

Bishop's University
Financial Statements
April 30, 2024

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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, 2024, 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, 2024, 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 LLP

Sherbrooke
September 27, 2024

¹ CPA auditor, public accountancy permit no. A122686

Bishop's University Operations

Year ended April 30, 2024

	Operating Fund		Restricted Funds		Capital Fund		Total	
	2024	2023	2024	2023	2024	2023	2024	2023
	\$	\$	\$	\$	\$	\$	\$	\$
Revenues								
Grants								
Ministère de l'Enseignement supérieur	41,586,567	36,392,824	1,819,994	1,925,341	5,574,337	5,287,312	48,980,898	43,605,477
Research grants			3,568,314	2,952,295			3,568,314	2,952,295
Contributions - Bishop's University Foundation	2,023,034	1,886,719	4,442,243	3,981,721	435,350	530,253	6,900,627	6,398,693
Student academic fees	17,112,380	18,726,435					17,112,380	18,726,435
Other student fees	1,731,018	1,339,526					1,731,018	1,339,526
Other	2,771,910	1,832,536	1,812,187	1,979,334	1,400,612	368,153	5,984,709	4,180,023
Student services	3,405,764	3,379,081					3,405,764	3,379,081
Ancillary enterprises	12,680,323	10,784,701					12,680,323	10,784,701
	81,310,996	74,341,822	11,642,738	10,838,691	7,410,299	6,185,718	100,364,033	91,366,231
Expenses								
Teaching	29,681,182	26,537,355	3,214,644	3,508,931			32,895,826	30,046,286
Funded research			3,827,061	2,957,689			3,827,061	2,957,689
Academic support								
Library	1,877,339	2,089,511	8,500	11,135			1,885,839	2,100,646
Information technology and audio-visual	3,256,999	2,667,251					3,256,999	2,667,251
Administration support								
Administration	11,469,805	10,091,423	136,029	217,302			11,605,834	10,308,725
Land and buildings	6,845,745	6,396,723	63,905	10,764			6,909,650	6,407,487
Student services	6,278,735	6,305,890	1,681,757	1,404,454			7,960,492	7,710,344
Student scholarships and bursaries	135,079	106,069	2,609,558	2,620,085			2,744,637	2,726,154
Ancillary enterprises	10,852,879	8,986,644	101,284	108,331			10,954,163	9,094,975
Interest expenses (Note 3)		80			2,619,585	2,251,977	2,619,585	2,252,057
Amortization of tangible and intangible capital assets					7,690,084	7,383,502	7,690,084	7,383,502
Amortization of other assets					2,125	2,125	2,125	2,125
Expensed capital purchases and disposals					209,569	122,232	209,569	122,232
Employee future benefits' adjustment	42,900	(112,300)					42,900	(112,300)
Amortization of pension plan	1,177,115	1,173,499					1,177,115	1,173,499

Bishop's University Operations

Year ended April 30, 2024

	Operating Fund		Restricted Funds		Capital Fund		Total	
	2024	2023	2024	2023	2024	2023	2024	2023
	\$	\$	\$	\$	\$	\$	\$	\$
Variation of the fair value of derivative financial instruments					(379,592)	(38,339)	(379,592)	(38,339)
Variation of the fair value of long-term debt					(169,330)	36,555	(169,330)	36,555
	71,617,778	64,242,145	11,642,738	10,838,691	9,972,441	9,758,052	93,232,957	84,838,888
Excess (deficiency) of revenues over expenses	9,693,218	10,099,677	-	-	(2,562,142)	(3,572,334)	7,131,076	6,527,343

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

Bishop's University

Changes in Fund Balances

Year ended April 30, 2024

	Operating Fund		Restricted Funds		Capital Fund		Total	
	2024	2023	2024	2023	2024	2023	2024	2023
	\$	\$	\$	\$	\$	\$	\$	\$
Fund balances (negative), beginning of year	(39,335,131)	(44,855,501)			54,111,953	48,469,180	14,776,822	3,613,679
Excess (deficiency) of revenues over expenses	9,693,218	10,099,677			(2,562,142)	(3,572,334)	7,131,076	6,527,343
Employee future benefits - remeasurement and other items	1,471,500	4,635,800					1,471,500	4,635,800
Interfund transfers (Note 4)	(9,042,592)	(9,215,107)			9,042,592	9,215,107		
Fund balances (negative), end of year	(37,213,005)	(39,335,131)	-	-	60,592,403	54,111,953	23,379,398	14,776,822

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

Bishop's University

Cash Flows

Year ended April 30, 2024

	<u>2024</u>	<u>2023</u>
	\$	\$
OPERATING ACTIVITIES		
Excess of revenues over expenses	7,131,076	6,527,343
Non-cash items		
Amortization of tangible and intangible capital assets	7,690,084	7,383,502
Amortization of other assets	2,125	2,125
Amortization of deferred contributions related to tangible and intangible capital assets	(4,714,168)	(4,365,523)
Amortization of deferred financing costs	22,768	21,226
Variation of the fair value of derivative financial instruments	(379,592)	(38,339)
Variation of the fair value of long-term debt	(169,330)	36,555
Employee future benefits (Note 14)	34,741	(616,406)
	<u>9,617,704</u>	<u>8,950,483</u>
Net change in other assets and liabilities		
Accounts receivable	39,833	5,617,680
Prepaid expenses	(333,977)	(59,825)
Accounts payable and accrued liabilities	(1,181,972)	2,432,130
Unearned revenue	(501,647)	(227,517)
Deferred contributions	(933,118)	(658,915)
	<u>(2,910,881)</u>	<u>7,103,553</u>
Cash flows from operating activities	<u>6,706,823</u>	<u>16,054,036</u>
INVESTING ACTIVITIES		
Term deposits	3,500,000	(5,000,000)
Investments	9,900	
Acquisitions of tangible and intangible capital assets	(9,735,460)	(14,503,804)
Cash flows from investing activities	<u>(6,225,560)</u>	<u>(19,503,804)</u>
FINANCING ACTIVITIES		
Net change in bank indebtedness	(1,655,548)	(1,863,715)
Deferred financing costs	(27,591)	(33,266)
Long-term debts	4,840,628	5,913,272
Repayment of long-term debts	(5,637,667)	(5,282,857)
Deferred contributions related to tangible and intangible capital assets	6,107,490	6,286,256
Cash flows from financing activities	<u>3,627,312</u>	<u>5,019,690</u>
Net increase in cash	<u>4,108,575</u>	<u>1,569,922</u>
Cash, beginning of year	8,567,243	6,997,321
Cash, end of year	<u>12,675,818</u>	<u>8,567,243</u>

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

Bishop's University

Financial Position

Year ended April 30, 2024

	Operating Fund		Restricted Funds		Capital Fund		Total	
	2024	2023	2024	2023	2024	2023	2024	2023
	\$	\$	\$	\$	\$	\$	\$	\$
ASSETS								
Current								
Cash	12,675,818	8,567,243					12,675,818	8,567,243
Term deposits	15,500,000	19,000,000					15,500,000	19,000,000
Accounts receivable and other (Note 6)	10,398,327	9,155,236	164,378	4,015	12,491,092	12,677,719	23,053,797	21,836,970
Prepaid expenses	1,381,161	1,031,979	116,709	131,914			1,497,870	1,163,893
Derivative financial instruments					1,180,843	801,251	1,180,843	801,251
	39,955,306	37,754,458	281,087	135,929	13,671,935	13,478,970	53,908,328	51,369,357
Long-term								
Interfund account, without interest			10,351,690	11,301,947	28,811,012	24,545,244		
Accounts receivable and other (Note 6)					61,832,316	63,088,976	61,832,316	63,088,976
Investments	4,000	13,900					4,000	13,900
Tangible capital assets (Note 7)					159,211,235	157,596,702	159,211,235	157,596,702
Intangible assets (Note 8)					3,244,810	3,332,184	3,244,810	3,332,184
Other assets					20,431	22,556	20,431	22,556
	39,959,306	37,768,358	10,632,777	11,437,876	266,791,739	262,064,632	278,221,120	275,423,675

Bishop's University

Financial Position

Year ended April 30, 2024

	Operating Fund		Restricted Funds		Capital Fund		Total	
	2024	2023	2024	2023	2024	2023	2024	2023
	\$	\$	\$	\$	\$	\$	\$	\$
LIABILITIES								
Current								
Bank indebtedness (Note 9)					14,497,719	16,153,267	14,497,719	16,153,267
Trade payables and other operating liabilities (Note 10)	6,113,861	7,422,144	461,404	333,385	1,899,161	2,419,086	8,474,426	10,174,615
Unearned revenue	4,092,698	4,594,345					4,092,698	4,594,345
Current portion of long-term debt					5,921,155	5,637,667	5,921,155	5,637,667
	10,206,559	12,016,489	461,404	333,385	22,318,035	24,210,020	32,985,998	36,559,894
Long-term								
Interfund account, without interest	39,162,702	35,847,191						
Other deferred contributions (Note 12)			10,171,373	11,104,491			10,171,373	11,104,491
Deferred contributions related to tangible and intangible capital assets (Note 13)					119,431,237	118,037,915	119,431,237	118,037,915
Long-term debt (Note 11)					64,450,064	65,704,744	64,450,064	65,704,744
Defined benefit liability (Note 14)	27,803,050	29,239,809					27,803,050	29,239,809
	77,172,311	77,103,489	10,632,777	11,437,876	206,199,336	207,952,679	254,841,722	260,646,853
FUND BALANCES (NEGATIVE)								
Unrestricted deficit	(37,213,005)	(39,335,131)					(37,213,005)	(39,335,131)
Invested in capital assets					60,592,403	54,111,953	60,592,403	54,111,953
	(37,213,005)	(39,335,131)	-	-	60,592,403	54,111,953	23,379,398	14,776,822
	39,959,306	37,768,358	10,632,777	11,437,876	266,791,739	262,064,632	278,221,120	275,423,675

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, 2024

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 - 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.

Bishop's University
Notes to Financial Statements
 Year ended April 30, 2024

2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, whereas those from related party transactions are measured using the cost method (including any impairment in the case of financial assets).

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, 2024

2 - 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, 2024

2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Tangible capital assets and intangible assets

Capital assets acquired are recorded at cost. When the University receives contributions of capital assets or intangible 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 capital assets and intangible 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):

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

3 - INTEREST EXPENSES

	2024	2023
	\$	\$
Interest on long-term debt	2,247,647	1,889,817
Interest on short-term debt	371,938	362,240
	<u>2,619,585</u>	<u>2,252,057</u>

4 - INTERFUND TRANSFERS

During the year, the University restricted resources amounting to \$3,533,377 (\$3,275,592 for the year ended April 30, 2023) 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 \$5,509,215 (\$5,939,515 for the year ended April 30, 2023) as a reserve mainly for future assets acquisitions and renovations.

Bishop's University
Notes to Financial Statements
Year ended April 30, 2024

5 - GOVERNMENT ASSISTANCE

The 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 \$2,529,640 (\$1,214,125 as at April 30, 2023) 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.

6 - ACCOUNTS RECEIVABLE AND OTHER

	<u>2024</u>	<u>2023</u>
	\$	\$
Operating Fund		
Grants - MES	5,451,594	2,857,420
Student academic fees	1,361,565	2,127,053
Contribution from Bishop's University Foundation	1,947,351	483,067
Other	1,637,817	3,687,696
	<u>10,398,327</u>	<u>9,155,236</u>
Restricted Funds		
Other	164,378	4,015
Capital Fund		
Grants - MES	73,078,427	72,911,827
Contributions - Bishop's University Foundation	196,337	213,915
Other contributions	1,048,644	2,640,953
	<u>74,323,408</u>	<u>75,766,695</u>
Less: MES Grants cashable for more than one year	(60,611,681)	(61,436,208)
Less: Contributions from Bishop's University Foundation and other contributions cashable for more than one year	<u>(1,220,635)</u>	<u>(1,652,768)</u>
	<u>12,491,092</u>	<u>12,677,719</u>
	<u>23,053,797</u>	<u>21,836,970</u>

7 - TANGIBLE CAPITAL ASSETS

	2024			2023
	Cost	Accumulated amortization	Net carrying amount	Net carrying amount
	\$	\$	\$	\$
Land	381,444		381,444	381,444
Land improvements	4,579,307	2,649,603	1,929,704	1,765,783
Buildings	79,641,657	34,241,805	45,399,852	45,823,584
Building renovations	125,745,943	28,150,355	97,595,588	97,622,760
Building renovations in progress	7,132,149		7,132,149	5,548,428
Furnishings, equipment, rolling equipment, computer hardware	11,482,123	5,589,490	5,892,633	5,598,900
Library collection	1,941,138	1,061,273	879,865	855,803
	230,903,761	71,692,526	159,211,235	157,596,702

Trade payables and other operating liabilities include an amount of \$1,880,546 (\$2,398,763 for the year ended April 30, 2023) related to the acquisition of tangible capital assets.

Bishop's University
Notes to Financial Statements
Year ended April 30, 2024

8 - INTANGIBLE ASSETS

	2024		2023
	Cost	Accumulated amortization	Net carrying amount
	\$	\$	\$
Library collection	6,246,943	3,366,489	2,880,454
Software	1,340,111	975,755	364,356
	7,587,054	4,342,244	3,244,810
			2,717,487
			614,697
			3,332,184

9 - BANK INDEBTEDNESS

	2024	2023
	\$	\$
Capital Fund		
Banker's acceptances	10,436,000	11,276,000
Loans	4,061,719	4,877,267
	14,497,719	16,153,267

The University had an authorized line of credit facility of \$44,800,000 as of April 30, 2023, that remained unused. As at April 30, 2023, the maximum usable borrowings authorized by the MES for this credit facility was nil. This line of credit was cancelled during the year.

The University has an authorized line of credit facility of \$10,436,000 (\$11,276,000 as at April 30, 2023) by way of banker's acceptances as part of the financing of the student residences (Paterson, Abbott and Munster). \$2,051,000 bear interest at daily simple CORRA rate plus 0.595% (5.02%), \$3,120,000 bear interest at daily simple CORRA rate plus 1.135% (5.01%) (a) and \$5,265,000 bear interest at banker's acceptance rate plus the applicable stamping fees (6.05%) (b). As at April 30, 2023, these credit facilities bore interest at banker's acceptance rate plus the applicable stamping fees (5.25%, 5.80% and 5.68% respectively).

These facilities are related to swap interest rate swaps maturing in September 2028, July 2034 and August 2036 respectively. Under these agreements, payments or receipts for the difference between the fixed interest rates of 5.13%, 1.52% and 2.72% respectively (5.42%, 1.81% and 2.72% respectively as of April 30, 2023) and variable rates based on banker's acceptance rates plus 0.30%, 0.85% or 0.75% respective stamping fees are made.

In addition, the MES has authorized a maximum amount of \$25,439,000 for the temporary financing of the capital acquisitions funded by the MES to be concluded with Financement Québec (\$28,581,000 as at April 30, 2023), renewable each year by way of loans, bearing interest at average 3 months Quebec treasury bills plus 0.02% (4.95%; 4.51% at April 30, 2023), of which \$4,061,719 is used as at April 30, 2024 (\$4,877,267 as at April 30, 2023).

After the year-end, the University obtained the renewal of the line of credit facility, for an authorized amount of \$25,635,204, at the same interest rate and renewable in May 2025.

Bishop's University
Notes to Financial Statements
Year ended April 30, 2024

9 - BANK INDEBTEDNESS (Continued)

- (a) The rate on these credit facilities refers to an interbank rate, which is subject to the interest rate benchmark reform. Accordingly, the initial interest rate in the loan agreement (CDOR) has been replaced by an alternative reference rate (CORRA). The University elected to apply the option expedient which allows to recognize the modifications to a debt instrument resulting from the interest rate benchmark reform as if they were not material and not to treat them as an extinction of the initial debt instrument.
- (b) The rate on this credit facility refers to an interbank rate, which is subject to the interest rate benchmark reform. Accordingly, the interest rate in the loan agreement will be replaced by an alternative reference rate.

10 - TRADE PAYABLES AND OTHER OPERATING LIABILITIES

	<u>2024</u>	<u>2023</u>
	\$	\$
Operating Fund		
Accounts payable and accrued liabilities	5,898,586	7,128,453
Vacation and overtime accruals	215,275	293,691
	<u>6,113,861</u>	<u>7,422,144</u>
Restricted Funds		
Accounts payable and other accrued liabilities	461,404	333,385
Capital Fund		
Accounts payable and other accrued liabilities	1,899,161	2,419,086
	<u>8,474,426</u>	<u>10,174,615</u>

11 - LONG-TERM DEBT

	<u>2024</u>	<u>2023</u>
	\$	\$

Serviced by the University

To finance Kuehner Residence renovations:

Term loan, 3.44%, payable in monthly capital instalments of \$21,333, renewable in July 2028 (a)	4,928,000	5,184,000
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Serviced by the Gouvernement du Québec

MES capital grants are authorized under the University's five-year capital investment plan (Plan quinquennal d'investissement) 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:

Term loan, principal amount of \$1,020,000 (\$1,080,000 as at April 30, 2023), 2.70%, payable in annual capital instalments of \$60,000, renewable in June 2032	941,585	1,038,467
Term loan, principal amount of \$2,040,000 (\$2,160,000 as at April 30, 2023), 3.23%, payable in annual capital instalments of \$120,000, renewable in June 2034	1,863,651	2,082,716

Bishop's University
Notes to Financial Statements
Year ended April 30, 2024

11 - LONG-TERM DEBT (Continued)

	<u>2024</u>	<u>2023</u>
	\$	\$
Term loan, principal amount of \$7,272,878 (\$8,210,324 as at April 30, 2023), 2.13%, payable in annual capital instalments of \$937,446, renewable in September 2026	7,022,150	8,003,800
Term loan, 2.75%, payable in annual capital instalments of \$406,579, renewable in September 2027 (a)	6,325,005	6,731,584
Term loan, 2.99%, payable in annual capital instalments of \$237,385, maturing in March 2044 (a)	4,747,702	4,985,088
Term loan, 2.94%, payable in annual capital instalments of \$240,000, maturing in March 2038 (a)	3,360,000	3,600,000
Term loan, 2.44%, payable in annual capital instalments of \$398,404, maturing in October 2039 (a)	6,374,470	6,772,875
Term loan, 1.95%, payable in annual capital instalments of \$513,007, maturing in December 2040 (a)	8,721,111	9,234,117
Term loan, 2.59%, payable in annual capital instalments of \$734,145, maturing in October 2041 (a)	13,214,601	13,948,746
Term loan, 4.45%, payable in annual capital instalments of \$289,376, maturing in November 2042 (a)	5,498,150	5,787,526
Term loan, 3.87%, payable in annual capital instalments of \$25,149, maturing in November 2027 (a)	100,597	125,746
Term loan, 4.52%, payable in annual capital instalments of \$242,031, maturing in November 2043 (a)	4,840,628	

Serviced by other sources

To finance the construction of a sport centre subsidized by the MES:

Mortgage loan, secured by a movable hypothec on the universality of property, principal amount of \$846,459 (\$1,667,498 as at April 30, 2023), 3.10%, payable in annual blended instalments of \$872,681, maturing in September 2024	840,456	1,652,044
Mortgage loan, secured by a movable hypothec on the universality of property, principal amount of \$525,980 (\$779,105 as at April 30, 2023), 2.58%, payable in annual blended instalments of \$273,195, maturing in October 2025	514,645	764,753
Mortgage loan, secured by a movable hypothec on the universality of property, principal amount of \$264,563 (\$348,496 as at April 30, 2023), 2.49%, payable in annual blended instalments of \$92,621, maturing in December 2026	257,109	342,690

Bishop's University
Notes to Financial Statements
Year ended April 30, 2024

11 - LONG-TERM DEBT (Continued)

	<u>2024</u>	<u>2023</u>
	\$	\$
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)	1,124,692	1,386,769
Deferred financing costs	<u>(303,333)</u>	<u>(298,510)</u>
	70,371,219	71,342,411
Current portion	<u>5,921,155</u>	<u>5,637,667</u>
	<u>64,450,064</u>	<u>65,704,744</u>

(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.

The contractual principal repayments of long-term debt for the next years are \$5,921,155 in 2025, \$5,091,164 in 2026, \$9,295,420 in 2027, \$8,513,828 in 2028, \$6,738,349 in 2029 and \$35,644,920 in 2030 and subsequent years.

As at April 30, 2024, the total carrying amount of the guaranteed long-term debt is \$65,746,552 (\$66,456,921 as at April 30, 2023).

12 - OTHER DEFERRED CONTRIBUTIONS

Deferred contributions represent the unspent portion of funds received for restricted purposes other than capital purchases which are disclosed in Note 13.

	<u>2024</u>	<u>2023</u>
	\$	\$
Balance, beginning of year	11,104,491	11,763,406
Deferred contributions received	10,779,933	10,179,776
Amortization of deferred contributions	<u>(11,713,051)</u>	<u>(10,838,691)</u>
Balance, end of year	<u>10,171,373</u>	<u>11,104,491</u>

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

	<u>2024</u>	<u>2023</u>
	\$	\$
Academic, students services and bursaries	7,107,137	8,118,093
Research	2,502,017	2,036,329
Other	<u>562,219</u>	<u>950,069</u>
	<u>10,171,373</u>	<u>11,104,491</u>

13 - 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.

Bishop's University
Notes to Financial Statements
Year ended April 30, 2024

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

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:

	<u>2024</u>	<u>2023</u>
	\$	\$
Balance, beginning of year	118,037,915	116,117,181
Amortization of deferred contributions	(4,714,168)	(4,365,522)
Contributions granted	<u>6,107,490</u>	<u>6,286,256</u>
Balance, end of year	<u>119,431,237</u>	<u>118,037,915</u>

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>2024</u>	<u>2023</u>
	\$	\$
Deferred contributions, beginning of year	79,655,590	78,362,807
Amortization of deferred contributions	(3,402,311)	(3,646,870)
Deferred contributions granted	<u>5,285,691</u>	<u>4,939,653</u>
Deferred contributions, end of year	<u>81,538,970</u>	<u>79,655,590</u>

Bishop's University Foundation

	<u>2024</u>	<u>2023</u>
	\$	\$
Deferred contributions, beginning of year	11,002,492	10,050,105
Amortization of deferred contributions	(449,874)	(492,581)
Deferred contributions granted	<u>832,363</u>	<u>1,444,968</u>
Deferred contributions, end of year	<u>11,384,981</u>	<u>11,002,492</u>

Others

	<u>2024</u>	<u>2023</u>
	\$	\$
Deferred contributions, beginning of year	27,379,833	27,704,269
Amortization of deferred contributions	(861,983)	(226,071)
Deferred contributions granted	<u>(10,564)</u>	<u>(98,365)</u>
Deferred contributions, end of year	<u>26,507,286</u>	<u>27,379,833</u>

14 - EMPLOYEE FUTURE BENEFITS

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

Bishop's University
Notes to Financial Statements
Year ended April 30, 2024

14 - EMPLOYEE FUTURE BENEFITS (Continued)

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 at December 31, 2023 and has not yet been submitted. Therefore, the defined benefit obligations as at April 30, 2024 and 2023 were determined using the actuarial valuation as of June 30, 2021.

An amount of \$735,150 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:

	2024			
	Pension Plan for Full-Time Employees	SERP	Post-retirement program	Retirement program
	\$	\$	\$	Total \$
Defined benefit obligation	(174,495,650)	(1,679,000)	(18,458,700)	(318,400)
Fair value of plan assets	167,148,700			167,148,700
Funded status - deficit and defined benefit liability	<u>(7,346,950)</u>	<u>(1,679,000)</u>	<u>(18,458,700)</u>	<u>(318,400)</u>
				<u>(27,803,050)</u>

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

Accrued benefit obligations as of April 30

Discount rate	5.35%	5.20%	5.20%	5.20%
Rate of compensation increase	2.50%	2.50%	n/a	2.50%
Benefit costs for the year ended April 30				
Discount rate	5.35%	5.20%	5.20%	5.20%
Rate of compensation increase, excluding step increases	2.50%	2.50%	n/a	2.50%

Bishop's University
Notes to Financial Statements
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14 - EMPLOYEE FUTURE BENEFITS (Continued)

	2023			
	Pension Plan for Full-time employees	SERP	Post-retirement program	Retirement program
	\$	\$	\$	\$
Defined benefit obligations	(170,062,709)	(1,745,500)	(19,973,600)	(314,100)
Fair value of plan assets	162,856,100			
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>162,856,100</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%

15 - COMMITMENTS

The University has entered into long-term services agreements expiring at different dates up to April 30, 2036. Future minimum payments aggregate \$4,084,662 and the following payments over the next years:

	\$
2025	1,213,684
2026	943,941
2027	679,745
2028	420,836
2029	94,315
2030 and later	732,141

The University has undertaken several capital projects and, as a result, has commitments totalling \$11,536,147. Of these commitments, \$11,514,459 is expected to be met in 2025 and \$21,688 in 2026.

Bishop's University
Notes to Financial Statements
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16 - 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, 2024, 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.

17 - 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).

	2024			2023
	Operating Fund	Restricted Funds	Capital Fund	Total
	\$	\$	\$	\$
Contributions	2,023,034			2,023,034
Contributions - Amortization of other deferred contributions		4,442,243		4,442,243
Contributions - Amortization of deferred contributions related to capital assets			435,350	435,350
	2,023,034	4,442,243	435,350	6,900,627
				530,253
				6,398,693

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

The outstanding balance as at April 30, 2024, is \$2,143,688, of which \$1,947,351 is recorded as receivable contributions on the Operating Fund and \$196,337 on the Capital Fund on the statement of financial position (\$696,982 as at April 30, 2023, of which \$483,067 was recorded as a receivable contribution on the Operating Fund and \$213,915 was recorded as a receivable contribution on the Capital Fund).

An amount of \$3,404,325 was received as other deferred contributions (\$3,662,245 as at April 30, 2023) and an amount of \$832,363 (\$5,017,685 as at April 30, 2023) was received as deferred contributions related to tangible capital assets.

Bishop's University

Notes to Financial Statements

Year ended April 30, 2024

18 - 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.

19 - 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 \$10,436,000 notional and obliges it to pay interest at a fixed rate (see Note 9). As at April 30, 2024, the carrying amount of the interest rate swap recognized as an asset is \$1,180,843 (\$801,251 as at April 30, 2023).

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, 2024, the University is exposed to currency risk due to cash and accounts receivable denominated in U.S. dollars totalling \$1,682,259 (\$1,611,259 as at April 30, 2023).

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.