

**STUDENTS' SOCIETY OF MCGILL UNIVERSITY**

**FINANCIAL STATEMENTS**

**MAY 31, 2022**

*Draft for discussion only*

**STUDENTS' SOCIETY OF MCGILL UNIVERSITY  
FINANCIAL STATEMENTS  
MAY 31, 2022**

	Page
Independent Auditor's Report	1 - 3
Statement of Financial Position	4
Statement of Operations and Changes in Fund Balances	6
Statement of Cash Flows	7
Notes to Financial Statements	8 - 18
Supplementary Information	19 - 20

Draft for discussion only

## 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, 2022, 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, 2022, 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, 2022 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 (deficiency) of revenues over expenses and cash flows for the years ended May 31, 2022 and 2021, assets as at May 31, 2022 and 2021, and fund balances as at June 1 and May 31 for both the 2022 and 2021 years. Our audit opinion on the financial statements for the year ended May 31, 2021 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.

Montreal,

---

<sup>1</sup> By CPA auditor, CA, public accountancy permit No. A133595

**STUDENTS' SOCIETY OF MCGILL UNIVERSITY**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT MAY 31, 2022**

	Operating Fund \$	Capital Expenditures Reserve Fund \$	Awards of Distinction Reserve Fund \$	Health and Dental Plan Reserve Fund \$	Student Life Fund \$	University Centre Building Fund \$	<b>2022 Total \$</b>	2021 Total \$
<b>ASSETS</b>								
Current								
Cash and cash equivalents (Note 4)	1,344,953	116,993	7,908	-	-	-	<b>1,469,854</b>	1,589,468
Trade receivables (Note 5)	231,491	-	-	-	-	-	<b>231,491</b>	106,259
Due from SSMU Daycare Centre Inc. (Note 6)	1,470	-	-	-	-	-	<b>1,470</b>	-
Interest receivable	1,301	3,540	-	15,867	-	5,180	<b>25,888</b>	10,099
Investments (Note 7)	250,000	4,243,931	469,565	3,048,200	-	995,000	<b>9,006,696</b>	9,262,448
Inventory	11,602	-	-	-	-	-	<b>11,602</b>	1,963
Prepaid expenses	152,014	-	-	-	-	-	<b>152,014</b>	76,735
Due from other funds (Note 8)	71,718	-	6,211	-	1,836,946	90,397	<b>2,005,272</b>	2,566,140
	2,064,549	4,364,464	483,684	3,064,067	1,836,946	1,090,577	<b>12,904,287</b>	13,613,112
Capital assets (Note 9)	-	5,472,973	-	-	-	-	<b>5,472,973</b>	5,712,537
	2,064,549	9,837,437	483,684	3,064,067	1,836,946	1,090,577	<b>18,377,260</b>	19,325,649
<b>LIABILITIES</b>								
Current								
Accounts payable and accrued liabilities (Note 10)	649,615	-	-	748,688	-	46,643	<b>1,444,946</b>	1,558,189
Due to SSMU Daycare Centre Inc.	-	-	-	-	-	-	<b>-</b>	56,408
Deferred revenues	54,601	-	-	-	-	-	<b>54,601</b>	41,261
Current portion of long-term debt (Note 11)	-	2,858,087	-	-	-	-	<b>2,858,087</b>	261,907
Due to other funds (Note 8)	1,360,333	368,470	-	276,469	-	-	<b>2,005,272</b>	2,566,140
	2,064,549	3,226,557	-	1,025,157	-	46,643	<b>6,362,906</b>	4,483,905
Long-term debt (Note 11)	-	832,448	-	-	-	-	<b>832,448</b>	3,690,474
	2,064,549	4,059,005	-	1,025,157	-	46,643	<b>7,195,354</b>	8,174,379
<b>FUND BALANCES</b>								
Invested in capital assets	-	1,782,438	-	-	-	-	<b>1,782,438</b>	1,760,156
Internally restricted	-	3,995,994	483,684	2,038,910	1,836,946	1,043,934	<b>9,399,468</b>	9,391,114
Unrestricted	-	-	-	-	-	-	<b>-</b>	-
	-	5,778,432	483,684	2,038,910	1,836,946	1,043,934	<b>11,181,906</b>	11,151,270
	2,064,549	9,837,437	483,684	3,064,067	1,836,946	1,090,577	<b>18,377,260</b>	19,325,649

Approved by,

\_\_\_\_\_

Date

\_\_\_\_\_

Date

---

Contingencies (Note 12)  
Commitments (Note 13)

Draft for discussion only

Approved by,

\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
Date

\_\_\_\_\_  
Date

**STUDENTS' SOCIETY OF MCGILL UNIVERSITY**  
**STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED MAY 31, 2022**

	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 \$	<b>Total 2022 \$</b>	Total 2021 \$
<b>Revenues</b>								
Student fees	2,676,649	34,148	-	5,077,532	-	377,250	<b>8,165,579</b>	8,054,515
Gerts Bar	311,552	-	-	-	-	-	<b>311,552</b>	-
University centre building operations	169,989	-	-	-	-	-	<b>169,989</b>	189,425
General administration (Note 14)	114,699	-	-	-	-	-	<b>114,699</b>	132,564
Funding	889,978	-	-	-	-	-	<b>889,978</b>	578,800
Programming activities	66,876	-	-	-	-	-	<b>66,876</b>	52,667
Publications and communication	27,916	-	-	-	-	-	<b>27,916</b>	36,654
Services	1,293,505	-	-	-	-	-	<b>1,293,505</b>	995,701
Investment revenue	-	128,338	7,745	26,904	-	7,462	<b>170,449</b>	153,883
Gain on disposal of investments	-	86,412	-	-	-	-	<b>86,412</b>	178,362
Unrealized gain (loss) on investments	-	(481,595)	(40,524)	-	-	-	<b>(522,118)</b>	352,410
Clubs - net gain	286,360	-	-	-	-	-	<b>286,360</b>	175,275
	<b>5,837,524</b>	<b>(232,697)</b>	<b>(32,779)</b>	<b>5,104,436</b>	<b>-</b>	<b>384,712</b>	<b>11,061,197</b>	<b>10,900,256</b>
<b>Expenses</b>								
Gerts Bar	423,548	-	-	-	-	-	<b>423,548</b>	-
University centre building operations	545,434	-	-	-	-	256,539	<b>801,973</b>	612,250
Student health plan premiums	-	-	-	4,601,390	-	-	<b>4,601,390</b>	4,556,303
General administration	1,720,960	-	-	-	-	-	<b>1,720,960</b>	1,727,348
Governances	633,373	-	-	-	-	-	<b>633,373</b>	362,856
Funding	325,257	-	-	-	632,712	-	<b>957,969</b>	342,633
Programming activities	95,341	-	-	-	-	-	<b>95,341</b>	57,529
Publications and communication	17,552	-	-	-	-	-	<b>17,552</b>	30,698
Services	706,759	-	-	-	558,610	-	<b>1,265,369</b>	755,474
Amortization of capital assets	-	320,711	-	-	-	-	<b>320,711</b>	318,695
Investment management fees	-	39,459	-	-	-	-	<b>39,459</b>	38,554
Awards of distinction granted	-	-	9,030	-	-	-	<b>9,030</b>	8,000
Interest on long-term debt	-	143,886	-	-	-	-	<b>143,886</b>	153,514
	<b>4,468,224</b>	<b>504,056</b>	<b>9,030</b>	<b>4,601,390</b>	<b>1,191,322</b>	<b>256,539</b>	<b>11,030,561</b>	<b>8,963,854</b>
Excess (deficiency) of revenues over expenses	1,369,300	(736,753)	(41,809)	503,046	(1,191,322)	128,173	<b>30,636</b>	1,936,402
Fund balances, beginning of year	-	6,566,271	525,493	1,535,864	1,607,881	915,761	<b>11,151,270</b>	9,214,868
Interfund transfers (Note 8)	(1,369,300)	(51,086)	-	-	1,420,386	-	<b>-</b>	-
Fund balances, end of year	-	<b>5,778,432</b>	<b>483,684</b>	<b>2,038,910</b>	<b>1,836,945</b>	<b>1,043,934</b>	<b>11,181,906</b>	<b>11,151,270</b>



**STUDENTS' SOCIETY OF MCGILL UNIVERSITY**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED MAY 31, 2022**

	2022 \$	2021 \$
Operating activities		
Excess of revenues over expenses	30,636	1,936,402
Items not requiring cash		
Amortization of capital assets	320,711	318,695
Gain on disposal of investments	(86,412)	(178,362)
Unrealized (gain) loss on investments	522,118	(352,410)
	<b>787,053</b>	1,724,325
Net change in non-cash items related to operating activities	<b>(383,719)</b>	463,764
	<b>403,334</b>	2,188,089
Investing activities		
Acquisition of capital assets	(81,148)	(564,007)
Acquisition of investments	(8,711,033)	(10,946,517)
Proceeds from disposition of investments	8,531,079	8,485,518
	<b>(261,102)</b>	(3,025,006)
Financing activity		
Repayment of long-term debt	(261,846)	(219,230)
Increase (decrease) in cash and cash equivalents	<b>(119,614)</b>	(1,056,147)
Cash and cash equivalents, beginning of year	<b>1,589,468</b>	2,645,615
Cash and cash equivalents, end of year	<b>1,469,854</b>	1,589,468
Cash and cash equivalents		
Cash	<b>1,469,143</b>	1,407,917
Term deposits	711	181,551
	<b>1,469,854</b>	1,589,468

**STUDENTS' SOCIETY OF MCGILL UNIVERSITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**MAY 31, 2022**

**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. Change in accounting policy**

SSMU adopted the amendments to FINANCIAL INSTRUMENTS, Section 3856, relating to the recognition of financial instruments originated or exchanged in a related party transaction.

Under these new requirements, such a financial instrument is initially measured at cost, which is determined depending on whether the instrument has repayment terms. If it does, cost is determined using its undiscounted cash flows, excluding interest and dividend payments, less any impairment losses. Otherwise, its cost is determined using the consideration transferred or received by SSMU. Subsequent measurement is based on how the instrument was initially measured. In general, a financial instrument is subsequently measured at cost less any reduction for impairment, or at fair value.

According to the transition provisions, such financial instruments that exist at the date these amendments are applied for the first time, i.e. June 1, 2021, are measured as follows. The cost of an instrument that has repayment terms is determined using its undiscounted cash flows, excluding interest and dividend payments, less any impairment as at the beginning of the earliest comparative period, i.e. June 1, 2020. The cost of an instrument that does not have repayment terms is deemed to be its carrying amount in SSMU's financial statements, less any impairment, as at the same date. The fair value of an instrument that is an investment in shares quoted in an active market is determined as at the same date.

The adoption of these new requirements had no impact on SSMU's financial statements.

**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:

**STUDENTS' SOCIETY OF MCGILL UNIVERSITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**MAY 31, 2022**

### **3. Significant accounting policies (continued)**

#### **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.

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.

**STUDENTS' SOCIETY OF MCGILL UNIVERSITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**MAY 31, 2022**

**3. Significant accounting policies (continued)**

**Revenue recognition (continued)**

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.

**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	10 years
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, 2022**

### **3. Significant accounting policies (continued)**

#### **Financial instruments**

##### Initial measurement

SSMU initially measures its financial assets and liabilities originated or exchanged in arm's length transactions at fair value. Financial assets and liabilities originated and exchanged in related party transactions, except for those that involve parties whose sole relationship with SSMU is in the capacity of management, are initially measured at cost.

The cost of a financial instrument in a related party transaction depends on whether the instrument has repayment terms. The cost of a financial asset or liability in a related party transaction that has repayment terms is determined using its undiscounted cash flows, excluding interest and dividend payments, less any impairment losses previously recognized by the transferor. When the financial instrument does not have repayment terms, its cost is determined using the consideration transferred or received by the Corporation in the transaction.

##### Subsequent measurement

SSMU subsequently measures all its financial assets and financial liabilities at cost or 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 the statement of operations in the period incurred.

Financial assets and liabilities measured at amortized cost include cash and cash equivalents, term deposits, trade receivables, interest receivable, accounts payable and accrued liabilities, and long-term debt.

Amounts due to and from other funds are recognized at cost.

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

##### Impairment

For financial assets measured at cost or amortized cost, the Entity determines whether there are indications of possible impairment. When there are, and the entity determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows, a write-down is recognized in the Statement of Operations. If the indicators of impairment have decreased or no longer exist, the previously recognized impairment loss may be reversed to the extent of the improvement. The carrying amount of the financial asset may be 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.

**STUDENTS' SOCIETY OF MCGILL UNIVERSITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**MAY 31, 2022**

**3. Significant accounting policies (continued)**

**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, 2022 includes \$500,362 (2021, \$431,027) of cash restricted for the use of the SSMU's various internal clubs.

**5. Trade receivables**

	2022 \$	2021 \$
Trade	210,951	106,259
Sales taxes receivable	20,540	-
	<b>231,491</b>	<b>106,259</b>

**6. Due from SSMU Daycare Center Inc.**

The amounts owed from SSMU Daycare Inc., a daycare controlled by SSMU, are unsecured, non-interest bearing and have no terms of repayment.

**7. Investments**

	2022 \$	2021 \$
<b>Operating Fund</b>		
Cashable guaranteed investment certificates matured during the year	-	1,300,000
Cashable guaranteed investment certificates at a rate of 0.95%, maturing November 2022	250,000	-
	<b>250,000</b>	<b>1,300,000</b>

**STUDENTS' SOCIETY OF MCGILL UNIVERSITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**MAY 31, 2022**

**7. Investments (continued)**

	2022	2021
	\$	\$
<b>Capital Expenditures Reserve Fund</b>		
Shares in public corporations	1,348,394	1,490,964
Corporate bond certificates	2,215,537	2,396,484
Cashable guaranteed investment certificates at a rate of 0.95% maturing November 2022	680,000	-
	<b>4,243,931</b>	<b>3,887,448</b>

As at May 31, 2022, the redeemable corporate bonds had a fixed weighted average interest rate of 4.46% (2021, 4.57%). These bonds mature at various dates starting in the calendar year 2023 and ending in 2080.

	2022	2021
	\$	\$
<b>Awards of Distinction Reserve Fund</b>		
Cashable guaranteed investment certificates matured during the year	-	525,000
Corporate bond certificates	469,565	-
	<b>469,565</b>	<b>525,000</b>

As at May 31, 2022, the redeemable corporate bonds had a fixed weighted average interest rate of 4.91% (2021, NIL). These bonds mature at various dates starting in the calendar year 2025 and ending in 2082.

	2022	2021
	\$	\$
<b>Health and Dental Plan Reserve Fund</b>		
Cashable guaranteed investment certificates matured during the year	-	2,450,000
Cashable guaranteed investment certificates at a rate of 0.95%, maturing November 2022	3,048,200	-
	<b>3,048,200</b>	<b>2,450,000</b>

**STUDENTS' SOCIETY OF MCGILL UNIVERSITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**MAY 31, 2022**

**7. Investments (continued)**

	2022 \$	2021 \$
<b>University Centre Building Fund</b>		
Cashable guaranteed investment certificates matured during the year	-	1,100,000
Cashable guaranteed investment certificates at a rate of 0.95%, maturing November 2022	<b>995,000</b>	-
	<b>995,000</b>	1,100,000

**8. 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, 2022 an amount of \$1,420,386 (2021, \$1,191,322) was transferred from the Operating Fund to the Student Life Fund, and a loss of \$51,086 (2021, gain of \$493,354) was transferred from the Operating Fund to the Capital Expenditures Reserve Fund.

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

**9. Capital assets**

	Cost \$	Accumulated amortization \$	2022 Net book value \$	2021 Net book value \$
Land	730,286	-	<b>730,286</b>	730,286
Building	4,851,178	447,074	<b>4,404,104</b>	4,525,178
Building improvements	801,319	682,895	<b>118,424</b>	193,821
Equipment	881,391	769,731	<b>111,660</b>	146,226
Furniture and fixtures	248,470	196,776	<b>51,694</b>	21,289
Computer equipment	223,270	194,026	<b>29,244</b>	29,417
Computer software	308,524	280,963	<b>27,561</b>	66,320
	<b>8,044,438</b>	<b>2,571,465</b>	<b>5,472,973</b>	5,712,537



**STUDENTS' SOCIETY OF MCGILL UNIVERSITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**MAY 31, 2022**

**10. Accounts payable and accrued liabilities**

	2022	2021
	\$	\$
Student health insurance premiums	748,687	915,256
Accruals and other payables	652,605	597,743
Deductions at source and other government remittances	43,654	27,193
Sales taxes	-	17,997
	<b>1,444,946</b>	<b>1,558,189</b>

**11. Long-term debt**

	2022	2021
	\$	\$
Long-term debt, repayable in monthly installments 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, 2022, the property (land and building) has a net book value of \$3,980,734.	2,714,476	2,838,113
Long-term debt, repayable in monthly installments of \$14,882, including interest calculated at a fixed rate of 3.84% and maturing on March 30, 2027 with a final payment due of \$242,875. 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, 2022, the respective secured assets recorded in building (capital assets) have a net book value of \$1,153,656.	976,059	1,114,268
	<b>3,690,535</b>	<b>3,952,381</b>
Current portion of long-term debt	2,858,087	261,907
	<b>832,448</b>	<b>3,690,474</b>

**STUDENTS' SOCIETY OF MCGILL UNIVERSITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**MAY 31, 2022**

**II. Long-term debt (continued)**

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

	\$
2023	2,858,087
2024	149,223
2025	155,056
2026	161,116
2027	367,053

Draft for discussion only

**STUDENTS' SOCIETY OF MCGILL UNIVERSITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**MAY 31, 2022**

## 12. Contingencies

In a prior year, a student instituted proceedings in the amount of \$1,500,000 against SSMU. SSMU has contested this claim and, at this stage, the total damages are estimated at \$69,500. A provision has been made for this amount in the financial statements. The final outcome may exceed the amount accrued.

Subsequent to year-end, a union instituted proceedings against SSMU for a bad faith negotiation complaint. The legal proceeding are ongoing and a hearing has been scheduled on December 14, 2022. The possible monetary outcome of this proceeding cannot be foreseen and such, no provision has been made in the financial statements.

## 13. Commitments

The SSMU entered into an equipment lease contract maturing in June 2024, for office equipment totalling \$6,844. The installments over the next two years are the following:

	\$
2023	4,831
2024	2,013

## 14. Related party transactions

Included in General administration are administrative revenues received from SSMU Daycare Centre Inc., a daycare under control of SSMU, totalling \$6,000 (2021, \$21,000). 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. Receivables were measured at cost, determined using their undiscounted cash flows. No difference resulted from these transactions.

## 15. 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, 2022.

### 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, accrued liabilities, and long-term debt.

**STUDENTS' SOCIETY OF MCGILL UNIVERSITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**MAY 31, 2022**

**15. Financial instruments (continued)**

**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.

**16. Budgeted figures**

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

**17. Comparative figures**

Certain figures for 2021 have been reclassified to conform to the presentation adopted in 2022.

**STUDENTS' SOCIETY OF MCGILL UNIVERSITY  
SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED MAY 31, 2022**

## Appendix A

## Statements of Operations Compared to Budget - Operating Fund

	2022		2021	
	Actual \$	Budget (unaudited - see Note 16) \$	Actual \$	Budget (unaudited - see Note 16) \$
<b>Revenues</b>				
Student fees	2,676,649	2,410,000	2,685,111	2,677,767
Gerts Bar	311,552	370,762	-	108,100
University centre building operations	169,989	380,774	189,425	140,692
General administration	114,699	96,000	132,564	108,000
Funding	889,978	-	578,800	-
Programming activities	66,876	154,930	52,667	81,300
Publications and communication	27,916	43,727	36,654	-
Services	1,293,505	-	995,701	-
Clubs - net gain	286,360	-	175,275	-
	<b>5,837,524</b>	<b>3,456,193</b>	<b>4,846,197</b>	<b>3,115,859</b>
<b>Expenses</b>				
Gerts Bar	423,548	329,464	-	171,427
University centre building operations	545,434	687,662	425,676	619,320
General administration	1,720,960	1,581,430	1,727,348	1,571,278
Governances	633,373	582,628	362,856	507,122
Funding	325,257	-	121,363	-
Programming activities	95,341	140,685	57,529	148,106
Publications and communication	17,552	14,294	30,698	2,322
Services	706,759	-	436,051	-
Clubs - net loss	-	-	-	-
	<b>4,468,224</b>	<b>3,336,163</b>	<b>3,161,521</b>	<b>3,019,575</b>

**STUDENTS' SOCIETY OF MCGILL UNIVERSITY  
SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED MAY 31, 2022**

Appendix A (continued)

Statements of Operations Compared to Budget - Operating Fund

	2022		2021	
	Actual \$	Budget (unaudited - see Note 15) \$	Actual \$	Budget (unaudited - see Note 15) \$
Excess (deficiency) of revenues over expenses				
Student fees	2,676,649	2,410,000	2,685,111	2,677,767
Gerts Bar	(111,996)	41,298	-	(63,327)
University centre building operations	(375,445)	(306,888)	(236,251)	(478,628)
General administration	(1,606,261)	(1,485,430)	(1,594,784)	(1,463,278)
Governances	(633,373)	(582,628)	(362,856)	(507,122)
Funding	564,721	-	457,437	-
Programming activities	(28,465)	14,245	(4,862)	(66,806)
Publications and communication	10,364	29,433	5,956	(2,322)
Services	586,746	-	559,650	-
Clubs - net gain	286,360	-	175,275	-
	<b>1,369,300</b>	<b>120,030</b>	<b>1,684,676</b>	<b>96,284</b>