

**McGill Association of Continuing
Education Students Inc.**
Financial Statements
For the years ended May 31, 2013
and May 31, 2012

McGill Association of Continuing Education Students Inc.
Financial Statements
For the years ended May 31, 2013 and May 31, 2012

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Independent Auditor's Report

To the Directors of
McGill Association of Continuing Education Students Inc.

We have audited the accompanying financial statements of the McGill Association of Continuing Education Students Inc., which comprise the statements of financial position as at May 31, 2013, May 31, 2012 and June 1, 2011, the statements of revenue and expenditures, changes in net assets and cash flows for the years ended May 31, 2013 and May 31, 2012, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.



Independent Auditor's Report

Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of the McGill Association of Continuing Education Students Inc. as at May 31, 2013, May 31, 2012 and June 1, 2011, and the results of its operations and its cash flows for the years ended May 31, 2013 and May 31, 2012, in accordance with Canadian accounting standards for not-for-profit organizations.

*BDO Canada LLP / s.r.l. / s.e.n.c.r.l.*¹

Montréal, Québec
January 20, 2014

¹ CPA auditor, CA public accountancy permit no. A104278

**McGill Association of Continuing Education Students Inc.
Statements of Financial Position**

	May 31, 2013	May 31, 2012	June 1, 2011
			(Restated - Note 3)
Assets			
Current			
Cash	\$ 356,859	\$ 40,141	\$ 15,694
Term deposits	-	-	86,476
Accounts receivable	59,681	441,671	236,424
Prepaid expenses	984	685	670
	417,524	482,497	339,264
Capital assets (Note 4)	39,864	22,515	33,763
	\$ 457,388	\$ 505,012	\$ 373,027

Liabilities and Net Assets

Current			
Accounts payable and accrued liabilities (Note 5)	\$ 37,106	\$ 57,603	\$ 29,349
Net assets			
Invested in capital assets	39,864	22,515	33,763
Unrestricted	380,418	424,894	309,915
	420,282	447,409	343,678
	\$ 457,388	\$ 505,012	\$ 373,027

On behalf of the Board

_____ Director

_____ Director

McGill Association of Continuing Education Students Inc. Statements of Revenue and Expenditures

For the years ended May 31	2013	2012
		(Restated - Note 3)
Revenue		
Student fees	\$ 252,570	\$ 255,531
Computer lab	1,195	1,845
Other	1,000	309
Interest	-	37
	254,765	257,722
Expenditures (Schedule)		
Computer lab	109,453	83,392
Office	78,117	36,085
Building	37,208	18,530
Administration	38,012	13,963
Events	19,102	2,021
	281,892	153,991
(Deficiency) excess of revenue over expenditures for the year	\$ (27,127)	\$ 103,731

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

**McGill Association of Continuing Education Students Inc.
Statements of Changes in Net Assets**

	Invested in Capital Assets	Unrestricted	Total
Balance, June 1, 2011, as previously stated	\$ 33,763	\$ 324,284	\$ 358,047
Prior period adjustment (Note 3)	-	(14,369)	(14,369)
As restated	33,763	309,915	343,678
(Deficiency) excess of revenue over expenditures for the year	(12,627)	116,358	103,731
Acquisition of capital assets	1,379	(1,379)	-
Balance, May 31, 2012	22,515	424,894	447,409
Deficiency of revenue over expenditures for the year	(12,141)	(14,986)	(27,127)
Acquisition of capital assets	29,490	(29,490)	-
Balance, May 31, 2013	\$ 39,864	\$ 380,418	\$ 420,282

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

McGill Association of Continuing Education Students Inc. Statements of Cash Flows

For the years ended May 31	2013	2012
		(Restated - Note 3)
Cash flows from operating activities		
(Deficiency) excess of revenue over expenditures for the year	\$ (27,127)	\$ 103,731
Item not involving cash		
Amortization of capital assets	12,141	12,627
	(14,986)	116,358
Changes in non-cash working capital balances		
Accounts receivable	381,990	(205,247)
Prepaid expenses	(299)	(15)
Accounts payable and accrued liabilities	(20,497)	28,254
	346,208	(60,650)
Cash flows from investing activities		
Proceeds of term deposit	-	86,476
Purchase of capital assets	(29,490)	(1,379)
	(29,490)	85,097
Increase in cash during the year	316,718	24,447
Cash, beginning of year	40,141	15,694
Cash, end of year	\$ 356,859	\$ 40,141

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

McGill Association of Continuing Education Students Inc.

Notes to Financial Statements

May 31, 2013 and May 31, 2012

1. Significant Accounting Policies

Purpose of the Association The McGill Association of Continuing Education Students ("MACES") was incorporated under Part III of the *Québec Companies Act* on September 27, 1989. The Association promotes the welfare and interests of its members by pursuing the enhancements of their educational, environmental and social conditions. The Association is a not-for-profit organization.

Basis of Accounting These financial statements have been prepared using Canadian accounting standards for not-for-profit organizations ("ASNPO").

Use of Estimates The preparation of financial statements in accordance 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 at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Significant items subject to estimates and assumptions include, but are not limited to estimated useful lives of capital assets, impairment of long-lived assets, accrued liabilities and revenue recognition. Actual results could differ from management's best estimates as additional information becomes available in the future.

Revenue Recognition The Association follows the deferral method of accounting for contributions.

Restricted contributions are recognized as revenue in the year in which the related expenses are incurred.

Unrestricted contributions, comprised of student fee revenues, are recognized on a straight-line basis over the academic term as service is rendered if the amount to be received can be reasonably estimated and collection is reasonably assured.

Computer lab, interest and other revenue are recognized as the services are provided or earned when the amount to be received can be reasonably estimated and collection is reasonably assured.

Capital Assets Capital assets are stated at cost less accumulated amortization. Amortization based on the estimated useful life of the asset is calculated as follows:

Leasehold improvements	Lease term
Computer equipment	30% diminishing balance
Furniture and fixtures	5 years straight-line
Equipment	5 years straight-line

McGill Association of Continuing Education Students Inc.

Notes to Financial Statements

May 31, 2013 and May 31, 2012

Long-lived Assets

Long-lived assets 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 their carrying value exceeds the total undiscounted cash flows expected from their use and eventual disposition. Any impairment loss would be determined as the excess of the carrying value of the assets over their fair value.

Financial Instruments

Measurement of Financial Instruments

The Association initially measures its financial assets and liabilities at fair value. The Association subsequently measures all its financial assets and liabilities at amortized cost.

Financial assets measured at amortized cost include cash and accounts receivable.

Financial liabilities measured at amortized cost include accounts payable.

Impairment

Financial assets measured at amortized cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in expenditures. The previously recognized impairment loss may be reversed to the extent of an improvement, directly or by adjusting the allowance account, 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. The amount of the reversal is recognized in the statement of revenue and expenditures and changes in net assets.

Transaction Costs

The Association recognizes its transaction costs for financial instruments at fair value in the statement of revenue and expenditures and changes in net assets in the period incurred. However, financial instruments that will not be subsequently measured at fair value are adjusted by the transaction costs that are directly attributable to their obligation, issuance or assumption.

McGill Association of Continuing Education Students Inc.

Notes to Financial Statements

May 31, 2013 and May 31, 2012

2. First-time Adoption

Effective June 1, 2012, the Association adopted the requirements of the new accounting framework, Accounting standards for non-for-profit organizations (ASNPO) or Part III of the requirements of the CPA Canada Handbook - Accounting. These are the Association's first financial statements prepared in accordance with this framework and the transitional provisions of Section 1501, First-time Adoption have been applied. Section 1501 requires retrospective application of the accounting standards with certain elective exemptions and retrospective exceptions. The accounting policies set out in Note 1 - Significant Accounting Policies have been applied in preparing the financial statements for the period ended May 31, 2013, the comparative information presented in these financial statements for the year ended May 31, 2012 and in the preparation of an opening ASNPO financial position at the date of transition of June 1, 2011.

The Association issued financial statements for the year ended May 31, 2012 using generally accepted accounting principles prescribed by the CPA Canada Handbook - Accounting Part V - Pre-changeover Accounting Standards.

The adoption of ASNPO resulted in no adjustments to the previously reported assets, liabilities, net assets, revenue, expenditures and cash flows of the Association.

The following elections and exemptions were used at the date of transition to ASNPO:

Business Combinations

The Association elected not to apply Section 1582, Business Combinations, retrospectively to past business combinations prior to the date of transition.

Estimates

The Association records estimates that reflect conditions that existed at the date of the opening statement of financial position.

3. Prior Period Adjustment

In the preparation of its 2013 financial statements, MACES determined that certain receivables and payables were incorrectly accounted for in the prior years and has made a prior period adjustment. The effect of the prior period adjustments on the Statement of Financial Position as at May 31, 2012 and May 31, 2011 and on the Statement of Revenue and Expenditures for the year ended May 31, 2012 is summarized as follows :

May 31, 2012	As previously reported	Restatement	As restated
Accounts receivable	\$ 443,847	\$ (2,176)	\$ 441,671
Accounts payable and accrued liabilities	\$ 41,098	\$ 16,505	\$ 57,603
Net assets	\$ 466,090	\$ (18,681)	\$ 447,409
Excess of revenue over expenditures	\$ 108,043	\$ (4,312)	\$ 103,731

McGill Association of Continuing Education Students Inc. Notes to Financial Statements

May 31, 2013 and May 31, 2012

3. Prior Period Adjustment (Continued)

May 31, 2011	As previously reported	Restatement	As restated
Accounts receivable	\$ 238,152	\$ (1,728)	\$ 236,424
Accounts payable and accrued liabilities	\$ 16,708	\$ 12,641	\$ 29,349
Net assets	\$ 358,047	\$ (14,369)	\$ 343,678

4. Capital Assets

	<u>2013</u>		<u>2012</u>	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Leasehold improvements	\$ 92,305	\$ 92,305	\$ 92,305	\$ 92,305
Computer equipment	59,774	41,976	53,514	35,161
Furniture and fixtures	43,522	23,916	22,187	19,128
Equipment	22,181	19,721	20,286	19,183
	<u>\$ 217,782</u>	<u>\$ 177,918</u>	<u>\$ 188,292</u>	<u>\$ 165,777</u>
Net book value		<u>\$ 39,864</u>		<u>\$ 22,515</u>

5. Accounts Payable and Accrued Liabilities

	<u>2013</u>	<u>2012</u>
		(Restated - Note 3)
Accounts payable and accrued liabilities	\$ 15,192	\$ 39,288
Sales taxes	18,681	16,505
Deductions at source payable	3,233	1,810
	<u>\$ 37,106</u>	<u>\$ 57,603</u>

McGill Association of Continuing Education Students Inc. Notes to Financial Statements

May 31, 2013 and May 31, 2012

6. Commitments

The Association has entered into an operating lease for rental of premises expiring in 2017. The minimum annual lease payments and operating costs required over the remaining lease term and in aggregate is as follows:

2014	\$	15,000
2015		17,500
2016		20,000
2017		<u>22,500</u>
	\$	<u>75,000</u>

The Association has also committed to pay McGill University's School of Continuing Studies \$10,000 in scholarships in 2014 and the salary of a lab attendant in the amount of \$21,000.

7. Financial Instruments

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 Association is exposed to credit risk with respect to cash from the potential default by counterparties that carry the Association's cash. The Association mitigates the credit risk with cash by dealing with one large financial institution with a good credit rating.

Other Risks

Due to the nature of its financial instruments and operations, the Association does not believe that it is exposed to any significant liquidity or market risks.

8. Comparative Figures

Certain of the prior year's comparative figures have been regrouped to conform to the current year's presentation.

McGill Association of Continuing Education Students Inc. Schedules of Expenses

For the years ended May 31	2013	2012
		(Restated - Note 3)
Computer lab		
Salaries and fringe benefits	\$ 59,644	\$ 40,636
Computer support services	31,169	22,346
Amortization of capital assets	12,141	12,627
Materials and supplies	6,021	7,520
Equipment rentals	478	263
	\$ 109,453	\$ 83,392
Office		
Scholarships	\$ 30,000	\$ -
Professional fees	27,418	17,732
Miscellaneous	13,336	2,956
Telephone	3,830	3,550
Salaries and employee benefits	3,533	11,847
	\$ 78,117	\$ 36,085
Building		
Cleaning contract	\$ 14,963	\$ 9,025
Rent	12,000	-
Insurance	9,265	8,056
Repairs and maintenance	980	1,449
	\$ 37,208	\$ 18,530
Administration		
Director's fees	\$ 32,751	\$ 13,144
Advisor's fees	5,161	-
Miscellaneous	100	819
	\$ 38,012	\$ 13,963
Events		
Parties	\$ 14,380	\$ 2,021
Promotion	4,143	-
Seminars	579	-
	\$ 19,102	\$ 2,021
