

Financial Statements of

NSCAD UNIVERSITY

March 31, 2012

Independent Auditor's Report

To the Board of Governors
NSCAD University

We have audited the accompanying financial statements of NSCAD University, which comprise the statement of financial position as at March 31, 2012, and the statements of operations, changes in fund balances 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 generally accepted accounting principles, 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of NSCAD University as at March 31, 2012, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.



Chartered Accountants
Halifax, Nova Scotia
June 26, 2012

NSCAD UNIVERSITY

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NSCAD UNIVERSITY
Statement of Financial Position
March 31, 2012

	Unrestricted		Restricted				Total 2012	Total 2011
	Operating Fund		Endowment Fund		Capital Fund			
	2012	2011	2012	2011	2012	2011		
ASSETS								
Cash	\$ 853,112	\$ 456,675	\$ 2,420	\$ 2,761	\$ -	\$ -	\$ 855,532	\$ 459,436
Investments (Note 3)	9,503,684	9,929,680	2,859,631	2,809,247	-	-	12,363,315	12,738,927
Accounts receivable (Note 4)	2,258,879	1,414,999	-	-	-	-	2,258,879	1,414,999
Prepaid expenses	2,431,827	2,477,333	-	-	-	-	2,431,827	2,477,333
Inventory	192,354	202,340	-	-	-	-	192,354	202,340
Due from operating fund	-	-	3,070,945	60,403	-	-	3,070,945	60,403
Due from capital fund	4,559,817	1,579,848	-	-	-	-	4,559,817	1,579,848
	19,799,673	16,060,875	5,932,996	2,872,411	-	-	25,732,669	18,933,286
Property and equipment (Note 5)								
Land	-	-	-	-	4,402,490	4,402,490	4,402,490	4,402,490
Building	-	-	-	-	17,297,240	16,711,745	17,297,240	16,711,745
Equipment	-	-	-	-	5,070,782	5,076,427	5,070,782	5,076,427
Computer hardware	-	-	-	-	808,025	756,042	808,025	756,042
Computer software	-	-	-	-	724,667	714,951	724,667	714,951
Leasehold improvements	-	-	-	-	12,773,953	12,559,048	12,773,953	12,559,048
	-	-	-	-	41,077,157	40,220,703	41,077,157	40,220,703
Less: Accumulated amortization (Note 5)	-	-	-	-	9,227,440	8,080,129	9,227,440	8,080,129
	-	-	-	-	31,849,717	32,140,574	31,849,717	32,140,574
	\$ 19,799,673	\$16,060,875	\$ 5,932,996	\$2,872,411	\$ 31,849,717	\$32,140,574	\$ 57,582,386	\$51,073,860
LIABILITIES AND FUND BALANCES								
Bank indebtedness (Note 6)	\$ -	\$ -	\$ -	\$ -	\$ 5,266,656	\$ 7,724,993	\$ 5,266,656	\$ 7,724,993
Accounts payable	1,915,088	2,157,147	-	-	-	-	1,915,088	2,157,147
Deferred revenue	9,978,075	10,145,071	185,882	175,569	3,982,520	3,867,180	14,146,477	14,187,820
Deferred capital contribution (Note 7)	-	-	-	-	6,451,939	6,554,045	6,451,939	6,554,045
Due to operating fund	-	-	-	-	4,559,817	1,579,848	4,559,817	1,579,848
Due to endowment fund	3,070,945	60,403	-	-	-	-	3,070,945	60,403
Current portion of long-term debt (Note 6)	-	-	-	-	701,000	743,000	701,000	743,000
	14,964,108	12,362,621	185,882	175,569	20,961,932	20,469,066	36,111,922	33,007,256
Long-term debt (Note 6)	-	-	-	-	9,086,003	9,790,360	9,086,003	9,790,360
Derivative liability (Note 6)	-	-	-	-	1,650,444	1,296,898	1,650,444	1,296,898
	14,964,108	12,362,621	185,882	175,569	31,698,379	31,556,324	46,848,369	44,094,514
Fund balances	4,835,565	3,698,254	5,747,114	2,696,842	151,338	584,250	10,734,017	6,979,346
	\$ 19,799,673	\$ 16,060,875	\$ 5,932,996	\$ 2,872,411	\$ 31,849,717	\$ 32,140,574	\$ 57,582,386	\$ 51,073,860

Commitments (Note 9)

APPROVED BY THE BOARD

..... Governor

..... Governor

NSCAD UNIVERSITY
Statement of Operations
Year ended March 31, 2012

	<u>Unrestricted</u>	<u>Restricted</u>			Restated
	<u>Operating</u>	<u>Endowment</u>	<u>Capital</u>	<u>Total</u>	<u>Total</u>
	<u>2012</u>	<u>2012</u>	<u>2012</u>	<u>2012</u>	<u>2011</u>
Revenues					
Student academic fees	\$ 5,874,265	\$ -	\$ -	\$ 5,874,265	\$ 5,800,795
Government grants					
Restricted	1,919,000	-	305,172	2,224,172	2,199,372
Unrestricted	8,710,116	-	-	8,710,116	9,069,219
Investment income	30,270	78,552	-	108,822	107,829
Rent	468,777	-	-	468,777	427,157
Ancillary enterprises	931,772	-	-	931,772	974,047
Miscellaneous	165,770	-	-	165,770	168,910
Contributions received	189,901	165,658	304,639	660,198	656,369
Other government grants	2,385,190	-	-	2,385,190	1,619,864
Unrealized (loss) gain on investments classified as held for trading	-	(60,723)	-	(60,723)	151,058
	20,675,061	183,487	609,811	21,468,359	21,174,620
Expenses					
Academic					
Salaries	8,993,390	-	-	8,993,390	8,887,321
Operating	650,035	-	-	650,035	669,138
Administration	3,122,964	-	-	3,122,964	2,450,946
Amortization of property and equipment	-	-	1,247,311	1,247,311	1,250,180
Ancillary enterprises	1,015,087	-	-	1,015,087	1,255,632
Interest	835,768	-	-	835,768	893,336
Facilities operation	2,407,864	-	-	2,407,864	2,252,558
Rent	255,040	-	-	255,040	237,947
Scholarships	-	219,243	-	219,243	228,340
Service departments	1,699,468	-	-	1,699,468	1,638,853
	18,979,616	219,243	1,247,311	20,446,170	19,764,251
Excess (deficiency) of revenue over expenses	\$ 1,695,445	\$ (35,756)	\$ (637,500)	\$ 1,022,189	\$ 1,410,369

NSCAD UNIVERSITY

Statement of Changes in Fund Balances

Year ended March 31, 2012

	Unrestricted	Restricted		Total 2012	Total 2011
	Operating 2012	Endowment 2012	Capital 2012		
Fund balances, beginning of year	\$ 3,698,254	\$ 2,696,842	\$ 584,250	\$ 6,979,346	\$5,329,506
Excess (deficiency) of revenue over expenses	1,695,445	(35,756)	(637,500)	1,022,189	1,410,369
Capital contributions to endowment fund	-	3,086,028	-	3,086,028	116,296
Change in fair value of cash flow hedge	-	-	(353,546)	(353,546)	123,175
Mortgage principal payments	(558,134)	-	558,134	-	-
Change in fund balances	1,137,311	3,050,272	(432,912)	3,754,671	1,649,840
Fund balances, end of year	\$ 4,835,565	\$ 5,747,114	\$ 151,338	\$ 10,734,017	\$6,979,346

NSCAD UNIVERSITY
Statement of Cash Flows
Year ended March 31, 2012

	2012	2011
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES		
Operating activities		
Excess of revenue over expenses	\$ 1,022,189	\$ 1,410,369
Items not affecting cash:		
Amortization of property and equipment	1,247,311	1,250,180
Amortization of deferred capital grants and deferred capital contributions	(609,811)	(585,011)
Inventory impairment	-	192,594
Unrealized loss (gain) on endowment investments	60,723	(151,058)
Changes in non-cash working capital items (Note 11)	(1,187,130)	(167,025)
	533,282	1,950,049
Investing activities		
Capital grants and deferred capital contributions received	623,045	2,641,374
Purchase of property and equipment	(956,454)	(4,598,705)
Capital contributions – endowment fund	3,086,028	116,296
	2,752,619	(1,841,035)
Financing activities		
Mortgage and lease principal payments and change in bank indebtedness	(3,204,694)	(2,583,483)
Net change in endowment investments	(111,107)	(210,790)
New borrowing	-	77,591
	(3,315,801)	(2,716,682)
NET DECREASE IN CASH AND OPERATIONAL INVESTMENTS	(29,900)	(2,607,668)
CASH AND OPERATING FUND INVESTMENTS, BEGINNING OF YEAR	10,389,116	12,996,784
CASH AND OPERATING FUND INVESTMENTS, END OF YEAR	\$ 10,359,216	\$ 10,389,116
CASH AND OPERATING FUND INVESTMENTS are comprised of:		
Cash	\$ 855,532	\$ 459,436
Operating fund investments	9,503,684	9,929,680
	\$ 10,359,216	\$ 10,389,116
Supplemental cash flow information:		
Interest paid in cash	\$ 835,768	\$ 893,336
Interest received in cash	\$ 30,270	\$ 49,329

NSCAD UNIVERSITY

Notes to the Financial Statements

March 31, 2012

1. THE UNIVERSITY

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 applied within the framework of the accounting policies summarized below.

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 and the Capital 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

Not-for-profit organizations may elect not to adopt the requirements of Sections 3862, *Financial Instruments – Disclosures* and 3863, *Financial Instruments – Presentation* and instead may apply the guidance in Section 3861, *Financial Instruments – Disclosure and Presentation*. The University has elected to use this exemption.

Financial assets and financial liabilities are initially recognized at fair value and their subsequent measurement is dependent on their classification as described below. Their classification depends on the purpose, for which the financial instruments were acquired or issued, their characteristics and the University's designation of such instruments. Settlement date accounting is used.

NSCAD UNIVERSITY
Notes to the Financial Statements
March 31, 2012

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

<u>Asset/liability</u>	<u>Classification</u>	<u>Measurement</u>
Cash (bank indebtedness)	Held for trading	Fair value
Investments	Held for trading	Fair value
Accounts receivable	Loans and receivables	Amortized cost
Due from capital/operating funds	Loans and receivables	Amortized cost
Due to capital/operating endowment fund	Other liabilities	Amortized cost
Derivative	Cash flow hedge	Fair value
Accounts payable and accrued liabilities	Other liabilities	Amortized cost
Long-term debt	Other liabilities	Amortized cost

The University's interest rate swaps have been designated as cash flow hedges. The derivatives are recorded on the Statement of Financial Position at fair value with the change in fair value of the cash flow hedges recognized directly in the Statement of Changes in Fund Balances.

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.

Capitalization and amortization

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

Insurance on a replacement cost basis is carried on the building and contents of the University in the amount of \$84,819,760.

NSCAD UNIVERSITY
Notes to the Financial Statements
March 31, 2012

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 is not reflected in these financial statements.

Revenue recognition

The University follows the deferral method of accounting for revenue. Tuition fees, residence fees and sales are recognized when the services are provided or the goods are sold. Funding for expenditures of future periods are deferred and recognized as revenue in the year in which the related expenditure is incurred. Funding received for property and equipment are 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 generally accepted accounting principles 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, allowance for doubtful accounts, deferred revenue, accounts payable and accrued liabilities.

Hedge accounting

Certain derivative financial instruments held by the University are eligible for hedge accounting. To be eligible for hedge accounting, an instrument has to meet generally accepted criteria with respect to identification, designation, documentation and effectiveness of the hedging relationship. The fair value of instruments eligible for hedge accounting is recognized on the statement of financial position. Gains or losses on those instruments are recognized in earnings in the same period as those on the hedge item. When the hedging instrument is sold, terminated or ceases to be effective prior to maturity, any gains or losses that had been previously deferred are carried forward to be recognized in earnings in the same period as those on the hedged item. When the hedged item is sold, extinguished or matures prior to the termination of the related hedging instrument all gains or losses previously deferred are recognized in earnings of the current period.

NSCAD UNIVERSITY
Notes to the Financial Statements
March 31, 2012

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Future accounting changes

New accounting framework

The CICA has issued a new accounting framework applicable to Canadian not-for-profit organizations. Effective for fiscal years beginning on January 1, 2012, not-for-profit organizations will have to choose between International Financial Reporting Standards and accounting standards for not-for-profit organization with accounting standards for private enterprises as the underlying framework, whichever suits them best. Early adoption of these standards is permitted. The University plans to adopt the new accounting standards for not-for-profit organizations in the CICA Handbook – Accounting (Part III) for its fiscal year beginning on April 1, 2012. The date of transition to the new standards is April 1, 2011. The University is currently evaluating the impact of this transition but does not expect it to be significant.

3. INVESTMENTS

The market value of all investments in the Endowment Fund at March 31, 2012 was \$2,859,631 (2011 - \$2,809,247). The cost of all investments in the Endowment Fund at March 31, 2012 was \$2,672,068 (2011 - \$2,560,961).

The market value of all investments in the Operating Fund at March 31, 2012 was \$9,503,684 (2011 - \$9,929,680). The cost of all investments in the Operating Fund at March 31, 2012 was \$9,503,684 (2011 - \$9,929,680).

4. ACCOUNTS RECEIVABLE

	<u>2012</u>	<u>2011</u>
Students' tuition	\$ 311,439	\$ 392,305
Other	2,093,018	1,078,029
HST	45,189	117,202
	<u>2,449,646</u>	<u>1,587,536</u>
Less: allowance for doubtful accounts	190,767	172,537
	<u>\$ 2,258,879</u>	<u>\$ 1,414,999</u>

NSCAD UNIVERSITY
Notes to the Financial Statements
March 31, 2012

5. PROPERTY AND EQUIPMENT

	2012		2011	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Land	\$ 4,402,490	\$ -	\$ 4,402,490	\$ -
Buildings	17,297,240	3,341,106	16,711,745	3,013,821
Equipment	5,070,782	3,697,318	5,076,427	3,555,302
Computer hardware	808,025	391,017	756,042	189,011
Computer software	724,667	287,923	714,951	142,990
Leasehold improvements	12,773,953	1,510,076	12,559,048	1,179,005
	41,077,157	9,227,440	40,220,703	8,080,129
Less: accumulated amortization	9,227,440	-	8,080,129	-
Net book value	\$ 31,849,717	\$ -	\$ 32,140,574	\$ -

6. BANK INDEBTEDNESS AND LONG-TERM DEBT

Bank indebtedness

The University has a \$750,000 line of credit with the Bank of Nova Scotia, bearing interest at the banks' prime lending rate. As at March 31, 2012, the outstanding balance was \$Nil (2011 - \$Nil). The University also has a \$10 million non-revolving demand loan repayable in 59 equal instalments of principle of \$41,667 plus interest, with the balance due March 31, 2014.

Long-term debt

The demand notes bear interest at the bank's prime lending rate less 0.25% and are primarily secured by written confirmation of a facility funding arrangement between the Province of Nova Scotia and the University for a term of 20 years or until repayment of the demand notes, whichever occurs first.

These demand notes are repayable in equal blended monthly instalments of principal plus interest. The term is 5 years (February 27, 2017) and the amortization period is 10 years (February 28, 2022).

The University has entered into an interest rate swap for an amount equal to the demand notes with the Bank of Nova Scotia for a fixed rate of 6.69% with a termination date of February 28, 2022. The bank has the right to terminate the swap transaction in whole, on February 27, 2017. If the swap had been terminated March 31, 2012 the cost to NSCAD would have been \$1,650,444 (\$1,296,898 at March 31, 2011).

NSCAD UNIVERSITY
Notes to the Financial Statements
March 31, 2012

6. BANK INDEBTEDNESS AND LONG-TERM DEBT (continued)

Long-term debt (continued)

	<u>2012</u>	<u>2011</u>
Nova Scotia Power, 0% loan maturing August 2012, monthly payments of \$3,233	\$ 16,165	\$ 54,960
Bank of Nova Scotia, prime less 0.25% mortgage maturing February 2017, payments monthly for principal and interest	8,091,866	8,650,000
Halifax Port Authority, 0% loan maturing November 2015, payments monthly	84,362	107,370
Bank of Nova Scotia, 6.62% loan maturing September 2012, payments monthly for principal and interest	66,287	192,707
Nova Scotia Strategic Opportunities Fund Incorporated 1.5% 5 year promissory note, 1.5%, due February 2015 principal balance due on maturity in February 2015	1,528,323	1,528,323
Long-term debt, end of year	<u>9,787,003</u>	<u>10,533,360</u>
Less: current portion of long-term debt	<u>701,000</u>	<u>743,000</u>
	<u>\$ 9,086,003</u>	<u>\$ 9,790,360</u>

The minimum principal repayments for the next five years are:

2013	\$ 701,000
2014	659,000
2015	2,232,000
2016	743,000
2017	777,000
	<u>\$ 5,112,000</u>

7. DEFERRED CAPITAL CONTRIBUTION

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

	<u>2012</u>	<u>2011</u>
Balance, beginning of year	\$ 6,554,045	\$ 6,818,684
Add: Donations and grants	202,533	40,000
	<u>6,756,578</u>	<u>6,858,684</u>
Less: Amortization	304,639	304,639
	<u>\$ 6,451,939</u>	<u>\$ 6,554,045</u>

NSCAD UNIVERSITY
Notes to the Financial Statements
March 31, 2012

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 fiscal 2012 were \$712,537 (2011 - \$692,102) and \$565,550 (2011 - \$540,219) 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 University has leased 1,003 square feet of space in the Immigration Annex Building, for a total of five years ending December 31, 2015 (Seeds Gallery) and an additional 5,235 square feet of space in the Seaport from the Halifax Port Authority, for a total of five years ending August 31, 2016 (Institute of Applied Creativity).

The lease payments over the next five fiscal years are as follows:

2013	\$	67,941
2014		69,336
2015		70,753
2016		69,099
2017		25,213
	\$	<u>302,342</u>

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, 2012.

NSCAD UNIVERSITY
Notes to the Financial Statements
March 31, 2012

10. FINANCIAL INSTRUMENTS (continued)

Fair value

The fair value of cash, bank indebtedness, accounts receivable and accounts payable is 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.

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 equity investments. The University manages this risk by managing a diversified portfolio.

11. CHANGE IN NON-CASH WORKING CAPITAL ITEMS

	<u>2012</u>	<u>2011</u>
Accounts receivable	\$ (843,880)	\$ (1,043,545)
Prepaid expenses	45,506	53,684
Inventory	9,986	(32,975)
Due from operating fund	(3,010,542)	2,339,100
Due from capital fund	(2,979,969)	(1,579,848)
Accounts payable	(242,059)	712,640
Deferred income	(156,683)	143,171
Due to operating fund	2,979,969	1,579,848
Due to capital fund	-	(2,363,375)
Due to endowment fund	3,010,542	24,275
	<u>\$ (1,187,130)</u>	<u>\$ (167,025)</u>

12. CAPITAL MANAGEMENT

The University's objective when managing capital is to maintain a capital structure that provides financial flexibility in order to preserve its ability to meet financial obligations. In managing its capital structure, the University monitors performance throughout the year to ensure working capital requirements and capital expenditures are funded. The University will make adjustments to its capital structure to meet the objectives of the broader strategy or in response to changes in economic conditions and risk.

13. COMPARATIVE FIGURES

Certain of the University's comparative figures have been reclassified to conform with the current year's presentation.