



Financial Statements

McMaster Association of Part-Time Students

December 31, 2014

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## Independent Auditor's Report

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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, 2014, 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.

# Independent Auditor's Report (continued)

## *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, 2014, 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.



Hamilton, Canada  
March 11, 2015

Chartered Accountants  
Licensed Public Accountants

## McMaster Association of Part-Time Students Statements of Operations and Changes in Net Assets

Year ended December 31	2014	2013
Revenues		
Student fees	\$ 356,950	\$ 367,956
Interest and other income	<u>5,310</u>	<u>19</u>
	<u>362,260</u>	<u>367,975</u>
Expenses		
Wages and benefits	110,661	46,223
Amortization	18,480	13,121
Research	16,384	-
Awards and Awards Dinner	15,102	11,755
Professional fees	10,170	22,425
Office and general	7,785	8,179
Consulting fees	7,250	37,301
University administrative fees	5,249	7,439
CCE graduation ceremony	5,000	5,000
Insurance	3,725	12,113
Board travel	3,463	-
Telephone	2,624	1,843
Advertising and promotion	2,126	7,059
Handbook	1,438	-
Meetings	1,230	849
Poll and referenda	1,137	3,887
Repairs and maintenance	1,048	-
Staff development	713	11,926
Computer expense	655	890
Ontario Undergraduate Student Alliance	592	2,749
Seminars	<u>257</u>	<u>343</u>
	<u>215,089</u>	<u>193,102</u>
Excess of revenues over expenses before other item	147,171	174,873
Other item		
Gifts to McMaster University (Note 5)	<u>100,000</u>	<u>90,000</u>
Excess of revenues over expenses	<u>\$ 47,171</u>	<u>\$ 84,873</u>
Net assets, beginning of year	\$ 294,473	\$ 209,600
Excess of revenues over expenses	<u>47,171</u>	<u>84,873</u>
Net assets, end of year	<u>\$ 341,644</u>	<u>\$ 294,473</u>

# McMaster Association of Part-Time Students

## Statement of Financial Position

December 31	2014	2013
<b>Assets</b>		
Current		
Cash	\$ 98,078	\$ 4,722
Marketable securities	200,116	-
Student fees held in trust by McMaster University	35,095	377,344
Prepaid expenses	<u>5,079</u>	<u>2,709</u>
	<b>338,368</b>	<b>384,775</b>
Long-term		
Property and equipment (Note 3)	<u>45,239</u>	<u>46,890</u>
	<b>\$ 383,607</b>	<b>\$ 431,665</b>
<b>Liabilities</b>		
Current		
Accounts payable and accrued liabilities (Notes 4 and 5)	\$ 41,963	\$ 137,192
<b>Net assets</b>	<u>341,644</u>	<u>294,473</u>
	<b>\$ 383,607</b>	<b>\$ 431,665</b>

Commitments (Note 5)

Contingencies (Note 6)

On behalf of the board



Director



Director

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## McMaster Association of Part-Time Students Statement of Cash Flows

Year ended December 31	2014	2013
Increase (decrease) in cash and cash equivalents		
<b>Operating</b>		
Excess of revenues over expenses	\$ 47,171	\$ 84,873
Item not affecting cash		
Amortization	<u>18,480</u>	<u>13,121</u>
	65,651	97,994
Change in non-cash working capital items		
Accounts receivable	-	1,000
Student fees held in trust by McMaster University	342,249	17,764
Prepaid expenses	(2,370)	8,689
Accounts payable and accrued liabilities	<u>(95,229)</u>	<u>(141,124)</u>
	<u>310,301</u>	<u>(15,677)</u>
<b>Investing</b>		
Marketable securities	(200,116)	-
Purchase of property and equipment	<u>(16,829)</u>	<u>(8,862)</u>
	<u>(216,945)</u>	<u>(8,862)</u>
Increase (decrease) in cash	93,356	(24,539)
Cash and cash equivalents		
Beginning of year	<u>4,722</u>	<u>29,261</u>
End of year	<u>\$ 98,078</u>	<u>\$ 4,722</u>

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# McMaster Association of Part-Time Students

## Notes to the Financial Statements

December 31, 2014

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### 1. Nature of operations

McMaster Association of Part-Time Students (the Association) 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.

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### 2. Significant accounting policies

The Association follows Canadian accounting standards for not-for-profit organizations (ASNPO) in preparing its financial statements. The significant accounting policies used are as follows:

#### Financial instruments

##### Measurement

The Association initially measures its financial assets and 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 subsequently measured at fair value. Changes in fair value are recognized in the statement of operations.

Financial assets and liabilities measured at amortized cost include cash, student fees held in trust and accounts payable and accrued liabilities. Financial assets and liabilities measured at fair value include marketable securities.

##### Impairment

Financial assets measured at cost are tested for impairment when there are indicators of impairment. Previously recognized impairment losses are reversed to the extent of the improvement provided the asset is not carried at an amount, at the date of the reversal, greater than the amount that would have been the carrying amount had no impairment loss been recognized previously. The amounts of any write-downs or reversals are recognized in excess of revenues over expenses. There were no impairment losses recognized in the year.

#### Revenue recognition

The Association follows the deferral method of accounting for contributions. Student fees are recognized in the year to which they relate, when the amount to be received can be reasonably estimated and collection is reasonably assured.

Net investment income is recognized as income when earned.

#### Marketable securities

Marketable securities are valued at market, which is the sum of cost and accrued interest.



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# McMaster Association of Part-Time Students

## Notes to the Financial Statements

December 31, 2014

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### 2. Significant accounting policies (continued)

#### Property and equipment

Property and equipment are recorded at cost less accumulated amortization. Property and equipment are amortized to estimated residual values at the following annual rates over the estimated useful lives of the related assets:

Office equipment	10 years Straight-line
Leasehold improvements	10 years Straight-line
Computer equipment	4 years Straight-line

The estimated useful lives of assets are reviewed by management and adjusted if necessary.

The Association tests for impairment whenever events or changes in circumstances indicate the carrying amount of an item of property and equipment may not be recoverable. The recoverability of long-lived assets is based on the net recoverable amounts determined on an undiscounted cash flows basis. If the carrying amount of an asset exceeds its net recoverable amount, an impairment loss is recognized to the extent that fair value is below the asset's carrying amount. Fair value is determined based on quoted market prices when available, otherwise on discounted cash flows over the life of the asset.

#### Use of estimates

Management reviews the carrying amounts of items in the financial statements at each balance sheet date to assess the need for revision or any possibility of impairment. Many items in the preparation of these financial statements require management's best estimate. Management determines these estimates based on assumptions that reflect the most probable set of economic conditions and planned courses of action.

These estimates are reviewed periodically and adjustments are made to net income as appropriate in the year they become known.

Items subject to significant management estimates include useful lives of property and equipment and accrued liabilities.

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### 3. Property and equipment

			<u>2014</u>	<u>2013</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Office equipment	\$ 94,208	\$ 70,392	\$ 23,816	\$ 30,438
Leasehold improvements	29,599	13,006	16,593	10,478
Computer equipment	<u>39,960</u>	<u>35,130</u>	<u>4,830</u>	<u>5,974</u>
	<u>\$ 163,767</u>	<u>\$ 118,528</u>	<u>\$ 45,239</u>	<u>\$ 46,890</u>

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# McMaster Association of Part-Time Students

## Notes to the Financial Statements

December 31, 2014

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#### 4. 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 \$nil (2013 - \$22,186).

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#### 5. 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. As at December 31, 2014, the Association had \$15,000 remaining toward the commitment.

Capital Renewal

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

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#### 6. Contingencies

In 2013, the Association terminated its Executive Director resulting in a claim for wrongful dismissal and breach of contract. The claim seeks damages in the amount of \$410,000. The Association is defending this claim and management does not believe the Association is liable. The outcome of the action and amount of any eventual loss is not currently determinable. As such, no amount has been accrued in these financial statements.

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# McMaster Association of Part-Time Students

## Notes to the Financial Statements

December 31, 2014

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### 7. Financial instruments

The Association is exposed to various risks through its financial instruments. The following analysis provides a measure of the Association's risk exposures and concentrations at December 31, 2014:

#### Liquidity risk

Liquidity risk is the risk that the Association will encounter difficulty in meeting the obligations associated with its financial liabilities. The Association is exposed to this risk mainly in respect of its accounts payable and accrued liabilities. There was no significant change in exposure from the prior year.

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