

Consolidated Financial Statements of

**MCMASTER STUDENTS UNION  
INCORPORATED**

Year ended April 30, 2019

# MCMMASTER STUDENTS UNION INCORPORATED

Consolidated Financial Statements

Year ended April 30, 2019

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## INDEPENDENT AUDITORS' REPORT

To the Student Representative Assembly:

### ***Opinion***

We have audited the consolidated financial statements of McMaster Students Union Incorporated (the Entity), which comprise:

- the consolidated statement of financial position as at end of April 30, 2019
- the consolidated statement of operations for the year then ended
- the consolidated statement of changes net assets for the year then ended
- the consolidated statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies (Hereinafter referred to as the “financial statements”).

In our opinion, except for the possible effects of the matter described in the “***Basis for Qualified Opinion***” section of our auditors’ report, the accompanying financial statements, present fairly, in all material respects, the financial position of the Entity as at end of April 30, 2019, 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 Entity derives revenue from fundraising activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Entity.

Therefore, we were not able to determine whether any adjustments might be necessary to:

- the current assets reported in the consolidated statement of financial position as at April 30, 2019



- the fundraising revenues and excess of revenues over expenses reported in the consolidated statement of operations and changes in net assets for the year ended April 30, 2019
- the net assets reported in the consolidated statement of operations and changes in net assets for the year ended April 30, 2019
- the excess of revenues over expenses reported in the consolidated statement of cash flows for the year ended April 30, 2019

Our opinion on the financial statements for the year ended April 30, 2019 was qualified accordingly because of the possible effects of this limitation in scope.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the “Auditors’ Responsibilities for the Audit of the Financial Statements” section of our auditors’ 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 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.

### ***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.

### ***Auditors’ 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 auditors’ 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 the 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 auditors' 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 auditors' 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.
- 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.

## **DRAFT**

Chartered Professional Accountants, Licensed Public Accountants

Hamilton, Canada

September 3, 2019

# MCMaster STUDENTS UNION INCORPORATED

Consolidated Statement of Financial Position

As at April 30, 2019, with comparative financial information for 2018

	Operating Fund	Capital Fund	University Student Centre Building Fund	CFMU Radio Inc.	Student Health Insurance Plan Fund	Student Dental Plan Fund	2019	2018
<b>Assets</b>								
Current assets:								
Cash	\$ 2,376,679	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,376,679	\$ 1,317,478
Marketable securities (note 2)	3,013,537	-	-	520,609	1,083,632	-	4,617,778	6,103,876
Accounts receivable (note 3)	877,120	-	-	-	-	-	877,120	607,983
Inventories	67,608	-	-	-	-	-	67,608	72,665
Prepaid expenses	82,080	-	-	-	-	-	82,080	96,250
Due from McMaster University Centre- Incorporated (note 9)	216,821	-	-	-	-	-	216,821	-
	6,633,845	-	-	520,609	1,083,632	-	8,238,086	8,198,252
Capital assets (note 4)	-	583,250	-	49,791	-	-	633,041	644,704
	\$ 6,633,845	\$ 583,250	\$ -	\$ 570,400	\$ 1,083,632	\$ -	\$ 8,871,127	\$ 8,842,956
<b>Liabilities</b>								
Current liabilities:								
Accounts payable and accrued liabilities (note 5)	\$ 791,110	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 791,110	\$ 841,007
Deferred revenue	125,127	-	-	-	930,170	1,003,910	2,059,207	1,934,309
Due to McMaster University Centre- Incorporated (note 9)	-	-	-	-	-	-	-	172
	916,237	-	-	-	930,170	1,003,910	2,850,317	2,775,488
Due to (from) other funds	3,540,661	(49,791)	(623,808)	(684,686)	(1,147,259)	(1,035,117)	-	-
Net assets (note 6)	2,176,947	633,041	623,808	1,255,086	1,300,721	31,207	6,020,810	6,067,468
	\$ 6,633,845	\$ 583,250	\$ -	\$ 570,400	\$ 1,083,632	\$ -	\$ 8,871,127	\$ 8,842,956

Commitments (note 7)

Contingencies (note 10)

See accompanying notes to consolidated financial statements.

On behalf of the Board:

\_\_\_\_\_ Director

\_\_\_\_\_ Director

# MCMASTER STUDENTS UNION INCORPORATED

## Consolidated Statement of Operations

Year ended April 30, 2019, with comparative financial information for 2018

	Operating Fund	Capital Fund	University Student Centre Building Fund	CFMU Radio Inc.	Student Health Insurance Plan Fund	Student Dental Plan Fund	2019 Total	2018 Total
<b>Revenues:</b>								
Student fees (Schedules 1, 5, 14 and 15)	\$ 3,014,328	\$ -	\$ 436,616	\$ 318,348	\$ 2,158,910	\$ 2,251,446	\$ 8,179,648	\$ 7,618,191
Services (Schedule 11)	1,169,075	-	-	-	-	-	1,169,075	1,669,052
Child Care (Schedule 6)	806,993	-	-	-	-	-	806,993	742,923
Union Market (Schedule 9)	769,151	-	-	-	-	-	769,151	747,786
1280 (Schedule 2)	658,974	-	-	-	-	-	658,974	631,664
Campus Events (Schedule 10)	580,697	-	-	-	-	-	580,697	710,920
Underground Media and Design (Schedule 8)	501,264	-	-	-	-	-	501,264	623,301
Investment income (loss) (Schedules 1, 5, and 14)	305,201	-	-	43,743	36,204	-	385,148	(149,900)
Administration (Schedule 1)	212,416	-	-	-	-	-	212,416	201,966
Committees (Schedule 11)	63,699	-	-	-	-	-	63,699	67,168
The Silhouette (Schedule 3)	38,091	-	-	-	-	-	38,091	44,911
Student Wellness Centre (Schedule 13)	30,739	-	-	-	-	-	30,739	34,014
CFMU Radio Inc. (Schedule 5)	-	-	-	30,297	-	-	30,297	29,020
The Short Stop (Schedule 12)	19,600	-	-	-	-	-	19,600	-
House of Games (Schedule 7)	19,215	-	-	-	-	-	19,215	18,821
Executive (Schedule 11)	1,667	-	-	-	-	-	1,667	3,700
Marmor (Schedule 4)	(176)	-	-	-	-	-	(176)	(348)
<b>Total revenues</b>	<b>8,190,934</b>	<b>-</b>	<b>436,616</b>	<b>392,388</b>	<b>2,195,114</b>	<b>2,251,446</b>	<b>13,466,498</b>	<b>12,993,189</b>
<b>Expenditures:</b>								
Student Dental Plan (Schedule 15)	-	-	-	-	-	2,161,593	2,161,593	1,967,432
Student Health Insurance Plan (Schedule 14)	-	-	-	-	1,873,059	-	1,873,059	1,696,544
Services (Schedule 11)	1,712,070	-	-	-	-	-	1,712,070	2,186,855
Campus Events (Schedule 10)	1,144,221	-	-	-	-	-	1,144,221	1,253,820
Administration (Schedule 1)	1,029,538	-	-	-	-	-	1,029,538	948,644
1280 (Schedule 2)	935,575	-	-	-	-	-	935,575	907,506
Child Care (Schedule 6)	819,612	-	-	-	-	-	819,612	759,169
Underground Media and Design (Schedule 8)	801,620	-	-	-	-	-	801,620	772,196
Union Market (Schedule 9)	757,543	-	-	-	-	-	757,543	718,049
Executive (Schedule 11)	535,436	-	-	-	-	-	535,436	519,144
Committees (Schedule 11)	386,251	-	-	-	-	-	386,251	407,388
CFMU Radio Inc. (Schedule 5)	-	-	-	359,049	-	-	359,049	368,122
Building fund occupancy costs	-	-	317,908	-	-	-	317,908	299,930
The Silhouette (Schedule 3)	268,587	-	-	-	-	-	268,587	287,639
Information Comm. & Tech. (Schedule 1-B)	215,023	-	-	-	-	-	215,023	152,815
Marmor (Schedule 4)	195,731	-	-	-	-	-	195,731	117,110
House of Games (Schedule 7)	340	-	-	-	-	-	340	340
<b>Total expenditures</b>	<b>8,801,547</b>	<b>-</b>	<b>317,908</b>	<b>359,049</b>	<b>1,873,059</b>	<b>2,161,593</b>	<b>13,513,156</b>	<b>13,362,703</b>
<b>(Deficiency) excess of revenues over expenditures</b>	<b>\$ (610,613)</b>	<b>\$ -</b>	<b>\$ 118,708</b>	<b>\$ 33,339</b>	<b>\$ 322,055</b>	<b>\$ 89,853</b>	<b>\$ (46,658)</b>	<b>\$ (369,514)</b>

See accompanying notes to consolidated financial statements.

# MCMaster Students Union Incorporated

## Consolidated Statement of Changes in Net Assets

Year ended April 30, 2019, with comparative financial information for 2018

April 30, 2019	Operating Fund	Capital Fund	University Student Centre Building Fund	CFMU Radio Inc.	Student Health Insurance Plan Fund	Student Dental Plan Fund	Total
Net assets (deficit), beginning of year	\$ 2,775,897	\$ 644,704	\$ 505,100	\$ 1,221,747	\$ 978,666	\$ (58,646)	<b>\$ 6,067,468</b>
(Deficiency) excess of revenues over expenditures	(610,613)	-	118,708	33,339	322,055	89,853	<b>(46,658)</b>
Transfers	11,663	(11,663)	-	-	-	-	-
Net assets (deficit), end of year	\$ 2,176,947	\$ 633,041	\$ 623,808	\$ 1,255,086	\$ 1,300,721	\$ 31,207	<b>\$ 6,020,810</b>

April 30, 2018	Operating Fund	Capital Fund	University Student Centre Building Fund	CFMU Radio Inc.	Student Health Insurance Plan Fund	Student Dental Plan Fund	Total
Net assets (deficit), beginning of year	\$ 3,488,875	\$ 630,567	\$ 393,732	\$ 1,287,696	\$ 693,923	\$ (57,811)	<b>\$ 6,436,982</b>
(Deficiency) excess of revenues over expenditures	(698,841)	-	111,368	(65,949)	284,743	(835)	<b>(369,514)</b>
Transfers	(14,137)	14,137	-	-	-	-	-
Net assets (deficit), end of year	\$ 2,775,897	\$ 644,704	\$ 505,100	\$ 1,221,747	\$ 978,666	\$ (58,646)	<b>\$ 6,067,468</b>

See accompanying notes to consolidated financial statements.



# MCMMASTER STUDENTS UNION INCORPORATED

## Consolidated Statement of Cash Flows

Year ended April 30, 2019, with comparative financial information for 2018

	2019	2018
Operating:		
Deficiency of revenues over expenditures	\$ (46,658)	\$ (369,514)
Items not involving cash:		
Depreciation	227,240	205,033
	<b>180,582</b>	(164,481)
Changes in non-cash operating working capital items:		
Accounts receivable	(269,137)	781,824
Due to/from McMaster University Centre Incorporated	(216,993)	624,941
Inventories	5,057	(12,150)
Prepaid expenses	14,170	12,569
Accounts payable and accrued liabilities	(49,897)	248,460
Deferred revenue	124,898	10,724
	<b>(211,320)</b>	1,501,887
Investing:		
Purchase of capital assets	(215,577)	(219,170)
Net change in cash and cash equivalents	<b>(426,897)</b>	1,282,717
Cash and cash equivalents, beginning of year	7,421,354	6,138,637
Cash and cash equivalents, end of year	<b>\$ 6,994,457</b>	\$ 7,421,354
Represented by:		
Cash	\$ 2,376,679	\$ 1,317,478
Marketable securities	4,617,778	6,103,876
	<b>\$ 6,994,457</b>	\$ 7,421,354

See accompanying notes to consolidated financial statements.

# MCMASTER STUDENTS UNION INCORPORATED

Notes to Consolidated Financial Statements

Year ended April 30, 2019

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The McMaster Students Union Incorporated ("MSU") is incorporated under the laws of the Province of Ontario as a not-for-profit organization and is an exempt not-for-profit organization under the Income Tax Act. The purpose of MSU is to provide a wide variety of services to the students of McMaster University (the "University").

The CFMU Radio Incorporated ("CFMU Radio Inc.") is a separate not-for-profit organization setup to operate the student run radio station. The CFMU Radio Inc. is setup for the benefit, service and education to the students of McMaster University. The results of CFMU Radio Inc. are reported within these consolidated financial statements of MSU.

## 1. Significant accounting policies:

The consolidated financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the CPA Canada Handbook.

### (a) Revenue recognition:

Fee revenue is recorded during the fiscal period. For sales of goods and services, MSU recognizes revenue when persuasive evidence of an arrangement exists, delivery has occurred, the price to the buyer is fixed or determinable and collection is reasonably assured.

### (b) Fund accounting:

In order to ensure observance of limitations and restrictions placed on the use of the resources available to MSU, such resources are classified for accounting and reporting purposes into funds according to the activities or objectives specified.

The Operating Fund is used to account for day-to-day operations. Funds are provided from yearly membership fees from students, university grants, interest on funds invested and revenues from various facilities and programs. Fees received for future services are deferred until the service is provided.

The Capital Fund records the capital assets and the related accumulated amortization. Funds are provided from current revenues of the Operating Fund equal to the amortization provision for the year less any capital asset acquisitions funded during the year.

The University Student Centre Building Fund holds restricted capital to underwrite MSU's share of planning, construction, maintenance and associated costs of the McMaster University Student Centre. Funds are provided through the collection of a building fund fee from each MSU member to support future occupancy charges, payable to McMaster University Centre Incorporated ("MUCI").

The CFMU Radio Inc. is funded through the collection of fees from MSU members and from revenue generating activities of the radio station. The fund records operating results and holds restricted capital and capital assets relating to the radio station's operations.

# MCMaster Students Union Incorporated

Notes to Consolidated Financial Statements

Year ended April 30, 2019

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## 1. Significant accounting policies (continued):

### (b) Fund accounting (continued):

The Student Health Insurance Plan Fund is funded through the collection of fees from MSU members. The MSU services the plan through a third-party insurance underwriter. The plan provides reimbursements to MSU members for qualifying prescription drugs as well as remitting premiums for accidental insurance coverage.

The Student Dental Plan Fund is funded through the collection of fees from MSU members. The MSU services the plan through a third-party insurance underwriter. The plan covers routine dental procedures for all students who choose to pay the annual premium as well as minor surgical procedures and orthodontics.

### (c) Cash and cash equivalents:

Cash and cash equivalents include cash on hand and short-term deposits which are highly liquid with original maturities of less than one year.

### (d) Inventories:

Inventory consists of food, bar items including alcohol, printing materials and other items for resale. Inventories are stated at the lower of cost (at the average cost method) and net realizable value. The amount of inventory expensed in the year was \$1,508,260 (2018 - \$1,166,125).

### (e) Capital assets:

Capital assets are capitalized at cost in the Capital Fund and amortized on a straight line basis over their estimated useful lives as follows:

<b>Asset</b>	<b>Useful Life - Years</b>
Equipment	3 - 10
Leasehold improvements	3 - 10

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### (f) Contributed goods and services:

A substantial number of volunteers contribute a significant amount of their time each year. Because of the difficulty of determining the fair value, contributed services are not recognized in the consolidated financial statements.

# MCMaster Students Union Incorporated

Notes to Consolidated Financial Statements

Year ended April 30, 2019

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## 1. Significant accounting policies (continued):

### (g) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Freestanding derivative instruments that are not in a qualifying hedging relationship and equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. MSU has not elected to carry any such financial instruments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the MSU determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the MSU expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

### (h) Allocation of expenses:

The MSU records a number of its expenses by program. The costs of each program include the costs of personnel, premises and other expenses that are directly related to providing the program. The MSU allocates certain administration and corporate governance expenses from administration program within the Statement of Operations to the individual programs.

### (i) Use of estimates:

The preparation of the consolidated financial statements 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 revenue and expenses during the year. Significant items subject to such estimates and assumptions include the carrying amount of capital assets, deferred revenue and accrued liabilities. Actual results could differ from those estimates.

# MCMaster Students Union Incorporated

Notes to Consolidated Financial Statements

Year ended April 30, 2019

## 2. Marketable securities:

Investments reported on the consolidated statement of financial position have market values as follows:

	2019	2018
Operating Fund	\$ 3,013,537	\$ 4,305,826
CFMU Radio Inc.	520,609	753,899
Student Health Plan Fund	1,083,632	1,044,151
	<b>\$ 4,617,778</b>	<b>\$ 6,103,876</b>

Marketable securities held by MSU include Cash and short-term investments, Fixed income investments and Equity and mutual funds.

	2019	2018
Cash and short-term investments	\$ 31,500	\$ 400,818
Fixed income investments	2,885,020	3,839,323
Equity and mutual funds	1,701,258	1,863,735
	<b>\$ 4,617,778</b>	<b>\$ 6,103,876</b>

Marketable securities held by MSU can be categorized into Canadian and Foreign investments.

	2019	2018
Canadian	\$ 1,610,215	\$ 2,172,928
Foreign	3,007,563	3,930,948
	<b>\$ 4,617,778</b>	<b>\$ 6,103,876</b>

The MSU's fixed income investments have an effective interest rate of 9.976%, callable June 30, 2019. On June 30, 2019, the call option was exercised and the amount received totaled \$17,848 including \$17,000 in principal and \$848 of interest.

## 3. Accounts receivable:

	2019	2018
Trade receivables	\$ 903,190	\$ 628,066
Less allowance for doubtful accounts	(26,070)	(20,083)
	<b>\$ 877,120</b>	<b>\$ 607,983</b>

# MCMaster Students Union Incorporated

Notes to Consolidated Financial Statements

Year ended April 30, 2019

## 4. Capital assets:

	2019		
	Cost	Accumulated depreciation	Net book value
Equipment	\$ 4,439,447	\$ 4,108,171	\$ 331,276
Leasehold improvements	1,586,080	1,284,315	301,765
	<b>\$ 6,025,527</b>	<b>\$ 5,392,486</b>	<b>\$ 633,041</b>

  

	2018		
	Cost	Accumulated depreciation	Net book value
Equipment	\$ 4,339,457	\$ 4,031,070	\$ 308,387
Leasehold improvements	1,535,915	1,199,598	336,317
	<b>\$ 5,875,372</b>	<b>\$ 5,230,668</b>	<b>\$ 644,704</b>

## 5. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of \$38,321 (2018 - \$31,669), which includes amounts payable for HST and payroll related taxes.

## 6. Surplus restrictions:

Marmor:

Revenues derived from student fees (specified for the Marmor) and grants are designated solely for operations and capital purchases of the Marmor. Any shortfall in revenues over expenditures is recovered through future period surpluses.

As at April 30, 2019, the balance of the surplus attributed to the Marmor totaled \$81,244 (2018 - \$277,151) and is included in the Operating Fund net assets.

# MCMaster Students Union Incorporated

Notes to Consolidated Financial Statements

Year ended April 30, 2019

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## 7. Commitments:

MSU is paying their share of building costs that MUCI incurs for heating, cooling and other costs based on the square footage of the MSU's commercial areas. These costs will not be known until the fiscal year ends; however, based on historical data, costs are expected to be approximately \$350,000 per year.

In 2015, MSU entered into two agreements with Xerox for photocopy equipment for its main offices and the Underground Media and Design. The agreements are for five years whereby MSU will pay fixed fees per photocopy to Xerox along with nominal base monthly lease amounts. Xerox retains ownership of the photocopiers during the full terms and is responsible for the repairs and maintenance of the equipment. The actual costs will not be known until the fiscal year ends; however, based on historical data, costs for the photocopiers are expected to be approximately \$82,500 per year.

## 8. Financial instruments:

### (a) Currency risk:

MSU is exposed to financial risks as a result of exchange rate fluctuations and the volatility of these rates. In the normal course of business, the MSU holds investments in U.S. dollars. MSU does not currently enter into forward contracts to mitigate this risk. There has been no change to the risk exposure from 2018.

### (b) Liquidity risk:

Liquidity risk is the risk that MSU will be unable to fulfill its obligations on a timely basis or at a reasonable cost. MSU manages its liquidity risk by monitoring its operating requirements. MSU prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations. There has been no change to the risk exposures from 2018.

### (c) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. MSU is exposed to credit risk with respect to the accounts receivable. MSU assesses, on a continuous basis, accounts receivable and provides for any amounts that are not collectible in the allowance for doubtful accounts. There has been no change to the risk exposures from 2018.

### (d) Interest rate risk:

MSU is exposed to interest rate risk on its fixed interest rate financial instruments. Further details about the fixed rate investments are included in note 2. There has been no change to the risk exposures from 2018.

# **MCMASTER STUDENTS UNION INCORPORATED**

Notes to Consolidated Financial Statements

Year ended April 30, 2019

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## **9. Related party transactions:**

MSU has the ability to influence the operations of McMaster Student Centre Incorporated ("MUCI") through the appointment of the MUCI board members. Included in the consolidated financial statements is a net receivable from MUCI of \$216,821 (2018 – \$172 net payable) resulting from charges due from MUCI to MSU. The MSU administers payment of all expenses incurred by MUCI. Total amount of expenses paid on behalf of MUCI by the MSU are \$1,107,509 (2018 - \$1,661,498). These transactions are in the normal course of business and are measured at the exchange amount agreed to by related parties.

## **10. Contingencies:**

A claim exists against the MSU. Management believes this claim is not expected to have a material impact on the financial position or operating results of the MSU.



# MCMMASTER STUDENTS UNION INCORPORATED

## Schedule 1 - Schedule of Operations - Administration

Year ended April 30, 2019, with comparative financial information for 2018

	2019	2018
<b>Revenues:</b>		
Member fees	\$ 3,014,328	\$ 2,962,105
Interest and investment income (loss)	305,201	(126,149)
Fees – WUSC Refugee Fund and Incite	199,714	190,424
Other income	12,702	11,542
	<b>3,531,945</b>	<b>3,037,922</b>
<b>Expenditures:</b>		
Salaries	689,052	615,730
Donation to WUSC Refugee Fund	94,332	80,694
Faculty support disbursement	86,387	107,545
Insurance	68,560	69,750
Professional fees	57,221	37,596
Depreciation	22,880	14,391
Office expense	16,101	19,693
Professional development	14,088	7,120
Purchased services	15,889	22,073
Miscellaneous	12,487	14,621
Service (bank) charges	10,464	17,258
Telephone	9,706	8,905
Repairs and maintenance	1,876	2,033
Memberships	1,450	1,336
Travel	592	696
HST and other applicable taxes	-	2,898
	<b>1,101,085</b>	<b>1,022,339</b>
Less expenditures allocated to facilities	<b>69,500</b>	<b>69,500</b>
	<b>1,031,585</b>	<b>952,839</b>
Excess of revenues over expenditures before inter-divisional revenues	<b>2,500,360</b>	<b>2,085,083</b>
<b>Inter-divisional revenues:</b>		
Underground	832	2,437
AvTEK	1,215	1,758
	<b>2,047</b>	<b>4,195</b>
Excess of revenues over expenditures	<b>\$ 2,502,407</b>	<b>\$ 2,089,278</b>

# MCMASTER STUDENTS UNION INCORPORATED

Schedule 1-B - Schedule of Operations – Information Communication & Technology

Year ended April 30, 2019, with comparative financial information for 2018

	<b>2019</b>	2018
Expenditures:		
Purchased services	\$ 82,476	\$ 25,423
Salaries	80,850	70,554
Computer supplies and maintenance	49,866	55,521
Telephone	1,108	1,108
Repairs and maintenance	514	-
Depreciation	209	209
<b>Total Expenditures</b>	<b>\$ 215,023</b>	<b>\$ 152,815</b>

# MCMMASTER STUDENTS UNION INCORPORATED

Schedule 2 - Schedule of Operations - 1280

Year ended April 30, 2019, with comparative financial information for 2018

	2019	2018
Sales:		
Beer and liquor	\$ 71,386	\$ 107,233
Food	<b>555,460</b>	449,060
	<b>626,846</b>	556,293
Cost of goods sold:		
Beer and liquor	28,000	40,645
Food	<b>215,414</b>	202,581
	<b>243,414</b>	243,226
	<b>383,432</b>	313,067
Other income:		
Admission	3,575	42,393
Rental and other revenue	<b>28,553</b>	32,978
	<b>32,128</b>	75,371
	<b>415,560</b>	388,438
Expenditures:		
Salaries and wages	506,634	489,168
Depreciation	64,418	66,074
Administrative	59,086	44,491
Supplies	31,890	41,769
Repairs and maintenance	14,539	9,462
Advertising	9,758	14,372
Telephone	4,851	4,720
Office supplies	2,616	975
Staff training	455	1,986
Entertainment	-	82
	<b>694,247</b>	673,099
Deficiency of revenues over expenditures before inter-divisional revenues	<b>(278,687)</b>	(284,661)
Inter-divisional revenues:		
Underground	2,086	4,237
AvTEK	-	82
Silhouette advertising	-	4,500
	<b>2,086</b>	8,819
Deficiency of revenues over expenditures	<b>\$ (276,601)</b>	\$ (275,842)

# MCMMASTER STUDENTS UNION INCORPORATED

## Schedule 3 - Schedule of Operations – The Silhouette

Year ended April 30, 2019, with comparative financial information for 2018

	<b>2019</b>	2018
Revenue	\$ <b>63,203</b>	\$ 88,516
Expenditures:		
Salaries and benefits	<b>141,802</b>	140,816
Printing costs	<b>78,587</b>	95,052
General staff costs	<b>34,414</b>	33,758
Graphic ad layout	<b>28,000</b>	27,066
Depreciation	<b>6,106</b>	7,855
Bad debts	<b>3,788</b>	6,882
Telephone	<b>2,111</b>	2,110
Advertising	<b>2,034</b>	3,230
Office supplies	<b>358</b>	500
	<b>297,200</b>	317,269
Deficiency of revenues over expenditures before inter-divisional revenues and expenditures	<b>(233,997)</b>	(228,753)
Less inter-divisional revenues and expenditures:		
Underground	<b>28,613</b>	29,630
Silhouette advertising revenue – H & D	-	(303)
Silhouette advertising revenue – Union Market	-	(480)
Silhouette advertising revenue – 1280	-	(4,500)
Silhouette advertising revenue – Underground, Committees and executive	<b>(25,112)</b>	(38,322)
	<b>3,501</b>	(13,975)
Deficiency of revenues over expenditures	<b>\$ (230,496)</b>	\$ (242,728)

# MCMASTER STUDENTS UNION INCORPORATED

Schedule 4 - Schedule of Operations - Marmor

Year ended April 30, 2019, with comparative financial information for 2018

	<b>2019</b>	2018
Revenues:		
Student fees	\$ (176)	\$ (348)
	<b>(176)</b>	<b>(348)</b>
Expenditures:		
Postage	<b>106,550</b>	44,808
Printing costs	<b>55,763</b>	40,000
Photographic	<b>25,836</b>	25,010
Salaries and benefits	<b>7,582</b>	7,292
	<b>195,731</b>	117,110
Deficiency of revenues over expenditures	<b>\$ (195,907)</b>	<b>\$ (117,458)</b>

# MCMMASTER STUDENTS UNION INCORPORATED

Schedule 5 - Schedule of Operations – CFMU Radio Inc.

Year ended April 30, 2019, with comparative financial information for 2018

	<b>2019</b>	2018
<b>Revenues:</b>		
Student fees	\$ 318,348	\$ 299,428
Advertising sales	1,500	1,900
Investment income (loss)	43,743	(26,275)
Sponsorships	28,797	27,120
	<b>392,388</b>	302,173
<b>Expenditures:</b>		
Salaries and benefits	251,161	242,385
Depreciation	44,667	37,652
Contractual maintenance services	22,267	33,757
Administration	17,412	26,147
Telephone	9,059	9,469
Memberships and licenses	8,783	8,366
Insurance	3,926	3,799
Repairs and maintenance	1,186	7,141
Office supplies	842	1,316
Bad debts	45	-
	<b>359,348</b>	370,032
Excess (deficiency) of revenues over expenditures before inter-divisional revenues	<b>33,040</b>	(67,859)
<b>Less inter-divisional revenues:</b>		
Underground	299	1,772
AvTEK	-	138
	<b>299</b>	1,910
Excess of (deficiency) revenues over expenditures	<b>\$ 33,339</b>	\$ (65,949)

# MCMASTER STUDENTS UNION INCORPORATED

Schedule 6 - Schedule of Operations – Child Care

Year ended April 30, 2019, with comparative financial information for 2018

	<b>2019</b>	2018
<b>Revenues:</b>		
Parents	<b>\$ 475,810</b>	\$ 421,424
Provincial grant	<b>148,256</b>	143,143
Subsidy	<b>132,877</b>	149,436
Miscellaneous	<b>49,950</b>	28,920
Registration	<b>100</b>	-
	<b>806,993</b>	742,923
<b>Expenditures:</b>		
Salaries and benefits	<b>706,747</b>	658,662
Custodial services	<b>22,990</b>	17,701
Rent	<b>21,802</b>	21,732
Food	<b>21,248</b>	21,073
Administration costs	<b>11,136</b>	11,683
Learning materials	<b>11,052</b>	6,401
Depreciation	<b>10,863</b>	9,499
Repairs and maintenance	<b>6,509</b>	2,910
Office supplies	<b>4,184</b>	5,564
Telephone	<b>2,681</b>	2,722
Transportation	<b>400</b>	1,222
	<b>819,612</b>	759,169
<b>Deficiency of revenues over expenditures</b>	<b>\$ (12,619)</b>	\$ (16,246)

# MCMASTER STUDENTS UNION INCORPORATED

## Schedule 7 - Schedule of Operations - House of Games

Year ended April 30, 2019, with comparative financial information for 2018

	<b>2019</b>	2018
Revenues:		
Rental income	\$ 19,215	\$ 18,821
Expenditures:		
Telephone	340	340
Excess of revenues over expenditures	\$ 18,875	\$ 18,481



# MCMASTER STUDENTS UNION INCORPORATED

Schedule 8 - Schedule of Operations - Underground Media and Design

Year ended April 30, 2019, with comparative financial information for 2018

	2019	2018
Revenues	\$ 625,288	\$ 749,545
Cost of goods sold:		
Material purchases	364,482	325,517
Gross profit	260,806	424,028
Expenditures:		
Salaries and wages	377,558	376,909
Administration	15,611	15,609
Bad debts	12,980	27,661
HST and other applicable taxes	9,960	8,666
Depreciation	7,828	6,286
Repairs and maintenance	5,376	3,616
Office supplies	4,307	3,294
Telephone	3,518	4,638
	437,138	446,679
Deficiency of revenues over expenditures before inter-divisional expenditures	(176,332)	(22,651)
Inter-divisional expenditures:		
Committees, services and campus events	(66,697)	(62,882)
The Silhouette	(28,613)	(29,630)
Executive	(18,171)	(20,031)
Union market	(5,363)	(4,481)
1280	(2,086)	(4,237)
Student dental plan	(1,659)	(387)
Administration	(832)	(2,437)
Student health plan	(304)	(387)
CFMU Radio Inc.	(299)	(1,772)
	(124,024)	(126,244)
Deficiency of revenues over expenditures	\$ (300,356)	\$ (148,895)

# MCMMASTER STUDENTS UNION INCORPORATED

## Schedule 9 - Schedule of Operations - Union Market

Year ended April 30, 2019, with comparative financial information for 2018

	2019	2018
Revenues:		
Sales	\$ 769,151	\$ 747,786
Cost of goods sold:		
Material purchases	487,465	463,459
Gross profit	<b>281,686</b>	284,327
Expenditures:		
Salaries and wages	233,330	223,119
Administrative	20,227	13,709
Depreciation	12,952	12,409
Advertising	3,550	4,162
Office supplies	2,389	946
Repairs and maintenance	1,980	2,113
Telephone	847	1,052
Supplies	166	2,041
	<b>275,441</b>	259,551
Excess of revenues over expenditures before inter-divisional revenues	<b>6,245</b>	24,776
Less inter-divisional revenues:		
Underground	5,363	4,481
Silhouette advertising	-	480
	<b>5,363</b>	4,961
Excess of revenues over expenditures	<b>\$ 11,608</b>	\$ 29,737

# MCMaster Students Union Incorporated

## Schedule 10 - Schedule of Operations - Campus Events

Year ended April 30, 2019, with comparative financial information for 2018

	2019			2018		
	Revenues	Expenditures	Total	Revenues	Expenditures	Total
External events	\$ 112,331	\$ 36,500	\$ 75,831	\$ 110,259	\$ 45,393	\$ 64,866
Orientation/welcome week	239,178	218,787	20,391	259,231	238,187	21,044
AvTEK	25,839	11,132	14,707	13,692	4,891	8,801
Speakers and sidewalk sale	15,053	6,890	8,163	33,017	4,486	28,531
Charity ball	70,629	69,282	1,347	51,790	70,192	(18,402)
Golf tournament	17,873	17,873	-	17,565	17,565	-
Recognition & staff events	-	6,421	(6,421)	-	5,021	(5,021)
Homecoming	67,193	76,781	(9,588)	129,695	234,716	(105,021)
Other concerts and programs	58,441	192,244	(133,803)	109,365	198,385	(89,020)
Travel and administration	-	522,175	(522,175)	-	470,408	(470,408)
	<b>606,537</b>	<b>1,158,085</b>	<b>(551,548)</b>	<b>724,614</b>	<b>1,289,244</b>	<b>(564,630)</b>
Less inter-divisional revenues and (expenditures):						
Underground	-	13,864	13,864	-	35,424	35,424
Revenue – 1280	-	-	-	(82)	-	(82)
Revenue – CFMU Radio Inc.	-	-	-	(138)	-	(138)
Revenue – Silhouette	-	-	-	-	-	-
Revenue – Administration	(1,215)	-	(1,215)	(1,758)	-	(1,758)
Revenue – Committee, executive, services	(24,625)	-	(24,625)	(11,716)	-	(11,716)
	<b>(25,840)</b>	<b>13,864</b>	<b>(11,976)</b>	<b>(13,694)</b>	<b>35,424</b>	<b>21,730</b>
	<b>\$ 580,697</b>	<b>\$ 1,144,221</b>	<b>\$ (563,524)</b>	<b>\$ 710,920</b>	<b>\$ 1,253,820</b>	<b>\$ (542,900)</b>

# MCMASTER STUDENTS UNION INCORPORATED

Schedule 11 – Schedule of Committees and Commissions, MSU Executive and Services Expenses

Year ended April 30, 2019, with comparative financial information for 2018

	2019			2018		
	Revenues	Expenditures	Total	Revenues	Expenditures	Total
Committees and Commissions:						
First Year Council	\$ 7,904	\$ 13,008	\$ (5,104)	\$ 1,612	\$ 9,057	\$ (7,445)
FIT/Shinerama	47,448	55,071	(7,623)	54,240	63,867	(9,627)
Teaching awards	-	11,488	(11,488)	-	10,827	(10,827)
SCSN	-	12,075	(12,075)	-	10,579	(10,579)
MSU Spark	-	19,548	(19,548)	-	17,874	(17,874)
Diversity	4,987	44,104	(39,117)	7,506	41,846	(34,340)
Election Committee	3,360	34,127	(30,767)	3,810	27,451	(23,641)
Public relations/student life	-	255,836	(255,836)	-	279,923	(279,923)
	<b>63,699</b>	<b>445,257</b>	<b>(381,558)</b>	67,168	461,424	(394,256)
Inter-divisional revenues:						
AvTEK	-	9,758	9,758	-	3,449	3,449
Underground	-	24,136	24,136	-	14,185	14,185
Silhouette advertising	-	25,112	25,112	-	36,402	36,402
	-	59,006	59,006	-	54,036	54,036
	<b>\$ 63,699</b>	<b>\$ 386,251</b>	<b>\$ (322,552)</b>	\$ 67,168	\$ 407,388	\$ (340,220)

# MCMASTER STUDENTS UNION INCORPORATED

Schedule 11 - Schedule of Committees and Commissions, MSU Executive and Services Expenses (continued)

Year ended April 30, 2019, with comparative financial information for 2018

	2019			2018		
	Revenues	Expenditures	Total	Revenues	Expenditures	Total
MSU Executive:						
Miscellaneous	\$ -	\$ -	\$ -	\$ 3,700	\$ -	\$ 3,700
Administrative	-	8,069	(8,069)	-	9,287	(9,287)
Donations	-	8,480	(8,480)	-	5,827	(5,827)
Board training	-	9,453	(9,453)	-	8,723	(8,723)
Meetings	-	9,915	(9,915)	-	23,775	(23,775)
Executive expense	-	10,264	(10,264)	-	20,924	(20,924)
Travel & conferences	-	23,229	(23,229)	-	28,442	(28,442)
Honoraria and awards	-	26,128	(26,128)	-	29,936	(29,936)
Special projects	1,667	57,704	(56,037)	-	73,779	(73,779)
Memberships	-	74,166	(74,166)	-	69,787	(69,787)
Salaries and benefits	-	336,000	(336,000)	-	276,994	(276,994)
	<b>1,667</b>	<b>563,408</b>	<b>(561,741)</b>	<b>3,700</b>	<b>547,474</b>	<b>(543,774)</b>
Less inter-divisional revenues:						
Underground	-	18,171	18,171	-	20,031	20,031
AvTEK	-	9,801	9,801	-	6,379	6,379
Silhouette advertising	-	-	-	-	1,920	1,920
	<b>-</b>	<b>27,972</b>	<b>27,972</b>	<b>-</b>	<b>28,330</b>	<b>28,330</b>
	<b>\$ 1,667</b>	<b>\$ 535,436</b>	<b>\$ (533,769)</b>	<b>\$ 3,700</b>	<b>\$ 519,144</b>	<b>\$ (515,444)</b>

# MCMASTER STUDENTS UNION INCORPORATED

Schedule 11 - Schedule of Committees and Commissions, MSU Executive and Services Expenses (continued)

Year ended April 30, 2019, with comparative financial information for 2018

	2019			2018		
	Revenues	Expenditures	Total	Revenues	Expenditures	Total
Services expenses:						
Peer Support	\$ -	\$ 40	\$ (40)	\$ -	\$ 29,062	\$ (29,062)
MacCycle	8,972	20,607	(11,635)	14,470	26,667	(12,197)
SWHAT	-	12,895	(12,895)	-	13,767	(13,767)
MACCESS	-	15,365	(15,365)	-	15,285	(15,285)
Horizons	41,881	58,474	(16,593)	42,990	53,560	(10,570)
Maroons	9,683	27,476	(17,793)	9,692	27,056	(17,364)
QSCC	-	19,831	(19,831)	-	11,690	(11,690)
Student Health Education Centre	-	21,208	(21,208)	-	19,432	(19,432)
Women & Gender Equity	-	24,430	(24,430)	-	19,030	(19,030)
PAC	17,471	42,323	(24,852)	15,653	33,767	(18,114)
CLAY Conference	22,979	50,605	(27,626)	24,666	42,215	(17,549)
Bread Bin	326	29,967	(29,641)	307	21,409	(21,102)
Emergency First Response Team	65,338	107,745	(42,407)	84,891	109,144	(24,253)
Compass Information Service	992,173	1,062,770	(70,597)	1,460,380	1,511,644	(51,264)
Ombuds office	-	63,745	(63,745)	-	60,147	(60,147)
Clubs administrator	10,252	188,351	(178,099)	16,003	208,140	(192,137)
	<b>1,169,075</b>	<b>1,745,832</b>	<b>(576,757)</b>	<b>1,669,052</b>	<b>2,202,015</b>	<b>(532,963)</b>
Less inter-divisional revenues:						
Underground	-	28,697	28,697	-	700	700
Silhouette advertising	-	-	-	-	12,573	12,573
AvTEK	-	5,065	5,065	-	1,887	1,887
	-	<b>33,762</b>	<b>33,762</b>	-	<b>15,160</b>	<b>15,160</b>
	<b>\$ 1,169,075</b>	<b>\$ 1,712,070</b>	<b>\$ (542,995)</b>	<b>\$ 1,669,052</b>	<b>\$ 2,186,855</b>	<b>\$ (517,803)</b>

# MCMASTER STUDENTS UNION INCORPORATED

Schedule 12 - Schedule of Operations – Athletic Store

Year ended April 30, 2019, with comparative financial information for 2018

	<b>2019</b>	2018
Revenues:		
Sales, royalties, commissions	\$ 19,600	\$ -
Excess of revenues over expenditures	\$ 19,600	\$ -

# **MCMASTER STUDENTS UNION INCORPORATED**

Schedule 13 - Schedule of Operations - Student Wellness Centre

Year ended April 30, 2019, with comparative financial information for 2018

	<b>2019</b>	2018
Revenues:		
Student Wellness - Rental income	<b>\$ 30,739</b>	<b>\$ 34,014</b>
Excess of revenues over expenditures	<b>\$ 30,739</b>	<b>\$ 34,014</b>



# MCMASTER STUDENTS UNION INCORPORATED

Schedule 14 - Schedule of Operations – Student Health Insurance Plan Fund

Year ended April 30, 2019, with comparative financial information for 2018

	<b>2019</b>	2018
Revenues:		
Student fees (net of opt-out)	<b>\$ 2,158,910</b>	\$ 1,978,763
Investment income	<b>36,204</b>	2,524
	<b>2,195,114</b>	1,981,287
Expenditures:		
Insurance premiums	<b>1,837,244</b>	1,661,137
Administration charges	<b>35,000</b>	35,000
Advertising	<b>1,119</b>	1,097
	<b>1,873,363</b>	1,697,234
Excess of revenues over expenditures before inter-divisional revenues	<b>321,751</b>	284,053
Inter-divisional revenues:		
Underground	<b>304</b>	387
Silhouette advertising	-	303
Excess of revenues over expenditures	<b>\$ 322,055</b>	\$ 284,743

# MCMASTER STUDENTS UNION INCORPORATED

Schedule 15 - Schedule of Operations – Student Dental Plan Fund

Year ended April 30, 2019, with comparative financial information for 2018

	<b>2019</b>	2018
Revenues:		
Student fees (net of opt-out)	<b>\$ 2,251,446</b>	\$ 1,966,597
Expenditures:		
Insurance premiums	<b>2,147,388</b>	1,952,819
Administration charges	<b>15,000</b>	15,000
Advertising	<b>864</b>	-
	<b>2,163,252</b>	1,967,819
Excess (deficiency) of revenues over expenditures before inter-divisional revenues	<b>88,194</b>	(1,222)
Plus inter-divisional revenues:		
Underground	<b>1,659</b>	387
Excess (deficiency) of revenues over expenditures	<b>\$ 89,853</b>	\$ (835)