

FINANCIAL STATEMENTS
For
CARLETON STUDENT ENGINEERING SOCIETY
For year ended
APRIL 30, 2016

DRAFT
For Discussion Purposes Only

REVIEW ENGAGEMENT REPORT

To the Members of

CARLETON STUDENT ENGINEERING SOCIETY

We have reviewed the statement of financial position of Carleton Student Engineering Society (the "Society") as at April 30, 2016, and the statements of operations and changes in net assets and cash flows for the year then ended. Our review was made in accordance with Canadian generally accepted standards for review engagements and accordingly consisted primarily of inquiry, analytical procedures and discussion related to information supplied to us by the company.

A review does not constitute an audit and consequently we do not express an audit opinion on these financial statements.

The organization does not count their inventory, consequently we were unable to complete our review of inventory balances at April 30, 2015 and 2016 which are stated in the balance sheet at \$2,618 and \$2,618, respectively. Had we been able to complete our review, we might have determined adjustments to be necessary to inventory, costs of sales and excess of revenues over expenses.

Except for the effect of adjustments, if any, which we may have determined to be necessary had we been able to complete our review of inventory, as described in the previous paragraph, nothing has come to our attention that causes us to believe that these financial statements are not, in all material respects, in accordance with Canadian accounting standards for not-for-profit organizations.

Chartered Professional Accountants
Licensed Public Accountants

Ottawa, Ontario
Date to be determined.

CARLETON STUDENT ENGINEERING SOCIETY

STATEMENT OF FINANCIAL POSITION

APRIL 30, 2016

	<u>2016</u>	<u>2015</u>
<u>ASSETS</u>		
CURRENT ASSETS		
Cash	\$ 103,566	\$ 151,457
Guaranteed investment certificates (note 4)	60,147	-
Accounts receivable	450	16,317
Inventory	2,618	2,618
Prepaid expenses	<u>7,404</u>	<u>-</u>
	174,185	170,392
EQUIPMENT (note 5)	<u>10,820</u>	<u>8,350</u>
	<u>\$ 185,005</u>	<u>\$ 178,742</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 13,634	\$ 8,555
Government remittances payable	<u>19,863</u>	<u>3,799</u>
	<u>33,497</u>	<u>12,354</u>
NET ASSETS		
Unrestricted	<u>151,508</u>	<u>166,388</u>
	<u>\$ 185,005</u>	<u>\$ 178,742</u>

Approved by the Executive Committee:

..... Member

..... Member

(See accompanying notes)

PREPARED WITHOUT AUDIT

CARLETON STUDENT ENGINEERING SOCIETY
STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS
YEAR ENDED APRIL 30, 2016

	<u>2016</u>	<u>2015</u>
Sales	\$ 145,490	\$ 190,783
Cost of sales	<u>121,241</u>	<u>126,773</u>
Gross profit	<u>24,249</u>	<u>64,010</u>
Other revenue		
Membership fees	154,468	127,116
Funding and sponsorship	21,019	37,389
Other income	<u>6,421</u>	<u>9,483</u>
	<u>181,908</u>	<u>173,988</u>
Expenses		
Bank charges	671	580
Amortization of equipment	2,130	1,340
Donations (recovery)	-	2,215
Equipment repair and maintenance	1,794	4,639
Funding event	33,795	30,132
Insurance	6,904	13,782
Office	29,573	24,306
Professional fees	11,650	17,360
Social events	130,823	128,487
Sponsorship events	2,655	1,307
Telecommunications	<u>1,042</u>	<u>1,022</u>
	<u>221,037</u>	<u>225,170</u>
Excess of revenues over expenses (expenses over revenues)	(14,880)	12,828
Net assets at beginning of year	<u>166,388</u>	<u>153,560</u>
Net assets at end of year	<u>\$ 151,508</u>	<u>\$ 166,388</u>

(See accompanying notes)

PREPARED WITHOUT AUDIT

CARLETON STUDENT ENGINEERING SOCIETY

STATEMENT OF CASH FLOWS

YEAR ENDED APRIL 30, 2016

	<u>2016</u>	<u>2015</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Excess of revenues over expenses (expenses over revenues)	\$ (14,880)	\$ 12,828
Adjustments for:		
Amortization of equipment	2,130	1,340
	(12,750)	14,168
Changes in non-cash working capital components:		
Accounts receivable	15,867	19,446
Prepaid expenses	(7,404)	-
Accounts payable and accrued liabilities	5,079	3,114
Government remittances payable	16,064	3,799
	<u>16,856</u>	<u>40,527</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of equipment	(4,600)	(7,783)
Purchase of Guaranteed investment certificates	(60,147)	-
	<u>(64,747)</u>	<u>(7,783)</u>
INCREASE (DECREASE) IN CASH	(47,891)	32,744
CASH AT BEGINNING OF YEAR	<u>151,457</u>	<u>118,713</u>
CASH AT END OF YEAR	<u>\$ 103,566</u>	<u>\$ 151,457</u>

(See accompanying notes)

PREPARED WITHOUT AUDIT

CARLETON STUDENT ENGINEERING SOCIETY

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED APRIL 30, 2016

1. NATURE OF OPERATIONS

The Carleton Student Engineering Society (the "Society"), is a not-for-profit organization dedicated to serving the students of Carleton University in the Engineering Program.

The Society became incorporated without share capital by letters patent on March 30, 1979 under the Canada Corporations Act, and is exempt from income taxes.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

The accounting policies of the company are in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

Revenue recognition

The Society recognizes revenue when it is realized and earned. Revenue sources come mainly from membership and lounge sales.

The Society follows the deferral method of accounting to account for its revenue.

Financial instruments

The Society's cash and guaranteed investment certificates are initially recognized and subsequently measured at fair value. All other financial instruments are subsequently measured at amortized cost.

Inventory

Inventory includes current materials and supplies necessary to conduct the Society's operations. Inventory is valued at the lower of cost and net realizable value using the moving average method.

Equipment

Equipment is stated at acquisition cost. Amortization is provided on a declining balance annual rate of 20% with additions amortized at one-half this rate in the year of acquisition.

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 date of the financial statements and the reported amounts of revenues and expenses during the year.

Management makes accounting estimates when determining its allowance for doubtful accounts and its accrued liabilities and in determining the remaining useful life of its equipment. These estimates are subject to measurement uncertainty and the effect on the financial statements for changes in such estimates in future periods could be material.

PREPARED WITHOUT AUDIT

CARLETON STUDENT ENGINEERING SOCIETY
NOTES TO THE FINANCIAL STATEMENTS - Cont'd.

YEAR ENDED APRIL 30, 2016

3. FINANCIAL INSTRUMENTS

The Society's financial instruments are subject to the following risks, which are substantially unchanged from the prior year:

Credit Risk

Credit risk arises principally from the Society's cash and accounts receivable. The Society provides credit to its clients in the normal course of operations. It carries out, on a continuing basis, a review of outstanding amounts and maintains provisions for estimated uncollectible accounts. Management believes that all accounts receivable at year end will be collected.

Liquidity risk

Liquidity risk is the risk the the Society cannot meet its obligations as they become due. The Society's management manages this risk by establishing and monitoring budgets and cash estimates to determine that it has the necessary funds to fulfil its obligations.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk is comprised of currency risk, interest rate risk and other price risk.

i) *Currency risk*

Currency risk refers to the risk that the fair value of instruments or future cash flows associated with the instruments will fluctuate relative to the Canadian dollar due to changes in foreign exchange rates.

Substantially all of the Society's transactions are in Canadian dollars and as a result, the Society is not subject to significant currency risk.

ii) *Interest rate risk*

Interest rate risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Society holds only Guaranteed investment certificates and thus is not exposed to significant interest rate risk arising from fluctuations in interest rates.

iii) *Other price risk*

Other price risk refers to the risk that the fair value of financial instruments or future cash flows associated with the instruments will fluctuate because of changes in market prices (other than those arising from currency risk or interest rate risk), whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all similar instruments traded in the market.

The Society is not exposed to other price risk.

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CARLETON STUDENT ENGINEERING SOCIETY
NOTES TO THE FINANCIAL STATEMENTS - Cont'd.
YEAR ENDED APRIL 30, 2016

4. **GUARANTEED INVESTMENT CERTIFICATES**

	<u>Cost</u>	<u>Accrued interest</u>	<u>Market value</u>
Guaranteed investment certificates	\$ 60,000	\$ 147	\$ 60,147

Short-term investments have effective interest rates ranging from 1.00% to 1.68%.

5. **EQUIPMENT**

Equipment consist of the following:

	2016		2015	
	<u>Cost</u>	<u>Accumulated amortization</u>	<u>Cost</u>	<u>Accumulated amortization</u>
Equipment	\$ 14,501	\$ 3,681	\$ 9,901	\$ 1,551
Accumulated amortization	<u>3,681</u>		<u>1,551</u>	
	<u>\$ 10,820</u>		<u>\$ 8,350</u>	

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