

**Students' Representative Council
of Bishop's University
Financial Statements
April 30, 2020**

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Independent Practitioner's Review Engagement Report

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To the Directors of
Students' Representative Council of Bishop's University

We have reviewed the accompanying financial statements of Students' Representative Council of Bishop's University, which comprise the statement of financial position as at April 30, 2020 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.

Practitioner's responsibility

Our responsibility is to express a conclusion on these financial statements based on our review. We conducted our review in accordance with Canadian generally accepted standards for review engagements, which require us to comply with relevant ethical requirements.

A review of financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, we do not express an audit opinion on these financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that these financial statements do not present fairly, in all material respects, the financial position of Students' Representative Council of Bishop's University as at April 30, 2020 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.

*Raymond Chabot Grant Thornton LLP*¹

Sherbrooke
September 27, 2020

¹ CPA auditor, CA public accountancy permit no. A124217

Students' Representative Council of Bishop's University

Operations

Year ended April 30, 2020

(Unaudited)

	<u>2020</u>	<u>2019</u>
	\$	\$
Revenues		
Student fees	466,523	434,626
Student health insurance fees	395,640	384,773
Gait sales	214,415	257,296
Doolittle's sales	127,742	149,911
Other services	158,422	171,621
	<u>1,362,742</u>	<u>1,398,227</u>
Expenses		
General expenses (Schedule A)	682,270	615,197
Student health insurance premiums	395,640	384,773
Gait expenses (Schedule B)	154,822	221,418
Doolittle's expenses (Schedule C)	123,592	149,049
	<u>1,356,324</u>	<u>1,370,437</u>
Excess of revenues over expenses	<u>6,418</u>	<u>27,790</u>

The accompanying notes and schedules are an integral part of the financial statements.

Students' Representative Council of Bishop's University

Changes in Net Assets

Year ended April 30, 2020

(Unaudited)

	<u>2020</u>	<u>2019</u>
	\$	\$
Net assets, beginning of year		
Net assets, as previously reported	280,878	254,405
Accounting change (Note 2)	(37,847)	(39,164)
Net assets, as restated	243,031	215,241
Excess of revenues over expenses	6,418	27,790
Net assets, end of year	<u>249,449</u>	<u>243,031</u>

The accompanying notes and schedules are an integral part of the financial statements.

Students' Representative Council of Bishop's University

Cash Flows

Year ended April 30, 2020

(Unaudited)

	<u>2020</u>	<u>2019</u>
	\$	\$
OPERATING ACTIVITIES		
Excess of revenues over expenses	6,418	27,790
Non-cash item		
Amortization of tangible capital assets	<u>9,733</u>	<u>19,477</u>
	<u>16,151</u>	<u>47,267</u>
Net change in working capital items		
Accounts receivable	(60,606)	(15,678)
Inventory	250	(6,073)
Prepaid expenses	124	(1,229)
Accounts payable and other operating liabilities	50,777	4,749
Deferred contributions related to expenses	<u>3,498</u>	<u>(1,317)</u>
	<u>(5,957)</u>	<u>(19,548)</u>
Cash flows from operating activities	10,194	27,719
INVESTING ACTIVITIES		
Tangible capital assets and cash flows from investing activities	<u>(13,161)</u>	<u>(3,025)</u>
Net increase (decrease) in cash	(2,967)	24,694
Cash, beginning of year	<u>265,529</u>	<u>240,835</u>
Cash, end of year	<u><u>262,562</u></u>	<u><u>265,529</u></u>

The accompanying notes and schedules are an integral part of the financial statements.

Students' Representative Council of Bishop's University

Financial Position

April 30, 2020
(Unaudited)

	<u>2020</u>	<u>2019</u>
	\$	\$
ASSETS		
Current		
Cash	262,562	265,529
Accounts receivable	137,435	76,829
Inventory	37,516	37,766
Prepaid expenses	1,105	1,229
	<u>438,618</u>	<u>381,353</u>
Long-term		
Tangible capital assets (Note 5)	19,781	16,353
	<u>458,399</u>	<u>397,706</u>
LIABILITIES		
Current		
Accounts payable and other operating liabilities (Note 6)	167,605	116,828
Deferred contributions related to operating (Note 7)	41,345	37,847
	<u>208,950</u>	<u>154,675</u>
NET ASSETS	<u>249,449</u>	<u>243,031</u>
	<u>458,399</u>	<u>397,706</u>

The accompanying notes and schedules are an integral part of the financial statements.

On behalf of the Board,

Director

Director

Students' Representative Council of Bishop's University

Notes to Financial Statements

April 30, 2020
(Unaudited)

1 - GOVERNING STATUTES AND PURPOSE OF THE ORGANIZATION

The Organization was incorporated under Part III of the Companies Act (Quebec) for the purpose of representing the students of Bishop's University. It is a not-for-profit organization under the Income Tax Act.

2 - ACCOUNTING CHANGE

During the year, the Organization retrospectively changed its method of accounting for contributions for sustainable development initiatives. Previously, the Organization recognized them as internally restricted net assets, whereas it should have recognized them as deferred contributions related to operating as they are subject to external restrictions. For the year ended April 30, 2019, this change led to an increase in other services of \$1,317, the excess of revenues over expenses of \$1,317 and a decrease in net assets at the beginning of the year of \$39,164. Additionally, as at April 30, 2019, this change led to an increase in deferred contributions of \$37,847 and a decrease in net assets at the end of the year of the same amount.

3 - IMPACTS RESULTING FROM THE COVID-19 PANDEMIC

In March 2020, the decree of a COVID-19 state of pandemic and the numerous measures put in place by the federal, provincial and municipal governments to protect the public had impacts on the Organization's operations. These measures resulted in the complete closure of the Organization's retail facilities as of March 25, due to directives issued by the Quebec government. This crisis is likely to cause significant changes to the assets or liabilities in the coming year or have a significant impact on future operations.

Subsequent events

The Organization initiated its deconfinement process on August 10, 2020 which consists in a return to work for all essential staff. Resumption of operations took place on September 5, 2020 as the university's operations resumed. As of the date of completion of the financial statements, management was not able to assess how quickly the Organization's activities will get back to normal or the financial impact of these events at this time.

Among the measures designed to alleviate the repercussions of this crisis, the Organization is eligible for a grant under the Canada Emergency Wage Subsidy program and has applied for a \$43,954 subsidy for the March 15, 2020 to August 1, 2020 period. Of this amount, \$4,250 was recorded in revenues as at April 30, 2020.

4 - SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The Organization's financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations.

Students' Representative Council of Bishop's University

Notes to Financial Statements

April 30, 2020
(Unaudited)

4 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounting estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the amounts recorded in the financial statements, notes to financial statements and schedules. These estimates are based on management's knowledge of current events and actions that the Organization may undertake in the future. Actual results may differ from these estimates.

Financial assets and liabilities

Initial measurement

Upon initial measurement, the Organization's financial assets and liabilities are measured at fair value, which, in the case of financial assets or financial liabilities that will be measured subsequently at amortized cost, is increased or decreased by the amount of the transaction costs.

Subsequent measurement

At each reporting date, the Organization measures its financial assets and liabilities at amortized cost (including any impairment in the case of financial assets).

With respect to financial assets measured at amortized cost, the Organization assesses whether there are any indications of impairment. When there is an indication of impairment, and if the Organization determines that, during the year, there was a significant adverse change in the expected timing or amount of future cash flows from a financial asset, it will then recognize a reduction as an impairment loss in operations. The reversal of a previously recognized impairment loss on a financial asset measured at amortized cost is recognized in operations in the year the reversal occurs.

Revenue recognition

Contributions

The Organization follows the deferral method of accounting for contributions. Under this method, contributions restricted for future period expenses are deferred and are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Moreover, the Organization recognizes contributed supplies and services when the fair value of these contributions can be reasonably estimated and if it would have had to otherwise acquire these supplies and services for its normal operations.

Student health insurance fees and student fees

Revenue is recognized when a contract specifying periods and fees is signed by Bishop's University, services have been rendered and collection is reasonably assured.

Gait and Doolittle's sales and other services

Revenue is recognized at the time of sale or at the time the service is rendered.

Students' Representative Council of Bishop's University

Notes to Financial Statements

April 30, 2020
(Unaudited)

4 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Inventory valuation

The inventory is valued at the lower of cost and net realizable value. Cost is determined using the first in, first out method.

Tangible capital assets

Tangible capital assets acquired are recorded at cost. When the Organization receives contributions of tangible capital assets, their cost is equal to their fair value at the contribution date plus all costs directly attributable to the acquisition of the tangible capital assets, or at a nominal value if fair value cannot be reasonably determined.

Amortization

Tangible capital assets are amortized over their estimated useful lives according to the straight-line method at the following annual rates:

	<u>Rates</u>
Furniture and equipment	3 to 5 years

Write-down

When conditions indicate that a tangible capital asset is impaired, the net carrying amount of the tangible capital asset is written down to the tangible capital asset's fair value or replacement cost. The write-down is accounted for in the statement of operations and cannot be reversed.

5 - TANGIBLE CAPITAL ASSETS

	<u>2020</u>		<u>2019</u>
	Cost	Accumulated amortization	Net carrying amount
	\$	\$	\$
Furniture and equipment	<u>109,841</u>	<u>90,060</u>	<u>19,781</u>
			<u>16,353</u>

6 - ACCOUNTS PAYABLE AND OTHER OPERATING LIABILITIES

	<u>2020</u>	<u>2019</u>
	\$	\$
Accounts payable and accrued liabilities	<u>151,033</u>	94,717
Salaries payable	<u>16,572</u>	19,965
Sales taxes payable		<u>2,146</u>
	<u>167,605</u>	<u>116,828</u>

Students' Representative Council of Bishop's University

Notes to Financial Statements

April 30, 2020
(Unaudited)

7 - DEFERRED CONTRIBUTIONS RELATED TO OPERATING

	<u>2020</u>	<u>2019</u>
	\$	\$
Opening balance	37,847	39,164
Amount received in the year	13,528	14,616
Amount recognized as revenue in the year	<u>(10,030)</u>	<u>(15,933)</u>
Closing balance	<u>41,345</u>	<u>37,847</u>

Deferred contributions represent unused resources which, as a result of external restrictions, are intended to cover expenses for sustainable development initiatives.

8 - FINANCIAL RISKS

Credit risk

The Organization is exposed to credit risk regarding the financial assets recognized in the statement of financial position. The Organization has determined that the financial assets with more credit risk exposure are accounts receivable since failure of any of these parties to fulfil their obligations could result in significant financial losses for the Organization.

Liquidity risk

The Organization's liquidity risk represents the risk that the Organization could encounter difficulty in meeting obligations associated with its financial liabilities. The Organization is, therefore, exposed to liquidity risk with respect to all of the financial liabilities recognized in the statement of financial position.

9 - SUBSEQUENT EVENT

Subsequent to year-end, the Organization ceased operations of Doolittle's.

Students' Representative Council of Bishop's University

Schedules

Year ended April 30, 2020
(Unaudited)

	SCHEDULE A	
	<u>2020</u>	<u>2019</u>
	\$	\$
GENERAL EXPENSES		
Salaries and fringe benefits	305,963	286,160
Event expenses	216,012	173,256
Yearbook expenses	33,743	33,646
Student union fees	24,662	23,324
Club expenses	20,865	15,589
Insurance	17,833	13,000
Meals and travel	13,454	12,023
Donations	12,074	9,169
Other expenses	9,128	16,329
Interest and bank charges	6,862	7,364
Professional fees	5,200	5,300
Elections	3,641	3,861
Professional development	3,540	3,810
Mobile application	3,500	3,000
Office supplies and expenses	2,847	3,853
Maintenance and repairs	93	578
Doubtful accounts	79	
Amortization of tangible capital assets	2,774	4,935
	<u>682,270</u>	<u>615,197</u>
	<u>\$</u>	<u>\$</u>
	SCHEDULE B	
	<u>2020</u>	<u>2019</u>
	\$	\$
GAIT EXPENSES		
Salaries and fringe benefits	63,243	77,746
Cost of goods sold	67,226	95,611
Security	6,380	7,907
Other expenses	3,664	5,119
Live entertainment expenses	3,630	8,678
Permits and licences	3,158	3,770
Equipment and glassware	935	5,965
Maintenance and repairs	283	3,595
Amortization of tangible capital assets	6,303	13,027
	<u>154,822</u>	<u>221,418</u>
	<u>\$</u>	<u>\$</u>

Students' Representative Council of Bishop's University

Schedules

Year ended April 30, 2020
(Unaudited)

	SCHEDULE C	
	<u>2020</u>	<u>2019</u>
	\$	\$
<i>DOOLITTLE'S EXPENSES</i>		
Salaries and fringe benefits	26,229	27,897
Cost of goods sold	95,307	118,258
Software expenses	1,228	1,344
Permits and licences	172	35
Amortization of tangible capital assets	656	1,515
	<u>123,592</u>	<u>149,049</u>

The amount of inventory recognized as expenses during the year corresponds to the cost of goods sold presented in these schedules (\$162,533 in 2020; \$213,869 in 2019).