

STUDENTS' SOCIETY OF MCGILL UNIVERSITY

FINANCIAL STATEMENTS

MAY 31, 2020

STUDENTS' SOCIETY OF MCGILL UNIVERSITY
FINANCIAL STATEMENTS
MAY 31, 2020

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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, 2020, 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, 2020, 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, 2020 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, 2020 and 2019, assets as at May 31, 2020 and 2019, and fund balances as at June 1 and May 31 for both the 2020 and 2019 years. Our audit opinion on the financial statements for the year ended May 31, 2019 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.

Emphasis of Matter

We draw attention to measurement uncertainty outlined in Note 2 to the financial statements. Our opinion is not qualified in respect of this matter.

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

Montreal, November 26, 2020

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



STUDENTS' SOCIETY OF MCGILL UNIVERSITY
STATEMENT OF FINANCIAL POSITION
AS AT MAY 31, 2020

	Operating Fund \$	Capital Expenditures Reserve Fund \$	Awards of Distinction Reserve Fund \$	Health and Dental Plan Reserve Fund \$	Student Life Fund \$	University Centre Building Fund \$	2020 Total \$	2019 Total \$
ASSETS								
Current								
Cash and cash equivalents (Note 4)	2,163,918	481,697	-	-	-	-	2,645,615	1,384,467
Accounts receivable (Note 5)	48,570	-	-	-	-	-	48,570	142,551
Interest receivable	5,179	-	4,385	16,767	-	-	26,331	42,088
Investments (Note 6)	475,000	3,272,677	523,000	2,000,000	-	-	6,270,677	5,939,204
Inventory	-	-	-	-	-	-	-	264
Prepaid expenses	84,231	-	-	-	-	-	84,231	86,160
Due from other funds (Note 7)	-	1,200,344	-	-	957,252	734,455	2,892,051	2,570,480
	2,776,898	4,954,718	527,385	2,016,767	957,252	734,455	11,967,475	10,165,214
Capital assets (Note 8)	-	5,467,225	-	-	-	-	5,467,225	4,218,738
	2,776,898	10,421,943	527,385	2,016,767	957,252	734,455	17,434,700	14,383,952
LIABILITIES								
Current								
Accounts payable and accrued liabilities (Note 9)	444,301	-	-	629,517	-	-	1,073,818	1,021,951
Deferred revenues	82,352	-	-	-	-	-	82,352	92,910
Current portion of long-term debt (Note 10)	-	209,451	-	-	-	-	209,451	114,842
Due to other funds (Note 7)	2,250,245	356,348	1,024	284,434	-	-	2,892,051	2,570,480
	2,776,898	565,799	1,024	913,951	-	-	4,257,672	3,800,183
Long-term debt (Note 10)	-	3,962,160	-	-	-	-	3,962,160	2,956,885
	2,776,898	4,527,959	1,024	913,951	-	-	8,219,832	6,757,068
FUND BALANCES								
Invested in capital assets	-	1,295,614	-	-	-	-	1,295,614	1,147,011
Internally restricted	-	4,598,370	526,361	1,102,816	957,252	734,455	7,919,254	6,479,873
Unrestricted	-	-	-	-	-	-	-	-
	-	5,893,984	526,361	1,102,816	957,252	734,455	9,214,868	7,626,884
	2,776,898	10,421,943	527,385	2,016,767	957,252	734,455	17,434,700	14,383,952

Contingency (Note 11)

Commitments (Note 12)

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, 2020

	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 2020 \$	Total 2019 \$
Revenues								
Student fees	2,568,435	34,293	-	4,897,680	-	333,912	7,834,320	5,699,965
University centre building operations	56,476	-	-	-	-	-	56,476	107,340
General administration (Note 13)	127,596	-	-	-	-	-	127,596	109,589
Funding	435,105	-	-	-	-	-	435,105	518,829
Programming activities	221,830	-	-	-	-	-	221,830	182,466
Publications and communication	50,001	-	-	-	-	-	50,001	50,439
Services	983,187	-	-	-	-	-	983,187	1,005,595
Investment revenue	-	126,413	11,318	55,790	-	-	193,521	153,968
Gain (loss) on disposal of investments	-	67,043	-	-	-	-	67,043	(20,526)
Unrealized gain (loss) on investments	-	(101,843)	-	-	-	-	(101,843)	61,357
Clubs - net gain	58,754	-	-	-	-	-	58,754	35,539
	4,501,384	125,906	11,318	4,953,470	-	333,912	9,925,990	7,904,561
Expenses								
University centre building operations	423,174	-	-	-	-	-	423,174	760,565
Student health plan premiums	-	-	-	4,071,905	-	-	4,071,905	3,636,889
General administration	1,433,283	-	-	-	-	-	1,433,283	1,191,086
Governances	364,302	-	-	-	-	-	364,302	269,061
Funding	272,589	-	-	-	126,648	-	399,237	737,741
Programming activities	142,626	-	-	-	-	-	142,626	172,127
Publications and communication	29,428	-	-	-	-	-	29,428	30,834
Services	646,432	-	-	-	360,935	-	1,007,367	912,389
Amortization of capital assets	-	306,411	-	-	-	-	306,411	303,200
Investment management fees	-	35,729	-	-	-	-	35,729	34,097
Awards of distinction granted	-	-	8,000	-	-	-	8,000	16,000
Interest on long-term debt	-	116,544	-	-	-	-	116,544	116,216
	3,311,834	458,684	8,000	4,071,905	487,583	-	8,338,006	8,180,205
Excess (deficiency) of revenues over expenses from operations	1,189,550	(332,778)	3,318	881,565	(487,583)	333,912	1,587,984	(275,644)
Other revenues								
Forgiveness of bursaries payable	-	-	-	-	-	-	-	224,540
Excess (deficiency) of revenues over expenses	1,189,550	(332,778)	3,318	881,565	(487,583)	333,912	1,587,984	(51,104)
Fund balances, beginning of year	-	5,577,905	523,043	221,251	904,142	400,543	7,626,884	7,677,988
Interfund transfers (Note 7)	(1,189,550)	648,857	-	-	540,693	-	-	-
Fund balances, end of year	-	5,893,984	526,361	1,102,816	957,252	734,455	9,214,868	7,626,884

STUDENTS' SOCIETY OF MCGILL UNIVERSITY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MAY 31, 2020

	2020	2019
	\$	\$
Operating activities		
Excess (deficiency) of revenues over expenses	1,587,984	(51,104)
Items not requiring cash		
Amortization of capital assets	306,411	303,200
Loss (gain) on disposal of investments	(67,043)	20,526
Unrealized (gain) loss on investments	101,843	(61,357)
	1,929,195	211,265
Net change in non-cash items related to operating activities	153,240	(355,276)
	2,082,435	(144,011)
Investing activities		
Acquisition of capital assets	(1,554,898)	(212,926)
Acquisition of investments	(6,695,192)	(5,700,000)
Proceeds from disposition of investments	6,328,919	6,045,473
	(1,921,171)	132,547
Financing activities		
Long-term borrowings	1,214,375	-
Repayment of long-term debt	(114,491)	(110,935)
	1,099,884	(110,935)
Increase (decrease) in cash and cash equivalents	1,261,148	(122,399)
Cash and cash equivalents, beginning of year	1,384,467	1,506,866
Cash and cash equivalents, end of year	2,645,615	1,384,467
Cash and cash equivalents		
Cash	2,286,930	457,227
Term deposits	358,685	927,240
	2,645,615	1,384,467

STUDENTS' SOCIETY OF MCGILL UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
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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. Measurement uncertainty

A material uncertainty exists regarding the sales taxes payable, within accounts payable and accrued liabilities, recorded in the statement of financial position of SSMU, since SSMU is unclear as to the reasonability of the previously made input tax credits/refunds claimed for sales tax purposes. As of the recent identification of this matter, SSMU has made efforts to further investigate the building's classification category as well as to consider its permits in effect and any potential retroactive changes to said permits, for non-residential uses of the building. Furthermore, they have requested more information from the architectural designers used, with respect to the nature of the building improvements in order to determine which portions of the building they specifically relate to. At this time, it is not possible to determine the actual amount of sales taxes that may be, if any, payable to the governments. Consequently, actual results may differ significantly as a result of the uncertainties.

In order to resolve this measurement uncertainty, SSMU will undertake the measures outlined above to establish the sales taxes payable amount.

3. 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.

STUDENTS' SOCIETY OF MCGILL UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2020

3. Significant accounting policies (continued)

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.

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.

STUDENTS' SOCIETY OF MCGILL UNIVERSITY
 NOTES TO FINANCIAL STATEMENTS
 MAY 31, 2020

3. Significant accounting policies (continued)

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.

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 periods:

	<u>Rates and periods</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, 2020

3. 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.

4. Cash and cash equivalents

The total cash balance as at May 31, 2020 includes \$417,985 (2019, \$366,968) 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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5. Accounts receivable

	2020	2019
	\$	\$
Trade	48,570	133,836
Sales taxes receivable	-	8,715
	<u>48,570</u>	<u>142,551</u>

Accounts receivable include amounts due from SSMU Daycare Centre Inc. of \$2,887 (2019, 3,646) which are unsecured, have no terms of repayment and are non-interest bearing.

6. Investments

	2020	2019
	\$	\$
Operating Fund		
Cashable guaranteed investment certificates matured during the year	-	870,000
Cashable guaranteed investment certificates at a rate of 1.99%, maturing November 2020	475,000	-
	<u>475,000</u>	<u>870,000</u>
Capital Expenditures Reserve Fund		
Shares in public corporations	1,099,847	1,300,168
Corporate bonds	2,172,830	1,808,689
	<u>3,272,677</u>	<u>3,108,857</u>

As at May 31, 2020, the redeemable corporate bonds had a fixed weighted average interest rate of 4.55% (2019, 4.55%). These bonds mature at various dates starting in the calendar year 2022 and ending in 2030.

STUDENTS' SOCIETY OF MCGILL UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
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6. Investments (continued)

	2020	2019
	\$	\$
Awards of Distinction Reserve Fund		
Cashable guaranteed investment certificates matured during the year	-	500,000
Cashable guaranteed investment certificate at a rate of 2.00% and maturing December 2020	523,000	-
	<u>523,000</u>	<u>500,000</u>
Health and Dental Plan Reserve Fund		
Cashable guaranteed investment certificates matured during the year	-	1,460,347
Cashable guaranteed investment certificates at a rate of 2.00% and maturing December 2020	2,000,000	-
	<u>2,000,000</u>	<u>1,460,347</u>

7. 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 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, 2020 an amount of \$540,693 (2019, \$487,583) was transferred from the Operating Fund to the Student Life Fund, while \$648,857 (2019, (\$91,791)) was transferred from the Operating Fund to the Capital Expenditures Reserve Fund in order to utilize excess funds.

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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8. Capital assets

	Cost \$	Accumulated amortization \$	2020 Net book value \$	2019 Net book value \$
Land	730,286	-	730,286	730,286
Building	4,395,615	210,620	4,184,995	2,821,921
Building improvements	801,319	527,366	273,953	399,340
Equipment	841,506	644,541	196,965	140,309
Furniture and fixtures	201,763	167,036	34,727	53,148
Computer equipment	208,210	166,736	41,474	48,626
Computer software	220,585	215,759	4,826	25,108
	7,399,284	1,932,058	5,467,226	4,218,738

9. Accounts payable and accrued liabilities

	2020 \$	2019 \$
Student health insurance premiums	629,517	799,402
Accruals and other payables	301,084	192,150
Deductions at source and other government remittances	36,666	30,399
Sales taxes	106,551	-
	1,073,818	1,021,951

10. Long-term debt

	2020 \$	2019 \$
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, 2020, the property (land and building) has a net book value of \$3,716,086.	2,957,236	3,071,727
Balance to carry forward	2,957,236	3,071,727

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

	2020 \$	2019 \$
Balance carried forward	2,957,236	3,071,727
Long-term debt, repayable in monthly instalments of \$15,043 beginning October 2020, including interest calculated at a fixed rate of 3.84% and maturing on March 27, 2027 with a final payment due of \$242,875. Interest in the amount of \$3,886 is payable for the months of May 2020 to September 2020. The loan is secured by building improvements within the immovable property located at 3501 Peel Street, Montreal, Quebec, in the amount of \$1,214,375. As at May 31, 2020, the respective secured assets recorded in building (capital assets) have a net book value of \$1,199,195.	1,214,375	-
	4,171,611	3,071,727
Current portion of long-term debt	209,451	114,842
	3,962,160	2,956,885

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

	\$
2021	209,451
2022	263,493
2023	2,859,608
2024	150,935
2025	156,834
Others	531,290

11. Contingency

During the year, a student instituted proceedings against SSMU. Amongst other requests, the Plaintiff is reserving their right to claim from SSMU all legal fees incurred during the course of these proceedings. As of November 24, 2020, there is no precise amount claimed by the Plaintiff.

In addition, during the year, another student instituted proceedings against SSMU. As of November 24, 2020, the Plaintiff has made a claim of \$1,500,000 against SSMU.

The possible outcomes of these proceedings cannot be foreseen and such, no provision has been made in the financial statements.

STUDENTS' SOCIETY OF MCGILL UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2020

12. Commitments

The commitments of SSMU under lease agreements maturing in November 2020 and May 2021 aggregate to approximately \$276,378, over the next year, including the minimum energy contribution on the leased premises. 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, 2020, 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%.

13. Related party transactions

Included in General administration are administrative revenues received from SSMU Daycare Centre Inc., a daycare under control of SSMU, totalling \$12,000 (2019, \$7,000). 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.

14. 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, 2020.

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.

STUDENTS' SOCIETY OF MCGILL UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2020

14. Financial instruments (continued)

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.

15. Budgeted figures

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

16. Comparative figures

Certain figures for 2019 have been reclassified to conform to the presentation adopted in 2020.

STUDENTS' SOCIETY OF MCGILL UNIVERSITY
SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED MAY 31, 2020

Appendix A

Statements of Operations Compared to Budget - Operating Fund

	2020		2019	
	Actual \$	Budget (unaudited - see Note 15) \$	Actual \$	Budget (unaudited - see Note 15) \$
Revenues				
Student fees	2,568,435	1,850,000	1,853,563	1,711,000
Gerts Bar	-	405,840	-	455,149
University centre building operations	56,476	285,936	107,340	133,737
General administration	127,596	111,600	109,589	97,632
Funding	435,105	270,500	518,829	456,454
Programming activities	221,830	291,000	182,466	35,654
Publications and communication	50,001	50,000	50,439	40,950
Services	983,187	542,488	1,005,595	709,030
Clubs - net gain	58,754	-	35,539	-
	4,501,384	3,807,364	3,863,360	3,639,606
Expenses				
Gerts Bar	-	448,517	-	481,776
University centre building operations	423,174	821,220	760,565	1,098,261
General administration	1,433,283	1,354,244	1,191,086	1,058,606
Governances	364,302	395,577	269,061	333,701
Funding	272,589	270,500	427,721	456,454
Programming activities	142,626	204,718	172,127	13,633
Publications and communication	29,428	31,580	30,834	33,736
Services	646,432	542,488	616,174	709,030
	3,311,834	4,068,844	3,467,568	4,185,197

STUDENTS' SOCIETY OF MCGILL UNIVERSITY
SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED MAY 31, 2020

Appendix A (continued)

Statements of Operations Compared to Budget - Operating Fund

	2020		2019	
	Actual \$	Budget (unaudited - see Note 15) \$	Actual \$	Budget (unaudited - see Note 15) \$
Excess (deficiency) of revenues over expenses				
Student fees	2,568,435	1,850,000	1,853,563	1,711,000
Gerts Bar	-	(42,677)	-	(26,627)
University centre building operations	(366,698)	(535,284)	(653,225)	(964,524)
General administration	(1,305,687)	(1,242,644)	(1,081,497)	(960,974)
Governances	(364,302)	(395,577)	(269,061)	(333,701)
Funding	162,516	-	91,108	-
Programming activities	79,204	86,282	10,339	22,021
Publications and communication	20,573	18,420	19,605	7,214
Services	336,755	-	389,421	-
Clubs - net gain	58,754	-	35,539	-
	1,189,550	(261,480)	395,792	(545,591)