

Financial Statements of

**THE GRADUATE STUDENTS
ASSOCIATION OF MCMASTER
UNIVERSITY**

And Independent Auditors' Report thereon

Year ended May 31, 2021



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INDEPENDENT AUDITORS' REPORT

To the Members of the Graduate Students Association of McMaster University

Qualified Opinion

We have audited the financial statements of the Graduate Students Association of McMaster University (the "Association"), which comprise:

- the statement of financial position as at May 31, 2021
- the statement of operations for the year then ended
- the statement of changes in net assets for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, except for the possible effects of the matter described in the "*Basis for Qualified Opinion*" section of our auditors' report, the accompanying financial statements, present fairly, in all material respects, the financial position of the Association as at May 31, 2021, 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 Association derives revenues from restaurant and bar sales, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Association.

Therefore, we were not able to determine whether any adjustments might be necessary to:

- current assets reported in the statements of financial position as at May 31, 2021 and May 31, 2020
- revenue and excess of revenue over expenses reported in the statements of operations for the years ended May 31, 2021 and May 31, 2020



- net assets at the beginning and end of the year, reported in the statements of changes in net assets for the years ended May 31, 2021 and May 31, 2020
- excess of revenues over expenses reported in the statements of cash flows for the years ended May 31, 2021 and May 31, 2020

Our opinion on the financial statements for the year ended May 31, 2020 was qualified accordingly because of the possible effects of this limitation in scope.

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 auditors’ report.

We are independent of the Association 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 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 Association’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 Association or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Association’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 the 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 Association'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 Association'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 Association to cease to continue as a going concern.



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- 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.
- 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.

KPMG LLP

Chartered Public Accountants, Licensed Public Accountants

Hamilton, Canada

August 31, 2021

THE GRADUATE STUDENTS ASSOCIATION OF MCMASTER UNIVERSITY

Statement of Financial Position

May 31, 2021, with comparative information for 2020

	2021			2020		
	Phoenix Bar & Grill	GSA Membership	Total	Phoenix Bar & Grill	GSA Membership	Total
Assets						
Current assets:						
Cash (note 2)	\$ 84,552	\$ 1,855,851	\$ 1,940,403	\$ 191,123	\$ 1,452,049	\$ 1,643,172
Short-term investments	–	10,677	10,677	–	153,464	153,464
Accounts receivable (note 3)	42,623	26,285	68,908	69,228	22,006	91,234
Due to GSA from Phoenix	(62,969)	62,969	–	(78,808)	78,808	–
Inventory	9,373	–	9,373	9,429	–	9,429
Prepaid expenses	9,258	8,766	18,024	14,558	11,706	26,264
	82,837	1,964,548	2,047,385	205,530	1,718,033	1,923,563
Capital assets (note 4)	19,373	1,677,303	1,696,676	28,307	1,779,791	1,808,098
	\$ 102,210	\$ 3,641,851	\$ 3,744,061	\$ 233,837	\$ 3,497,824	\$ 3,731,661
Liabilities and Net Assets						
Current liabilities:						
Accounts payable and accrued liabilities (note 5)	\$ 160,927	\$ 643,489	\$ 804,416	\$ 114,136	\$ 468,071	\$ 582,207
Due to McMaster University	6,421	18,964	25,385	4,916	2,671	7,587
	167,348	662,453	829,801	119,052	470,742	589,794
Deferred contributions related to capital assets (note 6)	–	2,032,324	2,032,324	–	2,133,289	2,133,289
	167,348	2,694,777	2,862,125	119,052	2,604,031	2,723,083
Accumulated net assets:						
Invested in capital assets (note 7)	19,373	4,371	23,744	28,307	5,463	33,770
Unrestricted	(84,511)	942,703	858,192	86,478	888,330	974,808
	(65,138)	947,074	881,936	114,785	893,793	1,008,578
Commitment (note 8)						
	\$ 102,210	\$ 3,641,851	\$ 3,744,061	\$ 233,837	\$ 3,497,824	\$ 3,731,661

See accompanying notes to financial statements.

On behalf of the Board:

_____ Director

_____ Director

THE GRADUATE STUDENTS ASSOCIATION OF MCMASTER UNIVERSITY

Statement of Operations

Year ended May 31, 2021, with comparative information for 2020

	Phoenix Bar & Grill	GSA Membership	2021 Total	Phoenix Bar & Grill	GSA Membership	2020 Total
Revenue:						
Bar and restaurant	\$ 90,198	\$ –	\$ 90,198	\$ 914,310	\$ –	\$ 914,310
Members' fees	–	2,055,035	2,055,035	–	1,971,631	1,971,631
Other income and recoveries	13,186	11,000	24,186	1,095	344	1,439
League fees	–	–	–	–	46,618	46,618
Interest income	–	5,854	5,854	–	14,810	14,810
	103,384	2,071,889	2,175,273	915,405	2,033,403	2,948,808
Cost of sales:						
Bar and food supplies	50,513	–	50,513	339,477	–	339,477
Wages and benefits	75,328	–	75,328	425,637	–	425,637
	125,841	–	125,841	765,114	–	765,114
	(22,457)	2,071,889	2,049,432	150,291	2,033,403	2,183,694
Expenses:						
Advertising	2,933	–	2,933	15,347	–	15,347
Bank charges	7,569	24	7,593	17,107	36	17,143
Group insurance	–	1,866,381	1,866,381	–	1,678,790	1,678,790
Honoraria	–	45,840	45,840	–	34,920	34,920
Insurance	16,409	13,460	29,869	17,091	14,507	31,598
League expenses	–	12,404	12,404	–	58,458	58,458
McMaster University fees	–	20,579	20,579	–	21,361	21,361
Membership and club support	6,606	2,000	8,606	–	15,795	15,795
Office supplies and maintenance	6,193	–	6,193	13,403	–	13,403
Office salaries	–	12,873	12,873	–	80,266	80,266
Professional fees	19,726	19,043	38,769	19,195	11,786	30,981
Rent	81,439	–	81,439	69,862	–	69,862
Repairs and maintenance	3,669	–	3,669	9,608	–	9,608
Supplies and services	3,210	3,340	6,550	8,822	10,136	18,958
Travel and events	–	21,572	21,572	–	89,312	89,312
Utilities	778	–	778	3,757	–	3,757
	148,532	2,017,516	2,166,048	174,192	2,015,367	2,189,559
(Deficiency) excess of revenue over expenses before amortization	(170,989)	54,373	(116,616)	(23,901)	18,036	(5,865)
Amortization of capital assets	(8,934)	(102,488)	(111,422)	(9,385)	(102,746)	(112,131)
Amortization of deferred contributions	–	101,396	101,396	–	108,208	108,208
(Deficiency) excess of revenue over expenses	\$ (179,923)	\$ 53,281	\$ (126,642)	\$ (33,286)	\$ 23,498	\$ (9,788)

See accompanying notes to financial statements

THE GRADUATE STUDENTS ASSOCIATION OF MCMASTER UNIVERSITY

Statement of Changes in Net Assets

Year ended May 31, 2021, with comparative information for 2020

May 31, 2021	Invested in capital assets	Unrestricted		Total
		Phoenix Bar & Grill	GSA Membership	
Balance, beginning of year	\$ 33,770	\$ 86,478	\$ 888,330	\$ 1,008,578
(Deficiency) excess of revenue over expenses	(10,026)	(170,989)	54,373	(126,642)
Net change in investment in capital assets (note 7)	-	-	-	-
Balance, end of year	\$ 23,744	\$ (84,511)	\$ 942,703	\$ 881,936

May 31, 2020	Invested in capital assets	Unrestricted		Total
		Phoenix Bar & Grill	GSA Membership	
Balance, beginning of year	\$ 32,573	\$ 115,499	\$ 870,294	\$ 1,018,366
(Deficiency) excess of revenue over expenses	(3,923)	(23,901)	18,036	(9,788)
Net change in investment in capital assets (note 7)	5,120	(5,120)	-	-
Balance, end of year	\$ 33,770	\$ 86,478	\$ 888,330	\$ 1,008,578

See accompanying notes to financial statements.

THE GRADUATE STUDENTS ASSOCIATION OF MCMASTER UNIVERSITY

Statement of Cash Flows

Year ended May 31, 2021, with comparative information for 2020

	2021	2020
Cash provided by (used in):		
Operating activities:		
Deficiency of revenue over expenses	\$ (126,642)	\$ (9,788)
Items not involving cash:		
Amortization of capital assets	111,422	112,131
Amortization of deferred capital contributions	(101,396)	(108,208)
Changes in non-cash operating working capital:		
Accounts receivable	22,326	(46,567)
Due to McMaster University	17,798	36,854
Inventory	56	11,684
Prepaid expenses	8,240	5,888
Accounts payable and accrued liabilities	222,209	375,029
Deferred revenue	—	(24,413)
	154,013	352,610
Investing activities:		
Redemption of investments, net	142,787	71,949
Financing activities:		
Deferred contributions related to future capital expenses	431	145,208
Capital activities:		
Purchase of capital assets	—	(5,120)
Increase in cash	297,231	564,647
Cash, beginning of year	1,643,172	1,078,525
Cash, end of year	\$ 1,940,403	\$ 1,643,172

See accompanying notes to financial statements.

THE GRADUATE STUDENTS ASSOCIATION OF MCMASTER UNIVERSITY

Notes to Financial Statements

Year ended May 31, 2021

The Graduate Students Association of McMaster University (the "Association") was incorporated as a corporation without share capital under the laws of Ontario on November 13, 1970 and is exempt from income tax under the Income Tax Act.

The Association's objectives are to promote the welfare and interests of the members through the provision of facilities and opportunities for social, athletic, and intellectual activities. The Association operates the Phoenix Bar and Grill, a restaurant located on the McMaster University Campus.

1. Significant accounting policies:

The financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the CPA Canada Handbook.

(a) Revenue recognition:

The Association follows the deferral method of accounting for contributions. 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.

Restaurant revenues are recorded when the services and related goods sold are provided to customers.

Contributions received for the purpose of capital assets are recorded as deferred capital contributions and are amortized on the same basis as the related capital assets.

(b) Cash:

Cash includes cash on hand and short-term deposits which are highly liquid with original maturities of less than three months.

(c) Short term investments:

Short-term investments consist of guaranteed investment certificates with remaining maturities of less than one year.

(d) Inventory:

Inventory consists of various food and bar items including alcohol held for resale. Inventory is valued at the lower of cost and net realizable value. Cost is determined using the first-in, first-out method.

THE GRADUATE STUDENTS ASSOCIATION OF MCMASTER UNIVERSITY

Notes to Financial Statements

Year ended May 31, 2021

1. Significant accounting policies (continued):

(e) Capital assets:

Capital assets are recorded at cost. The Association provides for amortization using the following methods at rates designed to amortize the cost of the equipment over its estimated useful life. The annual amortization rates and methods are as follows:

Asset	Method	Rate
Restaurant equipment and fixtures	Straight-line	10 years
Office equipment	Declining-balance	20%
Computer equipment	Declining-balance	20%
Patio	Straight-line	7 years
Leasehold improvements	Straight-line	over term of the lease

(f) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Freestanding derivative instruments that are not in a qualifying hedging relationship and equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Association has not elected to carry any such financial instruments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Association determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Association expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

THE GRADUATE STUDENTS ASSOCIATION OF MCMASTER UNIVERSITY

Notes to Financial Statements

Year ended May 31, 2021

1. Significant accounting policies (continued):

(g) Government grants:

Government grants are recognized when there is reasonable assurance that the grant will be received and all conditions associated with the grant are met. Claims under government grant programs related to income are recorded within the statement of operations as a reduction to the related item that the grant is intended to offset, in the period in which eligible expenses were incurred.

(h) Use of estimates:

The preparation of the financial statements 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 revenue and expenses during the year. Actual results could differ from those estimates.

2. Cash and operating line of credit:

The Association holds a bank account amounting to \$743,780 (2020 – \$688,021) that is used to pay member premiums collected for Member's health and dental coverage.

The Association has a \$25,000 operating line of credit available to the Phoenix Bar and Grill for its day to day cash flow requirements. At year end, this line had a balance of \$nil (2020 – \$nil) which has been included with cash on the statement of financial position. The line bears interest at the Bank's prime rate plus 1.75%. This line is secured by a security agreement granting a first security interest on all present and after acquired personal property of the Association.

3. Accounts receivable:

	2021	2020
Trade receivables	\$ 33,012	\$ 49,696
Canada Emergency Wage Subsidy (note 10)	35,896	41,538
Less allowance for doubtful accounts	–	–
	<u>\$ 68,908</u>	<u>\$ 91,234</u>

THE GRADUATE STUDENTS ASSOCIATION OF MCMASTER UNIVERSITY

Notes to Financial Statements

Year ended May 31, 2021

4. Capital assets:

May 31, 2021	Cost	Accumulated amortization	Net book value
Restaurant equipment and fixtures	\$ 476,834	\$ 457,460	\$ 19,374
Office equipment	44,960	42,244	2,716
Computer equipment	16,975	15,852	1,123
Leasehold improvements	2,534,867	861,935	1,672,932
Vehicles and equipment	1,900	1,369	531
	\$ 3,075,536	\$ 1,378,860	\$ 1,696,676

May 31, 2020	Cost	Accumulated amortization	Net book value
Restaurant equipment and fixtures	\$ 476,834	\$ 448,527	\$ 28,307
Office equipment	44,960	41,565	3,395
Computer equipment	16,975	15,571	1,404
Leasehold improvements	2,534,867	760,539	1,774,328
Vehicles and equipment	1,900	1,236	664
	\$ 3,075,536	\$ 1,267,438	\$ 1,808,098

The project surrounding the leasehold improvements was completed in 2012 with occupancy of the new facility in September 2012. The construction of this project was funded by the Association's capital building levy collected over the years from graduate students and the balance was financed by way of a loan granted by McMaster University. During fiscal 2019, the Association repaid the remaining amount of the loan to McMaster University.

Included in the capital building levy was additional fees paid by the graduate students to support construction of the new facility. Total expenditures were \$3,120,982 including direct contributions provided by McMaster University in the amount of \$586,115. The contributions by McMaster University have not been recorded as leasehold improvements as the asset continues to reside with McMaster University.

5. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of \$nil (2020 – \$22,160), which includes amounts payable for HST and payroll related taxes.

THE GRADUATE STUDENTS ASSOCIATION OF MCMASTER UNIVERSITY

Notes to Financial Statements

Year ended May 31, 2021

6. Deferred contributions related to capital assets:

During the year, McMaster University collected fees from the members of the Association in the amount of \$431 (2020 – \$145,208) for future capital projects. The capital building funds were collected over a series of years to finance the capital improvements/relocation of the GSA offices and the Phoenix Bar and Grill.

Deferred contributions related to the capital building represent restricted contributions which the Association used to fund the leasehold improvements of the new location. This balance will be amortized to revenue on the same basis as the amortization expense related to the leasehold improvements. The changes in deferred contributions related to capital assets, including contributions for future capital projects, are as follows:

	2021	2020
Balance, beginning of year	\$ 2,133,289	\$ 2,096,289
Contributions received for future capital projects	431	145,208
Less amortization of deferred capital contributions	(101,396)	(108,208)
Balance, end of year	\$ 2,032,324	\$ 2,133,289

The balance of capital contributions related to capital assets consists of the following:

	2021	2020
Unamortized capital contributions used to purchase capital assets	\$ 1,672,932	\$ 1,774,328
Unspent capital contributions	359,392	358,961
	\$ 2,032,324	\$ 2,133,289

Unspent capital contributions are excluded from net assets invested in capital assets until the related capital expenditures are incurred.

THE GRADUATE STUDENTS ASSOCIATION OF MCMASTER UNIVERSITY

Notes to Financial Statements

Year ended May 31, 2021

7. Investment in capital assets:

(a) Investment in capital assets is calculated as follows:

	2021	2020
Capital assets	\$ 1,696,676	\$ 1,808,098
Amounts financed by:		
Deferred contributions	(1,672,932)	(1,774,328)
	<u>\$ 23,744</u>	<u>\$ 33,770</u>

(b) Change in net assets invested in capital assets is calculated as follows:

	2021	2020
(Deficiency) excess of revenues over expenses:		
Amortization of capital assets	\$ (111,422)	\$ (112,131)
Amortization of deferred capital contributions	101,396	108,208
	<u>\$ (10,026)</u>	<u>\$ (3,923)</u>
Net change in investment in capital assets:		
Purchase of capital assets	\$ –	\$ 5,120
Amounts funded by:		
Deferred capital contributions	–	–
	<u>\$ –</u>	<u>\$ 5,120</u>

8. Commitment:

The Association is committed under a lease for premises with McMaster University, the annual rentals of which are negotiated on a year to year basis. Monthly rent payments are \$8,355 inclusive of HST, base and additional rent charges. In April 2020, McMaster University granted a rent waiver for April and May 2020. The waiver was subsequently extended to August 31, 2021. Additional rent charges are subject to annual inflation adjustments. The rent waiver has been treated as a discount to the total rent payable over the term of the lease. Accordingly, total rent of \$81,439 has been calculated based on monthly rent less the rent discount amortized over the term of the lease.

THE GRADUATE STUDENTS ASSOCIATION OF MCMASTER UNIVERSITY

Notes to Financial Statements

Year ended May 31, 2021

9. Financial instruments:

(a) Liquidity risk:

Liquidity risk is the risk that the Association will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Association manages its liquidity risk by monitoring its operating requirements. The Association prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations. There has been no change to the risk exposures from 2020.

(b) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The Association is exposed to credit risk with respect to accounts receivable. The Association assesses, on a continuous basis, accounts receivable and provides for any amounts that are not collectible in the allowance for doubtful accounts. There has been no change to the risk exposures from 2020.

10. COVID-19:

On March 11, 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization. This has resulted in governments worldwide, including the Canadian and Ontario governments, enacting emergency measures to combat the spread of the virus.

At the time of approval of these financial statements, the Association has experienced the following indicators of financial implications and undertaken the following activities in relation to the COVID-19 pandemic:

- closure of the Association offices to the general public;
- closure of the Phoenix Bar and Grill for a significant portion of the fiscal year;
- return where possible and disposal of any perishable items;
- transition of services to online platforms in order to limit the potential for transmission within the Association, the University and the community; and
- implementation of working from home requirements and virtual appointments for certain programs.

THE GRADUATE STUDENTS ASSOCIATION OF MCMASTER UNIVERSITY

Notes to Financial Statements

Year ended May 31, 2021

10. COVID-19 (continued):

These factors present uncertainty over future cash flows and the timing of future cash flows which may cause significant changes to the assets or liabilities and may have a significant impact on future operations. Management determined that such financial and economic market uncertainty has continued subsequent to the financial statement date and the assets and liabilities of the Association as at May 31, 2021 were not adjusted to reflect the potential future impact of COVID-19. Given the outcome and timeframe to a recovery from the current pandemic is highly unpredictable, it is not practicable to estimate and disclose its financial effect at this time.

In response to the negative economic impact of COVID-19, the Government of Canada announced the Canada Emergency Wage Subsidy ("CEWS") program in April 2020. CEWS provides a wage subsidy on eligible remuneration, subject to limits per employee, to eligible employers based on certain criteria, including demonstration of revenue declines as result of COVID-19. This subsidy was initially retroactive to March 15, 2020. The qualification and application of the CEWS is being assessed over multiple four-week application period segments.

The Association has determined that it has qualified for the subsidy from the March 15, 2020 effective date through May 31, 2021 and has, accordingly, applied for the CEWS and expects to receive the subsidy in the following fiscal quarter. The Association also intends to apply for the CEWS in subsequent application periods, subject to continuing to meet the applicable qualification criteria.

	2021	2020
Balance, beginning of year	\$ 41,538	\$ –
Funding received	(230,425)	–
Recognized as reduction to expense	224,783	41,538
	\$ 35,896	\$ 41,538

The Association has recognized government grants in accounts receivable (note 3) and as a reduction to the related expense that the grant is intended to offset. The Association has recognized \$224,783 of CEWS for the period up to May 31, 2021 (2020 – \$41,538) and has recorded it as a reduction to the eligible remuneration expense incurred by the Association during this period.