

Students' Society of McGill University
Financial Statements
For the year ended May 31, 2025

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For the year ended May 31, 2025

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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 (the "Organization"), which comprise the statement of financial position as at May 31, 2025, 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 Organization as at May 31, 2025, and its results of 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, the Organization derives revenues 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 the Organization. Additionally, the Organization did not consolidate the accounts of SSMU Daycare Center Inc. / Centre de Garderie SSMU Inc., a not-for-profit organization, of which the Organization is deemed to have control over the operations and the deployment of its resources. Under Canadian accounting standards for not-for-profit organizations, the Organization 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, 2025 in addition to the revenues, expenditures 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 expenditures and cash flows for the years ended May 31, 2025 and 2024, current assets as at May 31, 2025 and 2024, and fund balances as at June 1 and May 31 for both the 2025 and 2024 years. Our audit opinion on the financial statements for the year ended May 31, 2025 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 Organization 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 opinion.

Independent Auditor's Report

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 Organization'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 Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization'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 Organization's internal control.

Independent Auditor's Report

- 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 Organization'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 Organization 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.

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BDO Canada s.r.l./S.E.N.C.R.L./LLP

Montréal, Québec
November 27, 2025

¹ CPA auditor, public accountancy permit No. A130513

Students' Society of McGill University Statement of Financial Position

May 31	Operating Fund	Capital Expenditures Reserve Fund	Awards of Distinction Reserve Fund	Health and Dental Plan Reserve Fund	Student Life Fund	University Centre Building Fund	2025 Total	2024 Total
Assets								
Current								
Cash and cash equivalents (Note 2)	\$ 10,039,068	\$ 449,000	\$ 32,372	\$ -	\$ -	\$ -	\$ 10,520,440	\$ 6,581,648
Trade receivables (Note 3)	209,812	-	-	-	-	-	209,812	542,347
Due from SSMU Daycare (Note 4)	1,171	-	-	-	-	-	1,171	1,629
Interest receivable	-	-	-	-	-	-	-	4,359
Investments (Note 5)	-	3,683,278	532,296	-	-	-	4,215,574	5,509,799
Inventory	12,546	-	-	-	-	-	12,546	17,777
Prepaid expenses and other assets	63,023	-	-	-	-	-	63,023	64,939
Due from (to) other funds (Note 6)	(8,620,534)	(2,035,882)	255	6,546,553	2,544,107	1,565,501	-	-
	1,705,086	2,096,396	564,923	6,546,553	2,544,107	1,565,501	15,022,566	12,722,498
Capital assets (Note 7)	-	4,965,632	-	-	-	-	4,965,632	5,113,766
	\$ 1,705,086	\$ 7,062,028	\$ 564,923	\$ 6,546,553	\$ 2,544,107	\$ 1,565,501	\$ 19,988,198	\$ 17,836,264
Liabilities and Fund Balances								
Current								
Accounts payable and accrued liabilities (Note 8)	\$ 1,357,347	\$ -	\$ -	\$ 3,298,627	\$ -	\$ 49,157	\$ 4,705,131	\$ 4,155,944
Deferred revenues	347,739	-	-	-	-	-	347,739	165,643
Current portion of long-term debt (Note 9)	-	236,714	-	-	-	-	236,714	2,641,669
	1,705,086	236,714	-	3,298,627	-	49,157	5,289,584	6,963,256
Long-term debt (Note 9)	-	2,674,266	-	-	-	-	2,674,266	528,169
	1,705,086	2,910,980	-	3,298,627	-	49,157	7,963,850	7,491,425
Fund balances								
Invested in capital assets	-	2,054,652	-	-	-	-	2,054,652	1,943,929
Internally restricted	-	2,096,396	564,923	3,247,926	2,544,107	1,516,344	9,969,696	8,400,910
	-	4,151,048	564,923	3,247,926	2,544,107	1,516,344	12,024,348	10,344,839
	\$ 1,705,086	\$ 7,062,028	\$ 564,923	\$ 6,546,553	\$ 2,544,107	\$ 1,565,501	\$ 19,988,198	\$ 17,836,264
Commitments (Note 10)								
On behalf of the Board:								
_____ Director	_____ Director							

The accompanying notes are an integral part of these financial statements.

Students' Society of McGill University Statement of Operations and Changes in Fund Balances

For the year ended May 31	Operating Fund	Capital Expenditures Reserve Fund	Awards of Distinction Reserve Fund	Health and Dental Plan Reserve Fund	Student Life Fund	University Centre Building Fund	2025 Total	2024 Total
(Schedule)								
Revenues								
Student fees	\$ 3,233,328	\$ 34,179	\$ -	\$ 6,273,586	\$ -	\$ 463,665	\$ 10,004,758	\$ 9,597,751
Gerts Bar and Cafe	297,581	-	-	-	-	-	297,581	532,598
University centre building operations	451,459	-	-	-	-	-	451,459	358,020
General administration	358,431	-	-	-	-	-	358,431	171,607
Funding	1,000,955	-	-	-	-	-	1,000,955	851,946
Programming activities	139,696	-	-	-	-	-	139,696	80,786
Publications and communications	26,028	-	-	-	-	-	26,028	37,755
Services	3,547,731	-	-	-	-	-	3,547,731	2,799,889
Investment revenue	-	160,855	31,593	20,112	-	-	212,560	398,561
(Loss) gain on disposal of investments	-	(5,220)	-	-	-	-	(5,220)	43,076
Unrealized gain on investments	-	282,689	27,202	-	-	-	309,891	132,547
Clubs - net gain	139,608	-	-	-	-	-	139,608	18,958
	9,194,817	472,503	58,795	6,293,698	-	463,665	16,483,478	15,023,494
Expenditures								
Gerts Bar and Cafe	363,454	-	-	-	-	-	363,454	705,500
University centre building operations	779,795	-	-	-	-	294,760	1,074,555	959,394
Student health plan premiums	-	-	-	6,190,433	-	-	6,190,433	5,895,469
General administration	1,896,491	-	-	-	-	-	1,896,491	1,982,281
Governances	731,801	-	-	-	-	-	731,801	994,351
Funding	365,326	-	-	-	652,503	-	1,017,829	1,131,442
Programming activities	136,870	-	-	-	-	-	136,870	89,517
Publications and communications	45,782	-	-	-	-	-	45,782	38,110
Services	2,306,459	-	-	-	605,351	-	2,911,810	2,176,827
Amortization of capital assets	-	208,371	-	-	-	-	208,371	219,566
Investment management fees	-	37,364	-	-	-	-	37,364	34,464
Awards of distinction granted	-	-	5,024	-	-	-	5,024	12,312
Interest on long-term debt	-	184,185	-	-	-	-	184,185	204,985
	6,625,978	429,920	5,024	6,190,433	1,257,854	294,760	14,803,969	14,444,218
Excess of revenues over expenditures	2,568,839	42,583	53,771	103,265	(1,257,854)	168,905	1,679,509	579,276
Fund balances, beginning of the year	-	3,538,570	511,152	3,144,661	1,803,017	1,347,439	10,344,839	9,765,563
Interfund transfers (Note 6)	(2,568,839)	569,895	-	-	1,998,944	-	-	-
Fund balances, end of the year	\$ -	\$ 4,151,048	\$ 564,923	\$ 3,247,926	\$ 2,544,107	\$ 1,516,344	\$ 12,024,348	\$ 10,344,839

The accompanying notes are an integral part of these financial statements.

Students' Society of McGill University Statement of Cash Flows

For the year ended May 31	2025	2024
Cash flows from operating activities		
Excess of revenues over expenditures	\$ 1,679,509	\$ 579,276
Items not affecting cash:		
Amortization of capital assets	208,371	219,566
Loss (gain) on disposal of investments	5,220	(43,076)
Unrealized gain on investments	(309,891)	(132,547)
	<u>1,583,209</u>	<u>623,219</u>
Changes in non-cash working capital:		
Trade receivables	332,535	(102,309)
Inventory	5,231	(278)
Interest receivable	4,359	22,825
Due from SSMU Daycare	458	(156)
Prepaid expenses and other assets	1,918	662,644
Accounts payable and accrued liabilities	549,187	3,165,423
Deferred revenues	182,096	75,687
	<u>2,658,993</u>	<u>4,447,055</u>
Cash flows from investing activities		
Acquisition of capital assets	(60,237)	(67,220)
Acquisition of investments	(1,343,262)	(8,703,132)
Proceeds from disposition of investments	2,942,156	10,004,065
	<u>1,538,657</u>	<u>1,233,713</u>
Cash flows from financing activity		
Repayment of long-term debt	(258,858)	(253,899)
Net increase in cash and cash equivalents	<u>3,938,792</u>	<u>5,426,869</u>
Cash and cash equivalents, beginning of the year	<u>6,581,648</u>	<u>1,154,779</u>
Cash and cash equivalents, end of the year	<u>\$ 10,520,440</u>	<u>\$ 6,581,648</u>

The accompanying notes are an integral part of these financial statements.

Students' Society of McGill University

Notes to Financial Statements

May 31, 2025

1 . Significant Accounting Policies

Nature and Purpose of Organization	<p>The Students' Society of McGill University (the "Organization") incorporated the Student Center of McGill University on August 19, 1992 under part III of the <i>Companies Act (Québec)</i>. 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, the Organization was renamed Students' Society of McGill University / Association étudiante de l'Université McGill.</p> <p>The Organization is a not-for-profit organization dedicated to providing various services to McGill students. The organization is exempt from income taxes.</p>
Basis of Accounting	<p>The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the CPA Canada Handbook.</p>
Use of Estimates	<p>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 amounts of assets and liabilities and the amounts recognized as revenues and expenses for the periods covered. Actual results may differ from these estimates. The critical estimates relate to the provision for doubtful accounts, the net realizable value of inventory, the impairment of financial assets and the useful lives of capital assets.</p>
Fund Accounting	<p>The Operating Fund records unrestricted resources which are available for the general operations of the Organization. This fund also records restricted resources for activities for which no restricted fund has been established.</p> <p>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.</p> <p>The Awards of Distinction Reserve Fund was established in 1990 for the purpose of generating revenue to provide for the Organization's awards of distinction.</p> <p>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.</p>

Students' Society of McGill University

Notes to Financial Statements

May 31, 2025

1. 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

The Organization follows the deferral method of accounting for contributions and uses fund accounting.

Restricted contributions are recognized as revenue of the appropriate fund in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue of the appropriate fund when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

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

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

Restricted net investment income is recognized as revenue of the appropriate fund in the year in which the related expenditures are incurred. Restricted net investment income that must be added to the principal amount of resources held for endowment is recognized as a direct increase in net assets. Unrestricted net investment income is recognized as revenue when earned.

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

Cash and Cash Equivalents

The Organization'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 under three months from the date of acquisition.

Students' Society of McGill University

Notes to Financial Statements

May 31, 2025

1. Significant Accounting Policies (continued)

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:

Building	40 years
Building improvements	10 years
Equipment	20%
Furniture and fixtures	20%
Computer equipment	20%
Computer software	50%

Impairment of Long-lived Assets

In the event that facts and circumstances indicate that the Organization's long-lived assets may be impaired, a test of recoverability would be performed.

Such a test entails comparing the estimated future undiscounted cash flows associated with the asset to the asset's carrying amount to determine if a write-down to fair value is required.

For purposes of recognition and measurement of an impairment loss, a long-lived asset is grouped with other assets and liabilities to form an asset group. An asset group is the lowest level for which identifiable cash flows are largely independent of the cash flows of other assets and liabilities.

Financial Instruments

Arm's length financial instruments are recorded at fair value at initial recognition.

Related party financial instruments quoted in an active market or those with observable inputs significant to the determination of fair value or derivative contracts are recorded at fair value at initial recognition. All other related party financial instruments are recorded at cost at initial recognition.

In subsequent periods, equities traded in an active market and derivatives are reported at fair value, with any change in fair value reported in income. All other financial instruments are reported at cost or amortized cost less impairment. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items measured at fair value and charged to the financial instrument for those measured at amortized cost.

Students' Society of McGill University Notes to Financial Statements

May 31, 2025

1. Significant Accounting Policies (continued)

Financial Instruments (continued)	Financial assets are tested for impairment when indicators of impairment exist. When a significant change in the expected timing or amount of the future cash flows of the financial asset is identified, the carrying amount of the financial asset is reduced and the amount of the write-down is recognized in the statement of operations and changes in fund balances. A previously recognized impairment loss may be reversed to the extent of the improvement, provided it is not greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously, and the amount of the reversal is recognized in the statement of operations and changes in fund balances.
Contributed Services	Volunteers contribute many hours per year to the Organization to ensure service delivery. Due to the difficulty of determining the fair value of contributed services, they are not recognized in the financial statements.

2. Cash and Cash Equivalents

The total cash balance as at May 31, 2025 includes \$427,611 (2024 - \$473,499) of cash for the use of the Organization's various internal clubs.

3. Trade Receivables

	2025	2024
Trade receivables	\$ 163,493	\$ 318,961
Sales taxes receivable	46,319	223,386
	<u>\$ 209,812</u>	<u>\$ 542,347</u>

4. Due from SSMU Daycare Center Inc.

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

Students' Society of McGill University Notes to Financial Statements

May 31, 2025

5. Investments

	2025	2024
Capital Expenditures Reserve Fund (at fair value)		
Shares in public corporations (at cost \$1,246,115)	\$ 1,558,385	\$ 1,283,674
Corporate bond certificates (at cost \$2,087,040) ^(a)	2,124,893	1,984,279
	<u>3,683,278</u>	<u>3,267,953</u>
Awards of Distinction Reserve Fund (at fair value)		
Corporate bond certificates (at cost \$542,735) ^(b)	532,296	441,846
	<u>532,296</u>	<u>441,846</u>
Health and Dental Plan Reserve Fund		
Non-redeemable guaranteed investment certificates that matured in November 2024	-	1,800,000
	<u>-</u>	<u>1,800,000</u>
Total investments	<u>\$ 4,215,574</u>	<u>\$ 5,509,799</u>

(a) As at May 31, 2025, the redeemable corporate bonds had a fixed weighted average interest rate of 4.78% (2024 - 4.41%). These bonds mature at various dates starting in the calendar year 2027 and ending in 2083.

(b) As at May 31, 2025, the redeemable corporate bonds had a fixed weighted average interest rate of 5.5% (2024 - 4.89%). These bonds mature at various dates starting in the calendar year 2026 and ending in 2082.

6. Due From (To) 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. Excess of expenditures over revenues generated in the Operating Fund shall be transferred from the CERF on an annual basis.

As at May 31, 2025, a surplus of \$569,895 (2024 - deficit of \$227,651) was transferred from the Operating Fund to the Capital Expenditures Reserve Fund and an amount of \$1,998,944 (2024 - \$1,385,664) was transferred from the Operating Fund to the Student Life Fund.

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

Students' Society of McGill University Notes to Financial Statements

May 31, 2025

7. Capital Assets

	2025		2024	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Land	\$ 730,286	\$ -	\$ 730,286	\$ -
Building	4,851,178	810,912	4,851,178	689,633
Building improvements	836,795	780,775	801,319	755,847
Equipment	971,694	899,369	960,647	861,473
Furniture and fixtures	277,043	239,757	272,070	225,199
Computer equipment	252,094	228,271	246,199	219,272
Computer software	311,370	305,744	308,524	305,033
	8,230,460	3,264,828	8,170,223	3,056,457
		\$ 4,965,632		\$ 5,113,766

8. Accounts Payable and Accrued Liabilities

	2025	2024
Trade and other payables	\$ 4,693,960	\$ 4,127,985
Deductions at source	11,171	27,959
	\$ 4,705,131	\$ 4,155,944

Students' Society of McGill University Notes to Financial Statements

May 31, 2025

9. Long-term Debt

	2025	2024
Long-term debt, repayable in monthly blended installments of \$23,358 including interest calculated at a fixed rate of 6.92%, renewed in the current year with new terms.	\$ -	\$ 2,487,543
Long-term debt, repayable in monthly blended installments of \$15,439 including interest calculated at a fixed rate of 4.67% and maturing on March 13, 2030. The loan is secured by a first-ranking hypothec of \$3,200,000 on the immovable property located at 3501 Peel Street, Montréal, Québec. As at May 31, 2025, the property (land and building) has a net book value of \$4,770,552.	\$ 2,382,811	\$ -
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, Montréal, Québec, in the amount of \$1,214,375. As at May 31, 2025, the respective secured assets recorded in building (capital assets) have a net book value of \$1,062,578.	528,169	682,295
	2,910,980	3,169,838
Current portion of long-term debt	236,714	2,641,669
Long-term portion of debt	\$ 2,674,266	\$ 528,169

Principal repayments on long-term debt over the next five years are as follows:

2026	\$ 236,714
2027	446,258
2028	82,985
2029	86,944
2030	2,058,079
	<u>\$ 2,910,980</u>

Students' Society of McGill University

Notes to Financial Statements

May 31, 2025

10. Commitments

The Organization entered into a software licence and services agreement ending in March 2026. The installments over the next year is \$26,333.

11. Related Party Transactions

Included in General administration are administrative revenues received from SSMU Daycare Centre Inc., a daycare under control of the Organization by virtue of common board members, totalling \$6,000 (2024 - \$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. Receivables were measured at cost, determined using their undiscounted cash flows. No difference resulted from these transactions.

12. Financial Instruments

Financial risks

The Organization is exposed to various risks through its financial instruments, without being exposed to concentrations of risk. The following analysis provides a measure of the Organization's risk exposure at the statement of financial position date of May 31, 2025.

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. The Organization is exposed to credit risk resulting from the possibility that a customer or counterparty to a financial instrument defaults on their financial obligations; if there is a concentration of transactions carried out with the same counterparty; or of financial obligations which have similar economic characteristics such that they could be similarly affected by changes in economic conditions. The Organization's financial instruments that are exposed to concentrations of credit risk relate primarily to its trade receivables.

There have not been any changes in the risk from the prior year.

Liquidity risk

Liquidity risk is the risk that the Organization will encounter difficulty in meeting its obligations associated with financial liabilities. Liquidity risk includes the risk that, as a result of operational liquidity requirements, the Organization will not have sufficient funds to settle a transaction on the due date; will be forced to sell financial assets at a value, which is less than what they are worth; or may be unable to settle or recover a financial asset. The Organization is exposed to this risk mainly in respect of its accounts payable, accrued liabilities, and long-term debt.

There have not been any changes in the risk from the prior year.

Students' Society of McGill University

Notes to Financial Statements

May 31, 2025

12. 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. Organization is mainly exposed to interest rate risk and other price risk.

The Organization's risk management strategies are described below.

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. The Organization is exposed to interest rate risk on its fixed and floating interest rate financial instruments. Fixed-interest instruments subject the Organization to a fair value risk while the floating rate instruments subject it to a cash flow risk.

A portion of the Organization's investments bear interest at floating rates. Fluctuations in these rates will impact the investment income received in the future.

The Organization is exposed to changes in interest rates related to its investments in marketable securities. The Organization's primary objective is to ensure the security of principal amounts invested and provide for a high degree of liquidity, while achieving a satisfactory return. Treasury risk management policies specify various investment parameters including eligible types of investment, maximum maturity dates, maximum exposure by counterparties and maximum credit ratings.

The Organization mitigates interest rate risk on investments by diversifying the durations of the fixed-income investments that are held at a given time.

There have not been any changes in the risk from the prior year.

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. The Organization is exposed to other price risk through its investments in shares quoted in an active market.

There have not been any changes in the risk from the prior year.

13. Budgeted Figures

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

Students' Society of McGill University Schedule

For the year ended May 31

2025

2024

	Actual	Budget	Actual	Budget
		(Unaudited - see Note 13)		(Unaudited - see Note 13)
Revenues				
Student fees	\$ 3,233,328	\$ 3,130,783	\$ 3,034,094	\$ 2,800,000
Gerts Bar and Cafe	297,581	550,262	532,598	509,556
University centre building operations	451,459	575,453	358,020	387,040
General administration	358,431	130,500	171,607	127,500
Funding	1,000,955	-	851,946	-
Programming activities	139,696	83,500	80,786	91,000
Publications and communications	26,028	42,500	37,755	-
Services	3,547,731	-	2,799,889	-
Clubs - net gain	139,608	-	18,958	-
	9,194,817	4,512,998	7,885,653	3,915,096
Expenditures				
Gerts Bar and Cafe	363,454	607,221	705,500	563,315
University centre building operations	779,795	934,778	667,275	880,261
General administration	1,896,491	1,735,726	1,982,281	2,217,397
Governances	731,801	758,871	994,351	871,984
Funding	365,326	-	462,993	-
Programming activities	136,870	148,755	89,517	108,398
Publications and communications	45,782	42,537	38,110	-
Services	2,306,459	-	1,787,613	-
	\$ 6,625,978	\$ 4,227,888	\$ 6,727,640	\$ 4,641,355
Excess (deficiency) of revenues over expenditures				
Student fees	\$ 3,233,328	\$ 3,130,783	\$ 3,034,094	\$ 2,800,000
Gerts Bar and Cafe	(65,873)	(56,959)	(172,902)	(53,759)
University centre building operations	(328,336)	(359,325)	(309,255)	(493,221)
General administration	(1,538,060)	(1,605,226)	(1,810,674)	(2,089,897)
Governances	(731,801)	(758,871)	(994,351)	(871,984)
Funding	635,629	-	388,953	-
Programming activities	2,826	(65,255)	(8,731)	(17,398)
Publications and communications	(19,754)	(37)	(355)	-
Services	1,241,272	-	1,012,276	-
Clubs - net gain	139,608	-	18,958	-
	\$ 2,568,839	\$ 285,110	\$ 1,158,013	\$ (726,259)