

**MCGILL ASSOCIATION OF CONTINUING  
EDUCATION STUDENTS INC.**

**MAY 31, 2014**

**SUMMARY**

	<b>PAGE</b>
<b>INDEPENDENT AUDITOR'S REPORT</b>	
<b>FINANCIAL STATEMENTS</b>	
Statement of financial position	1
Statement of revenues and expenditures and changes in net assets	2
Statement of cash flows	3
Notes to financial statements	4 - 7
<b>SUPPLEMENTAL FINANCIAL INFORMATION</b>	
Auditor's comments on supplemental financial information	
Operating expenses	8



# LEVY PILOTTE

SOCIÉTÉ DE COMPTABLES PROFESSIONNELS AGRÉÉS / S.E.N.C.R.L.  
PARTNERSHIP OF CHARTERED PROFESSIONAL ACCOUNTANTS / LLP

## INDEPENDENT AUDITOR'S REPORT

To the directors of  
**MCGILL ASSOCIATION OF CONTINUING EDUCATION STUDENTS INC.**

We have audited the accompanying financial statements of **MCGILL ASSOCIATION OF CONTINUING EDUCATION STUDENTS INC.**, which comprise the statement of financial position as at May 31, 2014, and the statements of revenues and expenditures, changes in net assets and cash flows for the year then ended, 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 audit. We conducted our audit 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 is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of **MCGILL ASSOCIATION OF CONTINUING EDUCATION STUDENTS INC.** as at May 31, 2014, 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.

### Other Matter

The financial statements of **MCGILL ASSOCIATION OF CONTINUING EDUCATION STUDENTS INC.** for the year ended May 31, 2013 were audited by another auditor who expressed an unmodified opinion on those statements on January 20, 2014.

1

March 20, 2015

1 CPA auditor, CA, public accountancy permit No. A111214

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Independent Member

**MCGILL ASSOCIATION OF CONTINUING EDUCATION STUDENTS INC.**

**STATEMENT OF FINANCIAL POSITION**  
**May 31, 2014**

	<b>2014</b>	<b>2013</b>
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash	\$ 10,484	\$ 356,859
Term deposit (note 3)	350,000	-
Contributions receivable	51,897	59,681
Interest receivable	2,555	-
Prepaid expenses	723	984
	<b>415,659</b>	<b>417,524</b>
<b>CAPITAL ASSETS (note 4)</b>	<b>41,737</b>	<b>39,864</b>
	<b>\$ 457,396</b>	<b>\$ 457,388</b>
<b>LIABILITIES</b>		
<b>CURRENT</b>		
Accounts payable and accrued liabilities (note 5)	\$ 76,595	\$ 37,106
<b>NET ASSETS</b>	<b>380,801</b>	<b>420,282</b>
	<b>\$ 457,396</b>	<b>\$ 457,388</b>

**APPROVED ON BEHALF OF THE BOARD:**

....., Director  
 ....., Director

**MCGILL ASSOCIATION OF CONTINUING EDUCATION STUDENTS INC.**

**STATEMENT OF REVENUES AND EXPENDITURES AND CHANGES IN NET ASSETS**  
**Year ended May 31, 2014**

	2014	2013
<b>REVENUES</b>		
Student fees	\$ 242,951	\$ 252,570
Other	1,000	1,000
Computer lab	1,853	1,195
Interest income	2,555	-
	<hr/> 248,359	<hr/> 254,765
<b>OPERATING EXPENSES (note 6)</b>		
Computer lab	106,497	109,453
Office	79,022	78,117
Building	34,321	37,208
Administration	40,425	38,012
Events	27,575	19,102
	<hr/> 287,840	<hr/> 281,892
<b>DEFICIENCY OF REVENUES OVER EXPENDITURES</b>	<b>(39,481)</b>	<b>(27,127)</b>
<b>NET ASSETS , beginning of year</b>	<b>420,282</b>	<b>447,409</b>
<b>NET ASSETS , end of year</b>	<b>\$ 380,801</b>	<b>\$ 420,282</b>

**MCGILL ASSOCIATION OF CONTINUING EDUCATION STUDENTS INC.**

**STATEMENT OF CASH FLOWS**

Year ended May 31, 2014

	2014	2013
<b>OPERATING ACTIVITIES</b>		
Deficiency of revenues over expenditures for the year	\$ (39,481)	\$ (27,127)
Item not involving cash:		
Amortization of capital assets	11,713	12,141
	<u>(27,768)</u>	<u>(14,986)</u>
Variation in noncash working capital balances		
Contributions receivable	7,784	381,990
Interest receivable	(2,555)	-
Prepaid expenses	261	(299)
Accounts payable and accrued liabilities	39,489	(20,497)
	<u>17,211</u>	<u>346,208</u>
<b>INVESTING ACTIVITIES</b>		
Additions to capital assets	<u>(13,586)</u>	<u>(29,490)</u>
<b>INCREASE IN CASH AND EQUIVALENTS</b>	<b>3,625</b>	<b>316,718</b>
<b>CASH AND EQUIVALENTS, beginning of year</b>	<b>356,859</b>	<b>40,141</b>
<b>CASH AND EQUIVALENTS, end of year</b>	<b>\$ 360,484</b>	<b>\$ 356,859</b>
<b>CASH AND EQUIVALENTS CONSIST OF:</b>		
Cash	\$ 10,484	\$ 356,859
Term deposit	350,000	-
	<u>\$ 360,484</u>	<u>\$ 356,859</u>

**MCGILL ASSOCIATION OF CONTINUING EDUCATION STUDENTS INC.****NOTES TO FINANCIAL STATEMENTS****May 31, 2014****1. NATURE OF OPERATIONS**

The McGill Association of Continuing Education Students ("MACES") is a non-for-profit organization. The Association was incorporated under Part III of the Quebec Companies Act on September 27, 1989. The aim of the Association is to promote the welfare and interests of its members by pursuing the enhancements of their educational, environmental and social conditions. The Association follows the deferral method of accounting.

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**2. ACCOUNTING POLICIES****a) Financial Reporting Framework**

The Association, being not a publicly accountable enterprise, chose to establish its financial statements in accordance with Canadian accounting standards for not-for-profit organizations.

**b) Financial Instruments**

- Measurement of financial instruments

The entity initially measures its financial assets and liabilities at fair value, except for certain related party transactions that are measured at the carrying amount or exchange amount, as appropriate.

The entity subsequently measures all its financial assets and financial liabilities at amortized cost, except for marketable securities and derivative contracts other than those designated as hedging items, which are measured at fair value. Changes in fair value are recognized in net income.

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

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

- Impairment

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The previously recognized impairment loss may be reversed when there is a subsequent increase in the financial asset. The amount of the write-down or reversal is recognized in net income.

- Transaction costs

The entity recognizes its transaction costs in net income 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 origination, issuance or assumption.

**c) Use of Estimates**

The preparation of 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 disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from these estimates.

**d) Impairment of Long-lived Assets**

Long-lived 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.

**MCGILL ASSOCIATION OF CONTINUING EDUCATION STUDENTS INC.**

**NOTES TO FINANCIAL STATEMENTS**

May 31, 2014

**2. ACCOUNTING POLICIES (continued)**

e) Amortization

Amortization is provided for on the declining-balance basis, using the following annual rates:

Computer equipment	30%
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Amortization is provided for on the straight-line basis, using the following annual rates:

Furniture and fixtures	20%
Equipment	20%

Leasehold improvements are amortized on a straight-line basis over the term of the lease.

f) Revenue Recognition

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 and when the amount to be received can be reasonably estimated and collection is reasonably assured.

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

g) Statement of Cash Flows

The company follows the indirect method for its presentation of the statement of cash flows. The company considers its investments in treasury bills, term deposits and its position in bank advances as part of its management of cash resources and, accordingly, these items are included as cash and cash equivalents.

**3. TERM DEPOSIT**

The cashable term deposit has an interest rate of 0.8% and matures on July 2, 2014.

**MCGILL ASSOCIATION OF CONTINUING EDUCATION STUDENTS INC.**

**NOTES TO FINANCIAL STATEMENTS**

May 31, 2014

**4. CAPITAL ASSETS**

	<b>2014</b>	2013
Cost		
Leasehold improvements	\$ -	\$ 92,305
Computer equipment	59,774	59,774
Furniture and fixtures	44,097	43,522
Equipment	35,192	22,181
	<hr/> <b>139,063</b>	<hr/> 217,782
Accumulated amortization		
Leasehold improvements	-	92,305
Computer equipment	47,316	41,976
Furniture and fixtures	28,182	23,916
Equipment	21,828	19,721
	<hr/> <b>97,326</b>	<hr/> 177,918
Net book value	<hr/> <b>\$ 41,737</b>	<hr/> \$ 39,864

The Association considered net assets of \$41,737 (2013 - \$39,864) as internally restricted as they are not available for other purposes because they have been invested in capital assets.

**5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	<b>2014</b>	2013
Accounts payable and accrued liabilities consist of:		
Accounts payable and accrued liabilities	\$ 47,646	\$ 14,788
Sales tax contingency	28,949	18,681
Amounts owed for payroll deductions at source	-	3,637
	<hr/> <b>\$ 76,595</b>	<hr/> \$ 37,106

**6. OPERATING EXPENSES**

	<b>2014</b>	2013
Operating expenses include:		
Amortization of fixed assets	\$ 11,713	\$ 12,141

**7. RELATED PARTY TRANSACTIONS**

During the year the company was charged at the exchange amount directors' fees amounting to \$37,071 (2013 - \$32,751).



**MCGILL ASSOCIATION OF CONTINUING EDUCATION STUDENTS INC.**

**NOTES TO FINANCIAL STATEMENTS**

May 31, 2014

**8. COMMITMENTS**

- a) The minimum basic annual rentals called for under operating leases expiring in 2017 principally for office space are approximately:

2015	\$	17,500
2016		20,000
2017		22,000
		<hr/>
	\$	59,500

- b) The Association is committed to pay McGill University's School of Continuing Studies for the services of a lab attendant in the amount of \$21,000 for the year ending May 31, 2015.
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**9. FINANCIAL RISK**

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.

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**10. COMPARATIVE FIGURES**

The 2013 figures were reported on by other auditors.

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## AUDITOR'S COMMENTS ON SUPPLEMENTAL FINANCIAL INFORMATION

Our auditor's report relates to the financial statements of **MCGILL ASSOCIATION OF CONTINUING EDUCATION STUDENTS INC.** presented on the previous pages. The supplemental information shown on the following pages is presented for purposes of additional analysis and is not required to present fairly the financial position of the company or the results of its operations and changes in its cash flows. This supplemental information, extracted from the accounting records of the company, has been subjected to the auditing procedures applied in the audit of the financial statements taken as a whole.

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INTERNATIONAL  
Membre Indépendant  
Independent Member

## MCGILL ASSOCIATION OF CONTINUING EDUCATION STUDENTS INC.

## SUPPLEMENTAL FINANCIAL INFORMATION

Year ended May 31, 2014

	2014	2013
<b>OPERATING EXPENSES</b>		
Computer lab		
Salaries and fringe benefits	\$ 62,167	\$ 59,644
Computer support services	29,555	31,169
Amortization of capital assets	11,713	12,141
Materials and supplies	3,062	6,021
Equipment rentals	-	478
	<b>\$ 106,497</b>	<b>\$ 109,453</b>
Office		
Scholarships	\$ 25,000	\$ 30,000
Professional fees	16,163	27,418
Office and general	16,350	13,336
Telephone	4,009	3,830
Office salaries and benefits	17,500	3,533
	<b>\$ 79,022</b>	<b>\$ 78,117</b>
Building		
Rent	14,000	12,000
Cleaning contract	10,697	14,963
Repairs and maintenance	987	980
Insurance	8,637	9,265
	<b>\$ 34,321</b>	<b>\$ 37,208</b>
Administration		
Advisors' fees	\$ 1,052	\$ 5,161
Elections	2,302	100
Directors' fees	37,071	32,751
	<b>\$ 40,425</b>	<b>\$ 38,012</b>
Events		
Networking events	\$ 22,178	\$ 14,380
Promotion	2,876	579
Seminars	2,522	4,143
	<b>\$ 27,576</b>	<b>\$ 19,102</b>