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# Financial statements of NSCAD University

March 31, 2019

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## Independent Auditor's Report

To the Board of Governors of  
NSACAD University

### Opinion

We have audited the financial statements of NSCAD University (the "University"), which comprise the statement of financial position as at March 31, 2019, and the statements of operations, changes in fund balances and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the University as at March 31, 2019, and the results of its operations and 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 ("Canadian GAAS"). 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 University 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 the Audit and Risk Committee 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 University'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 University or to cease operations, or has no realistic alternative but to do so.

The Audit and Risk Committee is responsible for overseeing the University'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 GAAS 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 GAAS, 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 University'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 University'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 University 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 the Audit and Risk Committee 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.

*Deloitte LLP*

Chartered Professional Accountants  
September 17, 2019

**NSCAD University**  
**Statement of financial position**  
As at March 31, 2019

	Notes	Unrestricted		Restricted		Total 2018 \$	
		Operating fund	Endowment Fund	Capital Fund	Research and Special Purpose Fund		Total
		2019 \$	2019 \$	2019 \$	2019 \$		2019 \$
<b>Assets</b>							
Cash		1,010,039	—	—	—	1,010,039	1,269,425
Investments	3	4,862,547	8,499,590	2,906,437	—	16,268,574	12,167,135
Accounts receivable	4	226,742	—	—	—	226,742	164,336
Prepaid expenses	9	1,918,507	—	—	—	1,918,507	2,005,135
Inventory		196,811	—	—	—	196,811	197,499
Due from Operating Fund		—	123,152	—	5,931,931	6,055,083	4,282,482
Due from Capital Fund		17,013,318	—	—	—	17,013,318	15,805,500
		<b>25,227,964</b>	<b>8,622,742</b>	<b>2,906,437</b>	<b>5,931,931</b>	<b>42,689,074</b>	<b>35,891,512</b>
<b>Property and equipment</b>							
Land	5	—	—	4,402,490	—	4,402,490	4,402,490
Building		—	—	18,640,374	—	18,640,374	18,492,541
Equipment		—	—	4,989,133	—	4,989,133	4,878,434
Computer hardware		—	—	1,306,529	—	1,306,529	1,239,772
Computer software		—	—	765,073	—	765,073	765,073
Leasehold improvements		—	—	13,101,834	—	13,101,834	13,046,021
		—	—	43,205,433	—	43,205,433	42,824,331
Less: Accumulated amortization	5	—	—	16,256,152	—	16,256,152	15,570,295
		—	—	26,949,281	—	26,949,281	27,254,036
		<b>25,227,964</b>	<b>8,622,742</b>	<b>29,855,718</b>	<b>5,931,931</b>	<b>69,638,355</b>	<b>63,145,548</b>
<b>Commitments</b>							
<b>Liabilities and fund balances</b>							
<b>Current</b>							
Bank indebtedness		205,250	—	—	—	205,250	—
Demand loan payable	6	—	—	430,126	—	430,126	370,126
Accounts payable and accrued liabilities		2,194,038	—	—	—	2,194,038	1,609,981
Deferred revenue		1,107,933	353,042	2,282,477	1,283,910	5,027,362	5,022,381
Deferred capital contribution	7	—	—	7,844,523	—	7,844,523	7,938,091
Due to Operating Fund		—	—	17,013,318	—	17,013,318	15,805,500
Due to Endowment Fund		123,152	—	—	—	123,152	120,815
Due to Research and Special Purpose Fund		5,931,931	—	—	—	5,931,931	4,161,667
Current portion of long-term debt	6	—	—	949,505	—	949,505	888,241
		<b>9,562,304</b>	<b>353,042</b>	<b>28,519,949</b>	<b>1,283,910</b>	<b>39,719,205</b>	<b>35,916,802</b>
Long-term debt	6	—	—	2,006,793	—	2,006,793	2,956,298
		<b>9,562,304</b>	<b>353,042</b>	<b>30,526,742</b>	<b>1,283,910</b>	<b>41,725,998</b>	<b>38,873,100</b>
Fund balances		15,665,660	8,269,700	(671,024)	4,648,021	27,912,357	24,272,448
		<b>25,227,964</b>	<b>8,622,742</b>	<b>29,855,718</b>	<b>5,931,931</b>	<b>69,638,355</b>	<b>63,145,548</b>

The accompanying notes are an integral part of the financial statements.

Approved by the Board

\_\_\_\_\_ Governor

\_\_\_\_\_ Governor

**NSCAD University**  
**Statement of operations**  
Year ended March 31, 2019

	Unrestricted			Restricted		Total 2018 \$
	Operating Fund 2019 \$	Endowment Fund 2019 \$	Capital Fund 2019 \$	Research and Special	Total 2019 \$	
				Purpose Fund 2019 \$		
<b>Revenues</b>						
Government grants						
Unrestricted	8,836,500	—	—	—	8,836,500	8,822,421
Restricted	1,919,000	—	299,355	—	2,218,355	2,210,833
Student academic fees	8,074,677	—	—	—	8,074,677	6,807,185
Other government grants	184,017	—	—	107,530	291,547	101,554
Contributions received	22,582	294,209	174,663	144,751	636,205	917,187
Ancillary enterprises	744,585	—	—	—	744,585	604,487
Rent	646,242	—	—	—	646,242	604,186
Research grants	—	—	—	445,914	445,914	318,065
Unrealized gain (loss) on investments	—	369,840	—	—	369,840	(235,142)
Investment income	138,880	257,116	—	—	395,996	249,177
Miscellaneous	94,605	—	—	6,134	100,739	258,645
	<b>20,661,088</b>	<b>921,165</b>	<b>474,018</b>	<b>704,329</b>	<b>22,760,600</b>	20,658,598
<b>Expenses</b>						
Academic						
Salaries	8,270,544	—	—	—	8,270,544	7,923,016
Operating	434,984	—	—	168,659	603,643	538,728
Facilities operation	2,552,816	—	—	—	2,552,816	2,313,563
Administration	2,822,347	—	—	68,254	2,890,601	2,653,002
Service departments	1,870,738	—	—	21,502	1,892,240	1,774,089
Amortization of property and equipment	—	—	860,857	—	860,857	860,723
Ancillary enterprises	774,087	—	—	—	774,087	605,440
Interest	290,104	—	—	—	290,104	341,297
Research expenditures	—	—	—	445,914	445,914	318,065
Scholarships	—	469,250	—	—	469,250	441,853
Rent	70,635	—	—	—	70,635	73,641
	<b>17,086,255</b>	<b>469,250</b>	<b>860,857</b>	<b>704,329</b>	<b>19,120,691</b>	17,843,417
<b>Excess (deficiency) of revenue over expenses</b>	<b>3,574,833</b>	<b>451,915</b>	<b>(386,839)</b>	<b>—</b>	<b>3,639,909</b>	2,815,181

**NSCAD University**  
**Statement of changes in fund balances**  
Year ended March 31, 2019

	Unrestricted		Restricted		Total \$
	Operating \$	Endowment \$	Capital \$	Research and Special Purpose Fund \$	
Fund balances, March 31, 2017	12,578,884	7,792,083	111,972	974,328	21,457,267
Excess (deficiency) of revenue over expenses	3,405,737	25,702	(396,157)	(220,101)	2,815,181
Change in fund balances	3,405,737	25,702	(396,157)	(220,101)	2,815,181
Appropriations	(2,091,780)	—	—	2,091,780	—
Fund balances, March 31, 2018	<b>13,892,841</b>	<b>7,817,785</b>	<b>(284,185)</b>	<b>2,846,007</b>	<b>24,272,448</b>
Excess (deficiency) of revenue over expenses	<b>3,574,833</b>	<b>451,915</b>	<b>(386,839)</b>	—	<b>3,639,909</b>
Change in fund balances	<b>3,574,833</b>	<b>451,915</b>	<b>(386,839)</b>	—	<b>3,639,909</b>
Appropriations	<b>(1,802,014)</b>	—	—	<b>1,802,014</b>	—
Fund balances, March 31, 2019	<b>15,665,660</b>	<b>8,269,700</b>	<b>(671,024)</b>	<b>4,648,021</b>	<b>27,912,357</b>

The accompanying notes are an integral part of the financial statements.

**NSCAD University**  
**Statement of cash flows**  
Year ended March 31, 2019

	Notes	2019 \$	2018 \$
<b>Operating activities</b>			
Excess of revenue over expenses		<b>3,639,909</b>	2,815,181
Items not affecting cash			
Amortization of property and equipment		<b>860,857</b>	860,723
Amortization of deferred capital grants and deferred capital contributions		<b>(474,018)</b>	(464,566)
Unrealized (gain) loss on endowment investments		<b>(369,840)</b>	235,142
Changes in non-cash working capital items	11	<b>761,077</b>	403,852
		<b>4,417,985</b>	3,850,332
<b>Investing activities</b>			
Purchase of property and equipment		<b>(556,102)</b>	(346,975)
Net change in endowment investments		<b>(91,529)</b>	(265,097)
Capital grants and deferred capital contributions received		<b>233,321</b>	47,716
Net change in restricted capital investments		<b>(56,796)</b>	(47,846)
		<b>(471,106)</b>	(612,202)
<b>Financing activities</b>			
Repayment of short-term revolving credit facility		<b>60,000</b>	370,126
Mortgage and lease principal payments and change in capital fund bank indebtedness		<b>(888,241)</b>	(830,931)
		<b>(828,241)</b>	(460,805)
Net increase in cash		<b>3,118,638</b>	2,777,325
Cash (bank indebtedness), beginning of year		<b>2,548,698</b>	(228,627)
<b>Cash, end of year</b>		<b>5,667,336</b>	2,548,698
<b>Cash is comprised of:</b>			
Cash		<b>1,010,039</b>	1,269,425
Operating fund investments		<b>4,862,547</b>	1,279,273
Operating fund bank indebtedness		<b>(205,250)</b>	—
		<b>5,667,336</b>	2,548,698

The accompanying notes are an integral part of the financial statements.



**1. Description of business**

Nova Scotia College of Art and Design, operating as NSCAD University (the "University"), is located in Halifax and offers degrees in fine arts and design both at undergraduate and graduate levels. The University receives its principal funding from the Province of Nova Scotia through recommendations of the Nova Scotia Council on Higher Education. The University is a registered charity and, as such, is exempt from payment of income taxes.

**2. Significant accounting policies**

The financial statements are prepared in accordance with Canadian generally accepted accounting principles using Canadian accounting standards for not-for-profit organizations in Part III of the Chartered Professional Accountants of Canada Handbook.

*Fund accounting*

The University maintains its accounts in accordance with the fund accounting method in order to ensure observance of restrictions, if any, placed on the resources made available to it.

The unrestricted Operating Fund accounts for those resources over which the University's Board of Governors has sole authority and which are expendable for any purpose in the fulfillment of the University's objectives.

The restricted funds, consisting of the Endowment Fund, the Capital Fund and the Research and Special Purpose Fund, account for those resources made available to the University by outside organizations and individuals, by way of grants, service contracts or gifts. These resources, although expendable in the course of normal operations, are restricted as to use by the outside party. These restricted funds also include expendable amounts restricted as to use by action of the University's Board of Governors.

The financial statements of the University are prepared using the deferral method with the multi-column format. The deferral method, which introduces the concept of deferring restricted revenues to future accounting periods, is a process of matching the restricted revenues with the related expenses regardless of when the revenues are received. Restricted revenues are recognized as revenue in the same accounting period as related expenses. Those restricted revenues for which the related expenses have not been incurred are reported as deferred income on the University's statement of financial position.

*Financial instruments*

Financial assets and financial liabilities are initially recognized at fair value and subsequently measured at amortized cost, except for investments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in the statement of operations.

Financial assets measured at amortized cost include cash, accounts receivable and due from capital/operating funds.

Financial liabilities measured at amortized cost include bank indebtedness, demand loan payable, accounts payable and accrued liabilities, long-term debt and due to operating/endowment/research and special purpose funds.

## **2. Significant accounting policies (continued)**

### *Interest rate swap and hedge accounting*

Certain derivative financial instruments held by the University are eligible for hedge accounting. To be eligible for hedge accounting, an instrument must meet certain criteria with respect to identification, designation and documentation. In addition, the critical terms of the derivative financial instrument must match the specific terms and conditions of the hedged item. The fair value of derivative instruments eligible and qualifying for hedge accounting is generally not recognized on the consolidated balance sheet. Gains and losses on such instruments are recognized in earnings in the same period as those of the hedged item.

The University has entered into an interest rate swap agreement with a chartered bank to reduce interest rate exposure associated with its long-term debt (the mortgage). The agreement has the effect of converting the floating rate of interest to a fixed rate. The University does not use derivative financial instruments for trading or speculative purposes.

The University designated the interest rate swap as a cash flow hedge as at March 31, 2015 of a specifically identified debt instrument (the mortgage). The swap agreement is an effective hedge, both at maturity and over the term of the agreement since the term to maturity, the notional principal amount and the interest rate of the swap agreement all match the terms of the mortgage being hedged. The payments associated with the interest rate swap are recorded as interest expense.

In the event that the interest rate swap agreement is terminated or ceases to be effective in part or in whole prior to maturity any associated realized or unrealized gain or loss is recognized in income. In the event that the designated mortgage is extinguished or matures prior to the termination of the related interest rate swap agreement any realized or unrealized gain or loss is recognized in income.

### *Cash*

Cash is comprised of cash and deposits and overdraft positions with financial institutions.

### *Investments*

Investments include marketable securities, all of which are recorded at fair value, determined using closing price quotations in an active market. Settlement date accounting is used.

### *Inventory*

Inventory consists of merchandise and supplies held for resale and are valued at the lower of cost and net realizable value. Cost is determined on a first in first out basis. Administrative and program supplies and library periodicals are not inventoried.

### *Property and equipment*

Property and equipment are stated at cost in the Capital Fund.

Library book additions are not capitalized to the capital asset accounts.

Amortization is computed by the straight-line method over the estimated useful asset lives at the following rates:

Building	2%
Equipment	10%
Computer hardware	25%
Computer software	20%
Leasehold improvements	Term of lease

## **2. Significant accounting policies (continued)**

### *Impairment of long-lived assets*

Long-lived assets are tested for recoverability whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. An impairment loss is recognized when their carrying value exceeds the total undiscounted cash flows expected from their use and eventual disposition. The amount of the impairment loss is determined as the excess of the carrying value of the asset over its fair value.

### *Collection*

The University's permanent collections of Historic Art (a portion of it is now on indefinite loan to the Art Gallery of Nova Scotia) and library books were not formed for commercial purposes and are not considered realizable assets. The value of these assets are not reflected in these financial statements.

### *Revenue recognition*

The University follows the deferral method of accounting for revenue. Student academic fees and ancillary revenue are recognized when the services are provided or the goods are sold and collectability is reasonably assured. Rent revenue is recognized over the term of the lease as it becomes due and investment income is recognized when the University's right to receive payment has been established. Funding for expenditures is deferred and recognized as revenue in the year in which the related expenditure is incurred. Funding received for property and equipment is deferred and recognized as revenue on the same basis as the acquired property and equipment are amortized.

### *Use of accounting estimates*

The preparation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported assets and liabilities and disclosure of contingent assets and liabilities at the balance sheet date, as well as revenue and expenses for the period then ended. Actual results could differ from those estimates. Significant accounts most subject to judgement and estimation include the amortization periods for property and equipment, deferred revenue, deferred capital contributions, accrued liabilities and the contingent liability.

## **3. Investments**

The market value of all investments in the Endowment Fund at March 31, 2019 was \$8,499,590 (\$8,038,221 in 2018). The cost of all investments in the Endowment Fund at March 31, 2019 was \$6,957,583 (\$6,857,870 in 2018). The investments in the Endowment Fund are comprised of \$859,705 in fixed income investments, \$5,226,230 in equity investments and \$2,413,655 in other investments (\$2,372,219, \$4,814,837 and \$851,165 respectively in 2018).

The market value of all investments in the Capital Fund approximate their book value as they are comprised of cash and cash equivalents and fixed income investments.

The market value of all investments in the Operating Fund approximate their book value as they are comprised of cash equivalents.

**4. Accounts receivable**

	<b>2019</b>	2018
	\$	\$
Student tuition and fees	<b>149,926</b>	53,880
Student accounts deemed uncollectible	<b>277,405</b>	306,026
Trade and other receivables	<b>85,052</b>	80,166
Harmonized sales tax	<b>37,545</b>	45,736
	<b>549,928</b>	485,808
Less: allowance for doubtful accounts	<b>(323,186)</b>	(321,472)
	<b>226,742</b>	164,336

The allowance for doubtful accounts is made up of \$43,163 for student tuition and fees, \$277,405 for student accounts deemed uncollectible and \$2,618 for trade and other receivables (\$15,446, \$306,026 and \$nil respectively in 2018).

**5. Property and equipment**

	<b>2019</b>		2018	
	Cost	Accumulated amortization	Cost	Accumulated amortization
	\$	\$	\$	\$
Land	<b>4,402,490</b>	—	4,402,490	—
Buildings	<b>18,640,374</b>	<b>5,749,379</b>	18,492,541	5,395,232
Equipment	<b>4,989,133</b>	<b>4,280,332</b>	4,878,434	4,280,719
Computer hardware	<b>1,306,529</b>	<b>1,182,950</b>	1,239,772	1,192,087
Computer software	<b>765,073</b>	<b>765,073</b>	765,073	765,561
Leasehold improvements	<b>13,101,834</b>	<b>4,278,418</b>	13,046,021	3,936,696
	<b>43,205,433</b>	<b>16,256,152</b>	42,824,331	15,570,295
Less: accumulated amortization	<b>16,256,152</b>	—	15,570,295	—
Net book value	<b>26,949,281</b>	—	27,254,036	—

Insurance on a replacement cost basis is carried on the building and contents of the University in the amount of \$87,706,810 (\$85,164,000 in 2018).

**6. Demand loan and long-term debt**

*Demand loan*

In 2015, the University renegotiated the terms of its non-revolving demand loan and converted it to a reducing revolving term credit facility with an opening authorized amount of \$7,875,000. The authorized amount was reduced by \$125,000 on June 30, 2015 and \$250,000 semi-annually thereafter.

	<b>Available</b>	<b>Outstanding</b>
	<b>\$</b>	<b>\$</b>
Credit facility balance, beginning of year	<b>6,500,000</b>	—
Reduction in credit facility during the year	<b>(500,000)</b>	—
Drawdowns during the year	—	<b>430,126</b>
Balance, end of year	<b>6,000,000</b>	<b>430,126</b>

*Long-term debt*

The University has entered into interest rate swaps for an amount equal to the principal value of the loan with the Bank of Nova Scotia for fixed rates of 5.91% and 6.10% with a termination date of February 28, 2022. If the swaps had been terminated as at March 31, 2019 the cost to NSCAD would have been \$181,544 (\$292,112 in 2018).

	<b>2019</b>	2018
	<b>\$</b>	<b>\$</b>
Bank of Nova Scotia, prime less 0.25% maturing February 2022, payments monthly for principal and interest	<b>2,956,298</b>	3,844,539
Less: current portion of long-term debt	<b>949,505</b>	888,241
	<b>2,006,793</b>	2,956,298

The minimum principal repayments due over the next three years are:

	\$
2020	949,505
2021	1,014,994
2022	991,799
	<u>2,956,298</u>

**7. Deferred capital contribution**

Deferred capital contribution represents the unamortized amount of externally funded property and equipment, which will be recognized as income in the capital fund as those items of property and equipment are amortized.

	<b>2019</b>	2018
	<b>\$</b>	\$
Balance, beginning of year	<b>7,938,091</b>	8,062,977
Add: donations and grants	<b>81,065</b>	47,847
	<b>8,019,156</b>	8,110,824
Less: amortization	<b>174,663</b>	172,733
	<b>7,844,493</b>	7,938,091

**8. Pension**

The University contributes on behalf of substantially all of its employees to a defined contribution pension plan (the "Plan"). The University charges income with the required contribution to the Plan on an annual basis. The employer's and employees' contributions for the year were \$645,835 (\$644,050 in 2018) and \$534,035 (\$532,884 in 2018), respectively.

**9. Commitments**

The University has leased 70,000 square feet of space at the Halifax Seaport from Halifax Port Authority, for a 40 year period ending August 31, 2045. The total base rent for 40 years is \$2.5 million. This amount has been recorded as prepaid rent for the purposes of financial reporting. Amortization of the prepaid rent commenced in September 2007 upon opening of the Port Campus. The unamortized balance is \$1,817,658 (\$1,886,465 in 2018).

**10. Financial instruments**

Financial risk refers to the impact on the University's cash flows due to fluctuations in interest rates and the credit quality of student receivables. The University manages its financial risks as follows:

*Interest rate risk*

Interest rate risk is minimized as the University uses interest rate swaps, as described in Note 6, to fix interest rates on its long-term debt.

*Credit risk*

The University performs a continuous evaluation of its accounts receivable and records an allowance for doubtful accounts as required. Management considers there is no significant credit risk as at March 31, 2019.

*Fair value*

The fair value of cash, bank indebtedness, demand loan, accounts receivable, accounts payable and accrued liabilities and due to/from operating/capital/endowment/research and special purpose funds are approximately equal to their carrying values due to their short-term maturity. The fair value of long-term debt is described in Note 6. Investments are recorded at fair value.

**10. Financial instruments (continued)**

*Liquidity risk*

The University's objective is to have sufficient liquidity to meet its liabilities when due. The University monitors its cash balances and cash flows generated from operations to meet its requirements.

*Market risk*

The University is subject to market risk with respect to its investments. The University manages this risk by maintaining a diversified portfolio.

**11. Change in non-cash working capital items**

	<b>2019</b>	2018
	<b>\$</b>	\$
Accounts receivable	<b>(62,406)</b>	8,576
Prepaid expenses	<b>86,628</b>	67,264
Inventory	<b>688</b>	(34,569)
Accounts payable	<b>584,057</b>	(39,256)
Deferred revenue	<b>152,110</b>	401,837
	<b>761,077</b>	403,852