



September 13, 2013

Dear fellow part-time students,

The 2013-14 Board of Directors has approved the audited financial statements for the fiscal year ending December 31, 2012 and had them posted on our webpage at [McMaster.ca/MAPS](http://McMaster.ca/MAPS) and at [Facebook.com/McMasterParttimeStudents](https://Facebook.com/McMasterParttimeStudents).

We are happy that this audit – long overdue – is now complete. Its presentation and receipt will be on the agenda of a special general meeting that will be called in a few weeks.

We were not happy with many of the financial decisions made by the previous board of directors (the entire board resigned at the last AGM). Everyone on the board now was brand new in February.

You will note that spending in several areas was considerably higher than the year before. In some cases we know why the former board spent the money (and in almost all cases we disagree with their decisions); in other cases, we have too little or no information on which to base an opinion. The former board – as far as we can see – made very few decisions that served the interests of our members. Well, those days have ended.

In the next few weeks, we will be posting new by-laws that provide you with the opportunity to have greater input, improved access to participate in decision-making, and information about what is going on. We are also introducing a new set of board policies that will govern how the business operations of the association work. These bylaws and policies are clear, (mostly) in plain language, and will allow any MAPS member to hold the board accountable for its leadership and management.

Part of these new processes will be the setting and publishing of an annual budget, that is linked directly to our goals over a two year planning window through an operating plan. The operating plan will have measures included that will help us (and you) see how well we are progressing towards our goals. So each fiscal quarter, we will be posting a report on how much we've spent compared to how much we had budgeted to spend, and what we got as a result.

These are a few of the changes we are working on to make MAPS *your* student association. In the next few days, you will be receiving an invitation to one of two open houses we are having in September. I hope you will come and introduce yourself to us, and let us know what direction you'd like your student association to take going forward.

Sincerely,

A handwritten signature in black ink, appearing to read 'S. Smith', is positioned above the printed name.

Andrew Smith  
President

**McMaster Association of Part-Time  
Students**

**Financial Statements**

**December 31, 2012**



T 905 522 6555 F 905 522 6574 6th Floor, One James Street South Hamilton ON L8P 4R5

August 26, 2013

## **Independent Auditor's Report**

To the Directors of McMaster Association of Part-Time Students

We have audited the accompanying financial statements of McMaster Association of Part-Time Students, which comprise the statement of financial position as at December 31, 2012, and the statements of operations and changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these 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.

### ***Auditor's Responsibility***

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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Association's preparation and fair presentation of the financial statements 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 Association's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Opinion***

In our opinion, the financial statements present fairly, in all material respects, the financial position of McMaster Association of Part-Time Students as at December 31, 2012, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

**PETTINELLI MASTROLUISI LLP**

CHARTERED ACCOUNTANTS



T 905 522 6555 F 905 522 6574 6th Floor, One James Street South Hamilton ON L8P 4R5

## **Independent Auditor's Report, continued**

### ***Comparative Information***

Without modifying our opinion, we draw attention to note 3 to the financial statements which describes that McMaster Association of Part-Time Students adopted Canadian accounting standards for private enterprises on January 1, 2012 with a transition date of January 1, 2011. These standards were applied retrospectively by management to the comparative information in these financial statements, including the statements of financial position as at December 31, 2011 and January 1, 2011, and the statements of operations and changes in net assets and cash flows for the year ended December 31, 2011 and related disclosures. We were not engaged to report on the restated comparative information, and as such, it is unaudited.

### ***Emphasis of Matter***

Without modifying our opinion, we draw attention to note 10 to the financial statements which indicates that McMaster University's Board of Governors passed a motion supporting its senior administration's decision to suspend the collection of student fees on behalf of McMaster Association of Part-time Students. This condition, as set forth in Note 10, indicates the existence of a material uncertainty that may cast doubt about the association's ability to continue as a going concern.

*Pettinelli Mastrolucchi LLP*

**Chartered Accountants  
Licensed Public Accountants**

**Hamilton, Ontario**

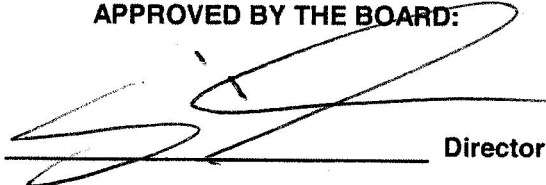
# McMaster Association of Part-Time Students


## Statement of Financial Position

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	December 31 2012	December 31 2011	January 1 2011
<b>Assets</b>			
Current assets			
Cash	\$ 29,261	\$ 98,974	\$ 166,878
Accounts receivable	1,000	1,422	-
Student fees receivable from McMaster University	395,108	27,446	21,773
Prepaid expenses	<u>11,398</u>	<u>7,988</u>	<u>-</u>
	436,767	135,830	188,651
Furniture, equipment & leasehold improvements (Note 4)	<u>51,149</u>	<u>61,117</u>	<u>70,856</u>
	<u>\$ 487,916</u>	<u>\$ 196,947</u>	<u>\$ 259,507</u>
<b>Liability</b>			
Current liability			
Accounts payable and accrued liabilities (Note 5)	\$ 278,316	\$ 24,221	\$ 42,303
<b>Accumulated net assets</b>	<u>209,600</u>	<u>172,726</u>	<u>217,204</u>
	<u>\$ 487,916</u>	<u>\$ 196,947</u>	<u>\$ 259,507</u>
Commitments (Note 7)			
Contingencies (Note 9)			

APPROVED BY THE BOARD:

  
\_\_\_\_\_  
Director

  
\_\_\_\_\_  
Director

# McMaster Association of Part-Time Students

## Statement of Operations and Changes in Net Assets

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	Year ended December 31	
	2012	2011
Revenues		
Student fees	\$ 518,857	\$ 507,035
Interest	<u>108</u>	<u>136</u>
	518,965	507,171
Expenses		
Salaries and benefits (Note 6)	206,117	354,023
Professional fees	110,975	19,014
Staff travel	14,663	4,577
University administrative fees	10,279	10,381
Amortization	9,968	12,456
Telephone	7,526	5,227
Handbook	6,513	18,738
Ontario Undergraduate Student Alliance	5,850	8,912
Insurance	5,770	705
Office and general	5,723	5,389
CCE graduation ceremony	5,000	5,000
Awards and recognition	4,022	15,938
Meetings	3,362	3,750
Public relations	2,783	6,276
Computer software	1,739	1,210
Seminars	1,109	5,860
Repairs and maintenance	523	-
Postage	169	144
Awards dinner/reception	-	13,573
Board development	<u>-</u>	<u>476</u>
	<u>402,091</u>	<u>491,649</u>
Excess of revenues over expenses from operations	116,874	15,522
Gifts to McMaster University (Note 7)	<u>(80,000)</u>	<u>(60,000)</u>
Excess (deficiency) of revenues over expenses for the year	36,874	(44,478)
Net assets at beginning of the year	<u>172,726</u>	<u>217,204</u>
Net assets at end of the year	<u>\$ 209,600</u>	<u>\$ 172,726</u>

# McMaster Association of Part-Time Students

## Statement of Cash Flows

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	Year ended December 31	
	2012	2011
Cash flows from (used in) operating activities		
Excess (deficiency) of revenues over expenses for the year	\$ 36,874	\$ (44,478)
Item not involving cash		
Amortization	<u>9,968</u>	<u>12,456</u>
	46,842	(32,022)
Net change in non-cash working capital balances relating to operations (Note 8)	<u>(116,555)</u>	<u>(33,164)</u>
	(69,713)	(65,186)
Cash flows from (used in) investing activity		
Purchase of furniture, equipment & leasehold improvements	<u>-</u>	<u>(2,718)</u>
Net decrease in cash during the year	(69,713)	(67,904)
Cash at beginning of the year	<u>98,974</u>	<u>166,878</u>
Cash at end of the year	<u>\$ 29,261</u>	<u>\$ 98,974</u>

**Notes to Financial Statements****December 31, 2012**

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**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 within 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**

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations. The significant policies are detailed as follows:

**Use of estimates**

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations 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 balance sheet date and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates.

**Revenue recognition**

The Association follows the deferral method of accounting for contributions. Under this method, unrestricted contributions are recognized as revenue when received or receivable, if the amount to be received can be reasonably estimated and collection is reasonably assured.

Net investment income is recognized as income when earned.

**Furniture, equipment & leasehold improvements**

Furniture, equipment & leasehold improvements are recorded at cost. The Association provides for amortization using the straight-line method at rates designed to amortize the cost of the furniture, equipment & leasehold improvements over their estimated useful lives. The annual amortization rates are as follows:

Furniture, fixtures, & equipment	10 years
Leasehold improvements	10 years
Computer equipment	4 years

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



**Notes to Financial Statements****December 31, 2012**

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**2. Significant accounting policies, continued****Financial instruments****Measurement of financial instruments**

The Association initially measures its financial assets and financial liabilities at fair value.

The Association subsequently measures its financial assets and financial liabilities at amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in net income.

Financial assets measured at amortized cost include cash, accounts receivable and student fees receivable from McMaster University.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

The Association has not designated any financial asset or financial liability to be measured at fair value.

**Impairment**

Financial assets measured at amortized cost are tested for impairment when there are indicators of possible impairment. When a significant adverse change has occurred during the period in the expected timing or amount of future cash flows from the financial asset or group of assets, a write-down is recognized in net income. When the events occurring after the impairment confirm that a reversal is necessary, the reversal is recognized in net income up to the amount of the previously recognized impairment.

**3. First-time adoption of accounting standards for not-for-profit organizations**

The Association has elected to apply the standards in Part III of the CICA Accounting Handbook for not-for-profit organizations in accordance with Canadian generally accepted accounting principles.

These financial statements are the first financial statements for which the entity has applied Canadian generally accepted accounting standards for not-for-profit organizations under Part III.

These financial statements for the year ended December 31, 2012 were prepared in accordance with the accounting principles and provisions set out in first-time adoption, Section 1501, for first-time adopters of the basis of accounting.

The impact of adopting these standards has not resulted in any material changes to the opening financial statements for the current or previous year end.

**Notes to Financial Statements**

**December 31, 2012**

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**4. Furniture, equipment & leasehold improvements**

			<b>December 31</b>	
	<b>Cost</b>	<b>Accumulated Amortization</b>	<b>2012 Net Book Value</b>	<b>2011 Net Book Value</b>
Furniture, fixtures, & equipment	\$ 89,509	\$ 52,052	\$ 37,457	\$ 43,919
Leasehold improvements	20,956	8,383	12,573	14,669
Computer equipment	<u>27,612</u>	<u>26,493</u>	<u>1,119</u>	<u>2,529</u>
	<u>\$ 138,077</u>	<u>\$ 86,928</u>	<u>\$ 51,149</u>	<u>\$ 61,117</u>

**5. Accounts payable and accrued liabilities**

Accounts payable and accrued liabilities includes an amount owing to McMaster University for expenditures paid on the Association's behalf in the amount of \$167,943 (2011 - \$Nil).

**6. Related party transactions**

Included in salaries and benefits expense for the year ended December 31, 2011 is a retroactive pay adjustment awarded to McMaster Association of Part-Time Students Past Executive Director in the amount of \$101,117. This amount relates to a retroactive pay adjustment in connection with the period November 28, 2005 to November 28, 2010.

**7. Commitments**

**Gifts to McMaster University**

**The MAPS 30th Anniversary Part-Time Certificate Students Bursaries Award**

In 2008, the Association established The MAPS 30th Anniversary Part-Time Certificate Students Bursaries Award to be granted to students currently enrolled on a part-time basis and who demonstrate financial need. Preference will be given to students enrolled in a diploma or certificate program.

The Association made a total pledge of \$505,000 to be honoured over a period of seven years, with an initial gift of \$145,000 in 2008 and \$60,000 each year thereafter until 2014. The total gift of \$505,000 consists of \$400,000 of payments to an endowment fund and \$15,000 per year to be used to grant bursaries to eligible students. Commencing in 2015, disbursements will be made from the endowment fund when it has grown to \$400,000 and adequate investment income has been earned.

Notes to Financial Statements

December 31, 2012

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7. Commitments, continued

**Capital Renewal**

As at December 31, 2012, the Association has future outstanding commitments of \$70,000 (2013 - \$30,000, 2014 - \$40,000) with respect to its contribution to the McMaster University Student Centre Board of Management for the purposes of capital renewal to coincide with the 10 year anniversary of the McMaster University Student Centre. In 2012, the Association made a contribution of \$20,000 (2011 - \$Nil) towards the capital renewal commitment.

**Liberal Arts Building**

In 2010, the Association entered into an agreement with McMaster University to pledge \$1,000,000 to assist in the construction of a new Liberal Arts Building. The total pledge of \$1,000,000 consisted of ten annual payments of \$100,000 commencing in December 2010 and each year thereafter until 2019. The Association had the right to amend the annual pledge amounts and payment schedule at any time. In 2012, the Association did not make a contribution towards the Liberal Arts Building pledge (2011 - \$Nil).

Subsequent to the year-end, in July 2013, the University released the Association from this pledge agreement.

8. Net change in non-cash working capital balances relating to operations

	December 31	
	2012	2011
Decrease (increase) in accounts receivable	\$ 422	\$ (1,422)
Increase in student fees receivable from McMaster University	(367,662)	(5,673)
Increase in prepaid expenses	(3,410)	(7,988)
Increase (decrease) in accounts payable and accrued liabilities	<u>254,095</u>	<u>(18,081)</u>
	<u>\$ (116,555)</u>	<u>\$ (33,164)</u>

9. Contingencies and subsequent event

Subsequent to the year-end date of these financial statements, the Association terminated its Executive Director in January 2013, resulting in a wrongful dismissal and breach of contract claim being filed against McMaster Association of Part-Time Students and other co-defendants. The claim seeks damages of approximately \$410,000.

As the eventual outcome of this matter and the amount of any loss, net of insurance coverages, is not currently determinable, no amount has been accrued in these financial statements. Any future costs or recovery of amounts in connection with this matter will be accounted for when paid or received.

**Notes to Financial Statements****December 31, 2012**

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**10. Going concern and subsequent event**

At their June 6, 2013 meeting, the Board of Governors of McMaster University passed a motion supporting its senior administration's decision to suspend the collection of student fees on behalf of McMaster Association of Part-Time Students commencing with the Fall 2013 academic term. Some student fees collected by the University on behalf of the Association prior to this suspension are being held in trust by the University. The University will not resume the collection of fees unless certain requirements are fulfilled by the Association.

It is the opinion of management that the University will continue to fund the operations of the Association with the fees held in trust and that the requirements established by the University will be satisfied by the end of September 2013. It is also management's opinion that since the Board of Governors voted to suspend and not eliminate the collection of student fees on behalf of the Association, the University will resume collection on its behalf once all of the requirements have been met.

While management has a high degree of confidence that fulfilling the University's requirements will result in the restoration of the Association's fee collection and resumption of fee transfers to MAPS, this confidence is based solely on management's opinion and analysis of the situation. There is no confirmation from the University that it will act in this manner.

If the University does not reinstate the collection of student fees, the potential exists for the Association to find another means of collecting the fees or to find an alternative source of funding. In the event that MAPS is unable to reestablish or replace its existing revenue stream, it may be forced to cease operations.