

**THE BLIND DUCK**  
**(A division of University of Toronto**  
**Mississauga Students' Union)**

**FINANCIAL STATEMENTS**

**AS AT**

**APRIL 30, 2019**

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**FOR DISCUSSION**  
**PURPOSES ONLY**

## INDEPENDENT AUDITORS' REPORT

To the Directors  
**The Blind Duck**  
(A division of University of Toronto Mississauga Students' Union)

### *Qualified Opinion*

We have audited the financial statements of The Blind Duck (A division of University of Toronto Mississauga Students' Union) which comprise the statement of financial position as at April 30, 2019, and the statements of changes in net assets, operations, and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the organization as at April 30, 2019, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

### *Basis for Qualified Opinion*

In common with many not-for-profit organizations, the organization derived revenue from events, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the organization. Consequently, we were not able to determine whether any adjustments might be necessary to events revenue, excess of revenue over expenditure and cash flows from operations for the years ended April 30, 2019 and 2018, current assets as at April 30, 2019 and 2018 and net assets as at May 1 and April 30 for both 2019 and 2018.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the organization 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 qualified audit 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 organization'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 organization or to cease operations, or has no realistic alternative but to do so.

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

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## INDEPENDENT AUDITORS' REPORT, continued

### *Auditors' 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 auditors' 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 organization'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 organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the organization 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.

Chartered Professional Accountants  
Licensed Public Accountants  
Oakville, Ontario

2019

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**THE BLIND DUCK**

(A division of University of Toronto Mississauga Students' Union)

**Statement of financial position****As at April 30, 2019**

	2019	2018
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 76,981	50,989
Accounts receivable	3,558	3,896
Inventory	7,625	8,103
Prepaid expenses	3,149	4,829
	91,313	67,817
<b>Property and equipment (Note 4)</b>	35,677	37,841
	\$ 126,990	105,658
<b>Liabilities and net assets</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities (Note 5)	\$ 44,706	47,865
Advances from University of Toronto Mississauga Students' Union (Note 6)	32,571	24,834
	77,277	72,699
<b>Net assets</b>		
Unrestricted	49,713	32,959
	\$ 126,990	105,658

Approved by the Board

\_\_\_\_\_  
Director\_\_\_\_\_  
Director

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**THE BLIND DUCK****(A division of University of Toronto Mississauga Students' Union)****Statement of net assets****For the year ended April 30, 2019**

		2019	2018
<b>Net assets, beginning of year</b>	\$	32,959	369
<b>Excess of revenue over expenditure for year</b>		16,754	32,590
<b>Net assets, end of year</b>	\$	49,713	32,959

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**THE BLIND DUCK**

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**Statement of operations****For the year ended April 30, 2019**

	2019	2018
<b>Sales</b>	\$ 453,119	438,834
<b>Cost of sales</b>	279,951	293,955
<b>Gross profit</b>	173,168	144,879
<b>Expenditure</b>		
Advertising and promotion	2,130	2,545
Amortization	8,186	6,399
Bank charges	5,830	7,122
Cleaning	6,997	5,126
Entertainment	4,787	2,610
Equipment rental	6,760	2,194
Insurance	6,679	9,478
Office and general	11,507	20,649
Repairs and maintenance	5,870	3,661
Serving supplies	29,193	28,641
Telephone	4,748	4,638
Wages and benefits	319,589	306,873
	412,276	399,936
<b>Excess of expenditure over revenue, before other</b>	(239,108)	(255,057)
<b>Other</b>		
Student levy	117,354	112,888
Events	122,921	133,596
Miscellaneous	15,587	14,368
Write off advances from University of Toronto Mississauga Students' Union	-	26,795
	255,862	287,647
<b>Excess of revenue over expenditure for year</b>	\$ 16,754	32,590

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**Statement of cash flows****For the year ended April 30, 2019**

	2019	2018
<b>Cash flows from (used in) operating activities</b>		
Excess of revenue over expenditure for year	\$ 16,754	32,590
Adjustment for		
Amortization of property and equipment	8,186	6,399
	24,940	38,989
Changes in non-cash working capital		
Decrease in accounts receivable	338	3,820
Decrease (increase) in inventory	478	(611)
Decrease in prepaid expenses	1,680	1,481
(Decrease) increase in accounts payable and accrued liabilities	(3,159)	5,832
Increase (decrease) in advances from University of Toronto Mississauga Students' Union	7,737	(1,811)
<b>Cash flows from operating activities</b>	<b>32,014</b>	<b>47,700</b>
<b>Cash flows from (used in) investing activities</b>		
Acquisition of property and equipment	(6,022)	(24,712)
<b>Cash flows used in investing activities</b>	<b>(6,022)</b>	<b>(24,712)</b>
<b>Net increase in cash and cash equivalents during year</b>	<b>25,992</b>	<b>22,988</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>50,989</b>	<b>28,001</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 76,981</b>	<b>50,989</b>

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**THE BLIND DUCK****(A division of University of Toronto Mississauga Students' Union)****Notes to financial statements****As at April 30, 2019**

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**1. Purpose of the organization**

The Blind Duck (the "organization") is a not-for-profit organization which represents an operating division of University of Toronto Mississauga Students' Union that owns the assets and administers the operations of The Blind Duck. For financial statement presentation, the operations have been divided and separate audited financial statements have been prepared for both the University of Toronto Mississauga Students' Union and The Blind Duck.

**2. Significant accounting policies**

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies where alternatives are available:

**a) Management estimates**

The preparation of the financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be significant.

**b) Basis of accounting**

Revenue and expenditure are recorded on the deferral basis whereby they are reflected in the accounts in the period which they have been earned and incurred respectively, whether or not such transactions have been finally settled by the receipt or payment of money.

**c) Cash and cash equivalents**

Cash and cash equivalents include cash on hand and balances with banks, net of bank overdrafts.

**d) Inventory**

Inventory is valued at the lower of cost and net realizable value.

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Notes to financial statements

As at April 30, 2019

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**2. Significant accounting policies - continued**

**e) Property and equipment**

Purchased property and equipment are recorded at acquisition cost. Contributed property and equipment are recorded at their fair value at the date of contribution. Amortization is recorded in the accounts at rates intended to write off the cost of the assets over their estimated useful life. Methods and rates used are:

Equipment  
20% diminishing balance basis

Computer  
30% diminishing balance basis

**f) Revenue recognition**

Sales are recognized as revenue at the time of sale as this represents when collection is reasonably assured.

Student levy, events and miscellaneous revenue are recognized as revenue when received as this represents when performance is satisfied and when collection is reasonably assured.

**g) Volunteer time**

The value of volunteer time of board members and other volunteer services is not reflected in these financial statements since no objective basis is available to measure the value of such services.

**3. Financial instruments**

**a) Fair value**

The organization initially measures its financial assets and liabilities at fair value, except for certain non-arm's length transactions. The entity subsequently measures all its financial assets and financial liabilities at cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value.

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Notes to financial statements

As at April 30, 2019

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### 3. Financial instruments - continued

#### b) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in underlying market factors. The organization is exposed to credit risk.

##### i) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a loss for the other party by failing to discharge an obligation.

The organization is subject to credit risk. To mitigate this, the organization actively manages and monitors its receivables. Bad debt experience has not been significant.

#### c) Liquidity risk

Liquidity risk is the risk that the organization cannot meet a demand for cash or fund its obligations as they come due. Unless otherwise noted, The organization is not subject to significant liquidity risk. The organization manages liquidity risk by:

- maintaining access to a number of sources of funding which are sufficient to meet anticipated funding requirements.

### 4. Property and equipment

		2019		2018
	Cost	Accumulated amortization	Net	Net
Equipment	\$ 87,928	52,361	35,567	37,684
Computer	3,286	3,176	110	157
	<u>\$ 91,214</u>	<u>55,537</u>	<u>35,677</u>	<u>37,841</u>

Amortization recorded during the year amounted to \$8,186 (2018 - \$6,399).

During the year, property and equipment were acquired for cash at an aggregate of \$6,022.

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Notes to financial statements

As at April 30, 2019

**5. Accounts payable**

	2019	2018
Trade payables	\$ 32,133	31,649
Government remittances payable	12,573	16,216
	<u>\$ 44,706</u>	<u>47,865</u>

**6. Advances from University of Toronto Mississauga Students' Union**

Advances from University of Toronto Mississauga Students' Union are non-interest bearing, unsecured and due on demand.

**7. Income taxes**

The organization is a not-for-profit organization and is therefore exempt from income taxes under Section 149(1) of the Income Tax Act.

**8. Economic dependence**

The organization is economically dependent on the University of Toronto Mississauga Students' Union in order to continue operations.

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