



Financial Statements

McMaster Association of Part-Time Students

December 31, 2013

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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, 2013, 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, 2013, 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.

Emphasis of Matters

Without modifying our opinion, we draw attention to note 2 to the financial statements which indicates that there has been historical uncertainty with respect to the collection of student fees on behalf of the Association. While the matter appears to be resolved, there remains a material uncertainty regarding the Association's ability to continue as a going concern until the fee collection and remittance of fees to the Association returns to normal.

The previous year's financial statements were audited by another firm of Licensed Public Accountants.

Grant Thornton LLP

Hamilton, Canada
March 25, 2014

Chartered Accountants
Licensed Public Accountants

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

Year ended December 31	2013	2012
Revenues		
Student fees	\$ 367,956	\$ 518,857
Interest income	19	108
	<u>367,975</u>	<u>518,965</u>
Expenses		
Wages and benefits	46,223	206,117
Consulting fees	37,301	-
Professional fees	22,425	110,975
Amortization	13,121	9,968
Insurance	12,113	5,770
Staff travel	11,926	14,663
Awards and Awards Dinner	11,755	4,022
Office and general	8,179	6,034
University administrative fees	7,439	10,279
Public relations	7,059	2,783
CCE graduation ceremony	5,000	5,000
Poll and referenda	3,887	-
Ontario Undergraduate Student Alliance	2,749	5,708
Telephone	1,843	7,526
Computer software	890	1,739
Meetings	849	3,362
Seminars	343	1,109
Handbook	-	6,513
Repairs and maintenance	-	523
	<u>193,102</u>	<u>402,091</u>
Excess of revenues over expenses before other item	174,873	116,874
Other item		
Gifts to McMaster University (Note 6)	90,000	80,000
Excess of revenues over expenses	<u>\$ 84,873</u>	<u>\$ 36,874</u>
Net assets, beginning of year		
	\$ 209,600	\$ 172,726
Excess of revenues over expenses	<u>84,873</u>	<u>36,874</u>
Net assets, end of year	<u>\$ 294,473</u>	<u>\$ 209,600</u>

See accompanying notes to the financial statements.

McMaster Association of Part-Time Students Statement of Financial Position

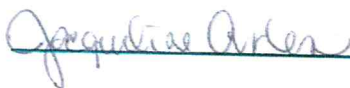
December 31	2013	2012
Assets		
Current		
Cash	\$ 4,722	\$ 29,261
Accounts receivable	-	1,000
Student fees held in trust by McMaster University	377,344	395,108
Prepaid expenses	2,709	11,398
	<u>384,775</u>	<u>436,767</u>
Long-term		
Property and equipment (Note 4)	46,890	51,149
	<u>\$ 431,665</u>	<u>\$ 487,916</u>
Liabilities		
Current		
Accounts payable and accrued liabilities (Notes 5 and 6)	\$ 137,192	\$ 278,316
Net assets	<u>294,473</u>	<u>209,600</u>
	<u>\$ 431,665</u>	<u>\$ 487,916</u>

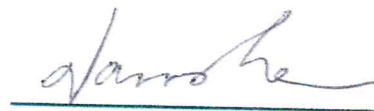
Going concern (Note 2)

Commitments (Note 6)

Contingencies (Note 7)

On behalf of the board

 Director

 Director

McMaster Association of Part-Time Students Statement of Cash Flows

Year ended December 31	2013	2012
Increase (decrease) in cash and cash equivalents		
Operating		
Excess of revenues over expenses	\$ 84,873	\$ 36,874
Item not affecting cash		
Amortization	<u>13,121</u>	<u>9,968</u>
	97,994	46,842
Change in non-cash working capital items		
Accounts receivable	1,000	422
Student fees held in trust by McMaster University	17,764	(367,662)
Prepaid expenses	8,689	(3,410)
Accounts payable and accrued liabilities	<u>(141,124)</u>	<u>254,095</u>
	(15,677)	(69,713)
Investing		
Purchase of property and equipment	<u>(8,862)</u>	<u>-</u>
Decrease in cash	(24,539)	(69,713)
Cash and cash equivalents		
Beginning of year	<u>29,261</u>	<u>98,974</u>
End of year	<u>\$ 4,722</u>	<u>\$ 29,261</u>

See accompanying notes to the financial statements.

McMaster Association of Part-Time Students

Notes to the Financial Statements

December 31, 2013

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.

2. Going concern

These financial statements have been prepared on a going concern basis which contemplates the realization of assets and the payment of liabilities in the ordinary course of business. Should the Association be unable to continue as a going concern, it may be unable to realize the carrying value of its assets and to meet its liabilities as they become due.

On June 6, 2013, 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 the Association commencing with the Fall 2013 academic term. The student fees collected by the University on behalf of the Association from May 2012 to August 2013 are being held in trust by the University. At that time, the University indicated that it would not resume the collection of fees unless certain requirements were fulfilled by the Association.

The University has continued to fund the operations of the Association with the fees held in trust. On December 12, 2013, the Board of Governors confirmed that the temporary suspension on the collection of student membership fees would be lifted effective May 2014.

Further, it has come to management's attention that the University continued to collect the Association's portion of student fees from Centre for Continuing Education (CCE) students during the Fall 2013 academic term, a period in which fee collection was to be suspended. It appears that approximately \$74,000 in fees has been collected, which are currently in dispute between the Association and the University. These fees have not been recorded in these financial statements.

The accompanying financial statements do not include any adjustments relating to the recoverability of assets and to the reclassification of asset and liability amounts that might be necessary should the Association be unable to continue its operations.

McMaster Association of Part-Time Students

Notes to the Financial Statements

December 31, 2013

3. 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.

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

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.

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.

McMaster Association of Part-Time Students

Notes to the Financial Statements

December 31, 2013

3. 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.

4. Property and equipment

			<u>2013</u>	<u>2012</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Office equipment	\$ 91,543	\$ 61,105	\$ 30,438	\$ 37,457
Leasehold improvements	20,956	10,478	10,478	12,573
Computer equipment	<u>34,440</u>	<u>28,466</u>	<u>5,974</u>	<u>1,119</u>
	<u>\$ 146,939</u>	<u>\$ 100,049</u>	<u>\$ 46,890</u>	<u>\$ 51,149</u>

McMaster Association of Part-Time Students Notes to the Financial Statements

December 31, 2013

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 \$22,186 (2012 - \$167,943).

6. 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, 2013 the Association had not made the \$60,000 contribution required for fiscal 2013. The amount has been accrued and is included in accounts payable and accrued liabilities at year end.

Capital Renewal

As at December 31, 2013, the Association has future outstanding commitments of \$70,000 (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 2013, the Association made a contribution of \$Nil (2012 - \$20,000) towards the capital renewal commitment. The 2013 commitment of \$30,000 has been accrued and is included in accounts payable and accrued liabilities at year end.

McMaster Association of Part-Time Students

Notes to the Financial Statements

December 31, 2013

7. Contingencies

During the year, 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.

8. 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, 2013:

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.

9. Comparative figures

Certain of the comparative figures have been reclassified to conform with the financial statement presentation adopted for the current year.
