

Bishop's University
Financial Statements
April 30, 2023

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Raymond Chabot
Grant Thornton

Independent Auditor's Report

To the Members of the Board of Directors of
Bishop's University

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Opinion

We have audited the financial statements of Bishop's University (hereafter "the University"), which comprise the statement of financial position as at April 30, 2023, and the statements of operations, changes in fund balances and cash flows for the year then ended, and notes to financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the University as at April 30, 2023, 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.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the University in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the University's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the University or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the University's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal control relevant to the audit 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 University's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the University's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the University to cease to continue as a going concern;
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Raymond Chabot Grant Thornton LLP¹

Sherbrooke
September 22, 2023

¹ CPA auditor, public accountancy permit no. A122686

Bishop's University Operations

Year ended April 30, 2023

	Operating Fund		Restricted Funds		Capital Fund		Total	
	2023	2022	2023	2022	2023	2022	2023	2022
Revenues	\$	\$	\$	\$	\$	\$	\$	\$
Grants								
Ministère de l'Enseignement supérieur		32,931,030	1,925,341	1,957,970	4,370,981		43,605,477	39,259,981
Research grants			2,952,295	2,415,265			2,952,295	2,415,265
Contributions - Bishop's University Foundation	1,886,719	1,588,275	3,981,721	3,543,638	646,119		6,398,693	5,778,032
Student academic fees	18,726,435	18,224,271					18,726,435	18,224,271
Other student fees	1,339,526	1,172,723					1,339,526	1,172,723
Other	1,832,536	772,917	1,979,334	1,253,588	1,035,921		4,180,023	3,062,426
Student services	3,379,081	3,003,837					3,379,081	3,003,837
Ancillary enterprises	10,784,701	8,804,518					10,784,701	8,804,518
	74,341,822	66,497,571	10,838,691	9,170,461	6,185,718	6,053,021	91,366,231	81,721,053
Expenses								
Teaching		23,705,036	3,508,931	2,776,488			30,046,286	26,481,524
Funded research			2,957,689	2,566,719			2,957,689	2,566,719
Academic support:								
Library	2,089,511	1,953,682	11,135	3,843			2,100,646	1,957,525
Information technology and audio- visual		2,489,624					2,667,251	2,489,624
Administration support								
Administration	10,091,423	8,658,847	217,302	157,040			10,308,725	8,815,887
Land and buildings	6,396,723	5,468,694	10,764	10,489			6,407,487	5,479,183
Student services	6,305,690	4,940,021	1,404,454	1,031,441			7,710,344	5,971,462
Student scholarships and bursaries	106,069	81,177	2,620,085	2,534,090			2,726,154	2,615,267
Ancillary enterprises	8,986,644	7,591,628	108,331	90,351			9,094,975	7,681,979
Interest expenses (Note 4)	80	(103,796)					2,252,057	2,070,707
Amortization of tangible and intangible capital assets								
Amortization of other assets							7,383,502	6,564,905
Expensed capital purchases and disposals							2,125	2,124
Retirement allowances and severance costs							122,232	475,063
Employee future benefits' adjustment								47,626
	(112,300)	(87,600)	(112,300)	(87,600)	(112,300)	(87,600)	(112,300)	(87,600)

Bishop's University
Operations

Year ended April 30, 2023

	Operating Fund		Restricted Funds		Capital Fund		Total	
	2023	2022	2023	2022	2023	2022	2023	2022
	\$	\$	\$	\$	\$	\$	\$	\$
Amortization of pension plan	1,173,499	1,182,643					1,173,499	1,182,643
Variation of the fair value of investments		81,000						81,000
Variation of the fair value of derivative financial instruments					(38,339)	(1,169,174)	(38,339)	(1,169,174)
Variation of the fair value of long-term debt					36,555	(1,114,517)	36,555	(1,114,517)
Excess (deficiency) of revenues over expenses	64,242,145	56,008,582	10,838,691	9,170,461	9,758,052	6,932,904	84,838,888	72,111,947
	10,099,677	10,488,989	-	-	(3,572,334)	(879,883)	6,527,343	9,609,106

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

Bishop's University
Changes in Fund Balances
 Year ended April 30, 2023

	Operating Fund		Restricted Funds		Capital Fund		Total	
	2023	2022	2023	2022	2023	2022	2023	2022
	\$	\$	\$	\$	\$	\$	\$	\$
Fund balances (negative), beginning of year								
Balance previously stated	(43,699,001)	(33,921,989)			48,469,180	39,554,762	4,770,179	5,632,773
Accounting changes (Note 2)	(1,156,500)				(1,156,500)			
Balance, as restated	(44,855,501)	(33,921,989)			48,469,180	39,554,762	3,613,679	5,632,773
Excess (deficiency) of revenues over expenses	10,099,677	10,488,989			(3,572,334)	(879,863)	6,527,343	9,609,106
Employee future benefits - remeasurement and other items	4,635,800	(10,471,700)					4,635,800	(10,471,700)
Interfund transfers (Note 5)	(9,215,107)	(9,794,301)			9,215,107	9,794,301		
Fund balances (negative), end of year	(39,335,131)	(43,699,001)	-	-	54,111,953	48,469,180	14,776,822	4,770,179

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

Bishop's University

Cash Flows

Year ended April 30, 2023

	2023	2022
	\$	\$
OPERATING ACTIVITIES		
Excess of revenues over expenses	6,527,343	9,609,106
Non-cash items		
Amortization of tangible and intangible capital assets	7,383,502	6,564,905
Amortization of other assets	2,125	2,124
Amortization of deferred contributions related to tangible and intangible capital assets	(4,365,523)	(4,172,618)
Amortization of deferred financing costs	21,226	18,282
Loss on disposal of tangible and intangible capital assets		4,853
Variation of the fair value of investments		81,000
Variation of the fair value of derivative financial instruments	(38,339)	(1,169,174)
Variation of the fair value of long-term debt	36,555	(1,114,517)
Employee future benefits (Note 15)	(616,406)	(594,277)
	<u>8,950,483</u>	<u>9,229,684</u>
Net change in other assets and liabilities		
Accounts receivable	5,617,680	78,412
Prepaid expenses	(59,825)	(357,086)
Accounts payable and accrued liabilities	2,432,130	948,335
Unearned revenue	(227,517)	1,011,730
Deferred contributions	(658,915)	1,910,497
	<u>7,103,553</u>	<u>3,591,888</u>
Cash flows from operating activities	<u>16,054,036</u>	<u>12,821,572</u>
INVESTING ACTIVITIES		
Term deposits	(5,000,000)	(14,000,000)
Investments		(52,796)
Acquisitions of tangible and intangible capital assets	(14,503,804)	(19,341,505)
Disposal of tangible assets		51,000
Cash flows from investing activities	<u>(19,503,804)</u>	<u>(33,343,301)</u>
FINANCING ACTIVITIES		
Net change in bank indebtedness	(1,863,715)	5,122,982
Deferred financing costs	(33,266)	(83,693)
Long-term debts	5,913,272	14,682,890
Repayment of long-term debts	(5,282,857)	(4,801,887)
Deferred contributions related to tangible and intangible capital assets	6,286,256	8,775,880
Cash flows from financing activities	<u>5,019,690</u>	<u>23,696,172</u>
Net increase in cash	<u>1,569,922</u>	<u>3,174,443</u>
Cash, beginning of year	6,997,321	3,822,878
Cash, end of year	<u>8,567,243</u>	<u>6,997,321</u>

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

Bishop's University
Financial Position
 Year ended April 30, 2023

	Operating Fund		Restricted Funds		Capital Fund		Total	
	2023	2022	2023	2022	2023	2022	2023	2022
ASSETS								
Current								
Cash	8,567,243	6,997,321					8,567,243	6,997,321
Term deposits	19,000,000	14,000,000					19,000,000	14,000,000
Accounts receivable and other (Note 7)	9,155,236	9,630,290	4,015	7,020	12,677,719	15,997,656	21,836,970	25,634,966
Prepaid expenses	1,031,979	1,001,830	131,914	102,238			1,163,893	1,104,068
Derivative financial instruments					801,251	762,912	801,251	762,912
	37,754,458	31,629,441	135,929	109,258	13,478,970	16,760,568	51,369,357	48,499,267
Long-term								
Interfund account, without interest								
Accounts receivable and other (Note 7)			11,301,947	12,006,061	24,545,244	20,272,487	63,088,976	64,908,660
Investments	13,900	13,900					13,900	13,900
Tangible capital assets (Note 8)					157,596,702	150,981,522	157,596,702	150,981,522
Intangible assets (Note 9)					3,332,184	3,337,591	3,332,184	3,337,591
Other assets					22,556	24,681	22,556	24,681
	37,768,358	31,643,341	11,437,876	12,115,319	262,064,632	256,285,509	275,423,675	267,765,621

Bishop's University
Financial Position
 Year ended April 30, 2023

	Operating Fund		Restricted Funds		Capital Fund		Total	
	2023	2022	2023	2022	2023	2022	2023	2022
	\$	\$	\$	\$	\$	\$	\$	\$
LIABILITIES								
Current								
Bank indebtedness (Note 10)					16,153,267	18,016,982	16,153,267	18,016,982
Trade payables and other operating liabilities (Note 11)	7,422,144	4,906,417	333,385	351,913	2,419,086	2,994,684	10,174,615	8,253,014
Unearned revenue	4,594,345	4,821,862			5,637,667	5,282,858	4,594,345	4,821,862
Current portion of long-term debt			333,385	351,913	24,210,020	26,294,524	5,637,667	5,282,858
Long-term							36,559,894	36,374,716
Interfund account, without interest							11,104,491	11,763,406
Other deferred contributions (Note 13)	35,847,191	32,278,548	11,104,491	11,763,406				
Deferred contributions related to tangible and intangible capital assets (Note 14)					118,037,915	116,117,182	118,037,915	116,117,182
Long-term debt (Note 12)	29,239,809	33,335,515			65,704,744	65,404,623	65,704,744	65,404,623
Defined benefit liability (Note 15)	77,103,489	75,342,342	11,437,876	12,115,319	207,952,679	207,816,329	260,646,853	262,995,442
FUND BALANCES (NEGATIVE)								
Unrestricted deficit	(39,335,131)	(43,699,001)			54,111,953	48,469,180	(39,335,131)	(43,699,001)
Invested in capital assets	(39,335,131)	(43,699,001)	-	-	54,111,953	48,469,180	54,111,953	48,469,180
	37,768,358	31,643,341	11,437,876	12,115,319	262,064,632	256,285,509	275,423,675	267,765,621

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

Approved by the Board of Directors

 Director


 Director

Bishop's University

Notes to Financial Statements

Year ended April 30, 2023

1 - GOVERNING STATUTES AND PURPOSE OF THE ORGANIZATION

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.

2 - ACCOUNTING CHANGES

Contributions receivable

During the year, the University retrospectively changed the method of accounting for the subsidies receivable relating to capital assets. According to its previous accounting policies, the University recognized on the basis of their net amount the balance of long-term subsidies receivable relating to capital assets financed or that should be financed by loans and for which work has been performed and deferred contributions relating to resulting capital assets. The University has restated its financial statements for prior periods to recognize these subsidies receivable as an asset (for their gross amount) when the amount to be received can be reasonably estimated and the final receipt of the amount is reasonably assured.

As at April 30, 2022, in the Capital Fund, this change led to an increase of \$15,997,656 in current accounts receivable, an increase of \$64,908,660 in long-term accounts receivable and other and an increase of \$80,906,316 in deferred contributions related to tangible and intangible capital assets.

Employee future benefits

On May 1, 2022, the University applied the changes, to Section 3463, Reporting Employee Future Benefits by Not-for-Profit Organizations, of Part III of the *CPA Canada Handbook – Accounting*. The purpose of these changes is, in particular, to remove the possibility of using a funding valuation for defined benefit pension plans without a funding valuation requirement.

In accordance with the transitional provisions, these changes, that are applicable for fiscal years beginning on or after January 1, 2022, have been applied retrospectively, but without restatement of the previous year's comparative financial statements. Any adjustment must be applied against the opening balance of the current year's fund balance.

Application of these changes resulted in, as at May 1, 2022, an increase in liabilities of \$1,156,500 of the defined benefit liability and a decrease in the opening fund negative balance of the Operating Fund of the same amount.

Bishop's University

Notes to Financial Statements

Year ended April 30, 2023

3 - SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

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

Fund accounting

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.

Accounting estimates

The preparation of financial statements requires 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 knowledge of current events and actions that the University may undertake in the future. Actual results may differ from these estimates.

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. The University's financial assets and liabilities from related party transactions are measured at cost.

Subsequent measurement

At each reporting date, the University measures its financial assets and liabilities from transactions not concluded with related parties at amortized cost (including any impairment in the case of financial assets), except for certain long-term debt which the University has elected to measure at fair value by designating that fair value measurement shall apply. With respect to the financial assets and liabilities from related party transactions, the University measures them using the cost method (including any impairment in the case of financial assets).

Bishop's University

Notes to Financial Statements

Year ended April 30, 2023

3 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Subsequent measurement

Transaction costs relating to financial assets and liabilities that are measured at amortized cost and any difference resulting from their initial measurement at fair value are amortized on a straight-line basis over the term of the related financial instrument. Amortization of transaction costs related to long-term debt is recognized in operations as interest expenses.

With respect to financial assets measured at amortized cost or using the cost method, 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 amortized cost or using the cost method is recognized in the statement of operations in the year the reversal occurs.

Derivative financial instruments

The University uses derivative financial instruments to manage the interest rate risk, but does not use hedge accounting. Accordingly, the derivative financial instruments are recognized in the statement of financial position at their fair value, and changes in fair value are recognized in the statement of operations in the Capital Fund for the year.

Foreign currency translation

The University uses the temporal method to translate transactions denominated in a foreign currency. Under this method, monetary assets and liabilities are translated at the exchange rate in effect at the financial position date. Non-monetary assets and liabilities are translated at historical exchange rates, with the exception of those recognized at fair value, which are translated at the exchange rate in effect at the financial position date. Revenue and expenses are translated at the average rate for the period, with the exception of the amortization of assets translated at the historical exchange rates, which is translated at the same exchange rates as the related assets. The related exchange gains and losses are accounted for in the operations for the year.

Revenue recognition

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 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 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.

Bishop's University

Notes to Financial Statements

Year ended April 30, 2023

3 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Other

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

- Persuasive evidence of an arrangement exists;
- Services have been rendered;
- The price to the buyer is fixed and determinable;
- Collection is reasonably assured.

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

Employee future benefits

The University offers its eligible employees:

- a defined benefit pension plan for eligible full-time employees (the "Pension Plan for Full-Time Employees") (hereafter the "pension plan");
- a supplemental employee retirement plan ("SERP") for members of the Pension Plan for Full-Time Employees.

The University accrues its obligations 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 statement of financial position, 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.

Remeasurements and other items, which include 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 fund balances. Remeasurements and other items are not reclassified to the statement of operations in a subsequent year.

The University also offers an optional defined contribution plan for eligible part-time employees. Contributions to these plans are recognized as expenses when they become due.

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.

Bishop's University

Notes to Financial Statements

Year ended April 30, 2023

3 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Tangible and intangible capital assets

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

Amortization

Tangible and intangible capital assets are amortized on a straight-line basis over their estimated useful lives according to the following periods prescribed by the Ministère de l'Enseignement supérieur (MES):

	<u>Periods</u>
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

Building renovations in progress will be amortized on a straight-line basis on a 25, 30 or 40-year period when they are completed.

Write-down

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

4 - INTEREST EXPENSES

	<u>2023</u>	<u>2022</u>
	\$	\$
Interest on long-term debt	1,889,817	1,730,520
Interest on short-term debt	362,240	340,187
	<u>2,252,057</u>	<u>2,070,707</u>

5 - INTERFUND TRANSFERS

During the year, the University restricted resources amounting to \$3,275,592 (\$2,775,800 for the year ended April 30, 2022) from the Operating Fund to the Capital Fund in order to finance net cash disbursements related to capital assets, long-term debt repayments and payments of interest on long-term debt, and restricted resources amounting to \$5,939,515 (\$7,018,501 for the year ended April 30, 2022) as a reserve mainly for future assets acquisitions and renovations.

Bishop's University

Notes to Financial Statements

Year ended April 30, 2023

6 - GOVERNMENT ASSISTANCE

The Ministère de l'Enseignement supérieur (MES) financially supports certain capital projects of the University each year for which the final 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 \$1,214,125 (\$1,432,138 as at April 30, 2022) of capital expenditures on temporary financing incurred as at year-end and for which the funding has yet to be either received or finalized by the MES.

7 - ACCOUNTS RECEIVABLE AND OTHER

	2023	2022
	\$	\$
Operating Fund		
Grants - MES	2,857,420	3,862,112
Student academic fees	2,127,053	2,492,975
Contribution from Bishop's University Foundation	483,067	1,427,747
Other	3,687,696	1,847,456
	<u>9,155,236</u>	<u>9,630,290</u>
Restricted Fund		
Other	4,015	7,020
Capital Fund		
Grants - MES	72,911,827	73,379,247
Contributions - Bishop's University Foundation	213,915	3,767,231
Other contributions	2,640,953	3,759,838
	<u>75,766,695</u>	<u>80,906,316</u>
Less : MES Grants cashable for more than one year	(61,436,208)	(60,904,602)
Less : Contributions from Bishop's University Foundation and other contributions cashable for more than one year	(1,652,768)	(4,004,058)
	<u>12,677,719</u>	<u>15,997,656</u>
	<u>21,836,970</u>	<u>25,634,966</u>

8 - TANGIBLE CAPITAL ASSETS

	2023		2022	
	Cost	Accumulated amortization	Net carrying amount	Net carrying amount
	\$	\$	\$	\$
Land	381,444		381,444	381,444
Land improvements	4,255,106	2,489,323	1,765,783	1,867,169
Buildings	79,022,215	33,198,631	45,823,584	42,341,625
Building renovations	121,755,419	24,132,659	97,622,760	92,862,496
Building renovations in progress	5,548,428		5,548,428	8,453,512
Furnishings, equipment, rolling equipment, computer hardware	10,978,350	5,379,450	5,598,900	4,237,179
Library collection	1,910,006	1,054,203	855,803	838,097
	<u>223,850,968</u>	<u>66,254,266</u>	<u>157,596,702</u>	<u>150,981,522</u>

Trade payables and other operating liabilities include an amount of \$2,398,763 (\$2,909,292 for the year ended April 30, 2022) related to the acquisition of tangible capital assets.

Bishop's University Notes to Financial Statements

Year ended April 30, 2023

9 - INTANGIBLE ASSETS

	2023		2022
	Cost	Accumulated amortization	Net carrying amount
	\$	\$	\$
Library collection	6,056,190	3,338,703	2,717,487
Software	1,574,406	959,709	614,697
	<u>7,630,596</u>	<u>4,298,412</u>	<u>3,332,184</u>
			<u>3,337,591</u>

10 - BANK INDEBTEDNESS

	2023	2022
	\$	\$
Capital Fund		
Banker's acceptances	11,276,000	12,095,000
Loans	4,877,267	5,921,982
	<u>16,153,267</u>	<u>18,016,982</u>

The University has an authorized line of credit facility of \$44,800,000, renewable in July 2023, that remained unused at year-end. As at April 30, 2023, the maximum usable borrowings authorized by the MES for this credit facility is nil (\$30,392,000 as at April 30, 2022).

The University also has an authorized line of credit facility of \$11,276,000 (\$12,095,000 as at April 30, 2022) by way of banker's acceptances, bearing interest at banker's acceptance rate plus the applicable stamping fees (5.25%, 5.80% and 5.68% (1.28%, 1.85% and 1.64% as at April 30, 2022)) as part of the financing of the student residences (Paterson, Abbott and Munster). These are related to swap interest rates, maturing in September 2028, July 2034 and August 2036. Under these agreements, payments or receipts for the difference between the fixed interest rates of 5.42%, 2.72% and 1.18% and variable rates based on banker's acceptances rates plus 0.30%, 0.85% or 0.75% stamping fees are made.

In addition, the MES has authorized a maximum amount of \$28,581,000 for the temporary financing of the capital acquisitions funded by the MES to be concluded with Financement Québec (\$16,548,000 as at April 30, 2022), renewable each year by way of loans, bearing interest at average 3 months Quebec treasury bills plus 0.02% (4.51%, 1.47% at April 30, 2022), of which \$4,877,267 is used as at April 30, 2023 (\$5,921,982 as at April 30, 2022).

After the year-end, the University obtained the renewal of the credit facility, for an authorized amount of \$25,225,000, at the same interest rate, renewable in June 2024.

Bishop's University

Notes to Financial Statements

Year ended April 30, 2023

11 - TRADE PAYABLES AND OTHER OPERATING LIABILITIES

	<u>2023</u>	<u>2022</u>
	\$	\$
Operating Fund		
Accounts payable and accrued liabilities	7,128,453	4,678,503
Vacation and overtime accruals	<u>293,691</u>	<u>227,914</u>
	<u>7,422,144</u>	<u>4,906,417</u>
Restricted Funds		
Accounts payable and other accrued liabilities	333,385	351,913
Capital Fund		
Accounts payable and other accrued liabilities	<u>2,419,086</u>	<u>2,994,684</u>
	<u><u>10,174,615</u></u>	<u><u>8,253,014</u></u>

12 - LONG-TERM DEBT

	<u>2023</u>	<u>2022</u>
	\$	\$
Serviced by the University		
<i>To finance Kuehner Residence renovations:</i>		
Term loan, 3.44%, payable in monthly capital instalments of \$21,333, renewable in July 2028 (a)	5,184,000	5,440,000
Serviced by the Gouvernement du Québec		
<i>MES capital grants are authorized under the University's five-year 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, principal amount of \$1,080,000 (\$1,140,000 as at April 30, 2022), 2.70%, payable in annual capital instalments of \$60,000, renewable in June 2032	1,038,467	1,082,013
Term loan, principal amount of \$2,160,000 (\$2,280,000 as at April 30, 2022), 3.23%, payable in annual capital instalments of \$120,000, renewable in June 2034	2,082,716	2,165,485
Term loan, principal amount of \$8,210,324 (\$9,147,770 as at April 30, 2022), 2.13%, payable in annual capital instalments of \$937,446, renewable in September 2026	8,003,800	8,942,650
Term loan, 2.75%, payable in annual capital instalments of \$406,579, renewable in September 2027 (a)	6,731,584	7,138,164
Term loan, 2.99%, payable in annual capital instalments of \$237,385, maturing in March 2044 (a)	4,985,088	5,222,473
Term loan, 2.94%, payable in annual capital instalments of \$240,000, maturing in March 2038 (a)	3,600,000	3,840,000

Bishop's University Notes to Financial Statements

Year ended April 30, 2023

12 - LONG-TERM DEBT (Continued)

	<u>2023</u>	<u>2022</u>
	\$	\$
Term loan, 2.44%, payable in annual capital instalments of \$398,404, maturing in October 2039 (a)	6,772,875	7,171,279
Term loan, 1.95%, payable in annual capital instalments of \$513,007, maturing in December 2040 (a)	9,234,117	9,747,124
Term loan, 2.59%, payable in annual capital instalments of \$734,145, maturing in October 2041 (a)	13,948,746	14,682,890
Term loan, 4.45%, payable in annual capital instalments of \$289,376, maturing in November 2042 (a)	5,787,526	
Term loan, 3.87%, payable in annual capital instalments of \$25,149, maturing in November 2042 (a)	125,746	
Serviced by other sources		
<i>To finance the construction of a sport center subsidized by the MES:</i>		
Mortgage loan, secured by a movable hypothec on the universality of property, principal amount of \$1,667,498 (\$2,463,873 as at April 30, 2022), 3.10%, payable in annual blended instalments of \$872,681, maturing in September 2024	1,652,044	2,467,231
Mortgage loan, secured by a movable hypothec on the universality of property, principal amount of \$779,105 (\$1,025,873 as at April 30, 2022), 2.58%, payable in annual blended instalments of \$273,195, maturing in October 2025	764,753	1,011,304
Mortgage loan, secured by a movable hypothec on the universality of property, principal amount of \$348,496 (\$430,387 as at April 30, 2022), 2.49%, payable in annual blended instalments of \$92,621, maturing in December 2026	342,690	421,711
Mortgage loan, secured by a movable hypothec on the universality of property, 2.83%, payable in annual blended instalments of \$301,365, maturing in January 2028 (a)	1,386,769	1,641,627
Deferred financing costs	<u>(298,510)</u>	<u>(286,470)</u>
	71,342,411	70,687,481
Current portion	<u>5,637,667</u>	<u>5,282,858</u>
	<u>65,704,744</u>	<u>65,404,623</u>

The contractual principal repayments of long-term debt for the next years are \$5,637,666 in 2024, \$5,679,124 in 2025, \$4,849,133 in 2026, \$9,053,389 in 2027, \$8,271,796 in 2028 and \$38,510,767 in 2029 and subsequent years.

(a) From 2017-2018 onwards, the University has elected to initially recognize new debt agreements at their fair value and subsequently measure them at amortized cost.

Bishop's University Notes to Financial Statements

Year ended April 30, 2023

12 - LONG-TERM DEBT (Continued)

As at April 30, 2023, the total carrying amount of the guaranteed long-term debt is \$66,456,921 (\$65,533,951 as at April 30, 2022).

13 - OTHER DEFERRED CONTRIBUTIONS

Deferred contributions represent the unspent portion of funds received for restricted purposes other than capital purchases which are disclosed in Note 14.

	2023	2022
	\$	\$
Balance, beginning of year	11,763,406	9,852,909
Deferred contributions received	10,179,776	11,080,957
Amortization of deferred contributions	<u>(10,838,691)</u>	<u>(9,170,460)</u>
Balance, end of year	<u>11,104,491</u>	<u>11,763,406</u>

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

	2023	2022
	\$	\$
Academic, students services and bursaries	8,118,093	8,779,990
Research	2,036,329	2,082,983
Other	<u>950,069</u>	<u>900,433</u>
	<u>11,104,491</u>	<u>11,763,406</u>

14 - DEFERRED CONTRIBUTIONS RELATED TO TANGIBLE AND INTANGIBLE CAPITAL ASSETS

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

The amortization of deferred contributions related to tangible and intangible capital assets and capital grants receivable is recorded as revenue in the statement of operations. The balance of deferred contributions related to tangible and intangible capital assets is detailed as follows:

	2023	2022
	\$	\$
Balance, beginning of year	116,117,182	111,513,920
Amortization of deferred contributions	(4,365,523)	(4,172,618)
Contributions granted	<u>6,286,256</u>	<u>8,775,880</u>
Balance, end of year	<u>118,037,915</u>	<u>116,117,182</u>

Bishop's University Notes to Financial Statements

Year ended April 30, 2023

14 - DEFERRED CONTRIBUTIONS RELATED TO TANGIBLE AND INTANGIBLE CAPITAL ASSETS (Continued)

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

	<u>2023</u>	<u>2022</u>
	\$	\$
Deferred contributions, beginning of year	78,362,808	76,047,017
Amortization of deferred contributions	(3,646,870)	(2,706,332)
Deferred contributions granted	<u>4,939,653</u>	<u>5,022,123</u>
Deferred contributions, end of year	<u>79,655,591</u>	<u>78,362,808</u>

Bishop's University Foundation

	<u>2023</u>	<u>2022</u>
	\$	\$
Deferred contributions, beginning of year	10,050,105	8,825,973
Amortization of deferred contributions	(492,581)	(643,794)
Deferred contributions granted	<u>1,444,968</u>	<u>1,867,926</u>
Deferred contributions, end of year	<u>11,002,492</u>	<u>10,050,105</u>

Others

	<u>2023</u>	<u>2022</u>
	\$	\$
Deferred contributions, beginning of year	27,704,269	26,640,930
Amortization of deferred contributions	(226,071)	(822,492)
Deferred contributions granted	<u>(98,365)</u>	<u>1,885,831</u>
Deferred contributions, end of year	<u>27,379,833</u>	<u>27,704,269</u>

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 June 30, 2021, and the next valuation will be on December 31, 2023.

Bishop's University Notes to Financial Statements

Year ended April 30, 2023

15 - EMPLOYEE FUTURE BENEFITS (Continued)

An amount of \$743,309 for the residual rights related to the Pension Plan for Full-Time Employees was allocated to the Teaching, Academic support, Administration support and Ancillary enterprises expense accounts on the statement of operations.

The funding status of the benefit plans is as follows:

	2023				
	Pension Plan for Full-Time Employees	SERP	Post-retirement program	Retirement program	Total
	\$	\$	\$	\$	\$
Defined benefit obligation	(170,062,709)	(1,745,500)	(19,973,600)	(314,100)	(192,095,909)
Fair value of plan assets	<u>162,856,100</u>				<u>162,856,100</u>
Funded status - deficit and defined benefit liability	<u>(7,206,609)</u>	<u>(1,745,500)</u>	<u>(19,973,600)</u>	<u>(314,100)</u>	<u>(29,239,809)</u>

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

Accrued benefit obligations as of April 30				
Discount rate	5.35%	4.80%	4.80%	4.80%
Rate of compensation increase	2.50%	2.50%	n/a	2.50%
Benefit costs for the year ended April 30				
Discount rate	5.35%	4.80%	4.80%	4.80%
Rate of compensation increase, excluding step increases	2.50%	2.50%	n/a	2.50%

Bishop's University Notes to Financial Statements

Year ended April 30, 2023

15 - EMPLOYEE FUTURE BENEFITS (Continued)

					2022
	Pension Plan for Full-time employees	SERP	Post-retirement program	Retirement program	Total
	\$	\$	\$	\$	\$
Defined benefit obligations	(165,823,215)	(1,823,100)	(19,941,100)	(2,765,700)	(190,353,115)
Fair value of plan assets	<u>157,017,600</u>				<u>157,017,600</u>
Funded status - deficit and defined benefit liability	<u>(8,805,615)</u>	<u>(1,823,100)</u>	<u>(19,941,100)</u>	<u>(2,765,700)</u>	<u>(33,335,515)</u>

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

Accrued benefit obligations as of April 30				
Discount rate	5.35%	5.35%	5.35%	5.35%
Rate of compensation increase	2.50%	2.50%	n/a	2.50%
Benefit costs for the year ended April 30				
Discount rate	5.35%	5.35%	5.35%	5.35%
Rate of compensation increase, excluding step increases	2.50%	2.50%	n/a	2.50%

This comparative figures and assumptions do not reflect the accounting change mentioned in Note 2.

16 - COMMITMENTS

The University has entered into long-term lease agreements for equipment and telecommunication services expiring at different dates up to April 30, 2036. Future minimum lease payments aggregate \$1,449,350 and the following payments over the next years:

	<u>\$</u>
2024	293,900
2025	130,798
2026	102,256
2027	94,903
2028	81,349
2029 and later	746,144

The University has undertaken several capital projects and, as a result, has commitments totalling \$569,240 expected to be met in 2024.

Bishop's University Notes to Financial Statements

Year ended April 30, 2023

17 - CONTINGENT LIABILITIES

Litigation

In the normal course of its activities, the University is party to various legal proceedings. Although it is not possible to determine the ultimate outcome of such proceedings initiated and ongoing as of April 30, 2023, 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.

18 - RELATED ENTITY - BISHOP'S UNIVERSITY FOUNDATION

The University exercises significant influence over the Bishop's University Foundation (hereafter the "Foundation") since certain Board members and members of senior management are on the Board of the Foundation. The Foundation must use its resources exclusively to advance the mission of the University. The Foundation is incorporated under Part III of the Companies Act (Quebec) and is a charitable organization under both the Income Tax Act (Canada) and the Taxation Act (Quebec).

				<u>2023</u>	<u>2022</u>
	<u>Operating Fund</u>	<u>Restricted Funds</u>	<u>Capital Fund</u>	<u>Total</u>	<u>Total</u>
	\$	\$	\$	\$	\$
Contributions	1,886,719			1,886,719	1,588,275
Contributions - Amortization of other deferred contributions		3,981,721		3,981,721	3,543,638
Contributions - Amortization of deferred contributions related to capital assets			530,253	530,253	646,119
	<u>1,886,719</u>	<u>3,981,721</u>	<u>530,253</u>	<u>6,398,693</u>	<u>5,778,032</u>

These transactions were measured at the exchange amount, excluding the resulting financial instruments.

The outstanding balance as at April 30, 2023 is \$696,982 of which \$483,067 is recorded as receivable contribution on the operating fund and \$213,915 on the capital fund on the statement of financial position (\$5,194,978 as at April 30, 2022 of which \$1,427,747 was recorded as a receivable contribution on the operating fund and \$3,767,231 recorded as a receivable contribution on the capital fund).

An amount of \$3,662,245 was received as other deferred contributions (\$4,132,700 as at April 30, 2022) and an amount of \$5,017,685 (\$440,390 as at April 30, 2022) was received as deferred contributions related to tangible capital assets.

Bishop's University

Notes to Financial Statements

Year ended April 30, 2023

19 - ASSET RETIREMENT OBLIGATIONS

The University's asset retirement obligations mainly concern the removal of asbestos from its buildings. Other asset retirement obligations include the dismantling of tanks containing petroleum products and the restoration of leased premises on expiry of the lease.

No asset retirement obligation is recognized since the University is unable to make a reasonable estimate of the amount of the obligations.

20 - FINANCIAL INSTRUMENTS

Credit risk

The University is exposed to credit risk regarding the financial assets recognized on the statement of financial position. The University has determined that the financial assets with more credit risk exposure are accounts receivable and contributions receivable from Bishop's University Foundation since failure of any of these parties to fulfil their obligations could result in significant financial losses for the University.

Market risk

The University's financial instruments expose it to market risk, in particular, interest rate risk and currency risk, resulting from its operating and financing activities.

Interest rate risk

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

The term deposits and long-term debts bear 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 bank indebtedness bears interest at a variable rate and the University is, therefore, exposed to the cash flow risk resulting from interest rate fluctuations.

The University has entered into an interest rate swap agreement that entitles it to receive interest at variable rates on a \$11,276,000 notional and obliges it to pay interest at a fixed rate (see Note 10). As at April 30, 2023, the carrying amount of the interest rate swap recognized as an asset is \$801,251 (\$762,912 as at April 30, 2022).

Currency risk

The majority of the University's transactions are in Canadian dollars. Currency risk results from the University's sales and purchases denominated in foreign currency which are primarily in U.S. dollars. As at April 30, 2023, the University is exposed to currency risk due to cash and accounts receivable denominated in U.S. dollars totalling \$1,611,259 (\$1,266,654 as at April 30, 2022).

Liquidity risk

The University's liquidity risk represents 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 on the statement of financial position.

Bishop's University
Notes to Financial StatementsYear ended April 30, 2023

21 - COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the presentation adopted in the current year. The main reclassification as at April 30, 2022, on the statement of financial position is a decrease of \$3,332,184 of the net carrying amount of tangible capital assets and an increase of intangible assets of the same amount.