILL**  
**Capital expenditures reserve fund**  
**Balance sheet**  
**as at May 31, 1994**

	1994	1993
<b>Assets</b>		
Investments (market value \$353,099)	\$ 364,601	\$ -
Capital assets (Note 3)	<u>269,056</u>	<u>297,307</u>
	<u>\$ 633,657</u>	<u>\$ 297,307</u>
<b>Current liabilities</b>		
Due to operating fund	\$ 25,203	\$ 80,476
Accrued interest	13,562	-
Current portion of long-term debt (Note 4)	<u>70,000</u>	<u>-</u>
	108,765	80,476
<b>Long-term debt (Note 4)</b>	240,000	-
<b>Capital</b>		
Reserve fund for capital expenditures	<u>284,892</u>	<u>216,831</u>
	<u>\$ 633,657</u>	<u>\$ 297,307</u>

**Statement of changes in the reserve fund for capital expenditures**  
**year ended May 31, 1994**

	1994	1993
Balance of fund, beginning of year	\$ 216,831	\$ 344,949
Add		
Interest revenue	12,763	33,265
Transfer from operating fund	<u>170,813</u>	<u>-</u>
	<u>400,407</u>	<u>378,214</u>
Deduct		
Transfer to operating fund	-	78,470
Amortization of capital assets	92,770	82,913
Interest expense	<u>22,745</u>	<u>-</u>
	<u>115,515</u>	<u>161,383</u>
Balance of fund, end of year	<u>\$ 284,892</u>	<u>\$ 216,831</u>

**STUDENT CENTER OF MCGILL UNIVERSITY /  
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**Awards of distinction reserve fund**

**Balance sheet**

**as at May 31, 1994**

	<b>1 9 9 4</b>	<b>1 9 9 3</b>
<b>Assets</b>		
Due from operating fund	\$ 6,216	\$ 8,571
Investment	115,000	110,000
Accrued interest receivable	<u>2,798</u>	<u>265</u>
	<u>\$ 124,014</u>	<u>\$ 118,836</u>
<b>Capital</b>		
Reserve fund for awards of distinction	<u>\$ 124,014</u>	<u>\$ 118,836</u>

**Statement of changes in the reserve fund for  
awards of distinction  
year ended May 31, 1994**

	<b>1 9 9 4</b>	<b>1 9 9 3</b>
Balance of fund, beginning of year	\$ <u>118,836</u>	\$ <u>112,026</u>
Add		
Contributions	10,000	10,000
Interest revenue	<u>5,178</u>	<u>6,810</u>
	<u>15,178</u>	<u>16,810</u>
Deduct		
Awards granted	<u>10,000</u>	<u>10,000</u>
Balance of fund, end of year	<u>\$ 124,014</u>	<u>\$ 118,836</u>

**STUDENT CENTER OF MCGILL UNIVERSITY /  
CENTRE ÉTUDIANT DE L'UNIVERSITÉ MCGILL**  
**Operating fund**  
**Statement of revenue and expenses and surplus**  
**year ended May 31, 1994**

	1994	1993
<b>Revenue</b>		
Students' fees	\$ 895,214	\$ 872,303
Sadie's tabagie	351,829	460,320
Food and beverage operations	372,696	362,890
University Centre building operations	94,754	94,279
General, office and administrative	35,038	71,038
Society activities and services	295,899	337,686
Functional and interest groups	<u>227,429</u>	<u>164,393</u>
	<b><u>2,272,859</u></b>	<b><u>2,362,909</u></b>
<b>Expenses</b>		
Sadie's tabagie	336,729	497,044
Food and beverage operations	166,681	199,790
University Centre building operations	304,576	359,765
General, office and administrative	428,057	541,722
Council services	228,850	127,989
Society activities and services	375,227	442,907
Functional and interest groups	257,412	269,730
Special projects	<u>4,514</u>	<u>2,432</u>
	<b><u>2,102,046</u></b>	<b><u>2,441,379</u></b>
<b>Excess of revenue over expenses (expenses over revenue)</b>	<b>170,813</b>	<b>(78,470)</b>
Transfer (to) from capital expenditures reserve fund	<u>(170,813)</u>	<u>78,470</u>
<b>Accumulated surplus, end of year</b>	<b>\$ <u>-</u></b>	<b>\$ <u>-</u></b>

**STUDENT CENTER OF MCGILL UNIVERSITY /  
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**Notes to the financial statements**  
**year ended May 31, 1994**

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**1. Status of corporation**

Student Center of McGill University / Centre étudiant de l'Université McGill is a non-profit entity, incorporated on August 19, 1992 under Part III of the Québec Companies Act.

**2. Significant accounting policies**

*a. Fund accounting*

The Center 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 Center.

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 capital 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 amortization. Amortization 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%
Incorporation expenses	20%

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**year ended May 31, 1994**

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**2. Significant accounting policies (cont'd)**

*a. Fund accounting (cont'd)*

Other capital expenditures are fully amortized in the year of acquisition.

Awards of distinction reserve fund

This fund was established on June 1, 1990 for the purpose of generating revenue to provide for the Center's awards of distinction.

*b. Investments*

Investments are carried at cost. Investment revenue 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.

**3. Capital assets - capital expenditures reserve fund**

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

			<b>1994</b>	1993
	<u>Cost</u>	<u>Accumulated amortization</u>	<u>Net book value</u>	
Building improvements	\$ 298,329	\$ 140,015	\$ <b>158,314</b>	\$ 175,696
Equipment	175,387	120,472	<b>54,915</b>	59,863
Furniture and fixtures	117,514	82,364	<b>35,150</b>	34,179
Incorporation expenses	<u>34,462</u>	<u>13,785</u>	<u><b>20,677</b></u>	<u>27,569</u>
	<u>\$ 625,692</u>	<u>\$ 356,636</u>	<u>\$ <b>269,056</b></u>	<u>\$ 297,307</u>



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Notes to the financial statements  
year ended May 31, 1994

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**4. Long-term debt**

	1994	1993
Loan from McGill University, bearing interest at 7%, capital and interest payable on October 15 of each year	\$ 310,000	\$ -
Less current portion	<u>70,000</u>	<u>-</u>
	<u>\$ 240,000</u>	<u>\$ -</u>

**5. Food and beverage operations**

In September 1992, the Center entered into an agreement with Marriott Corporation of Canada Ltd. (Marriott) for the management of the food and beverage services.

Under the terms of the agreement terminating May 31, 1997, the Center is entitled to receive the following consideration by way of monthly instalments:

For the year ended/ending:

- May 31, 1994, the greater of \$367,000 or 11.5% of gross sales
- May 31, 1995, the greater of \$386,000 or 12% of gross sales
- May 31, 1996, the greater of \$405,000 or 12% of gross sales
- May 31, 1997, the greater of \$445,000 or 12.5% of gross sales

Either the Center or Marriott may terminate the agreement at any time during the term of the agreement or any renewed term by giving ninety days' written notice.

The Center is committed to pay rental fees based on gross sales to the various faculty undergraduate societies and several university departments where food services are provided through Marriott. In addition, the Center is committed to establish a restricted capital reserve fund (calculated at 0.5% of annual gross sales, where applicable) for the sole purpose of financing the purchase and/or replacement of furnishings and equipment required at these locations. As at May 31, 1994, \$15,679 has been set aside for this purpose and is included in Accounts Payable - Other on the balance sheet.

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**year ended May 31, 1994**

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**6. Heat, electricity and air conditioning expense**

The heat, electricity and air conditioning expense of \$418,276 for the University Centre has been paid by McGill University (1993 - \$333,397).

**7. Statement of changes in financial position**

A statement of changes in financial position has not been presented as it would not provide any additional meaningful information.

**8. Contingency**

A legal action in the amount of approximately \$2,800,000 has been brought against the Center for an alleged breach of contract. Management and legal counsel are of the opinion that this claim is without merit. No provision with respect to this claim has been made in the financial statements. In the event any loss is incurred, it would be expensed in the year judgment is rendered.

**9. Comparative figures**

Certain figures for 1993 have been reclassified in order to conform to the presentation adopted in the current year.