

Consolidated Financial Statements of

**MCMASTER STUDENTS
UNION INCORPORATED**

And Independent Auditors' Report thereon

Year ended April 30, 2021

MCMaster Students Union Incorporated

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Year ended April 30, 2021

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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 April 30, 2021
- 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 April 30, 2021, 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, 2021
- 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, 2021
- the net assets reported in the consolidated statement of operations and changes in net assets for the year ended April 30, 2021
- the excess of revenues over expenses reported in the consolidated statement of cash flows for the year ended April 30, 2021

Our opinion on the financial statements for the year ended April 30, 2021 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.



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- 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.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Hamilton, Canada

March 13, 2022

MCMaster STUDENTS UNION INCORPORATED

Consolidated Statement of Financial Position

As at April 30, 2021, with comparative financial information for 2020

	Operating Fund	Capital Fund	University Student Centre Building Fund	CFMU Radio Inc.	Student Health Insurance Plan Fund	Student Dental Plan Fund	Clubs	2021	2020
Assets									
Current assets:									
Cash	\$ 5,284,396	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,284,396	\$ 3,655,215
Marketable securities (note 2)	2,317,144	-	-	356,099	1,170,274	-	-	3,843,517	3,605,174
Restricted cash held for clubs	-	-	-	-	-	-	391,122	391,122	-
Accounts receivable (note 3)	398,759	-	-	-	-	-	-	398,759	891,645
Inventories	66,678	-	-	-	-	-	-	66,678	80,302
Prepaid expenses	84,943	-	-	3,934	-	-	-	88,877	84,483
	8,151,919	-	-	360,033	1,170,274	-	391,122	10,073,349	8,316,819
Capital assets (note 4)	-	469,245	-	20,691	-	-	-	489,936	612,345
	\$ 8,151,920	\$ 469,245	\$ -	\$ 380,724	\$ 1,170,274	\$ -	\$ 391,122	\$ 10,563,285	\$ 8,929,164
Liabilities									
Current liabilities:									
Accounts payable and accrued liabilities (note 5)	\$ 1,156,347	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,156,347	\$ 885,534
Restricted cash held for clubs	-	-	-	-	-	-	300,079	300,079	-
Deferred revenue	44,666	-	-	-	946,129	1,171,400	-	2,162,195	2,244,275
Due to McMaster University Centre Incorporated (note 9)	5,243	-	-	-	-	-	-	5,243	45,121
	1,206,256	-	-	-	946,129	1,171,400	300,079	3,623,864	3,174,930
Due to (from) other funds	4,865,168	(163,796)	(1,064,256)	(831,780)	(1,426,535)	(1,469,844)	91,043	-	-
Net assets (note 6)	2,080,496	633,041	1,064,256	1,212,504	1,650,680	298,444	-	6,939,421	5,754,234
Commitments (note 7)									
	\$ 8,151,920	\$ 469,245	\$ -	\$ 380,724	\$ 1,170,274	\$ -	\$ 391,122	\$ 10,563,285	\$ 8,929,164

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, 2021, with comparative financial information for 2020

	Operating Fund	Capital Fund	University Student Centre Building Fund	CFMU Radio Inc.	Student Health Insurance Plan Fund	Student Dental Plan Fund	2021 Total	2020 Total
Revenues:								
Student fees (Schedules 1, 5, 14 and 15)	\$ 2,656,909	\$ —	\$ 386,584	\$ 282,802	\$ 2,265,487	\$ 2,725,321	\$ 8,317,103	\$ 7,994,712
Investment income (loss) (Schedules 1, 5, and 14)	555,679	—	—	94,895	104,631	—	755,205	(160,281)
Child Care (Schedule 6)	429,894	—	—	—	—	—	429,894	730,877
Administration (Schedule 1)	199,708	—	—	—	—	—	199,708	189,290
Underground Media and Design (Schedule 8)	32,252	—	—	—	—	—	32,252	320,472
The Silhouette (Schedule 3)	24,403	—	—	—	—	—	24,403	17,010
Student Wellness Centre (Schedule 13)	23,491	—	—	—	—	—	23,491	31,326
CFMU Radio Inc. (Schedule 5)	—	—	—	22,121	—	—	22,121	19,985
Services (Schedule 11)	13,468	—	—	—	—	—	13,468	595,098
House of Games (Schedule 7)	11,819	—	—	—	—	—	11,819	19,000
Union Market (Schedule 9)	4,305	—	—	—	—	—	4,305	619,082
Committees (Schedule 11)	3,817	—	—	—	—	—	3,817	32,979
1280 (Schedule 2)	2,322	—	—	—	—	—	2,322	597,597
Campus Events (Schedule 10)	2,173	—	—	—	—	—	2,173	511,540
Marmor (Schedule 4)	(13)	—	—	—	—	—	(13)	(40)
Total revenues	3,960,227	—	386,584	399,818	2,370,118	2,725,321	9,842,068	11,518,647
Expenditures:								
Student Dental Plan (Schedule 15)	—	—	—	—	—	2,497,888	2,497,888	2,280,875
Student Health Insurance Plan (Schedule 14)	—	—	—	—	2,166,270	—	2,166,270	1,971,263
Administration (Schedule 1)	900,041	—	—	—	—	—	900,041	968,898
Child Care (Schedule 6)	384,389	—	—	—	—	—	384,389	781,145
Executive (Schedule 11)	421,342	—	—	—	—	—	421,342	526,911
Services (Schedule 11)	367,748	—	—	—	—	—	367,748	1,039,020
CFMU Radio Inc. (Schedule 5)	—	—	—	338,281	—	—	338,281	312,723
Committees (Schedule 11)	288,751	—	—	—	—	—	288,751	298,324
Campus Events (Schedule 10)	264,412	—	—	—	—	—	264,412	829,097
1280 (Schedule 2)	255,982	—	—	—	—	—	255,982	783,936
Information Comm. & Tech. (Schedule 1-B)	179,112	—	—	—	—	—	179,112	192,407
Building fund occupancy costs	—	—	161,255	—	—	—	161,255	254,688
The Silhouette (Schedule 3)	152,682	—	—	—	—	—	152,682	209,410
Underground Media and Design (Schedule 8)	134,160	—	—	—	—	—	134,160	604,193
Marmor (Schedule 4)	80,040	—	—	—	—	—	80,040	117,009
Union Market (Schedule 9)	64,528	—	—	—	—	—	64,528	615,182
House of Games (Schedule 7)	—	—	—	—	—	—	—	142
Total expenditures	3,493,187	—	161,255	338,281	2,166,270	2,497,888	8,656,881	11,785,223
Excess (deficiency) of revenues over expenditures	\$ 467,040	\$ —	\$ 225,329	\$ 61,537	\$ 203,848	\$ 227,433	\$ 1,185,187	\$ (266,576)

See accompanying notes to consolidated financial statements.

MCMaster Students Union Incorporated

Consolidated Statement of Changes in Net Assets

Year ended April 30, 2021, with comparative financial information for 2020

April 30, 2021	Operating Fund	Capital Fund	University Student Centre Building Fund	CFMU Radio Inc.	Student Health Insurance Plan Fund	Student Dental Plan Fund	Total
Net assets, beginning of year	\$ 1,613,456	\$ 633,041	\$ 838,927	\$ 1,150,967	\$ 1,446,832	\$ 71,011	\$ 5,754,234
Excess (deficiency) of revenues over expenditures	467,040	-	225,329	61,537	203,848	227,433	1,185,187
Net assets, end of year	\$ 2,080,496	\$ 633,041	\$ 1,064,256	\$ 1,212,504	\$ 1,650,680	\$ 298,444	\$ 6,939,421

April 30, 2020	Operating Fund	Capital Fund	University Student Centre Building Fund	CFMU Radio Inc.	Student Health Insurance Plan Fund	Student Dental Plan Fund	Total
Net assets, beginning of year	\$ 2,176,947	\$ 633,041	\$ 623,808	\$ 1,255,086	\$ 1,300,721	\$ 31,207	\$ 6,020,810
(Deficiency) excess of revenues over expenditures	(563,491)	-	215,119	(104,119)	146,111	39,804	(266,576)
Net assets, end of year	\$ 1,613,456	\$ 633,041	\$ 838,927	\$ 1,150,967	\$ 1,446,832	\$ 71,011	\$ 5,754,234

See accompanying notes to consolidated financial statements.

MCMASTER STUDENTS UNION INCORPORATED

Consolidated Statement of Cash Flows

Year ended April 30, 2021, with comparative financial information for 2020

	2021	2020
Operating:		
Excess (deficiency) of revenues over expenditures	\$ 1,185,187	\$ (266,576)
Items not involving cash:		
Depreciation	148,837	152,519
	1,334,024	(114,057)
Changes in non-cash operating working capital items:		
Accounts receivable	492,886	(14,525)
Due to/from McMaster University Centre Incorporated	(39,878)	261,942
Inventories	13,624	(12,694)
Prepaid expenses	(4,394)	(2,403)
Accounts payable and accrued liabilities	570,892	94,424
Deferred revenue	(82,080)	185,068
	2,285,074	397,755
Investing:		
Purchase of capital assets	(26,428)	(131,823)
Net change in cash and cash equivalents	2,258,646	265,932
Cash and cash equivalents, beginning of year	7,260,389	6,994,457
Cash and cash equivalents, end of year	\$ 9,519,035	\$ 7,260,389
Represented by:		
Cash	\$ 5,284,396	\$ 3,655,215
Restricted cash held for clubs	391,122	-
Marketable securities	3,843,517	3,605,174
	\$ 9,519,035	\$ 7,260,389

See accompanying notes to consolidated financial statements.

MCMASTER STUDENTS UNION INCORPORATED

Notes to Consolidated Financial Statements

Year ended April 30, 2021

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 (continued)

Year ended April 30, 2021

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.

Restricted cash held for clubs includes cash received on behalf of MSU Clubs. During the 2020 financial year, club membership fees receipts and club payment processing were centralized through the MSU Accounting department. Club fees received are held in a separate bank account on behalf of the clubs. Payments were initially processed using MSU cheques, as at May 1st, 2021 payments were processed directly from the Clubs account and the amounts owed to MSU were repaid.

(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 \$82,373 (2020 - \$1,182,980).

(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:

Asset	Useful Life - Years
Equipment	3 - 10
Leasehold improvements	3 - 10

MCMASTER STUDENTS UNION INCORPORATED

Notes to Consolidated Financial Statements (continued)

Year ended April 30, 2021

1. Significant accounting policies (continued):

(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.

(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 (continued)

Year ended April 30, 2021

2. Marketable securities:

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

	2021	2020
Operating Fund	\$ 2,317,144	\$ 2,179,492
CFMU Radio Inc.	356,099	360,039
Student Health Plan Fund	1,170,274	1,065,643
	\$ 3,843,517	\$ 3,605,174

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

	2021	2020
Cash and short-term investments	\$ 274,248	\$ 289,672
Fixed income investments	651,880	526,806
Equity and mutual funds	2,917,389	2,788,696
	\$ 3,843,517	\$ 3,605,174

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

	2021	2020
Canadian	\$ 3,547,152	\$ 1,320,414
Foreign	296,365	2,284,760
	\$ 3,843,517	\$ 3,605,174

During 2020, the MSU had a fixed income investment with 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.

MCMASTER STUDENTS UNION INCORPORATED

Notes to Consolidated Financial Statements (continued)

Year ended April 30, 2021

3. Accounts receivable:

	2021	2020
Trade receivables	\$ 424,829	\$ 792,700
Canada Emergency Wage Subsidy (note 10)	-	125,015
Less allowance for doubtful accounts	(26,070)	(26,070)
	\$ 398,759	\$ 891,645

4. Capital assets:

	2021		
	Cost	Accumulated depreciation	Net book value
Equipment	\$ 4,570,211	\$ 4,312,000	\$ 258,211
Leasehold improvements	1,613,567	1,381,842	231,725
	\$ 6,183,778	\$ 5,693,842	\$ 489,936
	2020		
	Cost	Accumulated depreciation	Net book value
Equipment	\$ 4,553,401	\$ 4,212,208	\$ 341,193
Leasehold improvements	1,603,949	1,332,797	271,152
	\$ 6,157,350	\$ 5,545,005	\$ 612,345

5. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of \$78,344 (2020 - \$11,311), 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, 2021, the balance of the deficit attributed to the Marmor totaled \$115,858 (2020 - \$35,805 deficit) and is included in the Operating Fund net assets.

MCMASTER STUDENTS UNION INCORPORATED

Notes to Consolidated Financial Statements (continued)

Year ended April 30, 2021

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 photocopier 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 2020.

(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 2020.

(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 2020.

(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 2020.

MCMASTER STUDENTS UNION INCORPORATED

Notes to Consolidated Financial Statements (continued)

Year ended April 30, 2021

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 payable to MUCI of \$5,243 (2020 - \$45,121 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 \$685,030 (2020 - \$1,084,764). These transactions are in the normal course of business and are measured at the exchange amount agreed to by related parties.

10. Subsequent event:

In March 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization which has resulted in governments worldwide, including the Canadian and provincial governments, enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of public lockdowns, have caused material disruption to businesses globally and in Canada, resulting in an economic slowdown.

Due to the financial impact of COVID-19, the entity received funding through the Canada Emergency Wage Subsidy (“CEWS”). The amounts received were provided to assist salary and wages for employees. The funds received were recorded as an offset to the associated cost on the Schedule of Operations.

The following table provides a breakdown of the amounts received:

	2021
Schedule 2 - Schedule of Operations - 1280	\$ (99,632)
Schedule 6 - Schedule of Operations – Child Care	(384,970)
Schedule 8 - Schedule of Operations - Underground Media and Design	(112,706)
	\$ (597,308)

MCMASTER STUDENTS UNION INCORPORATED

Schedule 1 - Schedule of Operations - Administration

Year ended April 30, 2021, with comparative financial information for 2020

	2021	2020
Revenues:		
Member fees	\$ 2,656,909	\$ 2,850,928
Interest and investment income (loss)	555,679	(112,976)
Fees – WUSC Refugee Fund and Incite	198,208	184,867
Other income	1,500	4,423
	3,412,296	2,927,242
Expenditures:		
Salaries	677,364	620,830
Donation to WUSC Refugee Fund	88,800	63,963
Insurance	69,467	70,382
Professional fees	53,869	48,529
Professional development	18,593	13,673
Depreciation	17,388	17,957
Office expense	15,423	14,860
Service (bank) charges	10,251	12,604
Purchased services	9,651	55,782
Telephone	7,407	10,410
Miscellaneous	3,742	10,091
Repairs and maintenance	1,273	4,291
Memberships	932	900
Travel	120	25
Faculty support disbursement (recovery)	(2,162)	95,064
	972,118	1,039,361
Less expenditures allocated to facilities	69,500	69,500
	902,618	969,861
Excess of revenues over expenditures before inter-divisional revenues	2,509,678	1,957,381
Inter-divisional revenues:		
Underground	2,577	963
Excess of revenues over expenditures	\$ 2,512,255	\$ 1,958,344

MCMASTER STUDENTS UNION INCORPORATED

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

Year ended April 30, 2021, with comparative financial information for 2020

	2021	2020
Expenditures:		
Purchased services	\$ 86,847	\$ 91,566
Salaries	85,191	86,570
Computer supplies and maintenance	5,860	10,649
Telephone	1,214	1,899
Repairs and maintenance	-	1,723
Total expenditures	\$ 179,112	\$ 192,407

MCMaster Students Union Incorporated

Schedule 2 - Schedule of Operations - 1280

Year ended April 30, 2021, with comparative financial information for 2020

	2021	2020
Sales:		
Food	\$ 2,371	\$ 527,584
Beer and liquor	—	43,058
	<u>2,371</u>	<u>570,642</u>
Cost of goods sold:		
Food	9,569	188,515
Beer and liquor	1,888	14,802
	<u>11,457</u>	<u>203,317</u>
	<u>(9,086)</u>	<u>367,325</u>
Other income:		
Admission	—	418
Rental and other revenue	(49)	26,537
	<u>(49)</u>	<u>26,955</u>
	<u>(9,135)</u>	<u>394,280</u>
Expenditures:		
Salaries and wages	238,267	467,487
Administrative	64,236	41,439
Depreciation	25,291	26,381
Repairs and maintenance	12,028	8,040
Telephone	2,725	5,572
Supplies	1,160	29,164
Advertising	889	3,869
Office supplies	—	1,079
Staff training	—	42
Canada Emergency Wage Subsidy	(99,632)	—
	<u>244,964</u>	<u>583,073</u>
Deficiency of revenues over expenditures before inter-divisional revenues	<u>(254,099)</u>	<u>(188,793)</u>
Inter-divisional revenues:		
Underground	439	2,454
Deficiency of revenues over expenditures	<u>\$ (253,660)</u>	<u>\$ (186,339)</u>

MCMASTER STUDENTS UNION INCORPORATED

Schedule 3 - Schedule of Operations – The Silhouette

Year ended April 30, 2021, with comparative financial information for 2020

	2021	2020
Revenue	\$ 24,403	\$ 17,010
Expenditures:		
Salaries and benefits	134,279	147,994
Printing costs	6,705	48,880
General staff costs	4,140	4,622
Depreciation	3,984	4,748
Telephone	1,963	2,547
Advertising	774	423
Subscriptions	470	–
Repairs & Maintenance	357	–
Office supplies	40	196
	152,712	209,410
Deficiency of revenues over expenditures before inter-divisional revenues and expenditures	(128,309)	(192,400)
Less inter-divisional revenues and expenditures: Underground	30	–
Deficiency of revenues over expenditures	\$ (128,279)	\$ (192,400)

MCMASTER STUDENTS UNION INCORPORATED

Schedule 4 - Schedule of Operations - Marmor

Year ended April 30, 2021, with comparative financial information for 2020

	2021	2020
Revenues:		
Student fees	\$ (13)	\$ (40)
Expenditures:		
Printing costs	43,540	45,000
Postage	20,000	60,000
Photographic	12,000	12,000
Salaries and benefits	4,500	9
	80,040	117,009
Deficiency of revenues over expenditures	\$ (80,053)	\$ (117,049)

MCMASTER STUDENTS UNION INCORPORATED

Schedule 5 - Schedule of Operations – CFMU Radio Inc.

Year ended April 30, 2021, with comparative financial information for 2020

	2021	2020
Revenues:		
Student fees	\$ 282,802	\$ 217,935
Investment income (loss)	94,895	(29,316)
Sponsorships	21,521	19,985
Advertising sales	600	–
	399,818	208,604
Expenditures:		
Salaries and benefits	266,370	246,394
Administration	27,106	20,808
Depreciation	15,944	19,398
Memberships and licenses	8,944	1,353
Telephone	7,950	7,659
Repairs and maintenance	7,841	12,427
Insurance	4,363	4,122
Office supplies	–	933
	338,518	313,094
Excess (deficiency) of revenues over expenditures before inter-divisional revenues	61,300	(104,490)
Less inter-divisional revenues:		
Underground	237	371
Excess (deficiency) of revenues over expenditures	\$ 61,537	\$ (104,119)

MCMMASTER STUDENTS UNION INCORPORATED

Schedule 6 - Schedule of Operations – Child Care

Year ended April 30, 2021, with comparative financial information for 2020

	2021	2020
Revenues:		
Parents	\$ 300,008	\$ 418,141
Miscellaneous	36,033	47,175
Provincial grant	63,697	151,125
Subsidy	29,831	114,386
Registration	325	50
	429,894	730,877
Expenditures:		
Salaries and benefits	709,918	677,763
Administration costs	48,763	15,852
Rent	17,582	21,546
Custodial services	16,871	19,148
Food	11,145	18,701
Depreciation	10,195	9,754
Learning materials	8,993	12,590
Telephone	1,741	2,742
Office supplies	1,477	641
Repairs and maintenance	1,284	2,218
Transportation	1,200	190
Canada Emergency Wage Subsidy	(444,780)	–
	384,389	781,145
Excess (deficiency) of revenues over expenditures	\$ 45,505	\$ (50,268)

MCMASTER STUDENTS UNION INCORPORATED

Schedule 7 - Schedule of Operations - House of Games

Year ended April 30, 2021, with comparative financial information for 2020

	2021	2020
Revenues:		
Rental income	\$ 11,819	\$ 19,000
Expenditures:		
Telephone	-	142
Excess of revenues over expenditures	\$ 11,819	\$ 18,858

MCMASTER STUDENTS UNION INCORPORATED

Schedule 8 - Schedule of Operations - Underground Media and Design

Year ended April 30, 2021, with comparative financial information for 2020

	2021	2020
Revenues	\$ 70,021	\$ 406,929
Cost of goods sold:		
Material purchases	34,021	259,193
Gross profit	36,000	147,736
Expenditures:		
Salaries and wages	191,129	302,586
Depreciation	9,457	7,473
Administration	6,172	12,137
Telephone	2,853	3,765
Repairs and maintenance	1,572	4,009
HST and other applicable taxes	1,510	7,267
Office supplies	152	7,763
Canada Emergency Wage Subsidy	(112,706)	-
	100,139	345,000
Deficiency of revenues over expenditures before inter-divisional expenditures	(64,139)	(197,264)
Inter-divisional expenditures:		
Committees, services and campus events	(30,068)	(68,550)
Administration	(2,577)	(963)
Union market	(1,449)	(5,905)
Student dental plan	-	(388)
Executive	(1,488)	(5,194)
1280	(439)	(2,454)
CFMU Radio Inc.	(238)	(371)
The Silhouette	(30)	-
Student health plan	(1,480)	(2,632)
	(37,769)	(86,457)
Deficiency of revenues over expenditures	\$ (101,908)	\$ (283,721)

MCMASTER STUDENTS UNION INCORPORATED

Schedule 9 - Schedule of Operations - Union Market

Year ended April 30, 2021, with comparative financial information for 2020

	2021	2020
Revenues:		
Sales	\$ 4,305	\$ 619,082
Cost of goods sold:		
Material purchases	23,279	365,379
Gross profit	(18,974)	253,703
Expenditures:		
Salaries and wages	24,829	218,323
Depreciation	11,064	12,449
Office supplies	3,031	3,834
Advertising	1,449	1,246
Repairs and maintenance	1,348	(259)
Telephone	494	635
Supplies	268	1,531
Administrative	215	17,949
	42,698	255,708
Deficiency of revenues over expenditures before inter-divisional revenues	(61,672)	(2,005)
Less inter-divisional revenues:		
Underground	1,449	5,905
(Deficiency) excess of revenues over expenditures	\$ (60,223)	\$ 3,900

MCMASTER STUDENTS UNION INCORPORATED

Schedule 10 - Schedule of Operations - Campus Events

Year ended April 30, 2021, with comparative financial information for 2020

	2021			2020		
	Revenues	Expenditures	Total	Revenues	Expenditures	Total
AvTEK	\$ 5,095	\$ (450)	\$ 5,545	\$ 18,113	\$ 12,722	\$ 5,391
Charity ball	1,817	1,508	309	65,663	53,236	12,427
External events	356	6,396	(6,040)	106,067	17,370	88,697
Travel and administration	–	230,929	(230,929)	–	425,427	(425,427)
Orientation/welcome week	–	25,395	(25,395)	190,117	181,715	8,402
Other concerts and programs	–	4,702	(4,702)	86,990	126,271	(39,281)
Recognition & staff events	–	197	(197)	–	3,590	(3,590)
Speakers and sidewalk sale	–	–	–	39,232	3,562	35,670
Golf tournament	–	–	–	18,841	18,841	–
	7,268	268,677	(261,409)	525,023	842,734	(317,711)
Less inter-divisional revenues and (expenditures):						
Underground	–	4,265	4,265	–	13,637	13,637
Revenue – Committee, executive, services	(5,095)	–	(5,095)	(13,483)	–	(13,483)
	(5,095)	4,265	(830)	(13,483)	13,637	154
	\$ 2,173	\$ 264,412	\$ (262,239)	\$ 511,540	829,097	\$ (317,557)

MCMMASTER STUDENTS UNION INCORPORATED

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

Year ended April 30, 2021, with comparative financial information for 2020

	2021			2020		
	Revenues	Expenditures	Total	Revenues	Expenditures	Total
Committees and Commissions:						
Election Committee	\$ 2,937	\$ 31,134	\$ (28,197)	\$ 4,710	\$ 22,619	\$ (17,909)
Diversity	880	25,222	(24,342)	5,783	27,926	(22,143)
First Year Council	-	9,293	(9,293)	-	9,279	(9,279)
Teaching awards	-	9,208	(9,208)	-	7,899	(7,899)
SCSN	-	-	-	-	77	(77)
MSU Spark	-	13,196	(13,196)	-	15,122	(15,122)
FIT/Shinerama	-	-	-	22,486	32,522	(10,036)
Public relations/student life	-	200,698	(200,698)	-	212,994	(212,994)
	3,817	288,751	(284,934)	32,979	328,438	(295,459)
Less inter-divisional revenues:						
Underground	-	-	-	28,167	28,167	-
AvTEK	-	-	-	-	1,947	1,947
					30,144	30,144
	\$ 3,817	\$ 288,751	\$ (284,934)	\$ 32,979	\$ 298,324	\$ (265,345)

MCMaster Students Union Incorporated

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

Year ended April 30, 2021, with comparative financial information for 2020

	2021			2020		
	Revenues	Expenditures	Total	Revenues	Expenditures	Total
MSU Executive:						
Salaries and benefits	\$ -	\$ 348,214	\$ (348,214)	\$ -	\$ 378,595	\$ (378,595)
Memberships	-	40,250	(40,250)	-	54,108	(54,108)
Administrative	-	11,092	(11,092)	-	11,789	(11,789)
Special projects	-	9,017	(9,017)	-	42,086	(42,086)
Meetings	-	6,163	(6,163)	-	9,136	(9,136)
Honoraria and awards	-	2,343	(2,343)	-	17,234	(17,234)
Board training	-	1,500	(1,500)	-	4,538	(4,538)
Donations	-	1,418	(1,418)	-	4,861	(4,861)
Executive expense	-	1,331	(1,331)	-	9,238	(9,238)
Travel & conferences	-	14	(14)	-	11,543	(11,543)
	-	421,342	(421,342)	-	543,128	(543,128)
Less inter-divisional revenues:						
Underground	-	-	-	-	5,194	5,194
AvTEK	-	-	-	-	11,023	11,023
	-	-	-	-	16,217	16,217
	\$ -	\$ 421,342	\$ (421,342)	\$ -	\$ 526,911	\$ (526,911)

MCMaster Students Union Incorporated

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

Year ended April 30, 2021, with comparative financial information for 2020

	2021			2020		
	Revenues	Expenditures	Total	Revenues	Expenditures	Total
Services expenses:						
Compass Information Service	\$ 5,430	\$ 64,289	\$ (58,859)	\$ 431,152	\$ 493,236	\$ (62,084)
Emergency First Response Team	4,388	45,545	(41,157)	78,202	104,974	(26,772)
Maroons	2,662	16,551	(13,889)	4,110	13,383	(9,273)
Clubs administrator	511	78,766	(78,255)	9,460	151,381	(141,921)
Bread Bin	477	24,150	(23,673)	2,569	23,583	(21,014)
Ombuds office	-	76,449	(76,449)	-	62,968	(62,968)
QSCC	-	21,885	(21,885)	-	12,329	(12,329)
Women & Gender Equity	-	21,474	(21,474)	-	16,650	(16,650)
Student Health Education Centre	-	21,262	(21,262)	-	17,900	(17,900)
MACCESS	-	19,989	(19,989)	-	15,328	(15,328)
Horizons	-	5,911	(5,911)	33,891	52,788	(18,897)
SWHAT	-	3,273	(3,273)	-	14,813	(14,813)
PAC	-	546	(546)	14,735	34,404	(19,669)
MacCycle	-	103	(103)	4,564	17,993	(13,429)
CLAY Conference	-	(58)	58	16,415	34,549	(18,134)
	13,468	400,135	(386,667)	595,098	1,066,279	(471,181)
Less inter-divisional revenues:						
Underground	-	27,292	27,292	-	26,746	26,746
AvTEK	-	5,095	5,095	-	513	513
	-	32,387	32,387	-	27,259	27,259
	\$ 13,468	\$ 367,748	\$ (354,280)	\$ 595,098	\$ 1,039,020	\$ (443,922)

MCMASTER STUDENTS UNION INCORPORATED

Schedule 12 - Schedule of Operations – Athletic Store

Year ended April 30, 2021, with comparative financial information for 2020

	2021	2020
Revenues:		
Sales, royalties, commissions	\$ -	\$ -
Excess of revenues over expenditures	\$ -	\$ -

MCMASTER STUDENTS UNION INCORPORATED

Schedule 13 - Schedule of Operations - Student Wellness Centre

Year ended April 30, 2021, with comparative financial information for 2020

	2021	2020
Revenues:		
Student Wellness - Rental income	\$ 23,491	\$ 31,326
Excess of revenues over expenditures	\$ 23,491	\$ 31,326

MCMASTER STUDENTS UNION INCORPORATED

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

Year ended April 30, 2021, with comparative financial information for 2020

	2021	2020
Revenues:		
Student fees (net of opt-out)	\$ 2,265,487	\$ 2,135,363
Investment income (loss)	104,631	(17,989)
	<u>2,370,118</u>	<u>2,117,374</u>
Expenditures:		
Insurance premiums	2,131,570	1,936,074
Administration charges	35,000	35,000
Administration charges	1,125	–
Advertising	55	2,821
	<u>2,167,750</u>	<u>1,973,895</u>
Excess of revenues over expenditures before inter-divisional revenues	<u>202,368</u>	<u>143,479</u>
Inter-divisional revenues:		
Underground	1,480	2,632
Excess of revenues over expenditures	<u>\$ 203,848</u>	<u>\$ 146,111</u>

MCMASTER STUDENTS UNION INCORPORATED

Schedule 15 - Schedule of Operations – Student Dental Plan Fund

Year ended April 30, 2021, with comparative financial information for 2020

	2021	2020
Revenues:		
Student fees (net of opt-out)	\$ 2,725,321	\$ 2,320,679
Expenditures:		
Insurance premiums	2,482,888	2,265,875
Administration charges	15,000	15,000
Advertising	–	388
	2,497,888	2,281,263
Excess of revenues over expenditures before inter-divisional revenues	227,433	39,416
Inter-divisional revenues:		
Underground	–	388
Excess of revenues over expenditures	\$ 227,433	\$ 39,804