

Bishop's University
Financial Statements
April 30, 2025

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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, 2025, 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, 2025, 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 S.E. N.C. R. L.*¹

Sherbrooke
September 26, 2025

¹ CPA auditor, public accountancy permit no. A122686

Bishop's University Operations

Year ended April 30, 2025

	Operating Fund		Restricted Funds		Capital Fund		Total	
	2025	2024	2025	2024	2025	2024	2025	2024
	\$	\$	\$	\$	\$	\$	\$	\$
Revenues								
Grants								
Ministère de l'Enseignement supérieur	44,789,650	41,586,567	1,674,510	1,819,994	5,418,655	5,574,337	51,782,815	48,980,898
Research grants			3,418,499	3,568,314			3,418,499	3,568,314
Contributions - Bishop's University Foundation	1,131,229	2,023,034	3,800,132	4,442,243	388,666	435,350	5,320,027	6,900,627
Student academic fees	16,253,669	17,112,380					16,253,669	17,112,380
Other student fees	1,510,556	1,731,018					1,510,556	1,731,018
Other	2,586,720	2,771,910	1,325,402	1,812,187	1,037,660	1,400,612	4,949,782	5,984,709
Student services	3,786,192	3,405,764					3,786,192	3,405,764
Ancillary enterprises	13,040,109	12,680,323					13,040,109	12,680,323
	83,098,125	81,310,996	10,118,543	11,642,738	6,844,981	7,410,299	100,061,649	100,364,033

Bishop's University

Operations

Year ended April 30, 2025

	Operating Fund		Restricted Funds		Capital Fund		Total	
	2025	2024	2025	2024	2025	2024	2025	2024
	\$	\$	\$	\$	\$	\$	\$	\$
Expenses								
Teaching	28,678,866	29,681,182	2,514,369	3,214,644			31,193,235	32,895,826
Funded research			3,605,251	3,827,061			3,605,251	3,827,061
Academic support								
Library	1,884,793	1,877,339	8,481	8,500			1,893,274	1,885,839
Information technology and audio-visual	3,578,278	3,256,999					3,578,278	3,256,999
Administration support								
Administration	11,053,146	11,469,805	128,697	136,029			11,181,843	11,605,834
Land and buildings	6,960,854	6,845,745	56,318	63,905			7,017,172	6,909,650
Student services	7,508,742	6,278,735	779,003	1,681,757			8,287,745	7,960,492
Student scholarships and bursaries	126,100	135,079	2,911,433	2,609,558			3,037,533	2,744,637
Ancillary enterprises	10,745,804	10,852,879	114,991	101,284			10,860,795	10,954,163
Interest expenses (Note 3)					2,509,134	2,619,585	2,509,134	2,619,585
Amortization of tangible and intangible capital assets					8,304,181	7,690,084	8,304,181	7,690,084
Amortization of other assets					2,125	2,125	2,125	2,125
Expensed capital purchases and disposals					68,279	209,569	68,279	209,569
Retirement allowances and severance costs	662,602						662,602	
Employee future benefits' adjustment	43,600	42,900					43,600	42,900
Amortization of pension plan	1,184,742	1,177,115					1,184,742	1,177,115
Variation of the fair value of derivative financial instruments					715,041	(379,592)	715,041	(379,592)
Variation of the fair value of long-term debt					411,792	(169,330)	411,792	(169,330)
	72,427,527	71,617,778	10,118,543	11,642,738	12,010,552	9,972,441	94,556,622	93,232,957
Excess (deficiency) of revenues over expenses	10,670,598	9,693,218	-	-	(5,165,571)	(2,562,142)	5,505,027	7,131,076

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

Bishop's University

Changes in Fund Balances

Year ended April 30, 2025

	Operating Fund		Restricted Funds		Capital Fund		Total	
	2025	2024	2025	2024	2025	2024	2025	2024
	\$	\$	\$	\$	\$	\$	\$	\$
Fund balances (negative), beginning of year	(37,213,005)	(39,335,131)			60,592,403	54,111,953	23,379,398	14,776,822
Excess (deficiency) of revenues over expenses	10,670,598	9,693,218			(5,165,571)	(2,562,142)	5,505,027	7,131,076
Employee future benefits - remeasurement and other items	3,056,000	1,471,500					3,056,000	1,471,500
Interfund transfers (Note 4)	(10,679,037)	(9,042,592)			10,679,037	9,042,592		
Fund balances (negative), end of year	(34,165,444)	(37,213,005)	-	-	66,105,869	60,592,403	31,940,425	23,379,398

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

Bishop's University

Cash Flows

Year ended April 30, 2025

	2025 \$	2024 \$
OPERATING ACTIVITIES		
Excess of revenues over expenses	5,505,027	7,131,076
Non-cash items		
Amortization of tangible and intangible capital assets	8,304,181	7,690,084
Amortization of other assets	2,125	2,125
Amortization of deferred financing costs	23,458	22,768
Amortization of deferred contributions related to tangible and intangible capital assets	(4,790,128)	(4,714,168)
Variation of the fair value of derivative financial instruments	715,041	(379,592)
Variation of the fair value of long-term debt	411,792	(169,330)
Employee future benefits (Note 14)	50,862	34,741
	<u>10,222,358</u>	<u>9,617,704</u>
Net change in other assets and liabilities		
Accounts receivable	5,061,687	39,833
Prepaid expenses	354,390	(333,977)
Accounts payable and accrued liabilities	82,270	(1,181,972)
Unearned revenue	(414,313)	(501,647)
Deferred contributions	(8,906)	(933,118)
	<u>5,075,128</u>	<u>(2,910,881)</u>
Cash flows from operating activities	<u>15,297,486</u>	<u>6,706,823</u>
INVESTING ACTIVITIES		
Term deposits	(3,500,000)	3,500,000
Investments		9,900
Acquisitions of tangible and intangible capital assets	(18,256,847)	(9,735,460)
Cash flows from investing activities	<u>(21,756,847)</u>	<u>(6,225,560)</u>
FINANCING ACTIVITIES		
Net change in bank indebtedness	3,484,189	(1,655,548)
Deferred financing costs		(27,591)
Long-term debts		4,840,628
Repayment of long-term debts	(5,921,154)	(5,637,667)
Deferred contributions related to tangible and intangible capital assets	14,601,395	6,107,490
Cash flows from financing activities	<u>12,164,430</u>	<u>3,627,312</u>
Net increase in cash	<u>5,705,069</u>	<u>4,108,575</u>
Cash, beginning of year	<u>12,675,818</u>	<u>8,567,243</u>
Cash, end of year	<u>18,380,887</u>	<u>12,675,818</u>

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

Bishop's University

Financial Position

Year ended April 30, 2025

	Operating Fund		Restricted Funds		Capital Fund		Total	
	2025	2024	2025	2024	2025	2024	2025	2024
	\$	\$	\$	\$	\$	\$	\$	\$
ASSETS								
Current								
Cash	18,380,887	12,675,818					18,380,887	12,675,818
Term deposits	19,000,000	15,500,000					19,000,000	15,500,000
Accounts receivable and other (Note 6)	8,494,807	10,398,327	72,307	164,378	14,707,183	12,491,092	23,274,297	23,053,797
Prepaid expenses	1,126,879	1,381,161	16,601	116,709			1,143,480	1,497,870
Derivative financial instruments					465,802	1,180,843	465,802	1,180,843
	47,002,573	39,955,306	88,908	281,087	15,172,985	13,671,935	62,264,466	53,908,328
Long-term								
Interfund account, without interest			10,528,083	10,351,690	35,971,662	28,811,012		
Accounts receivable and other (Note 6)					56,550,129	61,832,316	56,550,129	61,832,316
Investments	4,000	4,000					4,000	4,000
Tangible capital assets (Note 7)					169,269,188	159,211,235	169,269,188	159,211,235
Intangible assets (Note 8)					3,317,219	3,244,810	3,317,219	3,244,810
Other assets					18,306	20,431	18,306	20,431
	47,006,573	39,959,306	10,616,991	10,632,777	280,299,489	266,791,739	291,423,308	278,221,120

Bishop's University

Financial Position

Year ended April 30, 2025

	Operating Fund		Restricted Funds		Capital Fund		Total	
	2025	2024	2025	2024	2025	2024	2025	2024
	\$	\$	\$	\$	\$	\$	\$	\$
LIABILITIES								
Current								
Bank indebtedness (Note 9)					17,981,908	14,497,719	17,981,908	14,497,719
Trade payables and other operating liabilities (Note 10)	6,195,975	6,113,861	454,524	461,404	2,083,893	1,899,161	8,734,392	8,474,426
Unearned revenue	3,678,385	4,092,698					3,678,385	4,092,698
Current portion of long-term debt					5,091,164	5,921,155	5,091,164	5,921,155
	9,874,360	10,206,559	454,524	461,404	25,156,965	22,318,035	35,485,849	32,985,998
Long-term								
Interfund account, without interest	46,499,745	39,162,702						
Other deferred contributions (Note 12)			10,162,467	10,171,373			10,162,467	10,171,373
Deferred contributions related to tangible and intangible capital assets (Note 13)					129,242,504	119,431,237	129,242,504	119,431,237
Long-term debt (Note 11)					59,794,151	64,450,064	59,794,151	64,450,064
Defined benefit liability (Note 14)	24,797,912	27,803,050					24,797,912	27,803,050
	81,172,017	77,172,311	10,616,991	10,632,777	214,193,620	206,199,336	259,482,883	254,841,722
FUND BALANCES (NEGATIVE)								
Unrestricted deficit	(34,165,444)	(37,213,005)					(34,165,444)	(37,213,005)
Invested in capital assets					66,105,869	60,592,403	66,105,869	60,592,403
	(34,165,444)	(37,213,005)	-	-	66,105,869	60,592,403	31,940,425	23,379,398
	47,006,573	39,959,306	10,616,991	10,632,777	280,299,489	266,791,739	291,423,308	278,221,120

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, 2025

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, 2025

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, 2025

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, 2025

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):

	<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 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

	<u>2025</u>	<u>2024</u>
	\$	\$
Interest on long-term debt	2,148,124	2,247,647
Interest on short-term debt	361,010	371,938
	<u>2,509,134</u>	<u>2,619,585</u>

4 - INTERFUND TRANSFERS

During the year, the University restricted resources amounting to \$4,221,833 (\$3,533,377 for the year ended April 30, 2024) 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 \$6,457,204 (\$5,509,215 for the year ended April 30, 2024) as a reserve mainly for future assets acquisitions and renovations.

Bishop's University
Notes to Financial Statements
Year ended April 30, 2025

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 \$1,383,942 (\$2,529,640 as at April 30, 2024) 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

	2025	2024
	\$	\$
Operating Fund		
Grants - MES	4,471,834	5,451,594
Student academic fees	714,286	1,361,565
Contribution from Bishop's University Foundation	1,919,040	1,947,351
Other	1,389,647	1,637,817
	<u>8,494,807</u>	<u>10,398,327</u>
Restricted Funds		
Other	<u>72,307</u>	<u>164,378</u>
Capital Fund		
Grants - MES	70,398,700	73,078,427
Contributions - Bishop's University Foundation		196,337
Other contributions	858,612	1,048,644
	<u>71,257,312</u>	<u>74,323,408</u>
Less: MES Grants cashable for more than one year	(55,776,517)	(60,611,681)
Less: Contributions from Bishop's University Foundation and other contributions cashable for more than one year	<u>(773,612)</u>	<u>(1,220,635)</u>
	<u>14,707,183</u>	<u>12,491,092</u>
	<u>23,274,297</u>	<u>23,053,797</u>

7 - TANGIBLE CAPITAL ASSETS

	2025			2024
	Cost	Accumulated amortization	Net carrying amount	Net carrying amount
	\$	\$	\$	\$
Land	381,444		381,444	381,444
Land improvements	4,348,952	2,362,238	1,986,714	1,929,704
Buildings	80,348,757	35,419,909	44,928,848	45,399,852
Building renovations	140,332,174	32,465,473	107,866,701	97,595,588
Building renovations in progress	6,694,831		6,694,831	7,132,149
Furnishings, equipment, rolling equipment, computer hardware	12,143,786	5,593,509	6,550,277	5,892,633
Library collection	1,920,697	1,060,324	860,373	879,865
	246,170,641	76,901,453	169,269,188	159,211,235

Trade payables and other operating liabilities include an amount of \$2,058,242 (\$1,880,546 for the year ended April 30, 2024) related to the acquisition of tangible capital assets.

Bishop's University

Notes to Financial Statements

Year ended April 30, 2025

8 - INTANGIBLE ASSETS

			2025	2024
	Cost	Accumulated amortization	Net carrying amount	Net carrying amount
	\$	\$	\$	\$
Library collection	6,464,331	3,387,589	3,076,742	2,880,454
Software	1,123,458	882,981	240,477	364,356
	7,587,789	4,270,570	3,317,219	3,244,810

9 - BANK INDEBTEDNESS

	2025	2024
	\$	\$
Capital Fund		
Banker's acceptances	9,576,000	10,436,000
Loans	8,405,908	4,061,719
	17,981,908	14,497,719

The University has an authorized line of credit facility of \$9,576,000 (\$10,436,000 as at April 30, 2024) by way of banker's acceptances as part of the financing of the student residences (Paterson, Abbott and Munster). \$1,631,000 bear interest at daily simple CORRA rate plus 0.595% (3.36%; 5.02% as at April 30, 2024), \$2,940,000 bear interest at daily simple CORRA rate plus 1.135% (3.90%; 5.01% as at April 30, 2024) and \$5,005,000 bear interest at banker's acceptance rate plus the applicable stamping fees (3.8%; 6.05% as at April 30, 2024).

These facilities are related to 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 (5.13%, 1.52% and 2.72% respectively as of April 30, 2024) and variable rates are made.

In addition, the MES has authorized a maximum amount of \$14,433,253 for the temporary financing of the capital acquisitions funded by the MES to be concluded with Financement Québec (\$25,439,000 as at April 30, 2024), renewable each year by way of loans, bearing interest at average 3 months Quebec treasury bills plus 0.02% (2.72%; 4.95% at April 30, 2024), of which \$8,405,908 is used as at April 30, 2025 (\$4,061,719 as at April 30, 2024), renewable in March 2026.

10 - TRADE PAYABLES AND OTHER OPERATING LIABILITIES

	2025	2024
	\$	\$
Operating Fund		
Accounts payable and accrued liabilities	5,995,695	5,898,586
Vacation and overtime accruals	200,280	215,275
	6,195,975	6,113,861
Restricted Funds		
Accounts payable and other accrued liabilities	454,524	461,404
Capital Fund		
Accounts payable and other accrued liabilities	2,083,893	1,899,161
	8,734,392	8,474,426

Bishop's University
Notes to Financial Statements
Year ended April 30, 2025

11 - LONG-TERM DEBT

	<u>2025</u>	<u>2024</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)	4,672,000	4,928,000
Serviced by the Gouvernement du Québec		
<i>MES capital grants are authorized under the University's five-year capital investment plan (Plan quinquennal d'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:</i>		
Term loan, principal amount of \$960,000 (\$1,020,000 as at April 30, 2024), 2.70%, payable in annual capital instalments of \$60,000, renewable in June 2032	935,074	941,585
Term loan, principal amount of \$1,920,000 (\$2,040,000 as at April 30, 2024), 3.23%, payable in annual capital instalments of \$120,000, renewable in June 2034	1,832,565	1,863,651
Term loan, principal amount of \$6,335,432 (\$7,272,878 as at April 30, 2024), 2.13%, payable in annual capital instalments of \$937,446, renewable in September 2026	6,329,583	7,022,150
Term loan, 2.75%, payable in annual capital instalments of \$406,579, renewable in September 2027 (a)	5,918,426	6,325,005
Term loan, 2.99%, payable in annual capital instalments of \$237,385, maturing in March 2044 (a)	4,510,317	4,747,702
Term loan, 2.94%, payable in annual capital instalments of \$240,000, maturing in March 2038 (a)	3,120,000	3,360,000
Term loan, 2.44%, payable in annual capital instalments of \$398,404, maturing in October 2039 (a)	5,976,066	6,374,470
Term loan, 1.95%, payable in annual capital instalments of \$513,007, maturing in December 2040 (a)	8,208,104	8,721,111
Term loan, 2.59%, payable in annual capital instalments of \$734,145, maturing in October 2041 (a)	12,480,457	13,214,601
Term loan, 4.45%, payable in annual capital instalments of \$289,376, maturing in November 2042 (a)	5,208,774	5,498,150
Term loan, 3.87%, payable in annual capital instalments of \$25,149, maturing in November 2027 (a)	75,448	100,597
Term loan, 4.52%, payable in annual capital instalments of \$242,031, maturing in November 2043 (a)	4,598,597	4,840,628

Bishop's University

Notes to Financial Statements

Year ended April 30, 2025

11 - LONG-TERM DEBT (Continued)

	2025	2024
	\$	\$
Serviced by other sources		
<i>To finance the construction of a sport centre subsidized by the MES:</i>		
Mortgage loan, secured by a movable hypothec on the universality of property, principal amount of \$266,334 (\$525,980 as at April 30, 2024), 2.58%, payable in annual blended instalments of \$273,195, maturing in October 2025	266,146	514,645
Mortgage loan, secured by a movable hypothec on the universality of property, principal amount of \$178,538 (\$264,563 as at April 30, 2024), 2.49%, payable in annual blended instalments of \$92,621, maturing in December 2026	178,444	257,109
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)	855,189	1,124,692
Mortgage loan, 3.10%		840,456
Deferred financing costs	(279,875)	(303,333)
	64,885,315	70,371,219
Current portion	5,091,164	5,921,155
	59,794,151	64,450,064

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

The contractual principal repayments of long-term debt for the next years are \$5,091,164 in 2026, \$4,834,879 in 2027, \$8,275,680 in 2028, \$7,789,037 in 2029, \$6,482,349 in 2030 and \$32,810,573 in 2031 and subsequent years.

As at April 30, 2025, the total carrying amount of the guaranteed long-term debt is \$60,493,190 (\$65,746,552 as at April 30, 2024).

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.

	2025	2024
	\$	\$
Balance, beginning of year	10,171,373	11,104,491
Deferred contributions received	10,195,586	10,779,933
Amortization of deferred contributions	(10,204,492)	(11,713,051)
Balance, end of year	10,162,467	10,171,373

Bishop's University
Notes to Financial Statements
Year ended April 30, 2025

12 - OTHER DEFERRED CONTRIBUTIONS (Continued)

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

	2025	2024
	\$	\$
Academic, students services and bursaries	6,940,847	7,107,137
Research	2,274,186	2,502,017
Other	947,434	562,219
	<u>10,162,467</u>	<u>10,171,373</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.

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:

	2025	2024
	\$	\$
Balance, beginning of year	119,431,237	118,037,915
Amortization of deferred contributions	(4,790,128)	(4,714,168)
Contributions granted	14,601,395	6,107,490
Balance, end of year	<u>129,242,504</u>	<u>119,431,237</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

	2025	2024
	\$	\$
Deferred contributions, beginning of year	81,538,970	79,655,590
Amortization of deferred contributions	(3,525,041)	(3,402,311)
Deferred contributions granted	14,146,472	5,285,691
Deferred contributions, end of year	<u>92,160,401</u>	<u>81,538,970</u>

Bishop's University Foundation

	2025	2024
	\$	\$
Deferred contributions, beginning of year	11,384,981	11,002,492
Amortization of deferred contributions	(388,146)	(449,874)
Deferred contributions granted	369,993	832,363
Deferred contributions, end of year	<u>11,366,828</u>	<u>11,384,981</u>

Bishop's University

Notes to Financial Statements

Year ended April 30, 2025

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

Others

	2025	2024
	\$	\$
Deferred contributions, beginning of year	26,507,286	27,379,833
Amortization of deferred contributions	(876,941)	(861,983)
Deferred contributions granted	84,930	(10,564)
Deferred contributions, end of year	<u>25,715,275</u>	<u>26,507,286</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").

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 defined benefit obligations as at April 30, 2025 were determined using the actuarial valuation as of December 31, 2023. The defined benefit obligations as at April 30, 2024 were determined using the actuarial valuation as of June 30, 2021.

An amount of \$742,412 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:

	2025				
	Pension Plan for Full-Time Employees	SERP	Post-retirement program	Retirement program	Total
	\$	\$	\$	\$	\$
Defined benefit obligation	(173,240,412)	(2,182,900)	(20,700,100)	(331,700)	(196,455,112)
Fair value of plan assets	181,301,000				181,301,000
Funded status - surplus (deficit)	8,060,588	(2,182,900)	(20,700,100)	(331,700)	(15,154,112)
Valuation allowance (a)	9,643,800				9,643,800
Defined liability (a)	<u>(1,583,212)</u>	<u>(2,182,900)</u>	<u>(20,700,100)</u>	<u>(331,700)</u>	<u>(24,797,912)</u>

Bishop's University
Notes to Financial Statements
Year ended April 30, 2025

14 - EMPLOYEE FUTURE BENEFITS (Continued)

- (a) Since the Registered Pension Plan's funding policy related to the past component of the pension plan states that under no circumstance can the University take contribution holidays, the expected future benefit that the University can expect to realize from the plan assets is nil. Therefore, a valuation allowance of \$9,643,800 representing the surplus of the past component of the pension plan was applied against the surplus as at April 30, 2025 and is included in the remeasurement and other items of the Registered Pension Plan. The deficit of current component of the pension plan is \$840,800 as at April 30, 2025. The total defined liability of \$1,583,212 related to the Pension Plan for Full-Time Employees includes the amount of \$742,412 for the residual rights allocated to the Teaching, Academic support, Administration support and Ancillary enterprises expense accounts on the statement of operations as at April 30, 2025.

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

Accrued benefit
obligations as of
April 30

Discount rate	5.75%	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	5.75%	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, 2025

14 - EMPLOYEE FUTURE BENEFITS (Continued)

	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)	(194,951,750)
Fair value of plan assets	<u>167,148,700</u>				<u>167,148,700</u>
Funded status - deficit and defined benefit liability (b)	<u>(7,346,950)</u>	<u>(1,679,000)</u>	<u>(18,458,700)</u>	<u>(318,400)</u>	<u>(27,803,050)</u>

- (b) The total defined liability of \$7,346,950 related to the Pension Plan for Full-Time Employees includes an amount of \$735,150 for the residual rights allocated to the Teaching, Academic support, Administration support and Ancillary enterprises expense accounts on the statement of operations as at April 30, 2024.

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
Year ended April 30, 2025

15 - COMMITMENTS

The University has entered into long-term services agreements expiring at different dates up to May 31, 2036 for an amount of \$2,153,679, of which \$249,055 has already been paid. Future minimum payments over the next years are as follows:

	\$
2026	655,681
2027	315,610
2028	117,682
2029	83,510
2030	81,349
2031 and subsequent years	650,792

The University has undertaken several capital projects and, as a result, has commitments totalling \$15,811,756. Of these commitments, \$12,399,331 is expected to be met in 2026 and \$3,412,425 in 2027.

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, 2025, 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 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).

	2025			2024
	Operating Fund	Restricted Funds	Capital Fund	Total
	\$	\$	\$	\$
Contributions	1,131,229			2,023,034
Contributions - Amortization of other deferred contributions		3,800,132		4,442,243
Contributions - Amortization of deferred contributions related to capital assets			388,666	435,350
	1,131,229	3,800,132	388,666	5,320,027
				6,900,627

Bishop's University

Notes to Financial Statements

Year ended April 30, 2025

17 - RELATED ENTITY - BISHOP'S UNIVERSITY FOUNDATION (Continued)

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

The outstanding balance as at April 30, 2025 is \$1,919,040, recorded as receivable contributions on the Operating Fund (\$2,143,688 as at April 30, 2024, of which \$1,947,351 was recorded as a receivable contribution on the Operating Fund and \$196,337 was recorded as a receivable contribution on the Capital Fund) on the statement of financial position.

An amount of \$4,771,043 was received as other deferred contributions (\$3,404,325 as at April 30, 2024) and an amount of \$369,993 (\$832,363 as at April 30, 2024) was received as deferred contributions related to tangible capital assets.

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 interest rate swaps agreements that entitle it to receive interest at variable rates on a \$9,576,000 notional and oblige it to pay interest at a fixed rate (see Note 9). As at April 30, 2025, the carrying amount of the interest rate swaps recognized as assets is \$465,802 (\$1,180,843 as at April 30, 2024).

Bishop's University
Notes to Financial Statements
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19 - FINANCIAL INSTRUMENTS (Continued)

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, 2025, the University is exposed to currency risk due to cash and accounts receivable denominated in U.S. dollars totalling \$2,023,353 (\$1,682,259 as at April 30, 2024).

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.