

THE STUDENTS' SOCIETY OF MCGILL UNIVERSITY

REPORT AND FINANCIAL STATEMENTS

MAY 31, 1987

AUDITORS' REPORT

The Executive Director and Members,
The Students' Society of McGill University.

We have examined the balance sheets of the operating fund, the debt repayment fund and the capital expenditures reserve fund of The Students' Society of McGill University as at May 31, 1987 and the statements of income and surplus of the operating fund, changes in the deficit of the debt repayment fund and changes in the reserve fund for capital expenditures for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Society as at May 31, 1987 and the results of its operations for the year then ended in accordance with accounting principles described in Note 1 to the financial statements applied on a basis consistent with that of the preceding year.

Montreal, Quebec,
September 16, 1987.


Chartered Accountants

THE STUDENTS' SOCIETY OF MCGILL UNIVERSITY

OPERATING FUND
BALANCE SHEET AS AT MAY 31, 1987

	<u>1987</u>	<u>1986</u>
<u>ASSETS</u>		
Current		
Cash	\$ 3,000	\$ 3,500
Short-term investments	47,775	45,543
Accounts receivable		
McGill University	89,011	66,267
Other	53,096	75,023
Inventories	43,939	33,379
Prepaid expense	<u>4,804</u>	<u>4,536</u>
	241,625	228,248
Fixed		
Equipment (Note 2)	<u>47,200</u>	<u>47,200</u>
	<u>\$288,825</u>	<u>\$275,448</u>

LIABILITIES AND SURPLUS

Current		
Bank loan (secured)	\$ 4,000	\$ 4,000
Accounts payable	71,777	77,171
Due to debt repayment fund	800	-
Due to capital expenditures reserve fund	165,048	147,077
Loan payable to Les Services Alimentaires C.V.C. Inc.	<u>47,200</u>	<u>47,200</u>
	<u>\$288,825</u>	<u>\$275,448</u>

Approved on behalf of the Society

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THE STUDENTS' SOCIETY OF MCGILL UNIVERSITY

DEBT REPAYMENT FUND
BALANCE SHEET AS AT MAY 31, 1987

	<u>1987</u>	<u>1986</u>
<u>ASSETS</u>		
Due from operating fund	\$ 800	\$ -
Fixed assets (Note 2)	<u>180,563</u>	<u>247,796</u>
	<u>\$181,363</u>	<u>\$247,796</u>
<u>LIABILITY AND DEFICIT</u>		
Loan payable to McGill University	\$480,424	\$607,190
Deficit	<u>(299,061)</u>	<u>(359,394)</u>
	<u>\$181,363</u>	<u>\$247,796</u>

STATEMENT OF CHANGES IN THE DEFICIT
FOR THE YEAR ENDED MAY 31, 1987

	<u>1987</u>	<u>1986</u>
Deficit, beginning of year	\$359,394	\$395,880
Add		
Write off of fixed assets	47,644	25,107
Loss on sales of fixed assets (Note 5)	<u>18,789</u>	<u>-</u>
	425,827	420,987
Deduct		
Transfer from operating fund of students' contributions for debt repayment	<u>126,766</u>	<u>61,593</u>
Deficit, end of year	<u>\$299,061</u>	<u>\$359,394</u>

THE STUDENTS' SOCIETY OF MCGILL UNIVERSITY

CAPITAL EXPENDITURES RESERVE FUND
BALANCE SHEET AS AT MAY 31, 1987

	<u>1987</u>	<u>1986</u>
<u>ASSETS</u>		
Current		
Due from operating fund	\$165,048	\$147,077
Investments (market value - \$260,360)	<u>253,435</u>	<u>-</u>
	418,483	147,077
Capital expenditures	<u>12,622</u>	<u>-</u>
	<u>\$431,105</u>	<u>\$147,077</u>
<u>CAPITAL</u>		
Reserve fund for capital expenditures	<u>\$431,105</u>	<u>\$147,077</u>

STATEMENT OF CHANGES IN THE RESERVE FUND FOR CAPITAL EXPENDITURES
FOR THE YEAR ENDED MAY 31, 1987

	<u>1987</u>	<u>1986</u>
Balance of fund, beginning of year	\$147,077	\$ -
Add		
Transfer from operating fund	273,025	147,077
Interest revenue	<u>11,003</u>	<u>-</u>
Balance of fund, end of year	<u>\$431,105</u>	<u>\$147,077</u>

THE STUDENTS' SOCIETY OF MCGILL UNIVERSITY

OPERATING FUND
STATEMENT OF INCOME AND SURPLUS
FOR THE YEAR ENDED MAY 31, 1987

	<u>1987</u>	<u>1986</u>
Income		
Students' fees	\$ 756,012	\$ 750,493
Students' contributions for debt repayment (Note 1)	126,766	61,593
Food and beverage operations (Schedule 1)	166,581	89,799
Sadie's tabagie (Schedule 2)	4,741	-
Games machine	11,846	18,506
Other income	<u>107,067</u>	<u>81,660</u>
	<u>1,173,013</u>	<u>1,002,051</u>
Expenditure		
Sadie's Tabagie operations (Schedule 2)	-	7,960
University Centre Building operations (Schedule 3)	253,829	243,305
General office and administrative (Schedule 4)	285,544	325,892
Council services (Schedule 5)	77,771	67,654
Society activities and services (Schedule 6)	87,617	70,317
Functional groups (Schedule 7)	43,029	48,239
Interest groups (Schedule 8)	9,688	9,074
Special projects (Schedule 9)	<u>15,744</u>	<u>20,940</u>
	<u>773,222</u>	<u>793,381</u>
Excess of income over expenditure for the year	399,791	208,670
Transfer to capital expenditures reserve fund	273,025	147,077
Transfer of students' contributions to debt repayment fund	<u>126,766</u>	<u>61,593</u>
Accumulated surplus, end of year	<u>\$ -</u>	<u>\$ -</u>

THE STUDENTS' SOCIETY OF MCGILL UNIVERSITY

NOTES TO FINANCIAL STATEMENTS
MAY 31, 1987

1. Significant accounting policies

a. Fund accounting

The Society accounts for each fund separately. The purpose of each fund is as follows:

Operating fund

The resources available are used for the general operations of the Society.

Debt repayment fund

This fund was established to facilitate the repayment of the debt owed to McGill University as of May 31, 1985. Accordingly, the amount of the debt outstanding to McGill University as of May 31, 1985, and the portion of fixed assets and accumulated deficit represented by such debt, were transferred to the debt repayment fund as of June 1, 1985. The debt repayment is being made from a special fee per semester to be collected from all members of the Society for a period of approximately six years which commenced January 1986. Accordingly, the fixed assets transferred are being written off to the deficit of the fund at a rate corresponding to the debt repayment.

Capital expenditures reserve fund

This fund was established on June 1, 1985 for the purpose of defraying the cost of certain significant capital expenditures. The capital of this fund is derived from transfers made from the operating fund surplus as deemed necessary to ensure the maintenance of an appropriate fixed asset base.

b. Investments

Investments are carried at cost. Investment income is accounted for on an accrual basis.

c. Inventories

Inventories are valued at the lower of cost and net realizable value. Cost is determined using the first-in, first-out method.

d. Fixed assets

Acquisitions of fixed assets and improvements of a capital nature are considered as operating expenses except for those significant purchases made by the capital expenditures reserve fund which are recorded at cost as assets of that fund.

e. Operating income and expenditure

Operating income and expenditure are accounted for on an accrual basis.

The Students' Society of McGill University
Notes to financial statements
May 31, 1987

2. Fixed assets

Fixed assets comprise the following:

	1987			1986
	Cost	Accumulated depreciation	Net book value	Net book value
Equipment - operating fund	\$ 47,200	\$ -	\$ 47,200	\$ 47,200
Equipment - debt repayment fund	\$705,351	\$524,788	\$180,563	\$247,796

3. Food and beverage operations

The food and beverage services are managed and provided by Les Services Alimentaires C.V.C. Inc. Under the terms of the food services agreement terminating on May 31, 1990 and the beverage services agreement terminating on August 31, 1987, the Society is entitled to receive the following:

Food services

Years ending

- May 31, 1987, the greater of \$195,000 or 10.5% of gross sales
- May 31, 1988, the greater of \$204,750 or 10.5% of gross sales
- May 31, 1989, the greater of \$215,000 or 10.5% of gross sales
- May 31, 1990, the greater of \$225,750 or 10.5% of gross sales

plus, in each year, 50% of any excess of revenues over expenditures.

The Society is committed to pay rental fees to the various faculty undergraduate societies and several university departments where food services are provided through Les Services Alimentaires C.V.C. Inc. Such rental fees are defined within each rental agreement and are based on a percentage of gross sales by location. Some of the agreements also provide for a sharing of the profits earned from such services. For the year ended May 31, 1987, such rental fees, including distribution of profits, amounted to \$134,258 (1985 - \$124,692).

The Students' Society of McGill University
Notes to financial statements
May 31, 1987

3. Food and beverage operations (continued)

Beverage services

Year ending

May 31, 1987, the greater of \$65,000 or 14% of gross sales

3-month period ending

August 31, 1987, 14% of gross sales for the period

plus, in each period, 50% of any excess of revenues over expenditures for the first \$20,000 of any such excess and 70% thereafter.

4. Heat, electricity and air conditioning expense

Heat, electricity and air conditioning expense of \$232,800 for the University Centre has been paid by McGill University (1986 - \$211,640).

5. Radio McGill

Effective June 1, 1986, Radio McGill was established as a separate entity and, accordingly, its operations are no longer included with those of the Society.

During the year, the fixed assets used by Radio McGill in its operations were sold to it by the Society for \$1 resulting in a loss on sale of \$19,589.

THE STUDENTS' SOCIETY OF MCGILL UNIVERSITY

COMMENTS AND ADDITIONAL INFORMATION

MAY 31, 1987

COMMENTS ON ADDITIONAL INFORMATION

Our examination of the financial statements of The Students' Society of McGill University for the year ended May 31, 1987 was made primarily in order to express an opinion on the basic financial statements as a whole. The additional information which is contained in the accompanying schedules is drawn principally from accounting records and other documents of the Society. In our opinion, this information is not necessary for a fair presentation of the financial position of the Society and the results of its operations. We have not carried out sufficient tests and other audit procedures in connection with this information to be able to express an opinion on the fairness of each item contained in these schedules and, consequently, do not express an opinion on the additional information.

Montreal, Quebec,
September 16, 1987.


Chartered Accountants

THE STUDENTS' SOCIETY OF MCGILL UNIVERSITY

STATEMENT OF FOOD AND BEVERAGE OPERATIONS
FOR THE YEAR ENDED MAY 31, 1987

	<u>1987</u>	<u>1986</u>
Contribution from Les Services Alimentaires C.V.C. Inc. (Note 3)		
Food operations		
Base income	\$223,461	\$192,362
Profit sharing	13,614	-
Beverage operations		
Base income	<u>65,000</u>	<u>60,000</u>
	302,075	252,362
Other income	<u>-</u>	<u>10,200</u>
	<u>302,075</u>	<u>262,562</u>
Expenditure		
Rent (Note 3)	132,845	124,692
Amortization of fixed assets	-	47,200
Other	<u>2,649</u>	<u>871</u>
	<u>135,494</u>	<u>172,763</u>
Net income	<u>\$166,581</u>	<u>\$ 89,799</u>

Unaudited.

THE STUDENTS' SOCIETY OF MCGILL UNIVERSITY

STATEMENT OF SADIE'S TABAGIE OPERATIONS
FOR THE YEAR ENDED MAY 31, 1987

	McConnell Engineering		University Centre		Total	
	<u>1987</u>	<u>1986</u>	<u>1987</u>	<u>1986</u>	<u>1987</u>	<u>1986</u>
Income						
Sales						
Metro tickets and stamps	\$ 11,111	\$ 19,062	\$ 48,692	\$ 47,965	\$ 59,803	\$ 67,027
Tobacco products	21,274	27,325	93,553	96,285	114,827	123,610
Confectionery	17,181	17,544	56,296	42,478	73,477	60,022
Calculators	44,232	35,646	6,285	5,022	50,517	40,668
Miscellaneous	16,243	18,784	42,588	35,036	58,831	53,820
	<u>110,041</u>	<u>118,361</u>	<u>247,414</u>	<u>226,786</u>	<u>357,455</u>	<u>345,147</u>
Cost of sales						
Metro tickets and stamps	10,572	18,677	46,752	46,995	57,324	65,672
Tobacco products	17,335	22,846	82,455	85,419	99,790	108,265
Confectionery	12,903	13,100	43,767	31,843	56,670	44,943
Calculators	38,036	29,655	6,696	4,011	44,732	33,666
Miscellaneous	13,448	14,209	36,262	29,815	49,710	44,024
	<u>92,294</u>	<u>98,487</u>	<u>215,932</u>	<u>198,083</u>	<u>308,226</u>	<u>296,570</u>
Gross profit	17,747	19,874	31,482	28,703	49,229	48,577
Commission income	2,099	2,156	10,848	1,350	12,947	3,506
	<u>19,846</u>	<u>22,030</u>	<u>42,330</u>	<u>30,053</u>	<u>62,176</u>	<u>52,083</u>
Expenditure						
Material and supplies	-	13	720	5,376	720	5,389
Postage and miscellaneous	1,085	331	2,031	363	3,116	694
Advertising	1,254	497	1,065	3,358	2,319	3,855
Salaries	11,164	10,010	11,165	10,657	22,329	20,667
Casual wages	5,477	8,690	18,296	13,587	23,773	22,277
Fringe benefits	2,112	1,920	2,850	2,431	4,962	4,351
New equipment	-	260	216	2,550	216	2,810
	<u>21,092</u>	<u>21,721</u>	<u>36,343</u>	<u>38,322</u>	<u>57,435</u>	<u>60,043</u>
Net income (expenditure)	<u>(\$ 1,246)</u>	<u>\$ 309</u>	<u>\$ 5,987</u>	<u>(\$ 8,269)</u>	<u>\$ 4,741</u>	<u>(\$ 7,960)</u>

Unaudited.

Schedule 3

THE STUDENTS' SOCIETY OF MCGILL UNIVERSITY
STATEMENT OF UNIVERSITY CENTRE BUILDING OPERATIONS
FOR THE YEAR ENDED MAY 31, 1987

	<u>1987</u>	<u>1986</u>
Income		
Parking income	\$ 13,280	\$ 11,047
Room rentals	<u>32,358</u>	<u>29,905</u>
	<u>45,638</u>	<u>40,952</u>
Expenditure		
Salaries and wages	141,635	128,624
Cleaning and security	91,378	82,527
Repairs and alterations	28,982	41,140
Materials and supplies	28,123	25,761
Stationery and postage	1,331	2,187
Telephone	3,516	1,329
Miscellaneous	-	950
New equipment	<u>4,502</u>	<u>1,739</u>
	<u>299,467</u>	<u>284,257</u>
Net expenditure	<u><u>\$253,829</u></u>	<u><u>\$243,305</u></u>

Unaudited.

THE STUDENTS' SOCIETY OF MCGILL UNIVERSITY

STATEMENT OF GENERAL OFFICE AND ADMINISTRATIVE EXPENDITURE
FOR THE YEAR ENDED MAY 31, 1987

	<u>1987</u>	<u>1986</u>
Salaries and benefits	\$177,588	\$248,459
Casual wages	51,377	13,413
Postage, stationery and printing	623	7,566
Telephone and telegraph	12,574	15,218
Legal and audit fees	17,636	20,361
Supplies	3,822	2,311
Advertising	-	487
Insurance	9,317	10,586
Computer charges	8,500	8,100
Investment income	(5,335)	(5,388)
Miscellaneous	<u>9,442</u>	<u>4,779</u>
	<u>\$285,544</u>	<u>\$325,892</u>

Unaudited.

Schedule 5

THE STUDENTS' SOCIETY OF MCGILL UNIVERSITY

STATEMENT OF COUNCIL SERVICES EXPENDITURE
FOR THE YEAR ENDED MAY 31, 1987

	<u>1987</u>	<u>1986</u>
Council and committees	\$51,964	\$40,918
Communications	8,707	8,676
Elections	11,831	13,265
External Affairs - general	3,558	4,772
External Affairs - South Africa committee	<u>1,711</u>	<u>23</u>
	<u>\$77,771</u>	<u>\$67,654</u>

Unaudited.

THE STUDENTS' SOCIETY OF MCGILL UNIVERSITY
STATEMENT OF SOCIETY ACTIVITIES AND SERVICES
FOR THE YEAR ENDED MAY 31, 1987

	<u>1987</u>	<u>1986</u>
Activities Night	\$ 1,511	\$ 1,048
Advertising Office	(62)	1,075
Blood Donor Clinic	2,879	1,694
Educational Programming	1,911	1,126
McGill Annual	(275)	2,282
Network - Alternative Programming	3,708	1,317
Network - Concerts and Events	6,081	11,361
Network - General	8,714	2,995
Network - Volunteers	403	-
Network - Speakers	6,339	5,331
Network - Performing Arts	2,768	-
Ombudsman	616	1,658
Pub Programming	-	(6,591)
Secondhand Book Sale	-	149
Student Directory	5,082	795
Student Handbook	16,074	12,934
Student Security	2,598	11,959
Student Society Liaison Project	-	151
Tribune Newsletter	21,015	14,533
Winter Carnival and Welcome Week	<u>8,255</u>	<u>6,500</u>
	<u>\$87,617</u>	<u>\$70,317</u>

Unaudited.

THE STUDENTS' SOCIETY OF MCGILL UNIVERSITY
STATEMENT OF FUNCTIONAL GROUPS EXPENDITURE
FOR THE YEAR ENDED MAY 31, 1987

	<u>1987</u>	<u>1986</u>
Amateur Radio Club	\$ 462	\$ 454
Campus Legal Aid	15,892	17,657
CFRM - Radio McGill	-	9,008
Community McGill	1,649	1,298
Debating Union Society	7,921	7,685
Film Society	1,787	854
Multicultural Society	2,168	2,410
Multicultural Society Fiesta	6,822	4,367
Players' Club	-	2,248
Radio McGill (Note 5)	-	(6,000)
Savoy Society	2,156	1,920
Women's Union	<u>4,172</u>	<u>6,338</u>
	<u>\$43,029</u>	<u>\$48,239</u>

Unaudited.

THE STUDENTS' SOCIETY OF MCGILL UNIVERSITY

STATEMENT OF INTEREST GROUPS EXPENDITURE
FOR THE YEAR ENDED MAY 31, 1987

	<u>1987</u>	<u>1986</u>
Americans Abroad	\$ 177	\$ -
Amnesty International	753	765
Arab Student Association	332	24
Armenian Club	360	223
Black Students' Network	114	-
Caribbean Students' Association	378	-
Censorwatch	359	738
Central America Group	181	133
Chess Association	53	356
Choral Society	145	-
Coca Conference	270	-
Entrepreneurs' Club	201	291
Foster Parents' Association	215	(31)
Galom	595	598
Hellenic Club	437	-
Iranian Students' Association	(45)	456
Lithuania Club	(145)	161
Malaysian Students' Association	-	614
Mature Students' Association	109	544
Pakistan Students' Association	685	(58)
Personal Finance Club	(30)	240
Pre-law Undergraduate Society	-	5
Project Ploughshares	520	487
Simulation Gamers Guild	137	76
Southeast Asian Students' Association	357	-
Student Pugwash	892	196
Students for Life	-	278
Turkish Students' Association	-	66
Uhuru Na Ufahamu	49	-
Ukrainian Students' Association	372	84
Vietnamese Students' Association	258	269
Miscellaneous Clubs	<u>1,959</u>	<u>2,559</u>
	<u>\$9,688</u>	<u>\$9,074</u>

Unaudited.

THE STUDENTS' SOCIETY OF MCGILL UNIVERSITY

STATEMENT OF SPECIAL PROJECTS
FOR THE YEAR ENDED MAY 31, 1987

	<u>1987</u>	<u>1986</u>
Parliamentary Advertising	\$ 3,879	\$ -
Executive Director Search Committee	3,203	-
Challenge '86	2,490	-
Club Award	1,885	-
African Nations	1,286	-
Model U.N.	951	-
Miscellaneous	2,050	-
Computerization of accounting systems	-	15,817
Thomson House	-	2,500
International Youth year	-	1,348
Red and White review	-	1,275
	<u>\$15,744</u>	<u>\$20,940</u>

Unaudited.

THE STUDENTS' SOCIETY

STATEMENT OF FOOD AND
FOR THE YEAR END

	Gertrude's Pub	The Alley	Cafeteria and catering	Law	Arts	Educa
Sales - food	\$288,865	\$49,234	\$457,578	\$79,858	\$157,353	\$156,4
Sales - beverage	300,980	41,225	-	-	-	-
	<u>589,845</u>	<u>90,459</u>	<u>457,578</u>	<u>79,858</u>	<u>157,353</u>	<u>156,4</u>
Cost of sales - food	102,538	17,713	177,030	30,313	59,481	60,0
Cost of sales - beverage	109,478	16,281	-	-	-	-
	<u>212,016</u>	<u>33,994</u>	<u>177,030</u>	<u>30,313</u>	<u>59,481</u>	<u>60,0</u>
Gross profit	377,829	56,465	280,548	49,545	97,872	96,3
Less						
Operating expenses	289,830	62,379	268,468	41,015	74,434	76,3
Base income to the Society - Food	30,331	5,170	48,044	8,385	16,522	16,4
Base income to the Society - Beverage	58,500	6,500	-	-	-	-
Net profit (loss) per C.V.C. Inc.	<u>(\$ 832)</u>	<u>(\$17,584)</u>	<u>(\$ 35,964)</u>	<u>\$ 145</u>	<u>\$ 6,916</u>	<u>\$ 3,6</u>
Breakdown of net profit (loss) per C.V.C. Inc.						
Food	\$ 22,835	(\$ 5,081)	(\$ 35,964)	\$ 145	\$ 6,916	\$ 3,6
Beverage	(23,667)	(12,503)	-	-	-	-
	<u>(\$ 832)</u>	<u>(\$17,584)</u>	<u>(\$ 35,964)</u>	<u>\$ 145</u>	<u>\$ 6,916</u>	<u>\$ 3,6</u>
Food and beverage results for vending agreements purposes						
Base income - food	\$ 30,331	\$ 5,170	\$ 48,044	\$ 8,385	\$ 16,522	\$ 16,4
Base income - beverage	58,500	6,500	-	-	-	-
Share of net profit (loss) - food	11,418	(2,541)	(17,982)	72	3,458	1,5
Rental fees - vending agreements	-	-	-	(7,986)	(15,735)	(15,4
	<u>100,249</u>	<u>9,129</u>	<u>30,062</u>	<u>471</u>	<u>4,245</u>	<u>2,5</u>
Distribution of profit (50%) to vending satellites	-	-	-	(236)	(2,122)	(1,5
	<u>\$100,249</u>	<u>\$ 9,129</u>	<u>\$ 30,062</u>	<u>\$ 235</u>	<u>\$ 2,123</u>	<u>\$ 1,5</u>