

Bishop's University
Financial Statements
April 30, 2022

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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 balance sheet as at April 30, 2022, 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, 2022, 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.

Other matter – Comparative information audited by a predecessor auditor

The financial statements of the University for the year ended April 30, 2021 were audited by another auditor who expressed an unmodified opinion on those statements

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 Chobot Grant Thornton LLP

Sherbrooke
October 7, 2022

[†] CPA auditor, public accountancy permit no. 125487

Bishop's University Operations

Year ended April 30, 2022

	Operating Fund		Restricted Funds		Capital Fund		Total	
	2022	2021	2022	2021	2022	2021	2022	2021
	\$	\$	\$	\$	\$	\$	\$	\$
Revenues								
Grants								
Ministère de l'Enseignement supérieur	32,931,030	30,611,849	1,957,970	1,735,877	4,370,981	3,679,256	39,259,981	36,026,982
Research grants			2,415,265	1,567,910			2,415,265	1,567,910
Contributions - Bishop's University								
Foundation	1,888,275	357,933	3,643,638	3,644,185	646,119	576,500	5,778,032	4,578,618
Student academic fees	18,224,271	18,341,068					18,224,271	18,341,068
Other student fees	1,172,723	1,113,604					1,172,723	1,113,604
Other	772,917	667,748	1,253,588	605,845	1,035,921	926,015	3,062,426	2,199,608
Student services	3,003,837	3,144,678					3,003,837	3,144,678
Ancillary enterprises	8,804,518	4,809,692					8,804,518	4,809,692
	<u>66,497,571</u>	<u>59,046,572</u>	<u>9,170,461</u>	<u>7,553,817</u>	<u>6,053,021</u>	<u>5,181,771</u>	<u>81,721,053</u>	<u>71,782,160</u>
Expenses								
Teaching	23,705,036	22,289,448	2,776,488	2,316,563	26,481,524	24,606,011	2,566,719	1,589,790
Funded research			2,566,719	1,589,790			1,957,525	1,638,822
Academic support:							2,489,624	1,880,754
Library	1,953,682	1,626,517	3,843	12,305				
Information technology and audio-visual	2,489,624	1,880,754						
Administration support								
Administration	8,668,847	7,558,289	157,040	278,339			8,815,887	7,836,628
Land and buildings	5,468,694	5,442,496	10,489	6,152			5,479,183	5,448,648
Student services	4,940,021	3,299,311	1,031,441	717,219			5,971,462	4,016,530
Student scholarships and bursaries	81,177	429,132	2,534,090	2,577,169			2,616,267	3,006,301
Ancillary enterprises	7,591,628	6,219,995	90,351	56,280			7,681,979	6,276,275
Interest expenses (Note 4)	(103,796)	(108,057)			2,174,503	2,122,519	2,070,707	2,014,462
Amortization of tangible capital assets					6,664,905	6,052,575	6,684,905	6,052,575
Amortization of other assets					2,124	2,125	2,124	2,125
Expensed capital purchases and disposals	47,626	71,527			475,063	234,896	475,063	234,896
Retirement allowances and severance costs	(87,600)	189,200					47,626	71,527
Employee future benefits' adjustment	1,182,643	1,190,277			(87,600)	(87,600)	(87,600)	189,200
Amortization of pension plan	81,000	135,548			1,182,643	1,190,277	1,182,643	1,190,277
Variation of the fair value of investments					81,000	81,000	81,000	135,548
Variation of the fair value of derivative financial instruments								
Variation of the fair value of long-term debt					(1,169,174)	(1,115,079)	(1,169,174)	(1,115,079)
					(1,114,517)	(631,215)	(1,114,517)	(631,215)
	<u>66,008,582</u>	<u>50,224,437</u>	<u>9,170,461</u>	<u>7,553,817</u>	<u>6,932,904</u>	<u>6,865,821</u>	<u>72,111,947</u>	<u>64,444,075</u>
Excess (deficiency) of revenues over expenses	<u>10,488,989</u>	<u>8,822,135</u>	<u>-</u>	<u>(879,883)</u>	<u>(879,883)</u>	<u>(1,484,050)</u>	<u>9,609,106</u>	<u>7,338,085</u>

The accompanying notes are an integral part of the financial statements

Bishop's University
Changes in Fund Balances
 Year ended April 30, 2022

	Operating Fund		Restricted Funds		Capital Fund		Total	
	2022	2021	2022	2021	2022	2021	2022	2021
Fund balances (negative), beginning of year	\$ (33,921,989)	\$ (40,292,841)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Excess (deficiency) of revenues over expenses	10,488,989	8,822,135	-	-	39,554,762	32,364,929	5,632,773	(7,927,912)
Employee future benefits - remeasurement and other items	(10,471,700)	6,222,600	-	-	(879,883)	(1,484,050)	9,609,106	7,338,085
Interfund transfers (Note 5)	(9,794,301)	(8,673,883)	-	-	9,794,301	8,673,883	(10,471,700)	6,222,600
Fund balances (negative), end of year	<u>(43,699,001)</u>	<u>(33,921,989)</u>	<u>-</u>	<u>-</u>	<u>48,489,180</u>	<u>39,554,762</u>	<u>4,770,179</u>	<u>5,632,773</u>

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

Bishop's University

Cash Flows

Year ended April 30, 2022

	<u>2022</u>	<u>2021</u>
	\$	\$
OPERATING ACTIVITIES		
Excess of revenues over expenses	9,609,106	7,338,085
Non-cash items		
Amortization of tangible capital assets	6,564,905	6,052,575
Amortization of other assets	2,124	2,125
Amortization of deferred contributions related to tangible capital assets	(4,172,618)	(3,648,147)
Amortization of deferred financing costs	18,282	14,484
Loss on disposal of tangible capital assets	4,853	
Variation of the fair value of investments	81,000	135,548
Variation of the fair value of derivative financial instruments	(1,169,174)	(1,115,079)
Variation of the fair value of long-term debt	(1,114,517)	(631,215)
	<u>9,823,961</u>	<u>8,148,376</u>
Employee future benefits (Note 13)	(594,277)	1,005,259
Net change in other assets and liabilities		
Accounts receivable	(2,184,489)	45,986
Prepaid expenses	(357,086)	51,987
Due from Bishop's University Foundation	6,293,873	(1,882,033)
Accounts payable and accrued liabilities	948,335	(77,239)
Unearned revenue	1,011,730	(892,871)
Deferred contributions	1,910,497	3,843,764
Cash flows from operating activities	<u>16,852,544</u>	<u>10,243,229</u>
INVESTING ACTIVITIES		
Term deposits	(14,000,000)	
Investments	(52,796)	(4,965)
Disposal of investments		50,372
Acquisition of tangible capital assets	(19,341,505)	(19,095,604)
Disposal of tangible capital assets	51,000	
Cash flows from investing activities	<u>(33,343,301)</u>	<u>(19,050,197)</u>

Bishop's University

Cash Flows

Year ended April 30, 2022

	<u>2022</u>	<u>2021</u>
	\$	\$
FINANCING ACTIVITIES		
Net change in bank indebtedness	5,122,982	(2,782,000)
Deferred financing costs	(83,693)	(58,482)
Long-term debts	14,682,890	10,260,130
Repayment of long-term debts	(4,801,887)	(4,008,241)
Deferred contributions related to tangible capital assets	4,744,908	5,398,200
Cash flows from financing activities	<u>19,665,200</u>	<u>8,809,607</u>
Net increase in cash	3,174,443	2,639
Cash, beginning of year	<u>3,822,878</u>	<u>3,820,239</u>
Cash, end of year	<u><u>6,997,321</u></u>	<u><u>3,822,878</u></u>

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

Bishop's University
Financial Position
 Year ended April 30, 2022

	Operating Fund		Restricted Funds		Capital Fund		Total	
	2022	2021	2022	2021	2022	2021	2022	2021
	\$	\$	\$	\$	\$	\$	\$	\$
ASSETS								
Current								
Cash	6,997,321	3,822,878					6,997,321	3,822,878
Term deposits	14,000,000						14,000,000	
Accounts receivable	4,340,431	2,928,115	7,020	4,724			4,347,451	2,932,839
Accounts receivable - Ministère de l'Enseignement supérieur	3,862,112	3,051,821				40,414	3,862,112	3,092,235
Due from Bishop's University Foundation	1,427,747	7,721,620					1,427,747	7,721,620
Prepaid expenses	1,001,830	665,081	102,238	75,658			1,104,068	746,982
Derivative financial instruments					762,912		762,912	
	31,629,441	18,189,515	109,268	80,382	762,912	46,657	32,501,611	18,316,554
Long-term								
Interfund account, without interest			12,006,061	9,954,018	20,272,487	10,739,468		
Investments	13,900	42,104					13,900	42,104
Tangible capital assets (Note 7)					154,319,113	140,958,810	154,319,113	140,958,810
Other assets					24,681	26,805	24,681	26,805
	31,643,341	18,231,619	12,115,319	10,034,400	175,379,193	151,771,740	186,859,305	159,344,273

Bishop's University
Financial Position
 Year ended April 30, 2022

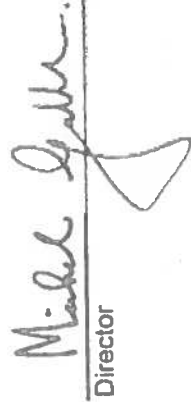
	Operating Fund		Restricted Funds		Capital Fund		Total	
	2022	2021	2022	2021	2022	2021	2022	2021
	\$	\$	\$	\$	\$	\$	\$	\$
LIABILITIES								
Current								
Bank indebtedness (Note 8)					18,016,982	12,894,000	18,016,982	12,894,000
Trade payables and other operating liabilities (Note 9)	4,906,417	4,191,898	351,913	181,491	2,994,686	2,291,736	8,253,016	6,665,125
Derivative financial instruments	4,821,862	3,810,132			5,282,858	406,262	4,821,862	406,262
Unearned revenue								
Current portion of long-term debt	9,728,279	8,002,030	351,913	181,491	26,294,526	4,801,887	5,282,858	4,801,887
Long-term								
Interfund account, without interest	32,278,548	20,693,486					11,763,406	9,852,909
Other deferred contributions (Note 10)			11,763,406	9,852,909			35,210,866	34,638,576
Deferred contributions related to tangible capital assets (Note 11)							65,404,621	57,184,517
Long-term debt (Note 12)	33,335,515	23,458,092					33,335,515	23,458,092
Defined benefit liability (Note 13)	75,342,342	52,153,608	12,115,319	10,034,400	126,910,013	112,216,978	182,089,126	153,711,500
FUND BALANCES (NEGATIVE)								
Unrestricted deficit	(43,699,001)	(33,921,989)			48,469,180	39,554,762	(43,699,001)	(33,921,989)
Invested in capital assets	(43,699,001)	(33,921,989)			48,469,180	39,554,762	48,469,180	39,554,762
	31,643,341	18,231,519	12,115,319	10,034,400	175,379,193	151,771,740	4,770,179	5,632,773
							186,859,305	159,344,273

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

Approved by the Board of Governors



Director



Director

Bishop's University

Notes to Financial Statements

April 30, 2022

1 - GOVERNING STATUTES AND PURPOSE OF THE ORGANIZATION

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

2 - ACCOUNTING CHANGE

On May 1, 2021, the University applied the changes to Section 3856, Financial Instruments, of Part II of the *CPA Canada Handbook – Accounting* and Section 4460, Disclosure of Related Party Transactions by Not-for-Profit Organizations, of Part III of the *CPA Canada Handbook – Accounting*. The purpose of these changes is to provide additional recommendations on the accounting treatment of financial instruments originated or exchanged in a related party transaction.

The changes require that financial assets originated or acquired and financial liabilities issued or assumed in a related party transaction be initially measured at cost, with the exception of certain specific financial instruments that are initially measured at fair value. The cost of a financial asset originated or acquired or of a financial liability issued or assumed in these circumstances depends on whether the instrument has repayment terms. When the financial instrument has repayment terms, its cost is determined using the undiscounted cash flows, excluding interest and dividend payments, and less any impairment losses previously recognized by the transferor. The cost of a financial instrument that does not have repayment terms is determined using the consideration transferred or received in the transaction.

The changes generally require that financial assets and liabilities from related party transactions be subsequently measured using the cost method, except for investments in equity instruments that are quoted in an active market which are measured at fair value.

The changes provide additional guidance on how to measure the impairment loss of a financial asset originated or acquired in a related party transaction subsequently measured using the cost method.

The changes also require that an organization recognizes the effect of the forgiveness of a financial asset originated or created in a related party transaction or the extinguishment of a financial liability issued or assumed in a related party transaction in operations or in accordance with the accounting method used to recognize contributions.

In accordance with the transitional provisions, these changes, that are applicable for fiscal years beginning on or after January 1, 2021, have been applied retrospectively taking certain relief measures into account.

Application of the changes did not have any impact on the financial statements for the year ended April 30, 2021.

Bishop's University
Notes to Financial Statements
April 30, 2022

3 - SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

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

Fund accounting

Operating Fund

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

Restricted Funds

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

Capital Fund

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

Accounting estimates

The preparation of financial statements require 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
April 30, 2022

3 - 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. With respect to the financial assets and liabilities from related party transactions, the University measures them using the cost method (including any impairment in the case of financial assets).

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 expense.

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.

Bishop's University
Notes to Financial Statements
April 30, 2022

3 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 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.

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 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.

Bishop's University
Notes to Financial Statements
 April 30, 2022

3 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Tangible capital assets

Tangible capital assets acquired are recorded at cost. When the University receives contributions of tangible capital assets, their cost is equal to their fair value at the contribution date 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 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 is impaired, the net carrying amount of the tangible capital asset is written down to the tangible capital asset's fair value or replacement cost. The write-down is accounted for in the statement of operations and cannot be reversed.

Bishop's University

Notes to Financial Statements

April 30, 2022

4 - INTEREST EXPENSES

	2022	2021
	\$	\$
Interest on long-term debt	1,730,520	1,561,007
Interest on short-term debt	340,187	453,455
	<u>2,070,707</u>	<u>2,014,462</u>

5 - INTERFUND TRANSFERS

During the year, the University restricted resources amounting to \$2,775,800 (\$3,135,129 for the year ended April 30, 2021) 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 \$7,018,501 (\$5,538,754 for the year ended April 30, 2021) from the Operating Fund to the Capital Fund as a reserve mainly for future assets acquisitions and renovations.

6 - GOVERNMENT ASSISTANCE

The Ministère de l'Enseignement supérieur (MES) financially supports certain capital projects of the University each year for which the final form of funding is finalized at a later date. Included in the interfund amounts due to and from the Operating and Capital Funds respectively is approximately \$1,432,138 (\$17,019,145 as at April 30, 2021) of capital expenditures on temporary financing incurred as at year-end and for which the funding has yet to be either received or finalized by the MES.

7 - TANGIBLE CAPITAL ASSETS

	2022		2021	
	Cost	Accumulated amortization	Net carrying amount	Net carrying amount
	\$	\$	\$	\$
Land	381,444		381,444	381,444
Land improvements	4,199,782	2,332,613	1,867,169	1,264,150
Buildings	74,501,715	32,160,090	42,341,625	33,711,129
Building renovations	113,172,050	20,309,554	92,862,496	72,533,040
Building renovations in progress	8,453,512		8,453,512	24,273,638
Furnishings, equipment, rolling equipment, computer hardware	9,610,427	5,373,248	4,237,179	4,370,873
Library collection	7,875,935	4,383,866	3,492,069	3,647,626
Software	1,478,306	794,687	683,619	776,910
	<u>219,673,171</u>	<u>65,354,058</u>	<u>154,319,113</u>	<u>140,958,810</u>

Trade payables and other operating liabilities include an amount of \$2,909,292 (\$2,269,736 for the year ended April 30, 2021) related to the acquisition of tangible capital assets.

Bishop's University
Notes to Financial Statements
 April 30, 2022

8 - BANK INDEBTEDNESS

	<u>2022</u>	<u>2021</u>
	\$	\$
Capital Fund		
Banker's acceptances	12,095,000	12,894,000
Loans	5,921,982	
	<u>18,016,982</u>	<u>12,894,000</u>

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

The University also has an authorized line of credit facility of \$12,095,000 (\$12,894,000 as at April 30, 2021) by way of banker's acceptances, bearing interest at banker's acceptance rate plus the applicable stamping fees (1.28%, 1.85% and 1.64% (0.71%, 1.26% and 1.16% as at April 30, 2021)) as part of the financing of the students residences (Paterson, Abbott and Munster). These are related to swap interest rates, maturing in September 2028, July 2034 and August 2036. Under these agreements, payments or receipts for the difference between the fixed interest rates of 5.42%, 2.72% and 1.1842% and variable rates based on banker's acceptances rates plus 0.30%, 0.85% or 0.75% stamping fees are made.

In addition, the MES has authorized a maximum amount of \$16,548,000 for the temporary financing of the capital acquisitions funded by the MES to be concluded with Financement Québec (nil as at April 30, 2021), renewable each year by way of loans, bearing interest at average 3 months Quebec treasury bills plus 0.02% (1.47 %), of which \$5,921,982 is used as at April 30, 2022.

9 - TRADE PAYABLES AND OTHER OPERATING LIABILITIES

	<u>2022</u>	<u>2021</u>
	\$	\$
Operating Fund		
Accounts payable and other accrued liabilities	4,678,503	3,923,819
Vacation and overtime accruals	227,914	267,629
	<u>4,906,417</u>	<u>4,191,448</u>
Restricted Funds		
Accounts payable and other accrued liabilities	351,913	181,941
Capital Fund		
Accounts payable and other accrued liabilities	2,994,686	2,291,736
	<u>8,253,016</u>	<u>6,665,125</u>

Bishop's University
Notes to Financial Statements

April 30, 2022

10 - OTHER DEFERRED CONTRIBUTIONS

Deferred contributions represent the unspent portion of funds received for restricted purposes other than capital purchases which are disclosed in Note 11.

	<u>2022</u>	<u>2021</u>
	\$	\$
Balance, beginning of year	9,852,909	6,009,145
Deferred contributions received	11,080,957	11,397,580
Amortization of deferred contributions	(9,170,460)	(7,553,816)
Balance, end of year	<u>11,763,406</u>	<u>9,852,909</u>

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

	<u>2022</u>	<u>2021</u>
	\$	\$
Academic, students services and bursaries	8,779,990	7,264,750
Research	2,082,983	1,493,264
Other	900,433	1,094,895
	<u>11,763,406</u>	<u>9,852,909</u>

Bishop's University
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11 - DEFERRED CONTRIBUTIONS RELATED TO TANGIBLE CAPITAL ASSETS

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

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

	<u>2022</u>	<u>2021</u>
	\$	\$
Balance, beginning of year	34,638,576	32,888,523
Amortization of deferred contributions	(4,172,618)	(3,648,147)
Contributions received	4,744,908	5,398,200
Balance, end of year	<u>35,210,866</u>	<u>34,638,576</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>2022</u>	<u>2021</u>
	\$	\$
Deferred contributions, beginning of year	(3,419,565)	(1,814,704)
Amortization of deferred contributions	2,706,332	2,222,767
Deferred contributions received	(4,270,045)	(3,827,628)
Deferred contributions, end of year	<u>(4,983,278)</u>	<u>(3,419,565)</u>

Bishop's University Foundation

	<u>2022</u>	<u>2021</u>
	\$	\$
Deferred contributions, beginning of year	(6,486,295)	(5,762,412)
Amortization of deferred contributions	643,794	573,063
Deferred contributions received	(440,390)	(1,296,946)
Deferred contributions, end of year	<u>(6,282,890)</u>	<u>(6,486,295)</u>

Others

	<u>2022</u>	<u>2021</u>
	\$	\$
Deferred contributions, beginning of year	(24,732,716)	(25,311,407)
Amortization of deferred contributions	822,492	852,317
Deferred contributions received	(34,474)	(273,626)
Deferred contributions, end of year	<u>(23,944,698)</u>	<u>(24,732,716)</u>

Bishop's University

Notes to Financial Statements

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12 - LONG-TERM DEBT

	2022	2021
	\$	\$
Serviced by the University:		
<i>To finance heating tunnel - capital renovations:</i>		
Term loan, 2.12%		289,152
<i>To finance Kuehner Residence renovations:</i>		
Term loan, 3.44%, payable in monthly capital instalments of \$21,333, renewable in July 2028 (a)	5,440,000	5,696,000
Serviced by the Gouvernement du Québec:		
<i>MES capital grants are authorized under the University's five-year capital investment plan (Plan quinquennal d'investissements) and are funded by the Gouvernement du Québec out of public borrowing in the University's name (process known as "grant bonds"). As a result, the long-term debt listed here below is managed, administered and serviced by the Gouvernement du Québec:</i>		
Term loan, principal amount of \$1,140,000 (\$1,200,000 as at April 30, 2021), 2.696%, payable in annual capital instalments of \$60,000, renewable in June 2032	1,082,013	1,241,595
Term loan, principal amount of \$2,280,000 (\$2,400,000 as at April 30, 2021), 3.23%, payable in annual capital instalments of \$120,000, renewable in June 2034	2,165,485	2,471,725
Term loan, principal amount of \$9,147,770 (\$10,085,216 as at April 30, 2021), 2.13%, payable in annual capital instalments of \$937,446, renewable in September 2026	8,942,650	10,510,557
Term loan, 2.753%, payable in annual capital instalments of \$406,579, renewable in September 2027 (a)	7,138,164	7,544,743
Term loan, 2.99%, payable in annual capital instalments of \$237,385, maturing in March 2044 (a)	5,222,473	5,459,858
Term loan, 2.944%, payable in annual capital instalments of \$240,000, maturing in March 2038 (a)	3,840,000	4,080,000
Term loan, 2.439%, payable in annual capital instalments of \$398,404, maturing in October 2039 (a)	7,171,279	7,569,684
Term loan, 1.954%, payable in annual capital instalments of \$513,007, maturing in December 2040 (a)	9,747,124	10,260,130
Term loan, 2.592%, payable in annual capital instalments of \$734,145, maturing in October 2041 (a)	14,682,890	

Bishop's University
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12 - LONG-TERM DEBT (Continued)

	<u>2022</u>	<u>2021</u>
	\$	\$
Serviced by other sources:		
<i>To finance the construction of a sport center subsidized by the MES:</i>		
Mortgage loan, secured by a movable hypothec on the universality of property, principal amount of \$2,463,873 (\$3,236,325 as at April 30, 2021), 3.097%, payable in annual blended instalments of \$872,681, maturing in September 2024	2,467,231	3,372,153
Mortgage loan, secured by a movable hypothec on the universality of property, principal amount of \$1,025,873 (\$1,266,444 as at April 30, 2021), 2.576%, payable in annual blended instalments of \$273,195, maturing in October 2025	1,011,304	1,298,358
Mortgage loan, secured by a movable hypothec on the universality of property, principal amount of \$430,387 (\$510,287 as at April 30, 2021), 2.493%, payable in annual blended instalments of \$92,621, maturing in December 2026	421,711	524,046
Mortgage loan, secured by a movable hypothec on the universality of property, 2.833%, payable in annual blended instalments of \$301,365, maturing in January 2028 (a)	1,641,627	1,889,464
	<u>70,973,951</u>	<u>62,207,465</u>
Less: Current portion	<u>(5,282,858)</u>	<u>(4,801,887)</u>
	<u>65,691,093</u>	<u>57,405,578</u>
Deferred financing costs	<u>(286,470)</u>	<u>(221,061)</u>
	<u><u>65,404,623</u></u>	<u><u>57,184,517</u></u>

The contractual principal repayments of long-term debt for the next years are as follows:

	<u>\$</u>
2023	5,282,858
2024	5,323,140
2025	5,364,598
2026	4,534,607
2027	8,738,863
2028 and subsequent years	42,127,394

(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.

As at April 30, 2022, the total carrying amount of guaranteed long-term debt is \$65,533,951 (\$56,222,313 as at April 30, 2021).

13 - EMPLOYEE FUTURE BENEFITS

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

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

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

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

The most recent actuarial valuation of the pension plans for funding purposes was as of June 30, 2021, and the next valuation will be on December 31, 2023.

An amount of \$1,247,415 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.

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

The funding status of the benefit plans is as follows:

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

2022

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

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

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

	Pension Plan for Full-Time Employees	SERP	Post- retirement program	Retirement program	Total
	\$	\$	\$	\$	\$
Defined benefit obligations	(156,387,992)	(1,721,900)	(17,355,100)	(2,627,000)	(178,091,992)
Fair value of plan assets	154,633,900				154,633,900
Funded status - deficit and defined benefit liability	(1,754,092)	(1,721,900)	(17,355,100)	(2,627,000)	(23,458,092)

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

Accrued benefit obligations as of April 30					
Discount rate	5.50%	5.50%	5.50%	5.50%	5.50%
Rate of compensation increase	2.50%	2.50%	n/a	2.50%	2.50%
Benefit costs for the year ended April 30					
Discount rate	5.50%	5.50%	5.50%	5.50%	5.50%
Rate of compensation increase, excluding step increases	2.50%	2.50%	n/a	2.50%	2.50%

Bishop's University

Notes to Financial Statements

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14 - COMMITMENTS

The University has entered into long-term lease agreements for equipment and telecommunication services expiring at different dates up to April 30, 2026. Future minimum lease payments aggregate \$627,873, including the following payments over the next years:

	\$
2023	279,045
2024	233,504
2025	107,843
2026	7,481

The University has undertaken several capital projects and, as a result, has commitments totaling \$6,972,580. Of these commitments, \$6,799,261 is expected to be met in 2022-2023, while \$134,696 is expected to be met in 2023-2024 and \$38,893 in 2024-2025.

15 - 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 at April 30, 2022, the University is of the opinion that they will be resolved without material effect on the University's financial position. Any amount the University may be required to pay will be charged to operations in the year of settlement; otherwise, if the amount can be estimated and is considered likely to occur, it will be provided for in the accrued liabilities.

Bishop's University

Notes to Financial Statements

April 30, 2022

16 - 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).

				2022	2021
	Operating Fund	Restricted Funds	Capital Fund	Total	Total
	\$	\$	\$	\$	\$
Contributions	1,588,275			1,588,275	357,933
Contributions - Amortization of other deferred contributions		3,543,638		3,543,638	3,644,185
Contributions - Amortization of deferred contributions related to capital assets			646,119	646,119	576,500
	<u>1,588,275</u>	<u>3,543,638</u>	<u>646,119</u>	<u>5,778,032</u>	<u>4,578,618</u>

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

The outstanding balance as at April 30, 2022 is \$1,427,747 (\$7,721,620 as at April 30, 2021), and is recorded as due from the Foundation without interest on the statement of financial position.

An amount of \$4,132,700 was received as other deferred contributions (\$5,357,790 as at April 30, 2021) and an amount of \$440,390 (\$1,296,946 as at April 30, 2021) was received as deferred contributions related to tangible capital assets.

Bishop's University

Notes to Financial Statements

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17 - 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 due 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 \$12,095,000 notional and obliges it to pay interest at a fixed rate (see Note 8). As at April 30, 2022, the carrying amount of the interest rate swap recognized as an asset is \$762,912 (liability of \$406,262 as at April 30, 2021).

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, 2022, the University is exposed to currency risk due to cash and accounts receivable denominated in U.S. dollars totalling \$1,266,654 (\$1,231,489 as at April 30, 2021).

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.