

UNIWIN STUDENT PUB INC.

**REVIEW ENGAGEMENT REPORT AND
FINANCIAL STATEMENTS**

APRIL 30, 2019

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INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT

To the Members of Uniwin Student Pub Inc.

We have reviewed the accompanying financial statements of Uniwin Student Pub Inc. which comprise the balance sheet as at April 30, 2019 and the statements of income, retained earnings and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for private enterprises, 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.

Practitioner's Responsibility

Our responsibility is to express a conclusion on the accompanying financial statements based on our review. We conducted our review in accordance with Canadian generally accepted standards for review engagements, which require us to comply with relevant ethical requirements.

A review of financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, we do not express an audit opinion on these financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the financial statements do not present fairly, in all material respects, the financial position of Uniwin Student Pub Inc. as at April 30, 2019, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for private enterprises.

AUDIT • TAX • ADVISORY

INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT - continued

Emphasis of Matter

Without qualifying our conclusion, we draw attention to Note 2 in the financial statements, which indicates that the Uniwin Student Pub Inc. incurred a net loss of \$63,373 during the year ended April 30, 2019 and, as of that date, the Uniwin Student Pub Inc. current liabilities exceeded its total assets by \$1,231,544. These conditions, along with other matters as set forth in Note 2, indicate the existence of a material uncertainty that may cast significant doubt about the Uniwin Student Pub Inc. ability to continue as a going concern.

Baker Tully Windsor LLP

Chartered Professional Accountants
Licensed Public Accountants

September 18, 2019

UNIWIN STUDENT PUB INC.

FINANCIAL STATEMENTS
(Unaudited)

APRIL 30, 2019

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UNIWIN STUDENT PUB INC.**STATEMENT OF INCOME**

(Unaudited)

YEAR ENDED APRIL 30, 2019

	2019	2018
SALES	<u>\$ 63,225</u>	<u>\$ 38,570</u>
COST OF SALES	<u>48,545</u>	<u>41,093</u>
GROSS PROFIT	<u>14,680</u>	<u>(2,523)</u>
EXPENSES		
Advertising and promotion	1,371	92
Interest and bank charges	2,291	1,192
Memberships	-	140
Office and sundry	3,332	1,299
Production costs	281	83
Professional fees	3,600	1,000
Salaries and benefits	66,702	79,427
Telephone	<u>476</u>	<u>102</u>
	<u>78,053</u>	<u>83,335</u>
NET LOSS	<u>\$ (63,373)</u>	<u>\$ (85,858)</u>

See Accompanying Notes

UNIWIN STUDENT PUB INC.**STATEMENT OF RETAINED EARNINGS**

(Unaudited)

YEAR ENDED APRIL 30, 2019

	2019	2018
DEFICIT, BEGINNING	\$ (1,235,187)	\$ (1,149,329)
NET LOSS	<u>(63,373)</u>	<u>(85,858)</u>
DEFICIT, ENDING	<u>\$ (1,298,560)</u>	<u>\$ (1,235,187)</u>

See Accompanying Notes

UNIWIN STUDENT PUB INC.**BALANCE SHEET**

(Unaudited)

APRIL 30, 2019

	2019	2018
ASSETS		
CURRENT ASSETS		
Cash	\$ -	\$ 6,525
Accounts receivable	141	-
Prepaid expenses	<u>300</u>	<u>100</u>
	<u>\$ 441</u>	<u>\$ 6,625</u>
LIABILITIES		
CURRENT LIABILITIES		
Bank overdraft	\$ 1,244	\$ -
Accounts payable and accrued liabilities (note 5)	15,455	4,524
Due to University of Windsor Students' Alliance (note 6)	<u>1,215,286</u>	<u>1,170,272</u>
	<u>1,231,985</u>	<u>1,174,796</u>
SHAREHOLDERS' EQUITY		
CAPITAL STOCK (note 7)	100	100
CONTRIBUTED SURPLUS	66,916	66,916
DEFICIT	<u>(1,298,560)</u>	<u>(1,235,187)</u>
	<u>(1,231,544)</u>	<u>(1,168,171)</u>
	<u>\$ 441</u>	<u>\$ 6,625</u>

ON BEHALF OF THE BOARD_____
Director_____
Director

See Accompanying Notes

UNIWIN STUDENT PUB INC.**STATEMENT OF CASH FLOWS**

(Unaudited)

YEAR ENDED APRIL 30, 2019

	2019	2018
<hr/>		
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from customers	\$ 63,084	\$ 38,570
Cash paid to suppliers and employees	<u>(115,867)</u>	<u>(121,004)</u>
	<u>(52,783)</u>	<u>(82,434)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Advances from University of Windsor Students' Alliance	<u>45,014</u>	<u>88,447</u>
INCREASE (DECREASE) IN CASH POSITION	(7,769)	6,013
CASH POSITION, BEGINNING	<u>6,525</u>	<u>512</u>
CASH POSITION (DEFICIENCY), ENDING	<u>\$ (1,244)</u>	<u>\$ 6,525</u>

See Accompanying Notes

UNIWIN STUDENT PUB INC.**NOTES TO FINANCIAL STATEMENTS**

(Unaudited)

APRIL 30, 2019

1. NATURE OF ACTIVITIES

The company, incorporated under the laws of Ontario, operates an on-campus cafe in the basement of the CAW Student Centre at the University of Windsor. The company commenced primary operations in September 2017.

2. SIGNIFICANT ACCOUNTING POLICIES

GOING CONCERN

These financial statements have been prepared in accordance with accounting standards for private enterprises which presume a going concern. Under the going concern assumption, a company is viewed as being able to continue its operations in the foreseeable future and realize its assets and discharge its liabilities in the normal course of operations.

However, there is significant doubt about the appropriateness of the going concern assumption. As of April 30, 2019, the company's current liabilities exceeded its total assets by \$1,231,544 and it incurred a net loss of \$63,373. Given those factors, the company's ability to realize its assets and discharge its liabilities depends on continued support from the shareholder. Management has adopted a plan to generate additional revenue and rationalize its expenses to address this issue and is confident of obtaining the necessary financing from the shareholder. The financial statements do not reflect adjustments that would be necessary if the going concern assumption were not appropriate, because management feels that the measures described above will mitigate the effect of the conditions and facts that raise doubt about the appropriateness of this assumption.

INVENTORIES

Inventories are valued at the lower of cost and net realizable value. Cost is determined on the first-in, first-out basis. Reversals of previous write-downs to net realizable value are permitted when there is a subsequent increase in the value of inventories.

UNIWIN STUDENT PUB INC.**NOTES TO FINANCIAL STATEMENTS**

(Unaudited)

APRIL 30, 2019

2. SIGNIFICANT ACCOUNTING POLICIES - continued

REVENUE RECOGNITION

The company recognizes revenue when persuasive evidence of an arrangement exists, services are performed, the price to the customer is fixed or determinable, and collection is reasonably assured.

INCOME TAXES PAYABLE METHOD

The company uses the income taxes payable method of accounting for income taxes whereby the provision for income taxes is based upon filings with taxation authorities.

USE OF ACCOUNTING ESTIMATES

The preparation of financial statements in conformity with Canadian accounting standards for private enterprises requires management to make estimates and assumptions that effect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Specifically, the going concern requires the use of management estimates and assumptions. Actual results could differ from these estimates.

FINANCIAL INSTRUMENTS**Measurement of financial instruments**

Financial instruments are financial assets or liabilities of the company where, in general, the company has the right to receive cash or another financial asset from another party or the company has the obligation to pay another party cash or other financial assets.

The company initially measures its financial assets and liabilities at fair value, except for certain non-arm's length transactions that are measured at the exchange amount, which is the amount agreed upon by the related parties.

The company subsequently measures all its financial assets and financial liabilities at amortized cost.

Financial assets measured at amortized cost include accounts receivable.

Financial liabilities measured at amortized cost include bank overdraft, accounts payable and accrued liabilities and due to University of Windsor Students' Alliance.

UNIWIN STUDENT PUB INC.**NOTES TO FINANCIAL STATEMENTS**

(Unaudited)

APRIL 30, 2019

2. SIGNIFICANT ACCOUNTING POLICIES - continued

Impairment

Financial assets measured at cost or amortized cost are tested for impairment when there are indicators of possible impairment. When a significant adverse change has occurred during the period in the expected timing or amount of future cash flows from the financial asset or group of assets, a write down is recognized in net income. The write down reflects the difference between the carrying amount and the higher of:

- The present value of the cash flows expected to be generated by the asset or group of assets;
- The amount that could be realized by selling the asset or asset group; or
- The net realizable value of any collateral held to secure repayment of the asset or group of assets.

When events occurring after the impairment confirm that a reversal is necessary, the reversal is recognized up to the amount of the previously recognized impairment.

Transaction costs

Transaction costs and financing fees are expensed as incurred for financial instruments measured at fair value and capitalized for financial instruments that are subsequently measured at cost or amortized cost.

3. OPERATING AGREEMENT

The company is run under an operating agreement with the University of Windsor Students' Alliance and the University of Windsor which was subject to an additional five year renewal on June 30, 2004. No new agreement was entered into, and the company continued under existing terms until it was closed in March 2012. The company started operating an on-campus cafe in the basement of the CAW Student Centre at the University of Windsor in September 2017.

Effective August 31, 1999, The University of Windsor assigned its shares in the Uniwin Student Pub Inc. to the University of Windsor Students' Alliance in exchange for forgiveness of all monies owed by or to the Uniwin Student Pub Inc., under specified terms. Accordingly, the balance due to the University of Windsor has been converted to contributed surplus.

UNIWIN STUDENT PUB INC.

NOTES TO FINANCIAL STATEMENTS

(Unaudited)

APRIL 30, 2019

4. INCOME TAXES	2019	2018
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The provision for income taxes recorded in the financial statements differs from the amount which would be obtained by applying the statutory income tax rate of 13.2% (2018, 14.5%) to the loss for the year as follows:

Loss for the year before income taxes	\$ <u>(63,373)</u>	\$ <u>(85,858)</u>
Tax on accounting loss	\$ (8,365)	\$ (12,449)
Tax effect of the following:		
Tax impact of losses carried forward to future years	<u>8,365</u>	<u>12,449</u>
Income tax expense	<u>\$ -</u>	<u>\$ -</u>

TAX BENEFITS AVAILABLE

The financial statements do not reflect potential tax reductions available through the application of losses carried forward against future years' earnings otherwise subject to income taxes. These losses expire as follows:

Expiry Date:		
2027	\$	58,412
2028		81,223
2029		42,426
2030		3,574
2031		94,216
2032		123,036
2034		1,553
2035		2,089
2036		1,066
2037		2,355
2038		85,857
2039		<u>63,373</u>
	<u>\$</u>	<u>559,180</u>

UNIWIN STUDENT PUB INC.**NOTES TO FINANCIAL STATEMENTS**

(Unaudited)

APRIL 30, 2019

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2019	2018
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The accounts payable and accrued liabilities include the following government remittances owing:

HST payable	\$ 891	\$ 1,428
Payroll taxes payable	378	812
WSIB payable	29	92
EHT payable	<u>495</u>	<u>791</u>
 Total	 <u>\$ 1,793</u>	 <u>\$ 3,123</u>

6. DUE TO RELATED PARTY

Amounts due to the University of Windsor Students' Alliance (UWSA) are unsecured, interest free and with no specific terms of repayment.

7. CAPITAL STOCK

	2019	2018
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AUTHORIZED

Unlimited Class A, voting, common shares

Unlimited Class B, non-voting, redeemable and retractable at the paid up capital plus declared and unpaid dividends, non-cumulative dividends at an annual rate of 10%

Unlimited Class C shares, non-voting, fully participating

ISSUED

100 Class A common shares	\$ <u>100</u>	\$ <u>100</u>
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UNIWIN STUDENT PUB INC.**NOTES TO FINANCIAL STATEMENTS**

(Unaudited)

APRIL 30, 2019

8. FINANCIAL INSTRUMENTS

The main risks the company's financial instruments are exposed to are credit risk and liquidity risk.

Credit risk

The financial instrument that potentially subjects the company to a significant concentration of credit risk is cash. The company mitigates its exposure to credit loss by placing its cash with major financial institutions.

Liquidity risk

Liquidity risk relates to the risk the company will encounter difficulty in meeting its obligations associated with financial liabilities. The financial liabilities on its balance sheet consist of bank overdraft, accounts payable and accrued liabilities and due to University of Windsor Students' Alliance. Management closely monitors cash flow requirements to ensure that it has sufficient cash on demand to meet operational and financial obligations.