



**McMaster Association of Part-Time Students**

**Financial Statements**

**December 31, 2015**



## **Independent Auditors' Report**

To the Board of Directors of **McMaster Association of Part-Time Students**

We have audited the accompanying financial statements of **McMaster Association of Part-Time Students** (the "Association"), which comprise the statement of financial position as at December 31, 2015 and the statements of income, 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.

### **Auditors' 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 entity'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 entity'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 qualified audit opinion.



### **Basis of Qualified Opinion**

The Association derives income from student fees, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of income was limited to the amounts reported by McMaster University. Therefore, we were not able to determine whether any adjustments might be necessary to income, excess (deficiency) of income over expenses, cash flows from operations for the year ended December 31, 2015, and current assets and net assets as at December 31, 2015.

### **Qualified Opinion**

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the Association as at December 31, 2015 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 Associations.

*Fazzari + Partners*

**FAZZARI + PARTNERS LLP**  
Chartered Accountants  
Licensed Public Accountants

Vaughan, Ontario  
June 30, 2016

# McMaster Association of Part-Time Students

## Statement of Financial Position

As at December 31

	2015	2014 (Note 6)
<b>Assets</b>		
<b>Current</b>		
Cash	\$ 292,392	\$ 98,078
Marketable securities	-	200,116
Student fees held in trust by McMaster University	73,420	35,095
Prepaid expenses	8,922	5,079
	<b>374,734</b>	<b>338,368</b>
<b>Capital assets (Note 3)</b>	<b>42,996</b>	<b>45,239</b>
	<b>\$ 417,730</b>	<b>\$ 383,607</b>

## Liabilities

<b>Current</b>		
Accounts payable and accrued liabilities	\$ 10,451	\$ 41,963
Accrued legal settlement costs (Note 5)	145,000	-
	<b>155,451</b>	<b>41,963</b>

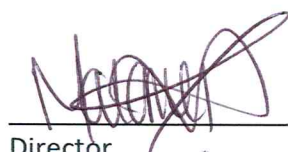
## Net Assets

<b>Unrestricted net assets</b>	<b>262,279</b>	<b>341,644</b>
	<b>\$ 417,730</b>	<b>\$ 383,607</b>

Subsequent event (Note 5)

Approved on behalf of the Board

  
\_\_\_\_\_  
Director

  
\_\_\_\_\_  
Director

The accompanying notes are an integral part of these financial statements.

## McMaster Association of Part-Time Students

### Statement of Changes in Net Assets

Year Ended December 31

---

	2015	2014 (Note 6)
Balance, beginning of year	\$ 341,644	\$ 294,473
(Deficiency) excess of income over expenses	(79,365)	47,171
<b>Balance, end of year</b>	<b>\$ 262,279</b>	<b>\$ 341,644</b>

---

The accompanying notes are an integral part of these financial statements.

## McMaster Association of Part-Time Students

### Statement of Income

Year Ended December 31

	2015	2014 (Note 6)
<b>Income</b>		
Student fees	\$ 308,168	\$ 356,950
Interest and other income	3,161	5,310
	<b>311,329</b>	<b>362,260</b>
<b>Expenses</b>		
Salaries and benefits	154,713	111,692
Office and general	23,778	13,993
Professional fees	9,645	17,420
Awards ceremony	8,999	20,102
Publications	6,980	1,438
Insurance	6,081	3,725
Meetings	5,105	4,802
University administrative fees	4,696	5,174
Polls and referenda	2,856	1,137
Advertising and promotion	2,587	2,126
Bad debts	2,255	-
Research	-	15,000
Amortization	17,999	18,480
	<b>245,694</b>	<b>215,089</b>
<b>Excess of income over expenses before undernoted items</b>	<b>65,635</b>	<b>147,171</b>
Legal settlement (Note 5)	145,000	-
Gifts to McMaster University	-	100,000
<b>Deficiency (excess) of income over expenses</b>	<b>\$ (79,365)</b>	<b>\$ 47,171</b>

The accompanying notes are an integral part of these financial statements.

## McMaster Association of Part-Time Students

### Statement of Cash Flows

Year Ended December 31

	2015	2014 (Note 6)
<b>Cash flows from (used in):</b>		
<b>Operating activities</b>		
(Deficiency) excess of income over expenses	\$ (79,365)	\$ 47,171
Adjustment for non-cash item: Amortization	17,999	18,480
	<u>(61,366)</u>	<u>65,651</u>
Changes in non-working capital items:		
Marketable securities	200,116	(200,116)
Student fees held in trust by McMaster University	(38,325)	342,249
Prepaid expenses	(3,843)	(2,370)
Accounts payable and accrued liabilities	(31,513)	(95,229)
Accrued legal settlement costs	145,000	-
	<u>271,435</u>	<u>44,534</u>
	<b>210,069</b>	<b>110,185</b>
<b>Investing activity</b>		
Acquisition of capital assets	<u>(15,755)</u>	<u>(16,829)</u>
<b>Increase in balance</b>	<b>194,314</b>	<b>93,356</b>
<b>Balance, beginning of year</b>	<b>98,078</b>	<b>4,722</b>
<b>Balance, end of year</b>	<b>\$ 292,392</b>	<b>\$ 98,078</b>

The accompanying notes are an integral part of these financial statements.

# McMaster Association of Part-Time Students

## Notes to Financial Statements

December 31, 2015

---

### 1. Purpose of the Association

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 as such, is exempt from income tax under the Income Tax Act.

### 2. Significant accounting policies

The financial statements of the Association have been prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNFPPO) and include the following significant accounting policies:

#### (a) Capital assets

Capital assets are recorded at cost and amortization is based on the estimated useful life of the assets and is calculated using the following annual rates and methods:

Asset	Rate	Method
Leasehold improvements	10 years	Straight-line
Office equipment	10 years	Straight-line
Computer equipment	4 years	Straight-line

A capital asset is tested for impairment whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. An impairment loss is recognized when the carrying amount of the asset exceeds the sum of the undiscounted cash flows resulting from its use and eventual disposition. The impairment loss is measured as the amount by which the carrying amount of the capital asset exceeds its fair value.



## McMaster Association of Part-Time Students

### Notes to Financial Statements

December 31, 2015

---

#### 2. Significant accounting policies (continued)

##### (b) Revenue recognition

The Association follows the deferral method of accounting for contributions. Student fees are recorded 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.

##### (c) Income taxes

The Association qualifies as a not-for-profit organization which is exempt from income taxes under the Income Tax Act.

##### (d) Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Estimates are required in assessing the useful lives of assets for amortization purposes, determining future cash flows when assessing assets for impairment, and contingencies. These estimates are reviewed periodically, and adjustments are made to income as appropriate in the year they become known.

## McMaster Association of Part-Time Students

### Notes to Financial Statements

December 31, 2015

---

#### 3. Capital assets

			2015	2014
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Office furniture	\$109,965	\$ 80,602	\$ 29,363	\$ 23,816
Leasehold improvements	29,599	15,966	13,633	16,593
Computer equipment	39,960	39,960	-	4,830
	<b>\$139,564</b>	<b>\$ 96,568</b>	<b>\$ 42,996</b>	<b>\$ 45,239</b>

#### 4. Financial instruments and risk management

The Association is exposed to the following risks related to its financial assets and liabilities. The Association is not exposed to credit risk, currency risk, other price risk, or any significant concentrations of risk.

##### (a) Liquidity risk

Liquidity risk is the risk of being unable to honour financial commitments by the deadlines set out under the terms of such commitments. The Association is exposed to this risk mainly through its accounts payable. Senior management manages the Association's cash resources based on financial forecasts and anticipated cash flows.

##### (b) Fair value

The fair value of the Association's financial instruments approximates their carrying values because of their short-term nature.

#### 5. Subsequent event

In February 2016, the Association reached a settlement for \$145,000 relating to a wrongful dismissal and breach of contract suit which was filed in 2013 by a previous executive director of the Association. At December 31, 2015, \$145,000 has been recorded and is included in accrued legal settlement costs.

## **McMaster Association of Part-Time Students**

### **Notes to Financial Statements**

**December 31, 2015**

---

#### **6. Comparative balances**

The financial statements of the Association for the year ended December 31, 2014 were audited by another auditor who expressed an unqualified opinion on those statements on March 11, 2015. Certain comparative balances have been reclassified to conform to the presentation adopted for the current year.