

THE BLIND DUCK

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

FINANCIAL STATEMENTS

AS AT APRIL 30, 2021

THE BLIND DUCK

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

AS AT APRIL 30, 2021

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
The Blind Duck

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, 2021, and the statements of operations and changes in net assets, and cash flows for the year then ended, and notes to the 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 Blind Duck** as at April 30, 2021, and its financial performance 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 Blind Duck** 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 Blind Duck'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 Blind Duck** or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing **The Blind Duck'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 Blind Duck'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 Blind Duck'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 Blind Duck** 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.

Yale PGC LLP

Chartered Professional Accountants
Licensed Public Accountants

Toronto, Ontario
November 8, 2021

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

STATEMENT OF FINANCIAL POSITION

AS AT APRIL 30, 2021
(With corresponding figures as at April 29, 2020)

	2021	2020
A S S E T S		
CURRENT		
Cash	\$ 92,436	\$ 69,880
Accounts receivable	29,224	-
Inventory (note 3)	6,072	6,639
Prepaid expenses	44	4,829
	<u>127,776</u>	<u>81,348</u>
PROPERTY AND EQUIPMENT (note 4)	<u>30,468</u>	<u>28,530</u>
TOTAL ASSETS	<u>\$ 158,244</u>	<u>\$ 109,878</u>

LIABILITIES AND NET ASSETS

CURRENT		
Accounts payable and accrued liabilities (note 5)	\$ 11,193	\$ 20,826
Advances from University of Toronto Mississauga Students' Union (note 6)	<u>16,340</u>	<u>16,877</u>
TOTAL LIABILITIES	27,533	37,703
NET ASSETS	<u>130,711</u>	<u>72,175</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 158,244</u>	<u>\$ 109,878</u>

APPROVED ON BEHALF OF THE BOARD

_____ Director

_____ Director

THE BLIND DUCK
(A division of University of Toronto Mississauga Students' Union)
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED APRIL 30, 2021
(With comparative figures for the year ended at April 29, 2020)

	2021	2020
OPENING NET ASSETS	\$ 72,175	\$ 77,381
Excess (deficit) of expenditures over revenue	<u>58,536</u>	<u>(5,206)</u>
CLOSING NET ASSETS	<u>\$ 130,711</u>	<u>\$ 72,175</u>

THE BLIND DUCK
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STATEMENT OF OPERATIONS

FOR THE YEAR ENDED APRIL 30, 2021

(With corresponding figures for the year ended April 29, 2020)

	2021	2020
SALES	66,854	421,381
COST OF SALES	<u>27,462</u>	<u>191,530</u>
GROSS PROFIT	<u>39,392</u>	<u>229,851</u>
Expenditures		
Wages and benefits (note 7)	58,677	286,230
Serving supplies	12,547	20,537
Office and general	8,577	22,934
Amortization	5,768	7,146
Repairs and maintenance	5,163	7,090
Insurance	5,000	3,321
Telephone	4,374	3,410
Bank charges	2,472	4,431
Entertainment	2,071	3,100
Advertising and promotion	1,600	2,435
Cleaning (recovery)	(156)	3,649
Equipment rental	<u>-</u>	<u>1,585</u>
	<u>106,093</u>	<u>365,868</u>
Excess (deficit) of expenditures over revenue, before other	<u>(66,701)</u>	<u>(136,017)</u>
Other		
Student levy	120,623	96,319
Miscellaneous	<u>4,614</u>	<u>34,492</u>
	<u>125,237</u>	<u>130,811</u>
Excess of expenditures over revenue	<u>\$ 58,536</u>	<u>\$ (5,206)</u>

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

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED APRIL 30, 2021

(With comparative figures for the year ended at April 29, 2020)

	2021	2020
CASH PROVIDED BY (USED IN)		
OPERATIONS		
Surplus (deficit)	\$ 58,536	\$ (5,206)
Non-cash item:		
Amortization	5,768	7,146
Non-cash working capital:		
Decrease (increase) in accounts receivable	(29,225)	3,559
Decrease in inventory	567	986
Decrease (increase) in prepaid expenses	4,785	(1,680)
Decrease in accounts payable and accrued liabilities	(9,633)	(16,279)
(Decrease) increase advances from University of Toronto Mississauga Students' Union	<u>(537)</u>	<u>4,058</u>
	<u>30,261</u>	<u>(7,416)</u>
INVESTING		
Purchase of property and equipment	<u>(7,705)</u>	<u>-</u>
Net increase in cash and cash equivalents during year	22,556	(7,416)
Cash and cash equivalents, beginning of year	<u>69,880</u>	<u>77,296</u>
Cash and cash equivalents, end of year	<u>\$ 92,436</u>	<u>\$ 69,880</u>

THE BLIND DUCK
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NOTES TO FINANCIAL STATEMENTS

AS AT APRIL 30, 2021

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:

Use of 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.

Cash and cash equivalents

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

Inventory

Inventory is valued at the lower of cost and net realizable value with cost being determined substantially on a specific item basis.

Property and equipment

Property and equipment are recorded at cost and are amortized on a declining balance basis using the following rates:

Equipment	20%
Computer	30%

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.

Volunteer time

The value of volunteer time of board members and other volunteer services is not reflected in these financial statements.

THE BLIND DUCK
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NOTES TO FINANCIAL STATEMENTS

AS AT APRIL 30, 2021

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Government assistance

Government assistance received by the Company is recorded in the statement of operations as a reduction of the expense to which it specifically relates when received.

3. INVENTORY

Closing inventory is comprised entirely of finished goods. During the year, \$27,462 was expensed to cost of sales.

4. PROPERTY AND EQUIPMENT

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	
			2021	2020
Equipment	\$ 95,633	\$ 65,165	\$ 30,468	\$ 28,454
Computer	-	-	-	76
	<u>\$ 95,633</u>	<u>\$ 65,165</u>	<u>\$ 30,468</u>	<u>\$ 28,530</u>

Amortization recorded during the year amounted to \$5,768

During the year, the only purchase made was a new fryer for \$7,705.

5. ACCOUNTS PAYABLE

	2021	2020
Trade payables and accruals	\$ -	\$ 6,659
Government remittances payable	<u>11,193</u>	<u>14,167</u>
	<u>\$ 11,193</u>	<u>\$ 20,826</u>

6. ADVANCES FROM THE UNIVERSITY OF TORONTO MISSISSAUGA STUDENTS' UNION

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

7. GOVERNMENT ASSISTANCE

As part of the Government of Canada's COVID-19 relief efforts for Canadian businesses, the company received assistance in the form of subsidies related to payroll costs. During the year, the company received \$135,191, under the Canada Emergency Wage Subsidy program. This assistance was recorded in the statement of operations as reduction of wages and benefits expense.

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NOTES TO FINANCIAL STATEMENTS

AS AT APRIL 30, 2021

8. FINANCIAL INSTRUMENTS

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.

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.

Market risk - continued

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.

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.

9. ECONOMIC DEPENDENCE

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

10. COVID-19

As of March 13, 2020, the organization was shut down due to COVID-19 restrictions. The organization resumed operations as of the first week of September. During the closure, all part-time employees were laid off. The organization did pay its' part-time employees for their average hours/week (base on 4 month average) during March and April. Only full-time staff (Chef and BD manager) were on the payroll. During these two months, there was an estimated \$80,000 revenue loss, around 60% from regular sales and 40% from catering and events. Starting September of this fiscal year, we are expecting revenue for this year would be approximately 25-30% of the revenues recognized before COVID-19 restrictions, due to distance learning and the lack of events taking place.