

**McMaster Association Of
Part-Time Students**

Financial Statements

December 31, 2005

**PETTINELLI, MASTROLUISI
CHARTERED ACCOUNTANTS**

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February 17, 2006

Auditors' Report

To the Directors of McMaster Association Of Part-Time Students

We have audited the balance sheet of McMaster Association Of Part-Time Students as at December 31, 2005 and the statements of accumulated net assets, financial activities and cash flows for the year then ended. These financial statements are the responsibility of the Association's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of McMaster Association of Part-Time Students as at December 31, 2005 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Pettinelli, Mastroluisi

Chartered Accountants

HAMILTON, ONTARIO

McMaster Association Of Part-Time Students

Balance Sheet

	December 31	
	2005	2004
Assets		
Current assets		
Cash and short-term investments	\$ 317,058	\$ 346,489
Student fees receivable	117,771	17,665
Interest receivable	3,332	3,070
Prepaid expenses	<u>552</u>	<u>552</u>
	438,713	367,776
Office furniture and equipment (Note 3)	<u>18,072</u>	<u>23,657</u>
	<u>\$ 456,785</u>	<u>\$ 391,433</u>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	\$ 57,909	\$ 77,630
Accumulated net assets		
Operating Fund (Note 4)	<u>398,876</u>	<u>313,803</u>
	<u>\$ 456,785</u>	<u>\$ 391,433</u>

APPROVED BY THE BOARD:

_____, Director

_____, Director

McMaster Association Of Part-Time Students

Statement of Accumulated Net Assets

Operating Fund

	Year ended December 31	
	2005	2004
Accumulated net assets at beginning of the year	\$ 313,803	\$ 490,321
Excess (deficiency) of revenue over expenses for the year	<u>85,073</u>	<u>(176,518)</u>
Accumulated net assets at end of the year	<u>\$ 398,876</u>	<u>\$ 313,803</u>

McMaster Association Of Part-Time Students

Statement of Financial Activities

Operating Fund

	Year ended December 31	
	2005	2004
Revenue		
Student fees	\$ 279,251	\$ 263,696
Interest	7,160	7,325
Other	907	57
Donations	-	1,000
	<u>287,318</u>	<u>272,078</u>
Expenses		
Salaries and benefits	123,759	116,143
Handbook	14,668	9,354
Awards dinner/receptions	10,918	11,744
Newsletter	9,684	11,466
Office and general	7,527	10,713
Public relations	7,164	8,138
Executive Director search	5,658	-
Amortization	5,585	5,585
University administrative fees	2,969	2,802
Professional fees	2,836	4,112
Seminars	2,379	1,169
Telephone	2,306	2,437
Awards and recognition	1,962	1,961
Meetings	1,946	1,250
CCE graduation ceremony	1,284	-
Board development	728	1,062
Insurance	378	378
Staff travel	248	-
Postage	146	441
Donations	100	400
25th Anniversary Events	-	8,660
OUSA membership fees	-	580
Computer software	-	201
	<u>202,245</u>	<u>198,596</u>
Excess of revenue over expenses from operations for the year	85,073	73,482
Gift to McMaster University (Note 5)	-	(250,000)
Excess (deficiency) of revenue over expenses for the year	<u>\$ 85,073</u>	<u>\$ (176,518)</u>

McMaster Association Of Part-Time Students

Statement of Cash Flows

Operating Fund

	Year ended December 31	
	2005	2004
Operating activities		
Cash provided by (used for) operating activities		
Excess (deficiency) of revenue over expenses for the year	\$ 85,073	\$ (176,518)
Items not involving cash		
Amortization	<u>5,585</u>	<u>5,585</u>
	90,658	(170,933)
Net change in non-cash working capital balances related to operations(Note 6)	<u>(120,089)</u>	<u>43,446</u>
Cash deficiency from operations and decrease in cash during the year	(29,431)	(127,487)
Cash and equivalents at beginning of the year	<u>346,489</u>	<u>473,976</u>
Cash and equivalents at end of the year	<u>\$ 317,058</u>	<u>\$ 346,489</u>
Cash and equivalents comprise		
Cash	\$ 132,010	\$ 166,556
Term deposits and short-term investments	<u>185,048</u>	<u>179,933</u>
	<u>\$ 317,058</u>	<u>\$ 346,489</u>

McMaster Association Of Part-Time Students

Notes to Financial Statements

December 31, 2005

1. Background

McMaster Association Of Part-Time Students promotes the academic interests of part-time students, a cultural and social environment of benefit to them and the interests of McMaster University with the community. In addition, it presents information and concerns to the University regarding the needs of the community pertaining to part-time studies. The Association is a non-profit organization which was incorporated pursuant to Letters Patent dated October 1, 1997 and is exempt from income tax under the Income Tax Act.

2. Significant accounting policies

The financial statements include the following significant policies:

Use of estimates

The financial statements are prepared in accordance with Canadian generally accepted accounting principles (GAAP). The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Due to the inherent uncertainty in making estimates, actual results could differ from these estimates.

Revenue recognition

Revenue from students' fees is recognized when received, or receivable if the amount to be received can be reasonably determined and collection is reasonably assured.

Office furniture and equipment

Office furniture and equipment are stated at cost. Amortization is based on the estimated useful lives of the assets and is computed using the straight-line basis as follows:

Furniture, fixtures and equipment	10 Years
Computer equipment	4 Years

Expenditures for repairs and maintenance are charged to income as incurred.

3. Office furniture and equipment

			December 31	
	Cost	Accumulated Amortization	2005 Net Book Value	2004 Net Book Value
Furniture, fixtures and equipment	\$ 27,379	\$ 10,702	\$ 16,677	\$ 19,415
Computer equipment	11,390	9,995	1,395	4,242
	<u>\$ 38,769</u>	<u>\$ 20,697</u>	<u>\$ 18,072</u>	<u>\$ 23,657</u>

McMaster Association Of Part-Time Students

Notes to Financial Statements

December 31, 2005

4. Accumulated net assets

	December 31	
	2005	2004
Invested in office furniture and equipment	\$ 18,072	\$ 23,657
Unrestricted	<u>380,804</u>	<u>290,146</u>
	<u>\$ 398,876</u>	<u>\$ 313,803</u>

5. Gift to McMaster University

In 2004, the Association made a gift in the amount of \$250,000 to McMaster University to commemorate its silver anniversary. Pursuant to the agreement, McMaster University will contribute an additional \$250,000 in accordance with the Province of Ontario's matching ceilings under the Ontario Student Opportunity Trust Fund II initiative.

The investment income earned on this endowment will be administered by the University's Student Financial Aid and Scholarship Office and used to provide funding for the bursaries to be granted to students enrolled on a part-time basis in a degree, diploma or certificate programme and who demonstrate financial need. The bursaries granted each year will be referred to as the McMaster Association Of Part-Time Students 25th Anniversary Bursaries.

6. Statement of cash flows

The net change in non-cash working capital balances related to operations represents the changes in student fees receivable, interest receivable, prepaid expenses and accounts payable and accrued liabilities.

7. Comparative balances

Certain of the comparative balances have been restated to conform with the presentation adopted for 2005.