
Financial Statements of

BISHOP'S UNIVERSITY

Year ended April 30, 2017

BISHOP'S UNIVERSITY

Financial Statements

Year ended April 30, 2017

Independent Auditors' Report

Financial Statements

Statement of Financial Position	1
Statement of Operations	2
Statement of Changes in Fund Balances	3
Statement of Cash Flows	4
Notes to Financial Statements	5



KPMG LLP
600 de Maisonneuve Blvd. West
Suite 1500, Tour KPMG
Montreal (Québec) H3A 0A3
Canada

Telephone (514) 840-2100
Fax (514) 840-2187
Internet www.kpmg.ca

INDEPENDENT AUDITORS' REPORT

To the Board of Governors of the Bishop's University

We have audited the accompanying financial statements of Bishop's University, which comprise the statement of financial position as at April 30, 2017, the statements of operations, changes in fund balances and cash flows for the year then ended, and notes, comprising 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 an 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 our 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, we consider 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 Bishop's University as at April 30, 2017 and its results of operations, changes in fund balances and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Comparative Information

The financial statements of Bishop's University as at and for the year ended April 30, 2016, excluding the adjustment described in note 2B to the financial statements, were audited by another auditor who expressed an unmodified opinion on those financial statements on September 23, 2016.

KPMG LLP

September 29, 2017

Montreal, Quebec

BISHOP'S UNIVERSITY

Statement of Financial Position

April 30, 2017, with comparative information for 2016

	Operating Fund		Restricted Funds		Capital Fund		Total
	April 30, 2017	April 30, 2016	April 30, 2017	April 30, 2016	April 30, 2017	April 30, 2016	
Assets							
Current assets							
Cash	\$ 1,676,762	\$ 875,150	\$ -	\$ -	\$ -	\$ -	\$ 1,676,762
Accounts receivable	2,772,480	1,933,483	-	-	250,102	-	3,022,582
Accounts receivable - Ministry of Education	4,715,266	5,944,914	-	-	250,742	72,839	4,966,008
Recreation and Sports	624,852	700,361	-	-	-	624,852	700,361
Prepaid expenses	9,789,360	9,453,908	-	-	500,844	72,839	10,290,204
Long-term assets							
Accounts receivable	834,592	834,592	-	-	-	-	834,592
Interfund account, without interest	5,289,201	12,314,701	3,779,824	4,272,999	-	-	-
Investments (note 6)	279,895	429,568	-	-	997,752	965,677	1,277,647
Tangible capital assets (note 7)	-	-	-	-	86,567,218	83,741,446	86,567,218
Other assets (note 8)	-	-	-	-	117,069	168,535	117,069
Capital grants receivable (note 9)	-	-	-	-	1,322,677	1,704,576	1,322,677
	\$ 16,193,048	\$ 23,032,769	\$ 3,779,824	\$ 4,272,999	\$ 89,505,560	\$ 86,653,073	\$ 100,409,407

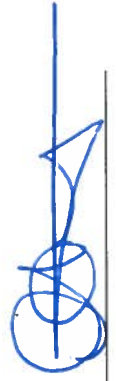
Liabilities and Fund Balances

Liabilities:							
Current liabilities							
Bank indebtedness and credit facility (note 10)	\$ 18,600,000	\$ 27,000,000	\$ -	\$ -	\$ -	\$ -	\$ 18,600,000
Banker's acceptances (note 11)	-	-	-	-	8,835,000	4,730,000	8,835,000
Accounts payable and accrued liabilities (note 12)	5,367,001	4,015,782	20,827	47,227	748,131	1,881,956	6,135,959
Due to Bishop's University Foundation	4,115,015	800,984	-	-	-	-	4,115,015
Derivative financial instrument (note 11)	-	-	-	-	969,759	1,256,481	969,759
Unearned revenue	2,047,942	1,900,410	-	-	-	-	2,047,942
Installments on long-term debt (note 14)	-	-	-	-	2,794,689	13,567,446	2,794,689
	30,129,958	33,717,176	20,827	47,227	13,347,579	21,435,883	43,498,364
Long-term liabilities							
Accrued liabilities related to charitable annuities	-	-	-	-	983,850	906,462	983,850
Interfund account, without interest	-	-	-	-	9,069,025	16,587,700	-
Deferred contributions (note 13)	-	-	3,756,997	4,225,772	-	-	3,758,997
Deferred capital contributions (note 9)	-	-	-	-	16,485,910	15,334,053	16,485,910
Long-term debt (note 14)	-	-	-	-	31,938,656	19,425,540	31,938,656
Employee future benefits (note 15)	45,449,100	49,164,000	-	-	-	-	45,449,100
	75,579,058	82,881,176	3,779,824	4,272,999	71,825,020	73,689,638	142,114,877
Fund balances							
Unrestricted deficit	(59,386,010)	(59,848,407)	-	-	-	-	(59,386,010)
Invested in capital assets	(59,386,010)	(59,848,407)	-	-	17,680,540	12,963,435	17,680,540
	\$ 16,193,048	\$ 23,032,769	\$ 3,779,824	\$ 4,272,999	\$ 89,505,560	\$ 86,653,073	\$ 100,409,407

See accompanying notes to financial statements

Approved by the Board of Governors

 Director



Director

BISHOP'S UNIVERSITY

Statement of Operations

Year ended April 30, 2017, with comparative information for 2016

	Operating Fund		Restricted Funds		Capital Fund		Total
	April 30, 2017	April 30, 2016	April 30, 2017	April 30, 2016	April 30, 2017	April 30, 2016	
Revenue:							
Grants - Ministère de l'Éducation et de l'Enseignement supérieur	\$ 24,245,064	\$ 25,292,905	\$ 412,673	\$ 274,904	\$ 2,702,955	\$ 2,668,401	\$ 27,360,692
Student academic fees	12,402,256	11,647,794	-	-	-	-	12,402,256
Other student fees	1,231,745	863,848	-	-	-	-	1,231,745
Other	1,116,705	572,273	692,217	446,211	644,234	580,658	2,453,156
Contributions - Bishop's University Foundation	-	-	2,480,501	2,091,711	293,538	276,135	2,774,039
Research grants	2,534,771	2,460,801	661,790	853,932	-	-	661,790
Student services	10,339,563	9,397,053	-	-	-	-	2,534,771
Ancillary enterprises	51,870,104	50,234,674	4,247,181	3,666,758	3,640,727	3,525,194	10,339,563
							59,758,012
Expenses:							
Teaching	22,149,375	22,077,808	986,321	617,176	-	-	23,135,696
Funded research	-	-	834,217	987,818	-	-	834,217
Academic support:							
Library	1,426,179	1,475,474	10,060	8,694	-	-	1,436,239
Information technology and audio-visual	1,485,514	1,407,554	-	-	-	-	1,485,514
Administration support							
Administration	6,140,564	5,633,299	26,400	51,307	-	-	6,166,964
Land and buildings	4,237,304	4,293,992	589	3,659	-	-	4,237,893
Student services	2,510,733	2,459,636	809,780	575,160	-	-	3,320,513
Student scholarships and bursaries	93,693	71,910	1,489,085	1,336,327	-	-	1,582,778
Ancillary enterprises	8,070,076	7,878,750	90,729	86,617	-	-	8,160,805
Other interest (note 3)	111,890	153,231	-	-	-	-	111,890
Interest on long-term debt and temporary financing (note 3)	-	-	-	-	1,153,435	1,040,951	1,153,435
Interest on derivative financial instrument (note 3)	-	-	-	-	254,208	239,458	254,208
Amortization of capital assets	-	-	-	-	4,457,222	4,256,394	4,457,222
Amortization of other assets	-	-	-	-	51,466	51,466	51,466
Capital assets written off	-	-	-	-	88,390	83,430	88,390
Retirement allowances and severance costs	218,984	343,859	-	-	-	-	218,984
Employee future benefits	(32,800)	83,300	-	-	-	-	(32,800)
Amortization of pension plan	1,550,757	1,347,465	-	-	-	-	1,550,757
Variation of the fair value of investments	155,673	(391,246)	-	-	-	-	155,673
Variation of the fair value of derivative financial instrument	-	-	-	-	(286,722)	15,819	(286,722)
Variation of the fair value of long-term debt	-	-	-	-	177,488	(194,887)	177,488
	48,117,942	46,835,032	4,247,181	3,666,758	5,895,487	5,492,631	58,260,610
Excess (deficiency) of revenue over expenses	\$ 3,752,162	\$ 3,399,642	\$ -	\$ -	\$ (2,254,760)	\$ (1,967,437)	\$ 1,497,402
							\$ 1,432,205

See accompanying notes to financial statements

BISHOP'S UNIVERSITY

Statement of Changes in Fund Balances

Year ended April 30, 2017, with comparative information for 2016

	Operating Fund		Restricted Funds		Capital Fund		Total	
	April 30, 2017	April 30, 2016 (adjusted, note 2B)	April 30, 2017	April 30, 2016	April 30, 2017	April 30, 2016	April 30, 2017	April 30, 2016 (adjusted, note 2B)
Fund balances, beginning of year	\$ (59,848,407)	\$ (49,260,094)	\$ -	\$ -	\$ 12,963,435	\$ 9,803,817	\$ (46,884,972)	\$ (39,456,277)
Excess (deficiency) of revenue over expenses	3,752,162	3,399,642	-	-	(2,254,760)	(1,967,437)	1,497,402	1,432,205
Employee future benefits - remeasurement and other items	3,682,100	(8,860,900)	-	-	-	-	3,682,100	(8,860,900)
Interfund transfers (note 4)	(6,971,865)	(5,127,055)	-	-	6,971,865	5,127,055	-	-
Fund balances, end of year	\$ (59,386,010)	\$ (59,848,407)	\$ -	\$ -	\$ 17,680,540	\$ 12,963,435	\$ (41,705,470)	\$ (46,884,972)

See accompanying notes to financial statements.

BISHOP'S UNIVERSITY

Statement of Cash Flows

Year ended April 30, 2017, with comparative information for 2016

	2017	2016
Cash provided by (used in):		
Operating activities:		
Excess of revenue over expenses	\$ 1,497,402	\$ 1,432,205
Items which do not involve cash:		
Amortization of capital assets	4,457,222	4,256,394
Amortization of other assets	51,466	51,466
Amortization of deferred capital contributions	(2,537,293)	(2,483,138)
Variation of the fair value of investments	18,074	(330,190)
Variation of the fair value of derivative financial instrument	(286,722)	15,819
Variation of the fair value of long-term debt	177,488	(194,887)
	1,880,235	1,315,464
Employee future benefits	(32,800)	83,300
Accrued liabilities related to charitable annuities	77,388	(66,774)
Net change in non-cash operating working capital:		
Accounts receivable	(37,354)	(4,613,635)
Prepaid expenses	75,509	(63,210)
Accounts payable and accrued liabilities	1,321,888	(896,436)
Due to Bishop's University Foundation	3,314,031	2,265,300
Unearned revenue	147,532	409,327
Deferred contributions	(466,775)	1,401,804
	7,777,056	1,267,345
Investing activities:		
Acquisition of investments	(50,000)	(150,000)
Disposal of investments	149,524	148,916
Acquisition of capital assets	(8,414,106)	(10,487,153)
	(8,314,582)	(10,488,237)
Financing activities:		
Changes in credit facility	(8,400,000)	9,000,000
Change in banker's acceptances	4,105,000	(262,000)
Issuance of long-term debt	14,645,917	5,381,656
Repayment of long-term debt	(13,082,828)	(9,453,737)
Deferred capital contributions received	4,071,049	2,658,399
	1,339,138	7,324,318
Increase (decrease) in cash	801,612	(1,896,574)
Cash, beginning of year	875,150	2,771,724
Cash, end of year	\$ 1,676,762	\$ 875,150

See accompanying notes to financial statements.

BISHOP'S UNIVERSITY

Notes to Financial Statements

Year ended April 30, 2017

1. Statutes and nature of operations:

Bishop's University was created in 1843 by a special act of the parliament of the Province of Canada under the name of Bishop's College. It was granted university status in 1853 as University of Bishop's College and changed its name to Bishop's University (hereafter the "University") in 1958. The mission of the University includes post-secondary education, research and community service. The University is a registered charity and, under section 149 of the Income Tax Act (Canada), is exempt from payment of income tax.

2A. Significant accounting policies:

(a) Basis of presentation:

The University's financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations, in respect with the needs in financial information expressed by the ministère de L'Éducation et de l'Enseignement supérieur, (hereafter "MEES"), sub-section 1.1 of the Cahier des définitions, des termes et des directives de présentation au Système d'information financière des universités

(b) Consolidation:

The net result of the not-for-profit organization affiliated with the University, the Bishop's University Foundation, is not consolidated in these financial statements. However, key information is reported in note 18.

(c) Fund accounting:

These financial statements are prepared on a fund accounting basis using the deferral method of accounting for not-for-profit organizations. The funds used are categorized as follows:

Operating Fund:

The Operating Fund includes teaching, academic and administration support, student services as well as ancillary enterprises such as residences and food services, sports centre, theatre and parking, all with no external restriction.

Restricted Funds:

Restricted Funds represent amounts received by the University which have donor or other external or internal restrictions and are used mainly to support student scholarships and services, academic enrichment and research activities.

Capital Fund:

The Capital Fund includes funds expended on assets of a long-term nature, including capital assets and certain investments.

(d) Accounting estimates:

The preparation of financial statements requires the University's management to make estimates and assumptions that affect the amounts recorded in the financial statements and notes to financial statements. These estimates are based on management's best knowledge of current events and actions that the University may undertake in the future. Actual results may differ from these estimates. Significant estimates include assumptions used in measuring employee future benefits which is described in more details in note 15.

(e) Financial assets and liabilities:

Initial measurement:

Upon initial measurement, the University's financial assets and liabilities from transactions not concluded with related parties and those from transactions with parties whose sole relationship with the University is in the capacity of management (and members of the immediate family) are measured at fair value, which, in the case of financial assets or financial liabilities that will be measured subsequently at cost or amortized cost, is increased or decreased by the amount of the related financing fees and transaction costs.

Transaction costs relating to financial assets and liabilities that will be measured subsequently at fair value are recognized in operations in the year they are incurred.

BISHOP'S UNIVERSITY

Notes to Financial Statements (continued)

Year ended April 30, 2017

2A. Significant accounting policies (continued):

(e) Financial assets and liabilities (continued):

Subsequent measurement:

At each reporting date, the University measures its financial assets and liabilities at cost or amortized cost (including any impairment in the case of financial assets), except for investments in the balanced fund and money market fund and the long-term debt which the University has elected to measure at fair value by designating that fair value measurement shall apply.

With respect to financial assets measured at cost or amortized cost, the University assesses whether there are any indications of impairment. When there is an indication of impairment, and if the University determines that during the year there was a significant adverse change in the expected timing or amount of future cash flows from the 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 cost or amortized cost is recognized in the statement of operations in the year the reversal occurs.

(f) Derivative financial instruments:

The University uses derivative financial instruments to reduce the interest rate exposure of its debt. It does not use financial instruments for trading or speculative purposes. The University uses an interest rate swap to manage the risk of interest rate fluctuations on its banker's acceptances. This swap requires the periodic exchange of interest without an exchange of the notional (capital) amount on which payments are calculated.

Derivative financial instruments are recognized in the statement of the statement of financial position at their fair value, and variation in fair value is recognized in the statement of operations in the Capital Fund.

(g) Revenue recognition:

(i) Contributions and grants:

The University follows the deferral method of accounting for contributions. Under this method, contributions restricted for future period expenses are deferred and recognized as revenue in the year in which the related expenses are incurred. Where contributions relate to capital assets, the revenue is recognized on the same basis as the depreciation of the asset acquired. 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 University 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.

(ii) Net investment income:

Investment transactions are recorded on the transaction date and resulting revenues are recognized using the accrual method of accounting. Interest income is recognized on a time apportionment basis whereas dividend income is recognized when it is acquired by the University. Realized gains and losses on sales of investments are recorded when securities are sold based on the cost. Unrealized gains and losses related to the change in market value are disclosed as variation of the fair value of investments in the statement of revenues and expenses.

(iii) Other:

The University's principal sources of revenue, aside from contributions and grants, are student academic fees and other students fees, student services and ancillary enterprises. These revenues are recognized when the following criteria are met:

- Persuasive evidence of an arrangement exists;
- Services have been rendered;
- Collection is reasonably assured;
- The sale price is fixed or determinable

Receipts for which revenue is not yet earned are recorded as unearned revenue.

BISHOP'S UNIVERSITY

Notes to Financial Statements (continued)

Year ended April 30, 2017

2A. Significant accounting policies (continued):

(g) Revenue recognition (continued):

(iv) Employee Future benefits:

The University accrues its obligation under the defined benefit plans as the employees render the service necessary to earn the pension benefits. More specifically, the University recognizes its obligations under the defined benefit plans on the balance sheet, net of the fair value of plan assets. The University determines the defined benefit obligations using the most recent actuarial valuation prepared for funding purposes, which is extrapolated to the University's year end. The total defined benefit plan cost includes current service cost and finance cost and is recognized in the statement of revenues and expenses under Employee Future Benefits.

Remeasurements and other items, which includes actuarial gains and losses relating to obligations, the difference between the actual return on plan assets and interest income deducted from the finance cost as well as past service cost, are recognized separately on the statement of changes in net fund balances. Remeasurements and other items are not reclassified to the statement of operations in a subsequent year.

(h) Cash and cash equivalents:

The University's policy is to present in cash and cash equivalents bank balances, including bank overdrafts whose balances fluctuate frequently from being positive to overdrawn, and investments with a maximum maturity of three months from the acquisition date or redeemable at any time without penalty.

(i) Tangible capital assets:

Tangible capital assets acquired are recorded at cost. When the University receives contributions of tangible capital assets, their cost is equal to their fair value at the contribution date or to a nominal amount of \$1 if the fair value cannot be reasonably determined.

Tangible capital assets purchased within the Operating Fund are presented as an Interfund transfer in the statement of changes in fund balances. Tangible capital assets purchased within the Restricted Funds are recorded as a revenue in the Capital Fund when the portion dedicated to capital purchases is not specified by the grant provider.

Tangible capital assets of ancillary enterprises are added to the Capital Fund and the payments on the related long-term debt or the contribution to financing for acquisitions are presented as an Interfund transfer in the statement of changes in fund balances.

Amortization:

The annual amortization rates and periods are prescribed by the MESRS. Amortization is based on their estimated useful lives according to the straight-line method over the following periods:

Asset	Period
Land improvements	10 or 20 years
Buildings	20, 40 or 50 years
Building renovations	25, 30 or 40 years
Furnishings, rolling equipment, software	5 years
Equipment	5, 10 or 15 years
Computer hardware	3 years
Library collection	10 years

When the University recognizes that a tangible capital asset no longer has any long-term service potential, the excess of net carrying amount of the tangible capital asset over its residual value is recognized as an expense in the statement of operations.

(j) Other assets:

The University holds an interest, representing 1/19th of the cost of a high speed telecommunication system pursuant to an agreement between the MESRS, the Réseau interordinateurs scientifique Québécois (RISQ) Inc. and the universities. The annual amortization is established using the straight-line method over the term of the contract signed by the MESRS and the University (16 years).

(k) Servicing of long-term debt:

For the long-term debt obligations, the Government of Québec funds annual principal and interest payment requirements on behalf of the University, which are recorded as decreases in the related debt.

BISHOP'S UNIVERSITY

Notes to Financial Statements (continued)

Year ended April 30, 2017

2B. Adjustment to comparative information:

During the 2014-2015 fiscal year, the University over-accrued a liability related to retirement benefit obligations. The University has adjusted the comparative information to correct the over-accrual. The impact on the financial statements of this prior period adjustment for the year ended April 30, 2016 is as follows:

	As previously reported, Year ended April 30, 2016	Adjustment	Adjusted, Year ended April 30, 2016
Statement of Financial Position:			
Accounts payable and accrued liabilities - Operating Fund	\$ 4,869,782	\$ (854,000)	\$ 4,015,782
Accounts payable and accrued liabilities - Total	6,798,965	(854,000)	5,944,965
Unrestricted deficit - Operating Fund and Total	(60,702,407)	854,000	(59,848,407)
Statement of Changes in Fund Balances:			
Fund balances, beginning of year - Operating Fund	\$ (50,114,094)	\$ 854,000	\$ (49,260,094)
Fund balances, beginning of year - Total	(40,310,277)	854,000	(39,456,277)
Fund balances, end of year - Operating Fund	(60,702,407)	854,000	(59,848,407)
Fund balances, end of year - Total	(47,738,972)	854,000	(46,884,972)

The prior period adjustment had no impact on the statement of operations and the statement of cash flows.

3. Interest expenses:

	2017	2016
Interest on long-term debt	\$ 866,672	\$ 921,903
Interest on bank indebtedness, credit facility and banker's acceptances	652,861	511,738
	\$ 1,519,533	\$ 1,433,641

4. Interfund transfers:

During the year, the University transferred \$2,003,865 (2016 - \$1,861,855) from the Operating Fund to the Capital Fund in order to finance net cash disbursements related to fixed assets, long-term debt repayments and payments of interest on long-term debt, and transferred \$4,968,000 (2016 - \$3,265,200) from the Operating Fund to the Capital Fund as a reserve mainly for future assets acquisitions and renovations.

5. Government assistance:

The MEES financially supports certain capital projects of the University each year for which the form of funding is finalized at a later date. Included in the interfund amounts due to and from the Operating and Capital Funds respectively is approximately \$9,422,497 (2016 - \$9,835,139) of capital expenditures and interest on temporary financing incurred as at year-end and for which the funding has yet to be either received or finalized by the MEES.

BISHOP'S UNIVERSITY

Notes to Financial Statements (continued)

Year ended April 30, 2017

6. Investments:

	2017	2016
Balanced fund, McLean Budden, representing charitable annuity donation fund	\$ 984,346	\$ 906,959
Money Market Fund, McLean Budden, representing Supplemental Employee Retirement Plan (SERP)	13,406	58,718
MSBI Valorisation Inc., 8 shares, 0.8%	4,000	4,000
MSBI Investment Fund - Limited partnership, 1 unit, 0.35%	275,889	425,562
Aligo Corporation Inc.	6	6
	\$ 1,277,647	\$ 1,395,245

7. Tangible capital assets:

	Cost	Accumulated amortization	2017 Net book value	2016 Net book value
Land	\$ 417,644	\$ -	\$ 417,644	\$ 417,644
Land improvements	3,160,139	1,512,774	1,647,365	1,800,713
Buildings	64,444,690	27,839,524	36,605,166	37,593,837
Building renovations	45,708,605	8,499,332	37,209,273	30,249,921
Building renovations in progress	2,940,141	-	2,940,141	5,674,867
Furnishings, equipment, rolling equipment, computer hardware	7,375,023	3,824,769	3,550,254	3,673,004
Library collection	8,014,205	4,310,017	3,704,188	3,720,667
Software	1,716,896	1,325,136	391,760	610,793
Software in progress	101,427	-	101,427	-
	\$ 133,878,770	\$ 47,311,552	\$ 86,567,218	\$ 83,741,446

Cost and accumulated amortization at April 30, 2016 amounted to \$128,259,930 and \$44,518,484, respectively.

During the year, the capital assets fully amortized written off during the year represents \$1,664,157 (2016 - \$2,844,058).

Acquisition of tangible capital assets for an amount of \$722,649 (2016 - \$1,853,543) is included in the trade payables and other operating liabilities.

8. Other assets:

	2017	2016
Telecommunication system (RISQ), at amortized cost	\$ 106,909	\$ 156,251
Other	10,160	12,284
	\$ 117,069	\$ 168,535

BISHOP'S UNIVERSITY

Notes to Financial Statements (continued)

Year ended April 30, 2017

9. Capital grants receivable and deferred contributions related to tangible capital assets:

Capital grants receivable relate to capital grants approved by the MESRST but funded through long-term debt issued in the University's name and not yet funded. These amounts are due immediately, however their collection is not expected within the next fiscal year and, accordingly, they are presented as long-term.

Deferred contributions related to tangible capital assets represent the unamortized amount of donations and grants received for the purchase of tangible capital assets.

The amortization of deferred contributions related to tangible capital assets and capital grants receivable is recorded as revenue in the statement of operations. The total changes in the capital grants receivable and the deferred contributions balances are as follows:

	2017	2016
Capital grants receivable (net of deferred contributions related to tangible capital assets), beginning of year	\$ (13,629,477)	\$ (13,454,216)
Amortization of deferred capital contributions	2,537,293	2,483,138
Deferred contributions received	(4,071,049)	(2,658,399)
Capital grants receivable (net of deferred contributions related to tangible capital assets), end of year	\$ (15,163,233)	\$ (13,629,477)

The detailed changes in the capital grants receivable and the deferred contributions balances, presented by principal funds providers, are as follows:

Ministère de l'Enseignement supérieur, de la Recherche, de la Science et de la Technologie

	2017	2016
Capital grants receivable, beginning of year	\$ 1,704,576	\$ 2,089,409
Amortization of deferred contributions	1,695,166	1,658,962
Deferred contributions received	(2,077,065)	(2,043,795)
Capital grants receivable, end of year	\$ 1,322,677	\$ 1,704,576

Bishop's University Foundation

	2017	2016
Capital grants receivable, beginning of year	\$ (2,486,638)	\$ (2,561,139)
Amortization of deferred contributions	293,472	269,280
Deferred contributions received	(157,698)	(194,779)
Capital grants receivable, end of year	\$ (2,350,864)	\$ (2,486,638)

Others

	2017	2016
Capital grants receivable, beginning of year	\$ (12,847,415)	\$ (12,982,486)
Amortization of deferred contributions	548,655	554,896
Deferred contributions received	(1,836,286)	(419,825)
Capital grants receivable, end of year	\$ (14,135,046)	\$ (12,847,415)

BISHOP'S UNIVERSITY

Notes to Financial Statements (continued)

Year ended April 30, 2017

10. Bank indebtedness and credit facility:

The University has an authorized line of credit of \$34,700,000, bearing interest at either prime rate (2.70%) or banker's acceptances rate plus 0.30% stamping fees (1.17%; 2016 - 1.206%) and renewable in July 2017, of which \$16,220,000 remained unused at year-end.

11. Banker's acceptances:

The University has an authorized line of credit facility of \$8,835,000 (2016 - \$4,730,000) by way of banker's acceptances, bearing interest at prime rate plus 0.30% stamping fees (1.22%; 2016 - 1.206%), as part of the financing of the students residences (Paterson and Abbott).

On April 30, 2017, the University has an agreement to swap interest rates, maturing in September 2028 and August 2041. Under this agreement, payments or receipts for the difference between the fixed interest rate of 5.42% and 1.814% and variable rate based on prime rate plus 0.3% stamping fees are made.

The notional amount of the swap agreement entered into by the University is \$8,835,000 as at April 30, 2017. The fair value of liabilities of the swap made according to information obtained from the financial institution is \$969,759.

12. Trade payables and other operating liabilities:

	2017	2016
Accounts payable and other accrued liabilities	\$ 5,059,769	\$ 5,671,225
Vacation and overtime accruals	1,076,190	1,127,740
	\$ 6,135,959	\$ 6,798,965

Included in the accounts payables and other accrued liabilities are government remittances payable of \$196,688.

13. Deferred contributions:

Deferred contributions represent the unspent portion of funds received for restricted purposes other than capital purchases which are disclosed in note 9.

	2017	2016
Balance, beginning of year	\$ 4,225,772	\$ 2,823,968
Deferred contributions received	3,780,406	5,068,562
Amortization of deferred contributions	(4,247,181)	(3,666,758)
Balance, end of year	\$ 3,758,997	\$ 4,225,772

The detailed deferred contributions balances, presented by principal types, are as follows:

	2017	2016
Academic, students services and bursaries	\$ 2,212,962	\$ 2,531,205
Research	635,507	821,345
Other	910,528	873,222
	\$ 3,758,997	\$ 4,225,772

BISHOP'S UNIVERSITY

Notes to Financial Statements (continued)

Year ended April 30, 2017

14. Long-term debt:

	2017	2016
Serviced by the University:		
<i>To finance heating tunnel - capital renovations:</i>		
Term loan, principal balance of \$484,522 (2016 - \$526,502), 2.12%, payable in monthly blended instalments of \$4,697, maturing in October 2021	\$ 481,712	\$ 535,328
<i>To finance the new student system:</i>		
Term loan, principal balance of \$245,416 (2016 - \$292,916), 2.53%, payable in monthly capital instalments of \$3,958, maturing in June 2017	245,946	296,766
<i>To finance Centennial Theatre renovations (subsidized by the ministère de la Culture, des Communications et de la Condition féminine as up to 15-16)</i>		
Term loan, principal amount of \$493,680 (2016 - \$528,729), 3.10%, payable in semi-annual blended instalments of \$25,673, renewable in May 2018	501,482	539,426
Serviced by the gouvernement du Québec:		
<i>MEES capital grants are authorized under the five year university capital investment plan (Plan quinquennal d'investissements) and are funded by the Gouvernement du Québec out of public borrowing in the University's name (process known as grant bonds). As a result, the long-term debt listed here below is managed, administered and serviced by the Gouvernement du Québec:</i>		
Term loan, repaid during the year	-	4,313,299
Term loan, repaid during the year	-	5,952,460
Term loan, repaid during the year	-	1,334,954
Term loan, principal amount of \$5,040,000 (2016 - \$5,280,000), 2.1182%, payable in annual capital instalments of \$240,000, renewable in June 2018	5,114,782	5,403,184
Term loan, principal amount of \$1,440,000 (2016 - \$1,500,000), 2.696%, payable in annual capital instalments of \$60,000, renewable in June 2032	1,455,606	1,499,804
Term loan, principal amount of \$2,880,000 (2016 - \$3,000,000), 3.23%, payable in annual capital instalments of \$120,000, renewable in June 2034	2,917,648	3,013,059
Term loan, principal amount of \$13,835,000, 2.13%, payable in annual capital instalments of \$937,446, renewable in September 2026	14,115,721	-
Serviced by other sources:		
<i>To finance the construction of Kuehner, Munster and Abbott student residences subsidized by the MEES:</i>		
Mortgage loans, repaid during the year	-	13,322
<i>To finance the construction of a synthetic turf subsidized by MEES</i>		
Mortgage loans, secured by a mobile hypothec on the universality of property, principal amount of \$430,582 (2016 - \$558,629), 5.89%, payable in blended instalments of \$160,879, renewable in May 2019	464,810	611,087
<i>To finance the construction of a sport center subsidized by the MEES:</i>		
Mortgage loan, secured by a movable hypothec on the universality of property, principal amount of \$6,100,958 (2016 - \$6,764,153), 3.097%, payable in annual blended instalments of \$872,681, renewable in September 2024	6,401,438	7,074,922
Mortgage loan, secured by a movable hypothec on the universality of property, principal amount of \$2,169,813 (2016 - \$2,381,656), 2.576%, payable in annual blended instalments of \$273,195, renewable in October 2025	2,209,598	2,405,375
Mortgage loan, secured by a movable hypothec on the universality of property, principal amount of \$810,917, 2.493%, payable in annual blended instalments of \$92,621 renewable in December 2026	824,602	-
	34,733,345	32,992,986
Current portion of long-term debt	(2,794,689)	(13,567,446)
	\$ 31,938,656	\$ 19,425,540

BISHOP'S UNIVERSITY

Notes to Financial Statements (continued)

Year ended April 30, 2017

14. Long-term debt (continued):

The estimated instalments on long-term debt for the next five years and thereafter are as follows:

2018	\$	2,794,689
2019		7,567,858
2020		2,348,968
2021		2,228,796
2022		2,502,673
2023 and thereafter		16,487,904
	\$	33,930,888

15. Employee future benefits:

The University sponsors a defined benefit pension plan for eligible full-time employees (the "Pension Plan for Full-Time Employees").

The University also maintains a Supplemental Employee Retirement Plan (SERP) for members of the Pension Plan for Full-Time Employees.

The University also sponsors a defined contribution pension plan for eligible part-time employees.

Certain employees (Faculty and Librarians) of the University have access to early retirement plans as defined in their collective agreement.

The most recent actuarial valuation of the pension plans for funding purposes was as of December 31, 2015.

The University contributes additional amounts of \$ 2,627,640 (2016 - \$2,297,100) of which \$1,051,056 (2016 - \$918,840) was paid by employees in fringe benefits and \$647,798 (2016 - \$647,798) is due from the employees.

The funding status of the benefit plans is as follows:

April 30, 2017	Pension plan for full-time employees	SERP	Post- retirement insurance	Retirement program	Total
Defined benefit obligation	\$ (152,725,500)	\$ (2,074,800)	\$ (15,810,700)	\$ (2,849,300)	\$ (173,460,300)
Fair Value of plan assets	128,011,200	-	-	-	128,011,200
Funded status - deficit and defined benefit liability	(24,714,300)	(2,074,800)	(15,810,700)	(2,849,300)	(45,449,100)

The significant assumptions used are as follows (weighted average in percentage):

Accrued benefit obligation as of

April 30					
Discount rate	5.50%	5.50%	5.50%	5.50%	5.50%
Rate of compensation increase	2.50%	2.50%	n/a	2.50%	2.50%
Benefit costs for the years ended					
April 30					
Discount rate	5.75%	5.75%	5.75%	5.75%	5.75%
Rate of compensation increase excluding step increases	2.50%	2.50%	n/a	2.50%	2.50%

BISHOP'S UNIVERSITY

Notes to Financial Statements (continued)

Year ended April 30, 2017

15. Employee future benefits (continued):

April 30, 2016	Pension plan for full-time employees	SERP	Post- retirement insurance	Retirement program	Total
Defined benefit obligation	\$ (143,557,800)	\$ (1,864,600)	\$ (17,831,300)	\$ (2,893,300)	\$ (166,147,000)
Fair Value of plan assets	116,983,000	-	-	-	116,983,000
Funded status - deficit and defined benefit liability	(26,574,800)	(1,864,600)	(17,831,300)	(2,893,300)	(49,164,000)
The significant assumptions used are as follows (weighted average in percentage):					
Accrued benefit obligation as of April 30					
Discount rate	5.75%	5.75%	5.75%	5.75%	5.75%
Rate of compensation increase	2.50%	2.50%	n/a	2.50%	2.50%
Benefit costs for the years ended April 30					
Discount rate	5.75%	5.75%	5.75%	5.75%	5.75%
Rate of compensation increase excluding step increases	2.50%	2.50%	n/a	2.50%	2.50%

16. Commitments:

The University has entered into long-term lease agreements for equipment and telecommunication services expiring at different dates up to April 30, 2021. Future minimum lease payments aggregate \$671,033 including the following payments over the next four years:

2018	\$	244,610
2019		233,157
2020		140,542
2021		52,724
	\$	671,033

The University has undertaken several capital projects and, as a result, has commitments totalling \$2,343,083. These commitments are expected to be met in the normal course of operations.

17. Contingent liabilities:

Litigation:

A lawsuit in the amount of \$9,300,000 has been filed against the University for personal damages sustained by a student. The management has transmitted this claim to their insurer. It is not possible at this time to determine the ultimate amount of the liability that may arise as a result of this lawsuit.

Moreover, in the normal course of its activities, the University is party to various legal proceedings, including claims related to labour laws and the Civil Code of Québec. Although it is not possible to determine the ultimate outcome of such proceedings initiated and ongoing as at April 30, 2017, the University is of the opinion that they will be resolved without material effect on the University's financial position. Any amount the University may be required to pay will be charged to operations in the year of settlement; otherwise, if the amount can be estimated and is considered likely to occur, it will be provided for in the accrued liabilities.

BISHOP'S UNIVERSITY

Notes to Financial Statements (continued)

Year ended April 30, 2017

18. Related entity - Bishop's University Foundation:

The Bishop's University Foundation (hereafter the "Foundation") raises funds from the University's alumni and from the community. The Foundation is incorporated under Part III of the Quebec Companies Act and is a Registered Canadian Charitable Public Foundation under the Income Tax Act (Canada). According to the Foundation's bylaws, all resources of the Foundation must be provided to the University or used for the University's benefit.

The Foundation is not consolidated in the University's financial statements. A financial summary of this non-consolidated entity as at April 30, 2017 and 2016 and for the periods then ended is as follows:

Financial position

	2017		2016
Current assets	\$ 7,249,392	\$	919,349
Investments at fair value	51,856,676		48,134,791
	\$ 59,106,068	\$	49,054,140
Current liabilities	\$ -	\$	-
Fund balances (a)	59,106,068		49,054,140
	\$ 59,106,068	\$	49,054,140

Results of operations and changes in fund balances

	Year ended April 30, 2017		Ten months ended April 30, 2016
Revenue:			
Investment income	\$ 6,770,182	\$	133,785
Donations and others	7,284,307		8,182,546
	14,054,489		8,316,331
Total expenses (b)	(3,605,787)		(3,828,442)
Gain (loss) on disposal on investments	(396,774)		44,410
Excess of revenue over expenses and net change in fund balances	\$ 10,051,928	\$	4,532,299

Cash flows

	Year ended April 30, 2017		Ten months ended April 30, 2016
Operating activities	\$ 3,239,890	\$	(2,034,377)
Investing and financing activities	(213,454)		1,642,086
Increase (decrease) in cash	\$ 3,026,436	\$	(392,291)

(a) In accordance with donors' designations, \$37,197,620 (2016 - \$33,720,010) of the Foundation's assets are to be held in perpetuity. The investment revenue earned is mainly used to support student scholarships and services, academic enrichment, as well as support and research activities.

(b) Total expenditures include contributions of \$3,117,845 (2016 - \$3,407,882) and management fees of \$36,000 (2016 - \$30,000) to the University.

The Foundation's financial statements for the year ended April 30, 2017 are not yet approved by the Board of Governors of the Foundation at the date of issuance of the University's financial statements.

BISHOP'S UNIVERSITY

Notes to Financial Statements (continued)

Year ended April 30, 2017

19. Financial instruments:

Financial risks:

The University's main financial risk exposures are detailed as follows.

Credit risk:

The University is exposed to credit risk regarding the financial assets recognized in the statement of financial position, other than investments in the balanced fund. The University has determined that the financial assets with more credit risk exposure are accounts receivable and capital grants receivable, since failure of any of these parties to fulfil their obligations could result in significant losses for the University. Additionally, the investments in balanced fund and the money market fund also indirectly expose the University to credit risk.

Market risk:

The University's financial instruments expose it to market risk, in particular, interest rate risk and other price risk, resulting from both its operating, investing and financing activities as follows:

(a) Interest rate risk:

The University is exposed to interest rate risk with respect to financial liabilities bearing fixed and variable interest rates.

The banker's acceptances bear interest at a variable rate and the University is, therefore, exposed to the cash flow risks resulting from interest rate fluctuations. The University has concluded a long-term interest rate swap agreement to minimize debt financing costs and to manage interest rate fluctuations risk (note 11). This agreement covers the conversion of variable interest rates into fixed rates and is not eligible for hedge accounting. As at April 30, 2017, the negative fair value of this derivative financial instrument is \$969,759 (2016 - \$1,256,481) and is presented as a liability in the statement of financial position.

The long-term debt serviced by the University bears interest at a fixed rate and the University is, therefore, exposed to the risk of changes in fair value resulting from interest rate fluctuations. The long-term debt serviced by the Government of Québec does not bear any risk since the debt service is financed by the Government of Québec.

(b) Other price risk:

The University is exposed to other price risk due to financial instruments, since changes in market prices could result in changes in the fair value of these instruments.

Liquidity risk:

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

Carrying amount of financial assets by categories:

The carrying amount of the University's financial assets that are measured at amortized cost totals \$11,822,621 (2016 - \$11,365,554), whereas the carrying amount of financial assets measured at fair value totals \$997,753 (2016 - \$965,677) and the carrying amount of investments in equity instruments measured at cost totals \$279,895 (2016 - \$429,568).

Guaranteed financial liabilities:

As at April 30, 2017, the total carrying amount of guaranteed financial liabilities is \$33,504,206 (2016 - \$31,621,466).