

Consolidated Financial Statements of

**MCMASTER STUDENTS
UNION INCORPORATED**

And Independent Auditor's Report thereon

Year ended April 30, 2022

DRAFT

MCMASTER STUDENTS UNION INCORPORATED

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INDEPENDENT AUDITOR'S 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, 2022
- 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 consolidated 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 auditor's report, the accompanying financial statements, present fairly, in all material respects, the financial position of the Entity as at April 30, 2022, 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 revenues from restaurant, bar sales, fundraising and other cash transactions, 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, 2022
- the 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, 2022
- the net assets reported in the consolidated statement of operations and changes in net assets for the year ended April 30, 2022
- the excess of revenues over expenses reported in the consolidated statement of cash flows for the year ended April 30, 2022

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 “*Auditor’s Responsibilities for the Audit of the Financial Statements*” section of our auditor’s 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.

Auditor’s Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of 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 auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the 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.

Chartered Professional Accountants, Licensed Public Accountants
Hamilton, Canada
January 24, 2023

MCMASTER STUDENTS UNION INCORPORATED

Consolidated Statement of Financial Position

As at April 30, 2022, with comparative financial information for 2021

	Operating Fund	Capital Fund	University Student Centre Building Fund	CFMU Radio Inc.	Student Health Insurance Plan Fund	Student Dental Plan Fund	Clubs	2022	2021
Assets									
Current assets:									
Cash	\$ 8,180,283	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,180,283	\$ 5,284,396
Marketable securities (note 2)	2,215,627	-	-	382,760	1,075,648	-	-	3,674,035	3,843,517
Accounts receivable (note 3)	272,619	-	-	-	-	-	-	272,619	218,480
Restricted cash held for clubs	-	-	-	-	-	-	246,742	246,742	391,122
Inventories	14,389	-	-	-	-	-	-	14,389	66,678
Prepaid expenses	90,378	-	-	-	-	-	-	90,378	88,877
Due from McMaster University (note 9)	87,807	-	-	-	-	-	-	87,807	180,279
Due from McMaster University Centre Incorporated (note 9)	224,794	-	-	-	-	-	-	224,794	-
	11,085,897	-	-	382,760	1,075,648	-	246,742	12,791,047	10,073,349
Capital assets (note 4)	-	399,825	-	12,850	-	-	-	412,675	489,936
	\$11,085,897	\$ 399,825	\$ -	\$ 395,610	\$ 1,075,648	\$ -	\$ 246,742	\$13,203,722	\$10,563,285
Liabilities									
Current liabilities:									
Accounts payable and accrued liabilities (note 5)	\$ 2,584,358	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,584,358	\$ 1,156,347
Restricted cash held for clubs	-	-	-	-	-	-	302,118	302,118	300,079
Deferred revenue	84,249	-	-	-	989,686	1,226,947	-	2,300,882	2,162,195
Due to McMaster University Centre Incorporated (note 9)	-	-	-	-	-	-	-	-	5,243
	2,668,607	-	-	-	989,686	1,226,947	302,118	5,187,358	3,623,864
Due to (from) other funds	5,792,508	(233,216)	(1,244,659)	(916,253)	(1,514,235)	(1,828,769)	(55,876)	-	-
Net assets (note 6)	2,624,782	633,041	1,244,659	1,311,863	1,600,197	601,822	-	8,016,364	6,939,421
Commitments (note 7)									
	\$11,085,897	\$ 399,825	\$ -	\$ 395,610	\$ 1,075,648	\$ -	\$ 246,742	\$13,203,722	\$10,563,285

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, 2022, with comparative financial information for 2021

	Operating Fund	Capital Fund	University Student Centre Building Fund	CFMU Radio Inc.	Student Health Insurance Plan Fund	Student Dental Plan Fund	2022 Total	2021 Total
Revenues:								
Student fees (Schedules 1, 5, 13 and 14)	\$ 3,653,838	\$ —	\$ 516,277	\$ 379,473	\$ 2,449,549	\$ 2,993,401	\$ 9,992,538	\$ 8,317,103
Administration (Schedule 1)	182,749	—	—	—	—	—	182,749	199,708
Investment income (loss) (Schedules 1, 5, and 13)	(42,652)	—	—	(10,756)	(94,626)	—	(148,034)	755,205
Child Care (Schedule 6)	778,842	—	—	—	—	—	778,842	429,894
Campus Events (Schedule 10)	233,874	—	—	—	—	—	233,874	2,173
1280 (Schedule 2)	183,541	—	—	—	—	—	183,541	2,322
Services (Schedule 11)	74,900	—	—	—	—	—	74,900	13,468
Committees (Schedule 11)	5,370	—	—	—	—	—	5,370	3,817
Union Market (Schedule 9)	65,579	—	—	—	—	—	65,579	4,305
Underground Media and Design (Schedule 8)	57,960	—	—	—	—	—	57,960	32,252
The Silhouette (Schedule 3)	41,797	—	—	—	—	—	41,797	24,403
Student Wellness Centre (Schedule 12)	28,711	—	—	—	—	—	28,711	23,491
House of Games (Schedule 7)	17,220	—	—	—	—	—	17,220	11,819
CFMU Radio Inc. (Schedule 5)	—	—	—	16,339	—	—	16,339	22,121
Marmor (Schedule 4)	(18)	—	—	—	—	—	(18)	(13)
Total revenues	5,281,711	—	516,277	385,056	2,354,923	2,993,401	11,531,368	9,842,068
Expenditures:								
Student Dental Plan (Schedule 14)	—	—	—	—	—	2,690,023	2,690,023	2,497,888
Student Health Insurance Plan (Schedule 13)	—	—	—	—	2,405,406	—	2,405,406	2,166,270
Administration (Schedule 1)	1,010,954	—	—	—	—	—	1,010,954	900,041
Child Care (Schedule 6)	802,817	—	—	—	—	—	802,817	384,389
Services (Schedule 11)	609,565	—	—	—	—	—	609,565	367,748
Executive (Schedule 11)	309,947	—	—	—	—	—	309,947	421,342
Committees (Schedule 11)	278,736	—	—	—	—	—	278,736	288,751
1280 (Schedule 2)	464,913	—	—	—	—	—	464,913	255,982
Campus Events (Schedule 10)	385,234	—	—	—	—	—	385,234	264,412
Building fund occupancy costs	—	—	335,874	—	—	—	335,874	161,255
Underground Media and Design (Schedule 8)	308,041	—	—	—	—	—	308,041	134,160
CFMU Radio Inc. (Schedule 5)	—	—	—	285,697	—	—	285,697	338,281
The Silhouette (Schedule 3)	215,619	—	—	—	—	—	215,619	152,682
Information Comm. & Tech. (Schedule 1-B)	198,014	—	—	—	—	—	198,014	179,112
Marmor (Schedule 4)	82,658	—	—	—	—	—	82,658	80,040
Union Market (Schedule 9)	70,927	—	—	—	—	—	70,927	64,528
Total expenditures	4,737,425	—	335,874	285,697	2,405,406	2,690,023	10,454,425	8,656,881
Excess (deficiency) of revenues over expenditures	\$ 544,286	\$ —	\$ 180,403	\$ 99,359	\$ (50,483)	\$ 303,378	\$ 1,076,943	\$ 1,185,187

See accompanying notes to consolidated financial statements.

MCMASTER STUDENTS UNION INCORPORATED

Consolidated Statement of Changes in Net Assets

Year ended April 30, 2022, with comparative financial information for 2021

April 30, 2022	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	\$ 2,080,496	\$ 633,041	\$ 1,064,256	\$ 1,212,504	\$ 1,650,680	\$ 298,444	\$ 6,939,421
Excess (deficiency) of revenues over expenditures	544,286	-	180,403	99,359	(50,483)	303,378	1,076,943
Net assets, end of year	\$ 2,624,782	\$ 633,041	\$ 1,244,659	\$ 1,311,863	\$ 1,600,197	\$ 601,822	\$ 8,016,364

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

See accompanying notes to consolidated financial statements.

MCMMASTER STUDENTS UNION INCORPORATED

Consolidated Statement of Cash Flows

Year ended April 30, 2022, with comparative financial information for 2021

	2022	2021
Operating:		
Excess (deficiency) of revenues over expenditures	\$ 1,076,943	\$ 1,185,187
Items not involving cash:		
Amortization	144,073	148,837
	1,221,016	1,334,024
Changes in non-cash operating working capital items:		
Accounts receivable	(54,139)	673,165
Due to/from McMaster University Centre Incorporated	(230,037)	(39,878)
Due to/from McMaster University	92,472	(180,279)
Inventories	52,289	13,624
Prepaid expenses	(1,501)	(4,394)
Accounts payable and accrued liabilities	1,428,011	270,813
Restricted cash held for Clubs	2,039	300,079
Deferred revenue	138,687	(82,080)
	2,648,837	2,285,074
Investing:		
Purchase of capital assets	(66,812)	(26,428)
Increase in cash and cash equivalents	2,582,025	2,258,646
Cash and cash equivalents, beginning of year	9,519,035	7,260,389
Cash and cash equivalents, end of year	\$ 12,101,060	\$ 9,519,035
Represented by:		
Cash	\$ 8,180,283	\$ 5,284,396
Restricted cash held for clubs	246,742	391,122
Marketable securities	3,674,035	3,843,517
	\$ 12,101,060	\$ 9,519,035

See accompanying notes to consolidated financial statements.

MCMASTER STUDENTS UNION INCORPORATED

Notes to Consolidated Financial Statements

Year ended April 30, 2022

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.

MCMMASTER STUDENTS UNION INCORPORATED

Notes to Consolidated Financial Statements (continued)

Year ended April 30, 2022

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, and commencing 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 \$232,300 (2021 - \$68,749).

(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, 2022

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, 2022

2. Marketable securities:

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

	2022	2021
Operating Fund	\$ 2,215,627	\$ 2,317,144
CFMU Radio Inc.	382,760	356,099
Student Health Plan Fund	1,075,648	1,170,274
	\$ 3,674,035	\$ 3,843,517

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

	2022	2021
Cash and short-term investments	\$ 27,219	\$ 274,248
Fixed income investments	633,246	651,880
Equity and mutual funds	3,013,570	2,917,389
	\$ 3,674,035	\$ 3,843,517

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

	2022	2021
Canadian	\$ 2,631,589	\$ 3,547,152
Foreign	1,042,446	296,365
	\$ 3,674,035	\$ 3,843,517

MCMaster Students Union Incorporated

Notes to Consolidated Financial Statements (continued)

Year ended April 30, 2022

3. Accounts receivable:

	2022	2021
Trade receivables	\$ 328,689	\$ 244,550
Less allowance for doubtful accounts	(56,070)	(26,070)
Net accounts receivables	\$ 272,619	\$ 218,480

4. Capital assets:

	2022		
	Cost	Accumulated depreciation	Net book value
Equipment	\$ 4,632,174	\$ 4,407,348	\$ 224,826
Leasehold improvements	1,618,416	1,430,567	187,849
	\$ 6,250,590	\$ 5,837,915	\$ 412,675
	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

5. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of \$15,134 (2021 - \$78,344), 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, 2022, the balance of the deficit attributed to the Marmor totaled \$198,534 (2021 - \$115,858) and is included in the Operating Fund net assets.

MCMASTER STUDENTS UNION INCORPORATED

Notes to Consolidated Financial Statements (continued)

Year ended April 30, 2022

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 2021.

(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 2021.

(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 2021.

(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 2021.

MCMASTER STUDENTS UNION INCORPORATED

Notes to Consolidated Financial Statements (continued)

Year ended April 30, 2022

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 \$224,794 (2021 - \$5,243 net payable to MUCI). The MSU administers payment of all expenses incurred by MUCI. Total amount of expenses paid on behalf of MUCI by the MSU are \$795,706 (2021 - \$620,276).

Furthermore, McMaster University is a related party of the MSU. Included in the financial statements is a net receivable balance of \$87,807 (2021- \$180,279)

These transactions are in the normal course of business and are measured at the exchange amount agreed to by related parties.

10. Closure of Compass Information Centre Division:

The purpose of the Compass Information Centre was to provide the McMaster community with information about the MSU, McMaster University, and the surrounding community and to act as a point of sale for campus and concert events, various modes of transportation, and miscellaneous items.

Compass was launched in 2002 as a zero-cost centre; and sold tickets and received a commission to offset the cost of the operation. The primary revenue generator was GO Transit commissions. With the advent of PRESTO, on-line sales, and electronic ticket wicket at Go bus stops, commissions reduced dramatically resulting in accumulated losses. In March 2021 the SRA rescinded the Compass Operating Policy to confirm the closure of the service.

The revenue and expenses earned in the period are recorded in Schedule 11.

MCMMASTER STUDENTS UNION INCORPORATED

Schedule 1 - Schedule of Operations - Administration

Year ended April 30, 2022, with comparative financial information for 2021

	2022	2021
Revenues:		
Member fees	\$ 3,653,838	\$ 2,656,909
Fees – WUSC Refugee Fund and Incite	181,249	198,208
Interest and investment income (loss)	(42,652)	555,679
Other income	1,500	1,500
	3,793,935	3,412,296
Expenditures:		
Amortization	17,673	17,388
Computer supplies and maintenance	330	–
Donation to WUSC Refugee Fund	63,535	88,800
Faculty support disbursement (recovery)	98,239	(2,162)
Insurance	61,856	69,467
Memberships	2,003	932
Miscellaneous	11,461	3,742
Office expense	16,366	15,423
Professional development	13,494	18,593
Professional fees	60,018	53,869
Purchased services	9,611	9,651
Repairs and maintenance	1,946	1,273
Salaries	708,458	677,364
Service (bank) charges	11,022	10,251
Telephone	5,931	7,407
Travel	398	120
	1,082,341	972,118
Less expenditures allocated to facilities	69,500	69,500
	1,012,841	902,618
Excess of revenues over expenditures before inter-divisional revenues	2,781,094	2,509,678
Inter-divisional revenues:		
Underground	1,887	2,577
Excess of revenues over expenditures	\$ 2,782,981	\$ 2,512,255

MCMMASTER STUDENTS UNION INCORPORATED

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

Year ended April 30, 2022, with comparative financial information for 2021

	2022	2021
Expenditures:		
Amortization	\$ 4,373	\$ –
Computer supplies and maintenance	4,327	5,860
Purchased services	88,134	86,847
Repairs and maintenance	46	–
Salaries	99,990	85,191
Telephone	1,144	1,214
Total expenditures	\$ 198,014	\$ 179,112

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MCMMASTER STUDENTS UNION INCORPORATED

Schedule 2 - Schedule of Operations - 1280

Year ended April 30, 2022, with comparative financial information for 2021

	2022	2021
Sales:		
Food	\$ 182,916	\$ 2,371
Beer and liquor	95	-
	183,011	2,371
Cost of goods sold:		
Food	98,639	9,569
Beer and liquor	(812)	1,888
	97,827	11,457
	85,184	(9,086)
Other income:		
Rental and other revenue	530	(49)
	85,714	(9,135)
Expenditures:		
Administrative	32,657	64,236
Advertising	2,167	889
Amortization	23,809	25,291
Repairs and maintenance	12,099	12,028
Salaries and wages	310,242	238,267
Supplies	3,483	1,160
Telephone	1,967	2,725
Canada Emergency Wage Subsidy	(17,171)	(99,632)
	369,253	244,964
Deficiency of revenues over expenditures before inter-divisional expenditures	(283,539)	(254,099)
Inter-divisional expenditures:		
Underground	2,167	439
Deficiency of revenues over expenditures	\$ (281,372)	\$ (253,660)

MCMASTER STUDENTS UNION INCORPORATED

Schedule 3 - Schedule of Operations – The Silhouette

Year ended April 30, 2022, with comparative financial information for 2021

	2022	2021
Revenue	\$ 41,797	\$ 24,403
Expenditures:		
Advertising	1,032	774
Amortization	2,701	3,984
General staff costs	8,581	4,140
Graphic ad layout	2,323	–
Office supplies	348	40
Printing costs	34,634	6,705
Repairs and maintenance	240	357
Salaries and benefits	165,625	134,279
Subscriptions	–	470
Telephone	1,751	1,963
	217,235	152,712
Deficiency of revenues over expenditures before inter-divisional revenues and expenditures	(175,438)	(128,309)
Less inter-divisional revenues and expenditures: Underground	1,616	30
Deficiency of revenues over expenditures	\$ (173,822)	\$ (128,279)

MCMASTER STUDENTS UNION INCORPORATED

Schedule 4 - Schedule of Operations - Marmor

Year ended April 30, 2022, with comparative financial information for 2021

	2022	2021
Revenues:		
Student fees	\$ (18)	\$ (13)
Expenditures:		
Photographic	-	12,000
Postage	77,690	20,000
Printing costs	4,968	43,540
Salaries and benefits	-	4,500
	<u>82,658</u>	<u>80,040</u>
Deficiency of revenues over expenditures	<u>\$ (82,676)</u>	<u>\$ (80,053)</u>

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MCMaster Students Union Incorporated

Schedule 5 - Schedule of Operations – CFMU Radio Inc.

Year ended April 30, 2022, with comparative financial information for 2021

	2022	2021
Revenues:		
Student fees	\$ 379,473	\$ 282,802
Advertising sales	–	600
Investment income (loss)	(10,756)	94,895
Sponsorships	16,339	21,521
	385,056	399,818
Expenditures:		
Administration	26,655	27,106
Amortization	10,827	15,944
Contractual maintenance services	5,202	–
Insurance	4,834	4,363
Memberships and licenses	14,465	8,944
Office supplies	452	–
Repairs and maintenance	2,393	7,841
Salaries and benefits	213,604	266,370
Telephone	7,330	7,950
	285,762	338,518
Excess of revenues over expenditures before inter-divisional revenues	99,294	61,300
Less inter-divisional expenditures: Underground	65	237
Excess of revenues over expenditures	\$ 99,359	\$ 61,537

MCMMASTER STUDENTS UNION INCORPORATED

Schedule 6 - Schedule of Operations – Child Care

Year ended April 30, 2022, with comparative financial information for 2021

	2022	2021
Revenues:		
Parents	\$ 503,411	\$ 300,008
Subsidy	99,459	29,831
Provincial grant	132,859	63,697
Registration	525	325
Miscellaneous	42,588	36,033
	778,842	429,894
Expenditures:		
Administration costs	16,004	44,155
Amortization	13,098	10,195
Custodial services	25,017	16,871
Food	19,675	11,145
Learning materials	14,942	8,993
Rent	21,732	17,582
Repairs and maintenance	1,122	1,284
Salaries and benefits	803,153	709,918
Supplies	6,004	6,085
Telephone	1,719	1,741
Transportation	480	1,200
Canada Emergency Wage Subsidy	(120,129)	(444,780)
	802,817	384,389
(Deficiency) excess of revenues over expenditures	\$ (23,975)	\$ 45,505

MCMASTER STUDENTS UNION INCORPORATED

Schedule 7 - Schedule of Operations - House of Games

Year ended April 30, 2022, with comparative financial information for 2021

	2022	2021
Revenues:		
Rental income	\$ 17,220	\$ 11,819
Excess of revenues over expenditures	\$ 17,220	\$ 11,819

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MCMMASTER STUDENTS UNION INCORPORATED

Schedule 8 - Schedule of Operations - Underground Media and Design

Year ended April 30, 2022, with comparative financial information for 2021

	2022	2021
Revenues	\$ 117,864	\$ 70,021
Cost of goods sold:		
Material purchases	78,359	34,021
Gross profit	39,505	36,000
Expenditures:		
Amortization	12,367	9,457
Bad debts	30,000	-
Administration	7,183	6,172
HST and other applicable taxes	2,949	1,510
Office supplies	4,033	152
Repairs and maintenance	7,345	1,572
Salaries and wages	191,933	191,129
Telephone	2,288	2,853
Canada Emergency Wage Subsidy	(28,416)	(112,706)
	229,682	100,139
Deficiency of revenues over expenditures before inter-divisional expenditures	(190,177)	(64,139)
Inter-divisional revenue (expenditures):		
Administration	(1,887)	(2,577)
Committees, services and campus events	(53,329)	(30,068)
The Silhouette	(1,616)	(30)
Union market	(120)	(1,449)
1280	(2,167)	(439)
Student health plan	(720)	-
Student dental plan	-	(1,480)
CFMU Radio Inc.	(65)	(238)
Executive	-	(1,488)
	(59,904)	(37,769)
Deficiency of revenues over expenditures	\$ (250,081)	\$ (101,908)

MCMaster Students Union Incorporated

Schedule 9 - Schedule of Operations - Union Market

Year ended April 30, 2022, with comparative financial information for 2021

	2022	2021
Revenues:		
Sales	\$ 61,079	\$ 3,465
Other	4,500	840
	65,579	4,305
Cost of goods sold:		
Material purchases	31,809	23,279
Gross profit (loss)	33,770	(18,974)
Expenditures:		
Administrative	3,451	215
Advertising	120	1,449
Amortization	10,308	11,064
Office supplies	3,157	3,031
Repairs and maintenance	708	1,348
Salaries and wages	32,455	57,076
Supplies	-	268
Telephone	424	494
Canada Emergency Wage Subsidy	(11,385)	(32,247)
	39,238	42,698
Deficiency of revenues over expenditures before inter-divisional revenues	(5,468)	(61,672)
Less inter-divisional revenues:		
Underground	120	1,449
Deficiency of revenues over expenditures	\$ (5,348)	\$ (60,223)

MCMaster Students Union Incorporated

Schedule 10 - Schedule of Operations - Campus Events

Year ended April 30, 2022, with comparative financial information for 2021

	2022			2021		
	Revenues	Expenditures	Total	Revenues	Expenditures	Total
AvTEK	\$ 14,215	\$ -	\$ 14,215	\$ 5,095	\$ (450)	\$ 5,545
Charity ball	-	-	-	1,817	1,508	309
Recognition & staff events	-	-	-	-	197	(197)
External events	31,538	-	31,538	356	6,396	(6,040)
Orientation/welcome week	167,515	111,411	56,104	-	25,395	(25,395)
Other concerts and programs	33,219	20,042	13,177	-	4,702	(4,702)
Travel and administration	-	278,747	(278,747)	-	230,929	(230,929)
Canada Emergency Wage Subsidy	-	(17,677)	17,677	-	-	-
	246,487	392,523	(146,036)	7,268	268,677	(261,409)
Less inter-divisional revenues and (expenditures):						
Underground	-	7,289	(7,289)	-	4,265	(4,265)
Revenue – Committee, executive, services	12,613	-	12,613	5,095	-	5,095
	12,613	7,289	5,324	5,095	4,265	830
	\$ 233,874	\$ 385,234	\$ (151,360)	\$ 2,173	\$ 264,412	\$ (262,239)

MCMMASTER STUDENTS UNION INCORPORATED

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

Year ended April 30, 2022, with comparative financial information for 2021

	2022			2021		
	Revenues	Expenditures	Total	Revenues	Expenditures	Total
Committees and Commissions:						
Diversity	\$ 580	\$ 23,801	\$ (23,221)	\$ 880	\$ 25,222	\$ (24,342)
Election Committee	3,740	18,428	(14,688)	2,937	31,134	(28,197)
First Year Council	–	11,134	(11,134)	–	9,293	(9,293)
MSU Spark	1,050	25,932	(24,882)	–	13,196	(13,196)
Public relations/student life	–	217,880	(217,880)	–	200,698	(200,698)
Teaching awards	–	11,166	(11,166)	–	9,208	(9,208)
	5,370	308,341	(302,971)	3,817	288,751	(284,934)
Less inter-divisional revenues:						
Underground	–	23,485	23,485	–	–	–
AvTEK	–	6,120	6,120	–	–	–
	–	29,605	29,605	–	–	–
	\$ 5,370	278,736	\$ (273,366)	\$ 3,817	\$ 288,751	\$ (284,934)

MCMMASTER STUDENTS UNION INCORPORATED

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

Year ended April 30, 2022, with comparative financial information for 2021

	2022			2021		
	Revenues	Expenditures	Total	Revenues	Expenditures	Total
MSU Executive:						
Administrative	\$ -	\$ 9,837	\$ (9,837)	\$ -	\$ 11,092	\$ (11,092)
Travel & conferences	-	-	-	-	14	(14)
Donations	-	4,165	(4,165)	-	1,418	(1,418)
Executive expense	-	1,261	(1,261)	-	1,331	(1,331)
Honoraria and awards	-	-	-	-	2,343	(2,343)
Board training	-	5,066	(5,066)	-	1,500	(1,500)
Meetings	-	5,165	(5,165)	-	6,163	(6,163)
Memberships	-	45,734	(45,734)	-	40,250	(40,250)
Miscellaneous	-	8,931	(8,931)	-	-	-
Special projects	-	6,675	(6,675)	-	9,017	(9,017)
Salaries and benefits	-	236,685	(236,685)	-	348,214	(348,214)
	-	323,519	(323,519)	-	421,342	(421,342)
Less inter-divisional revenues:						
Underground	-	7,663	7,663	-	-	-
AvTEK	-	5,909	5,909	-	-	-
	-	13,572	13,572	-	-	-
	\$ -	\$ 309,947	\$ (309,947)	\$ -	\$ 421,342	\$ (421,342)

MCMMASTER STUDENTS UNION INCORPORATED

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

Year ended April 30, 2022, with comparative financial information for 2021

	2022			2021		
	Revenues	Expenditures	Total	Revenues	Expenditures	Total
Services expenses:						
Emergency First Response Team	\$ 4,250	\$ 79,811	\$ (75,561)	\$ 4,388	\$ 45,545	\$ (41,157)
MacCycle	143	246	(103)	–	103	(103)
Compass Information Service	67,785	155,867	(88,082)	5,430	64,289	(58,859)
Ombuds office	–	90,001	(90,001)	–	76,449	(76,449)
Student Health Education Centre	–	27,085	(27,085)	–	21,262	(21,262)
SWHAT	–	7,427	(7,427)	–	3,273	(3,273)
MACCESS	–	26,064	(26,064)	–	19,989	(19,989)
Pride Community Centre	–	22,671	(22,671)	–	21,885	(21,885)
Maroons	76	16,647	(16,571)	2,662	16,551	(13,889)
CLAY Conference	–	–	–	–	(58)	58
Horizons	–	–	–	–	5,911	(5,911)
Advocacy	–	51,835	(51,835)	–	–	–
Clubs administrator	–	92,455	(92,455)	511	78,766	(78,255)
Women & Gender Equity	–	27,021	(27,021)	–	21,474	(21,474)
MacFarmstand	–	546	(546)	–	546	(546)
Food Collective Centre	2,646	27,365	(24,719)	477	24,150	(23,673)
	74,900	625,041	(550,141)	13,468	400,135	(386,667)
Less inter-divisional revenues:						
Underground	–	14,892	14,892	–	27,292	27,292
AvTEK	–	584	584	–	5,095	5,095
	–	15,476	15,476	–	32,387	32,387
	\$ 74,900	\$ 609,565	\$ (534,665)	\$ 13,468	\$ 367,748	\$ (354,280)

MCMASTER STUDENTS UNION INCORPORATED

Schedule 12 - Schedule of Operations - Student Wellness Centre

Year ended April 30, 2022, with comparative financial information for 2021

	2022	2021
Revenues:		
Student Wellness - Rental income	\$ 28,711	\$ 23,491
Excess of revenues over expenditures	\$ 28,711	\$ 23,491

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MCMMASTER STUDENTS UNION INCORPORATED

Schedule 13 - Schedule of Operations – Student Health Insurance Plan Fund

Year ended April 30, 2022, with comparative financial information for 2021

	2022	2021
Revenues:		
Student fees (net of opt-out)	\$ 2,449,549	\$ 2,265,487
Investment income (loss)	(94,626)	104,631
	2,354,923	2,370,118
Expenditures:		
Administration charges	35,000	35,000
Insurance premiums	2,370,281	2,131,570
Advertising	845	55
Administration charges	-	1,125
	2,406,126	2,167,750
(Deficiency) excess of revenues over expenditures before inter-divisional revenues	(51,203)	202,368
Inter-divisional revenues:		
Underground	720	1,480
(Deficiency) excess of revenues over expenditures	\$ (50,483)	\$ 203,848

MCMASTER STUDENTS UNION INCORPORATED

Schedule 14 - Schedule of Operations – Student Dental Plan Fund

Year ended April 30, 2022, with comparative financial information for 2021

	2022	2021
Revenues:		
Student fees (net of opt-out)	\$ 2,993,401	\$ 2,725,321
Expenditures:		
Administration charges	15,000	15,000
Insurance premiums	2,675,023	2,482,888
	2,690,023	2,497,888
Excess of revenues over expenditures	\$ 303,378	\$ 227,433

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