

THE BLIND DUCK

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

FINANCIAL STATEMENTS

APRIL 30, 2024

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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, 2024, 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, 2024, 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 *Auditors' 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.

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 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 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 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 18, 2024

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

STATEMENT OF FINANCIAL POSITION

AS AT APRIL 30, 2024

	2024	2023
A S S E T S		
CURRENT		
Cash	\$ 17,535	\$ 54,712
Accounts receivable	10,476	10,759
Inventory (note 3)	12,034	12,395
Prepaid expenses	<u>13,895</u>	<u>44</u>
	53,940	77,910
PROPERTY AND EQUIPMENT (note 4)	<u>49,119</u>	<u>61,399</u>
TOTAL ASSETS	<u>\$ 103,059</u>	<u>\$ 139,309</u>

LIABILITIES AND NET ASSETS

CURRENT		
Accounts payable and accrued liabilities (note 5)	\$ 29,705	\$ 27,012
Advances from University of Toronto Mississauga Students' Union (note 6)	<u>20,026</u>	<u>18,613</u>
TOTAL LIABILITIES	49,731	45,625
NET ASSETS	<u>53,328</u>	<u>93,684</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 103,059</u>	<u>\$ 139,309</u>

APPROVED ON BEHALF OF THE BOARD

 Director

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

STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED APRIL 30, 2024

	2024	2023
SALES	\$ 720,869	\$ 586,093
COST OF SALES (note 3)	<u>368,242</u>	<u>322,347</u>
GROSS PROFIT	<u>352,627</u>	<u>263,746</u>
OPERATING EXPENSES		
Wages and benefits	411,930	334,984
Serving supplies	51,649	38,020
Office and general	11,336	10,798
Security	10,600	5,305
Equipment rental	9,249	9,139
Repairs and maintenance	8,338	14,310
Bank charges	8,022	6,044
Professional fees	7,000	7,400
Insurance	5,000	5,000
Telephone	3,520	3,840
Cleaning	2,487	5,798
Advertising and promotion	2,391	2,400
Entertainment	2,127	5,187
Amortization	<u>12,280</u>	<u>15,350</u>
	<u>545,929</u>	<u>463,575</u>
DEFICIENCY OF REVENUES OVER EXPENSES BEFORE OTHER ITEMS	<u>(193,302)</u>	<u>(199,829)</u>
OTHER INCOME		
Student levy (note 7)	124,658	121,880
Miscellaneous	28,288	36,716
Amortization of deferred capital contribution	<u>-</u>	<u>33,702</u>
	<u>152,946</u>	<u>192,298</u>
DEFICIENCY OF REVENUES OVER EXPENSES	(40,356)	(7,531)
NET ASSETS, BEGINNING OF YEAR	<u>93,684</u>	<u>101,215</u>
NET ASSETS, END OF YEAR	<u>\$ 53,328</u>	<u>\$ 93,684</u>

See accompanying notes

THE BLIND DUCK
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STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED APRIL 30, 2024

	2024	2023
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Deficiency of revenues over expense	\$ (40,356)	\$ (7,531)
Non-cash items:		
Amortization	12,280	15,350
Amortization of deferred capital contribution	<u>-</u>	<u>(33,702)</u>
	(28,076)	(25,883)
Non-cash working capital:		
Decrease (increase) in accounts receivable	283	(8,124)
Decrease (increase) in inventory	361	(2,646)
Increase in prepaid expenses	(13,851)	-
Increase in accounts payable and accrued liabilities	2,693	11,319
Increase (decrease) in advances from University of Toronto Mississauga Students' Union	<u>1,413</u>	<u>(1,176)</u>
	<u>(37,177)</u>	<u>(26,510)</u>
INVESTING ACTIVITIES		
Purchase of property and equipment	<u>-</u>	<u>(1,630)</u>
Net change in cash during year	(37,177)	(28,140)
Cash, Beginning of year	<u>54,712</u>	<u>82,852</u>
Cash, End of year	<u><u>\$ 17,535</u></u>	<u><u>\$ 54,712</u></u>

THE BLIND DUCK
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NOTES TO FINANCIAL STATEMENTS

APRIL 30, 2024

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 ("UTMSU") that owns the assets and administers the operations of The Blind Duck. For financial statement presentation purpose, the operations have been divided and separate audited financial statements have been prepared for both UTMSU and The Blind Duck.

For Canadian income tax purpose, the Organization qualifies as a not-for-profit entity which is exempt from income tax under the Income Tax Act.

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. Actual results could differ from these estimates.

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%
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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.

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NOTES TO FINANCIAL STATEMENTS

APRIL 30, 2024

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Government assistance

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

Financial instruments

The Organization initially measures its financial assets and financial liabilities at fair value. It subsequently measures all its financial assets and financial liabilities at amortized cost.

Financial assets subsequently measured at amortized cost include cash and accounts receivable. Financial liabilities measured at amortized cost include the accounts payable and accrued liabilities and Advances from University of Toronto Mississauga Students' Union.

3. INVENTORY

Closing inventory is comprised of food, beverages, packaging materials and chemicals. During the year, \$368,242 (2023 - \$321,369) was expensed to cost of sales.

4. PROPERTY AND EQUIPMENT

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	
			<u>2024</u>	<u>2023</u>
Equipment	\$ <u>160,693</u>	\$ <u>111,574</u>	\$ <u>49,119</u>	\$ <u>61,399</u>

5. ACCOUNTS PAYABLE

	<u>2024</u>	<u>2023</u>
Trade payables and accrued liabilities	\$ 29,655	\$ 25,603
Government remittances payable	<u>50</u>	<u>1,409</u>
	<u>\$ 29,705</u>	<u>\$ 27,012</u>

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

Advances from UTMSU are non-interest bearing, unsecured and are due on demand.

7. RELATED PARTY TRANSACTIONS

All related party transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by both parties.

	<u>2024</u>	<u>2023</u>
UTMSU Student levy	\$ <u>124,658</u>	\$ <u>121,880</u>

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NOTES TO FINANCIAL STATEMENTS

APRIL 30, 2024

8. FINANCIAL INSTRUMENTS

The Organization regularly evaluates and manages the principal risks assumed with its financial instruments. The risks that arise from transacting in financial instruments include credit risk, liquidity risk, interest rate risk, market risk, and foreign currency risk. The following analysis provides a measure of the Organization's risk exposure and concentrations. There are no significant changes in the risk exposures from the prior period.

Liquidity risk

Liquidity risk is the risk that the Organization will encounter difficulty in meeting obligations associated with financial liabilities. The Organization is exposed to this risk mainly in respect to its accounts payable and accrued liabilities and Advances from University of Toronto Mississauga Students' Union. The Organization meets its liquidity requirements by preparing and monitoring forecasts of cash flows from operations, anticipating investing activities and student levies received and receivable, and holding sufficient amount of cash.

9. ECONOMIC DEPENDENCE

The Organization receives annual student levies from UTMSU (note 7). Without these levies, the Organization would not be able to generate the level of funds required to sustain operations.

10. SUBSEQUENT EVENT

Subsequent to the yearend of the Organization the University of Toronto Mississauga Students' Union board of directors voted for a redevelopment of the Blind Duck Pub.