

STUDENTS' SOCIETY OF MCGILL UNIVERSITY

FINANCIAL STATEMENTS

MAY 31, 2019

**STUDENTS' SOCIETY OF MCGILL UNIVERSITY
FINANCIAL STATEMENTS
MAY 31, 2019**

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INDEPENDENT AUDITOR'S REPORT

To the Board of
Students' Society of McGill University

Qualified Opinion

We have audited the financial statements of Students' Society of McGill University (SSMU) (the Entity), which comprise the statement of financial position as at May 31, 2019, and the statements of operations and changes in fund balances and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at May 31, 2019, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Qualified Opinion

In common with many not-for-profit organizations, SSMU derives revenue from cash transactions the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our audit of these revenues was limited to the amounts recorded in the books of SSMU. Additionally, SSMU did not consolidate the accounts of SSMU Daycare Center Inc. / Centre de Garderie SSMU Inc., a not-for-profit organization, of which SSMU is deemed to have control over the operations and the deployment of its resources. Under Canadian accounting standards for not-for-profit organizations, SSMU should report the not-for-profit organization over which it has control by consolidating the controlled organization in its financial statements or by disclosing the total assets, total liabilities and net assets as at May 31, 2019 in addition to the revenues, expenses and cash flows for the year then ended. Therefore, we were not able to determine whether any adjustments might be necessary to revenues, excess of revenues over expenses and cash flows for the years ended May 31, 2019 and 2018, assets as at May 31, 2019 and 2018, and fund balances as at June 1 and May 31 for both the 2019 and 2018 years. Our audit opinion on the financial statements for the year ended May 31, 2018 was modified accordingly because of the possible effects of these limitations of scope.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

*FL Fuller Landau LLP*¹

Montreal, November 13, 2019

¹ CPA auditor, CA, public accountancy permit No. A133595



STUDENTS' SOCIETY OF MCGILL UNIVERSITY
STATEMENT OF FINANCIAL POSITION
AS AT MAY 31, 2019

	Operating Fund \$	Capital Expenditures Reserve Fund \$	Awards of Distinction Reserve Fund \$	Health and Dental Plan Reserve Fund \$	Student Life Fund \$	University Centre Building Fund \$	2019 Total \$	2018 Total \$
ASSETS								
Current								
Cash and cash equivalents (Note 3)	457,227	927,240	-	-	-	-	1,384,467	1,506,866
Accounts receivable (Note 4)	137,984	4,567	-	-	-	-	142,551	89,748
Interest receivable	11,586	4,395	6,659	19,448	-	-	42,088	30,617
Investments (Note 5)	870,000	3,108,857	500,000	1,460,347	-	-	5,939,204	6,243,847
Inventory	264	-	-	-	-	-	264	5,150
Prepaid expenses	86,160	-	-	-	-	-	86,160	108,275
Due from other funds (Note 6)	459,142	790,269	16,384	-	904,142	400,543	2,570,480	2,303,476
	2,022,363	4,835,328	523,043	1,479,795	904,142	400,543	10,165,214	10,287,979
Capital assets (Note 7)	45,255	4,173,483	-	-	-	-	4,218,738	4,309,012
	2,067,618	9,008,811	523,043	1,479,795	904,142	400,543	14,383,952	14,596,991
LIABILITIES								
Current								
Accounts payable and accrued liabilities (Note 8)	219,718	2,831	-	799,402	-	-	1,021,951	1,115,043
Bursaries payable	-	-	-	-	-	-	-	224,540
Deferred revenues	92,910	-	-	-	-	-	92,910	93,282
Current portion of long-term debt (Note 9)	-	114,842	-	-	-	-	114,842	110,655
Due to other funds (Note 6)	1,754,990	356,348	-	459,142	-	-	2,570,480	2,303,476
	2,067,618	474,021	-	1,258,544	-	-	3,800,183	3,846,996
Long-term debt (Note 9)	-	2,956,885	-	-	-	-	2,956,885	3,072,007
	2,067,618	3,430,906	-	1,258,544	-	-	6,757,068	6,919,003
FUND BALANCES								
Invested in capital assets	-	1,147,011	-	-	-	-	1,147,011	1,126,350
Internally restricted	-	4,430,894	523,043	221,251	904,142	400,543	6,479,873	6,551,638
Unrestricted	-	-	-	-	-	-	-	-
	-	5,577,905	523,043	221,251	904,142	400,543	7,626,884	7,677,988
	2,067,618	9,008,811	523,043	1,479,795	904,142	400,543	14,383,952	14,596,991

Commitments (Note 10)

On behalf of the Board,

_____, Director

_____, Director

STUDENTS' SOCIETY OF MCGILL UNIVERSITY
STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED MAY 31, 2019

	Operating Fund (Appendix A) \$	Capital Expenditures Reserve Fund \$	Awards of Distinction Reserve Fund \$	Health and Dental Plan Reserve Fund \$	Student Life Fund \$	University Centre Building Fund \$	Total 2019 \$	Total 2018 \$
Revenues								
Student fees	1,853,563	43,979	-	3,487,369	-	315,054	5,699,965	5,648,307
Gerts Bar and student run café	8,993	-	-	-	-	-	8,993	440,687
University centre building operations	98,347	-	-	-	-	-	98,347	413,775
General administration (Note 11)	109,589	-	-	-	-	-	109,589	103,362
Funding	518,829	-	-	-	-	-	518,829	480,268
Programming activities	182,466	-	-	-	-	-	182,466	230,582
Publications and communication	50,439	-	-	-	-	-	50,439	45,234
Services	1,005,595	-	-	-	-	-	1,005,595	864,983
Investment revenue	-	108,550	10,313	35,105	-	-	153,968	163,588
Gain (loss) on disposal of investments	-	(20,526)	-	-	-	-	(20,526)	187,946
Unrealized gain (loss) on investments	-	61,357	-	-	-	-	61,357	(121,009)
Clubs - net gain	35,539	-	-	-	-	-	35,539	59,480
	3,863,360	193,360	10,313	3,522,474	-	315,054	7,904,561	8,517,203
Expenses								
Gerts Bar and student run café	165,460	-	-	-	-	-	165,460	424,733
University centre building operations	760,565	-	-	-	-	-	760,565	945,151
Student health plan premiums	-	-	-	3,636,889	-	-	3,636,889	3,922,053
General administration	1,025,626	-	-	-	-	-	1,025,626	935,748
Governances	269,061	-	-	-	-	-	269,061	315,898
Funding	427,721	-	-	-	310,020	-	737,741	489,692
Programming activities	172,127	-	-	-	-	-	172,127	175,893
Publications and communication	30,834	-	-	-	-	-	30,834	25,216
Services	616,174	-	-	-	296,215	-	912,389	772,482
Amortization of capital assets	-	303,200	-	-	-	-	303,200	256,023
Investment management fees	-	34,097	-	-	-	-	34,097	28,347
Awards of distinction granted	-	-	16,000	-	-	-	16,000	-
Interest on long-term debt	-	116,216	-	-	-	-	116,216	20,520
	3,467,568	453,513	16,000	3,636,889	606,235	-	8,180,205	8,311,756
Excess (deficiency) of revenues over expenses from operations	395,792	(260,153)	(5,687)	(114,415)	(606,235)	315,054	(275,644)	205,447
Other revenues								
Forgiveness of bursaries payable	-	-	224,540	-	-	-	224,540	-
Excess (deficiency) of revenues over expenses	395,792	(260,153)	218,853	(114,415)	(606,235)	315,054	(51,104)	205,447
Fund balances, beginning of year	-	5,929,849	304,190	335,666	1,022,794	85,489	7,677,988	7,472,541
Interfund transfers (Note 6)	(395,792)	(91,791)	-	-	487,583	-	-	-
Fund balances, end of year	-	5,577,905	523,043	221,251	904,142	400,543	7,626,884	7,677,988

STUDENTS' SOCIETY OF MCGILL UNIVERSITY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MAY 31, 2019

	2019	2018
	\$	\$
Operating activities		
Excess (deficiency) of revenues over expenses	(51,104)	205,447
Items not requiring cash		
Amortization of capital assets	303,200	256,023
Gain (loss) on disposal of investments	20,526	(187,946)
Unrealized (gain) loss on investments	(61,357)	121,009
	211,265	394,533
Net change in non-cash items related to operating activities	(355,276)	(811,638)
	(144,011)	(417,105)
Investing activities		
Acquisition of capital assets	(212,926)	(3,707,782)
Acquisition of investments	(5,700,000)	(6,920,000)
Proceeds from disposition of investments	6,045,473	8,571,511
	132,547	(2,056,271)
Financing activities		
Long-term borrowings	-	3,200,000
Repayment of long-term debt	(110,935)	(17,338)
	(110,935)	3,182,662
Increase (decrease) in cash and cash equivalents	(122,399)	709,286
Cash and cash equivalents, beginning of year	1,506,866	797,580
Cash and cash equivalents, end of year	1,384,467	1,506,866
Cash and cash equivalents		
Cash	457,227	657,154
Term deposits	927,240	849,712
	1,384,467	1,506,866

STUDENTS' SOCIETY OF MCGILL UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2019

1. Nature 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, SSMU was renamed Students' Society of McGill University / Association étudiante de l'Université McGill.

SSMU is a not-for-profit organization dedicated to providing various services to McGill students. The organization is exempt from income taxes.

2. Significant accounting policies

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the CPA Canada Handbook – Accounting and include the following accounting policies:

Use of estimates

The preparation of these financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. These estimates are reviewed periodically and adjustments are made to income as appropriate in the year they become known.

Fund accounting

The Operating Fund records unrestricted resources which are available for the general operations of SSMU. 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 SSMU's awards of distinction.

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 maintained in this fund.

**STUDENTS' SOCIETY OF MCGILL UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2019**

2. Significant accounting policies (continued)

Fund accounting (continued)

The Student Life Fund was established in March 2010 for the purpose of enhancing student life on campus and to ensure that unused resources from other funds remain available for use in future years. The capital of the Student Life Fund is derived by unused resources from other sub or subsidiary funds, namely: Internal Fee Funded Funds, Fee Funded SSMU Services, Non-Fee Funded SSMU Services, Fee Funded Affiliated Student Associations and the Gerts Student Life Fund.

The University Centre Building Fund was established in October 2014 with the creation of the SSMU University Centre Building fee, in order to ensure any excess of funds from student fees are reserved and restricted for future lease payments.

Revenue recognition

Student fees, university centre building operations, general administration, funding, programming activities and services revenues are recognized by SSMU once the service is provided and collection is reasonably assured.

Gerts Bar revenues are recognized by SSMU when the service or goods are provided and collection is reasonably assured.

Investment income earned on resources to be spent on restricted activities is recognized as revenue in the period in which it is earned in the appropriate restricted fund.

Deferred revenues include revenues received in advance for rentals, handbook advertising and sponsorship.

Cash and cash equivalents

The SSMU's policy is to present bank balances under cash and cash equivalents, including bank overdrafts when bank balances that fluctuate frequently from being positive to overdrawn, and term deposits with a maturity period of three months or less from the date of acquisition.

STUDENTS' SOCIETY OF MCGILL UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2019

2. Significant accounting policies (continued)

Inventory

Inventory, consisting entirely of food, alcohol, material and supplies from Gerts is measured at the lower of cost and net realizable value. The cost is determined using the first-in, first-out method. Net realizable value is the estimated selling price in the ordinary course of business, less the costs of completion and costs necessary to make the sale. When the reversal of previously written down inventory is recognized, this reversal is recognized in the Statement of Operations.

The cost of inventory comprises all costs of purchase, cost of conversion and other costs incurred in bringing the inventory to its present location and condition. The costs of purchase comprise the purchase price, transport, handling and other costs directly attributable to the acquisition of inventory. Inventory consists solely of finished goods.

Capital assets

Capital assets are accounted for at cost. Amortization is calculated on their respective estimated useful lives using the straight-line method at the following rates and over the following period:

	<u>Rates and period</u>
Building	40 years
Building improvements	over the lease term
Equipment	20%
Furniture and fixtures	20%
Computer equipment	20%
Computer software	50%

Impairment of long-lived assets

Capital assets subject to amortization are tested for recoverability whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. An impairment loss is recognized when the carrying amount of the asset exceeds the sum of the undiscounted cash flows resulting from its use and eventual disposition. The impairment loss is measured as the amount by which the carrying amount of the long-lived asset exceeds its fair value.

STUDENTS' SOCIETY OF MCGILL UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2019

2. Significant accounting policies (continued)

Financial instruments

Measurement of financial instruments

SSMU initially measures its financial assets and financial liabilities at fair value, except for certain non-arm's length transactions.

SSMU subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in excess of revenues over expenses.

Financial assets measured at amortized cost include cash and cash equivalents, term deposits, accounts receivable, interest receivable and due from other funds.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities, long-term debt and due to other funds.

Financial assets measured at fair value include shares in public corporations.

Impairment

Financial assets measured at cost are tested for impairment when there are indicators of possible impairment. SSMU determines whether a significant adverse change has occurred in the expected timing or amount of future cash flows from the financial asset. If this is the case, the carrying amount of the asset is reduced directly to the higher of the present value of the cash flows expected to be generated by holding the asset, and the amount that could be realized by selling the asset at the balance sheet date. The amount of the write-down is recognized in the Statement of Operations. The previously recognized impairment loss may be reversed to the extent of the improvement, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in the Statement of Operations.

Contributed services

Volunteers contribute many hours per year to SSMU to ensure service delivery. Due to the difficulty of determining the fair value of contributed services, they are not recognized in the financial statements.

3. Cash and cash equivalents

The total cash balance as at May 31, 2019 includes \$366,968 (2018, \$401,701) of cash restricted for the use of the SSMU's various internal clubs.

STUDENTS' SOCIETY OF MCGILL UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
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4. Accounts receivable

	2019	2018
	\$	\$
Trade	133,836	66,078
Sales taxes receivable	8,715	23,671
	142,551	89,749

Accounts receivable include amounts due from SSMU Daycare Centre Inc. of \$3,646 (2018, \$2,499) which are unsecured, have no terms of repayment and are non-interest bearing.

5. Investments

	2019	2018
	\$	\$
Operating Fund		
Cashable guaranteed investment certificates matured during the year	-	1,302,072
Cashable guaranteed investment certificates at a rate of 2.17%, maturing October 2019	870,000	-
	870,000	1,302,072
Capital Expenditures Reserve Fund		
Shares in public corporations	1,300,168	1,439,249
Corporate bonds	1,808,689	1,715,932
	3,108,857	3,155,181

As at May 31, 2019, the redeemable corporate bonds had a fixed weighted average interest rate of 4.55% (2018, 4.29%). These bonds mature at various dates starting in the calendar year 2019 and ending in 2029.

STUDENTS' SOCIETY OF MCGILL UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2019

5. Investments (continued)

	2019	2018
	\$	\$
Awards of Distinction Reserve Fund		
Cash balance	-	2,504
Cashable guaranteed investment certificate at a rate of 2.17% and maturing October 2019 (2018 - rate of 1.9%, matured October 2018)	500,000	520,000
	500,000	522,504
	2019	2018
	\$	\$
Health and Dental Plan Reserve Fund		
Cashable guaranteed investment certificates at a rate of 2.17% and maturing October 2019 (2018 - rate of 1.6%, matured October 2018)	1,460,347	1,264,090
	1,460,347	1,264,090

6. Due to/from other funds

Any variance between actual and budgeted net results in the Operating Fund from Funding Committee, the Services, the Clubs and the Affiliate Student Associations is transferred to/from the Student Life Fund, after fulfilling the requirement of the Capital Expenditures Reserve Fund, at the end of the fiscal year.

As at May 31, 2019, an amount of \$487,583 (2018, \$620,654) was transferred from the Operating Fund to the Student Life Fund, while \$91,791 (2018, Nil) was transferred from the Capital Expenditures Reserve Fund to the Operating Fund as a result of the ongoing business interruption.

The due to/from other funds have no specific terms of repayment, are unsecured and non-interest bearing.

STUDENTS' SOCIETY OF MCGILL UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
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7. Capital assets

	Cost \$	Accumulated amortization \$	2019 Net book value \$	2018 Net book value \$
Land	730,286	-	730,286	730,286
Building	2,830,196	106,134	2,724,062	2,794,817
Building improvements	949,584	452,385	497,199	433,078
Equipment	711,871	571,562	140,309	195,332
Furniture and fixtures	201,763	148,615	53,148	66,500
Computer equipment	200,101	151,475	48,626	32,489
Computer software	220,585	195,477	25,108	56,510
	5,844,386	1,625,648	4,218,738	4,309,012

8. Accounts payable and accrued liabilities

	2019 \$	2018 \$
Student health insurance premiums	799,402	895,053
Accruals and other payables	192,150	189,787
Deductions at source and other government remittances	30,399	30,203
	1,021,951	1,115,043

9. Long-term debt

	2019 \$	2018 \$
Long-term debt, repayable in monthly instalments of \$18,929 including interest calculated at a fixed rate of 3.72% and maturing on March 13, 2023. The loan is secured by a first-ranking hypothec of \$3,200,000 on the immovable property located at 3501 Peel Street, Montreal, Quebec. As at May 31, 2019, the property (land and building) has a net book value of \$3,454,348.	3,071,727	3,182,662
Current portion of long-term debt	114,842	110,655
	2,956,885	3,072,007

STUDENTS' SOCIETY OF MCGILL UNIVERSITY
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9. Long-term debt (continued)

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

	\$
2020	114,842
2021	119,188
2022	123,698
2023	2,713,999

10. Commitments

The commitments of SSMU under lease agreements aggregate to approximately \$552,322. This includes an equipment lease and property leases. Under one of the property lease agreements, SSMU will have to assume part of the energy costs. For the year ending May 31, 2019, the contribution to energy costs is \$106,812. The contribution to the energy costs will increase on an annual basis by the Energy Price Index (EPI) to a maximum of 8%. The minimum annual payments over the next two years, including the minimum energy contribution, are approximately as follows:

	\$
2020	275,944
2021	276,378

11. Related party transactions

Included in General administration are administrative revenues received from SSMU Daycare Centre Inc., a daycare under control of SSMU, totalling \$7,000 (2018, \$6,000). These transactions were concluded in the normal course of business and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

STUDENTS' SOCIETY OF MCGILL UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2019

12. Financial instruments

Risks and concentration

SSMU is exposed to various risks through its financial instruments, without being exposed to concentrations of risk. The following analysis provides a measure of SSMU's risk exposure at the statement of financial position date of May 31, 2019.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. SSMU's main credit risks relate to its accounts receivable. SSMU provides credit to its clients in the normal course of its operations.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. SSMU is exposed to this risk mainly in respect of accounts payable and accrued liabilities and long-term debt.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. SSMU is mainly exposed to interest rate risk and other price risk.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. SSMU is exposed to interest rate risk on its fixed-interest rate financial instruments. The fixed-rate investment certificates and long-term debt subject SSMU to a fair value risk.

Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instruments or its issuer, or factors affecting all similar financial instruments traded in the market. SSMU is exposed to other price risk through its investments in shares quoted in an active market.

13. Budgeted figures

All budgeted figures have been provided by management and have not been audited nor reviewed.

**STUDENTS' SOCIETY OF MCGILL UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2019**

14. Comparative figures

Certain figures for 2018 have been reclassified to conform to the presentation adopted in 2019.

**STUDENTS' SOCIETY OF MCGILL UNIVERSITY
SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED MAY 31, 2019**

Appendix A

Statements of Operations Compared to Budget - Operating Fund

	2019		2018	
	Actual \$	Budget (unaudited - see Note 13) \$	Actual \$	Budget (unaudited - see Note 13) \$
Revenues				
Student fees	1,853,563	1,711,000	1,819,641	1,677,831
Gerts Bar and student run café	8,993	455,149	440,687	345,346
University centre building operations	98,347	133,737	413,775	259,169
General administration	109,589	97,632	103,362	86,600
Funding	518,829	456,454	480,268	273,293
Programming activities	182,466	35,654	230,582	230,800
Publications and communication	50,439	40,950	45,234	41,400
Services	1,005,595	709,030	864,983	493,557
Clubs - net gain	35,539	-	59,480	17,878
	3,863,360	3,639,606	4,458,012	3,425,874
Expenses				
Gerts Bar and student run café	165,460	481,776	424,733	380,781
University centre building operations	760,565	1,098,261	688,339	470,330
General administration	1,025,626	1,058,606	935,748	1,111,403
Governances	269,061	333,701	315,898	377,518
Funding	427,721	456,454	229,729	273,293
Programming activities	172,127	13,633	175,893	182,789
Publications and communication	30,834	33,736	25,216	23,560
Services	616,174	709,030	539,281	493,555
	3,467,568	4,185,197	3,334,837	3,313,229

STUDENTS' SOCIETY OF MCGILL UNIVERSITY
SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED MAY 31, 2019

Appendix A (continued)

Statements of Operations Compared to Budget - Operating Fund

	2019		2018	
	Actual \$	Budget (unaudited - see Note 13) \$	Actual \$	Budget (unaudited - see Note 13) \$
Excess (deficiency) of revenues over expenses				
Student fees	1,853,563	1,711,000	1,819,641	1,677,831
Gerts Bar and student run café	(156,467)	(26,627)	15,954	(35,435)
University centre building operations	(662,218)	(964,524)	(274,564)	(211,161)
General administration	(916,037)	(960,974)	(832,386)	(1,024,803)
Governances	(269,061)	(333,701)	(315,898)	(377,518)
Funding	91,108	-	250,539	-
Programming activities	10,339	22,021	54,689	48,011
Publications and communication	19,605	7,214	20,018	17,840
Services	389,421	-	325,702	2
Clubs - net gain	35,539	-	59,480	17,878
	395,792	(545,591)	1,123,175	112,645