

MCMASTER ASSOCIATION OF PART-TIME
STUDENTS >

financial statements

>YEAR ENDED DECEMBER 31, 2016

MAC LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

MCMASTER ASSOCIATION OF PART-TIME STUDENTS>

financial statements

>YEAR ENDED DECEMBER 31, 2016

index

Independent auditor's report.....	I - 2
Statement of financial position.....	3
Statement of changes in net assets.....	4
Statement of operations	5
Statement of cash flows.....	6
Notes to financial statements.....	7 - 9

INDEPENDENT AUDITOR'S REPORT

To the Directors of McMaster Association of Part-Time Students:

Report on the Financial Statements

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, 2016, and the statements of operations, 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 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 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, 2016, and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Other Matter

The financial statements of the prior period were audited by another firm of Chartered Professional Accountants who expressed a qualified audit opinion over completeness of income from student fees on June 30, 2016.

Waterloo, Ontario
April 13, 2017

MAC LLP.

LICENSED PUBLIC ACCOUNTANTS
CHARTERED PROFESSIONAL ACCOUNTANTS

MCMASTER ASSOCIATION OF PART-TIME STUDENTS>
**statement of financial
position**

>DECEMBER 31, 2016

	2016	2015
<i>assets</i>		
current		
Cash	\$ 291,660	\$ 292,392
Student fees held in trust by McMaster University	-	73,420
Prepaid expenses	<u>7,638</u>	<u>8,922</u>
	299,298	374,734
capital assets (Note 3)	<u>38,521</u>	<u>42,996</u>
	<u>\$ 337,819</u>	<u>\$ 417,730</u>
<i>liabilities</i>		
current		
Accounts payable and accrued liabilities	\$ 34,223	\$ 10,451
Accrued legal settlement costs	-	145,000
Due to McMaster University	<u>685</u>	<u>-</u>
	<u>34,908</u>	<u>155,451</u>
net assets		
Unrestricted net assets	<u>302,911</u>	<u>262,279</u>
	<u>\$ 337,819</u>	<u>\$ 417,730</u>
Approved on behalf of the board:		

Director

Director

MCMASTER ASSOCIATION OF PART-TIME STUDENTS>

statement of changes in net assets

>YEAR ENDED DECEMBER 31, 2016

	2016	2015
balance, beginning of year	\$ 262,279	\$ 341,644
Excess of revenue over expenses for year	<u>40,632</u>	<u>(79,365)</u>
balance, end of year	\$ <u>302,911</u>	\$ <u>262,279</u>

MCMaster ASSOCIATION OF PART-TIME STUDENTS>
statement of operations

>YEAR ENDED DECEMBER 31, 2016

	2016	2015
revenue		
Student fees	\$ 263,221	\$ 308,168
Interest and other income	<u>1,536</u>	<u>3,161</u>
	<u>264,757</u>	<u>311,329</u>
expenses		
Advertising and promotion	-	2,587
Amortization	4,476	17,999
Awards ceremony	9,876	8,999
Bad debts	-	2,255
Insurance	9,464	6,081
Meetings	663	5,105
Office and general	26,627	23,778
Polls and referenda	-	2,856
Professional fees	11,835	9,645
Publications	2,009	6,980
University administrative fees	2,957	4,696
Wages and benefits	<u>156,218</u>	<u>154,713</u>
	<u>224,125</u>	<u>245,694</u>
excess of revenue over expenses before undernoted	40,632	65,635
legal settlement	<u>-</u>	<u>145,000</u>
excess of revenue over expenses for year	<u>\$ 40,632</u>	<u>\$ (79,365)</u>

MCMASTER ASSOCIATION OF PART-TIME STUDENTS>

statement of cash flows

>YEAR ENDED DECEMBER 31, 2016

	2016	2015
operating activities		
Excess of revenue over expenses for year	\$ 40,632	\$ (79,365)
Adjustments for:		
Amortization	<u>4,476</u>	<u>17,999</u>
	45,108	(61,366)
Changes in non-cash working capital:		
Decrease in student fees held in trust by McMaster University	73,420	(38,325)
Decrease in prepaid expenses	1,284	(3,843)
Decrease in other investments	-	200,116
Increase in accounts payable and accrued liabilities	23,771	113,487
Decrease in accrued legal settlement costs	(145,000)	-
Increase in due to McMaster University	<u>685</u>	<u>-</u>
	(732)	210,069
investing activities		
Purchase of capital assets	<u>-</u>	<u>(15,755)</u>
Net change in cash for the year	(732)	194,314
Cash balance, beginning of year	<u>292,392</u>	<u>98,078</u>
cash balance, end of year	\$ <u>291,660</u>	\$ <u>292,392</u>

MCMASTER ASSOCIATION OF PART-TIME STUDENTS>

notes to financial statements

>DECEMBER 31, 2016

1. purpose of organization

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 operates in Hamilton Ontario and was incorporated pursuant to Letters Patent dated October 1, 1997 as a not for profit organization and is exempt from income tax under the Income Tax Act.

2. significant accounting policies

Basis of Accounting - These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.

Revenue Recognition - The Association follows the deferral method of accounting for contributions.

Unrestricted contributions are recognized as revenue when received. Restricted contributions are recognized as revenue when the expense is incurred.

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.

Financial Instruments

Measurement - The Association initially measures its financial assets and liabilities at fair value, except for certain non-arm's length transactions. The Association subsequently measures all 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 the statement of operations.

Financial assets measured at amortized cost include cash and student fees held in trust by McMaster University.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities and due to McMaster University.

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

Impairment - Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized as operating cost. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is not greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized as income from operations.

MCMaster ASSOCIATION OF PART-TIME STUDENTS>

notes to financial statements

>DECEMBER 31, 2016

Transaction costs - The entity recognizes its transaction costs in excess of revenue over expenses in the period incurred. However, financial instruments that will not be subsequently measured at fair value are adjusted by the transaction costs that are directly attributable to their origination, issuance or assumption.

Capital Assets and Amortization - Capital assets are recorded at cost. Amortization is provided in the accounts using the following methods and annual rates:

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

Disclosure and Use of Estimates - The preparation of financial statements in accordance 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, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. These estimates are reviewed periodically and, as adjustments become necessary, they are reported in earnings in the period in which they become known.

Estimates are used when accounting for certain items such as useful lives of capital assets and accrued liabilities.

3. capital assets

	cost	accumulated amortization	net 2016	net 2015
Leasehold improvements	\$ 29,599	\$ 19,357	\$ 10,242	\$ 13,633
Computer equipment	39,960	39,960	-	-
Office furnishings	<u>109,965</u>	<u>81,686</u>	<u>28,279</u>	<u>29,363</u>
	<u>\$ 179,524</u>	<u>\$ 141,003</u>	<u>\$ 38,521</u>	<u>\$ 42,996</u>

4. contingencies

In 2016, 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 \$100,000. 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.

5. comparative figures

Certain of the comparative figures have been restated to conform to the presentation adopted for the current year.

MCMASTER ASSOCIATION OF PART-TIME STUDENTS>
notes to financial statements

>DECEMBER 31, 2016

6. financial instruments

Risk Management - The significant risk to which the Association is exposed is liquidity risk. There has been no change to the risk exposures from the prior year.

Liquidity Risk - Liquidity risk is the risk that the Association will not be able to meet its obligations associated with financial liabilities. The Association is exposed to this risk mainly in respect of its accounts payable and accrued liabilities.