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# Financial statements of NSCAD University

March 31, 2020

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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, 2020, 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, 2020, 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  
July 6, 2020

**NSCAD University**  
**Statement of financial position**  
As at March 31, 2020

	Notes	Unrestricted		Restricted		Research and Special Purpose Fund 2020	Total 2020	Total 2019
		Operating fund 2020	Endowment Fund 2020	Capital Fund 2020				
		\$	\$	\$	\$	\$	\$	\$
<b>Assets</b>								
Cash		581,974	—	—	—	581,974		1,010,039
Investments	3	7,186,212	8,186,980	2,968,513	—	18,341,705		16,268,574
Accounts receivable	4	229,199	—	—	—	229,199		226,742
Prepaid expenses	9	1,817,799	—	—	—	1,817,799		1,918,507
Inventory		236,091	—	—	—	236,091		196,811
Due from Operating Fund		—	275,901	—	7,362,704	7,638,605		6,055,083
Due from Capital Fund		18,839,899	—	—	—	18,839,899		17,013,318
		<b>28,891,174</b>	<b>8,462,881</b>	<b>2,968,513</b>	<b>7,362,704</b>	<b>47,685,272</b>		<b>42,689,074</b>
Property and equipment								
Land	5	—	—	4,402,490	—	4,402,490		4,402,490
Building		—	—	18,804,193	—	18,804,193		18,640,374
Equipment		—	—	5,108,843	—	5,108,843		4,989,133
Computer hardware		—	—	1,344,794	—	1,344,794		1,306,529
Computer software		—	—	805,220	—	805,220		765,073
Leasehold improvements		—	—	13,164,717	—	13,164,717		13,101,834
		—	—	43,630,257	—	43,630,257		43,205,433
Less: Accumulated amortization	5	—	—	16,989,087	—	16,989,087		16,256,152
		—	—	26,641,170	—	26,641,170		26,949,281
		<b>28,891,174</b>	<b>8,462,881</b>	<b>29,609,683</b>	<b>7,362,704</b>	<b>74,326,442</b>		<b>69,638,355</b>
Commitments								
Subsequent event	9 12							
<b>Liabilities and fund balances</b>								
<b>Current</b>								
Bank indebtedness		42,580	—	—	—	42,580		205,250
Demand loan payable	6	—	—	—	—	—		430,126
Accounts payable and accrued liabilities		1,911,907	—	—	—	1,911,907		2,194,038
Deferred revenue		1,732,967	389,578	2,075,760	833,822	5,032,127		5,027,362
Deferred capital contribution	7	—	—	7,772,854	—	7,772,854		7,844,523
Due to Operating Fund		—	—	18,839,899	—	18,839,899		17,013,318
Due to Endowment Fund		275,901	—	—	—	275,901		123,152
Due to Research and Special Purpose Fund		7,362,704	—	—	—	7,362,704		5,931,931
Current portion of long-term debt	6	—	—	1,014,994	—	1,014,994		949,505
		<b>11,326,059</b>	<b>389,578</b>	<b>29,703,507</b>	<b>833,822</b>	<b>42,252,966</b>		<b>39,719,205</b>
Long-term debt	6	—	—	991,799	—	991,799		2,006,793
		<b>11,326,059</b>	<b>389,578</b>	<b>30,695,306</b>	<b>833,822</b>	<b>43,244,765</b>		<b>41,725,998</b>
Fund Surplus (Deficiency)		17,565,115	8,073,303	(1,085,623)	6,528,882	31,081,677		27,912,357
		<b>28,891,174</b>	<b>8,462,881</b>	<b>29,609,683</b>	<b>7,362,704</b>	<b>74,326,442</b>		<b>69,638,355</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, 2020

	Unrestricted		Restricted		Research and Special Purpose Fund	Total 2020	Total 2019
	Operating Fund 2020	Endowment Fund 2020	Capital Fund 2020				
	\$	\$	\$	\$	\$	\$	\$
<b>Revenues</b>							
Government grants							
Unrestricted	8,924,900	—	—	—	8,924,900	8,836,500	
Restricted	1,919,000	—	313,302	—	2,232,302	2,218,355	
Student academic fees	8,649,413	—	—	—	8,649,413	8,074,677	
Other government grants	168,234	17,500	—	214,408	400,142	291,547	
Contributions received	18,707	306,602	180,034	222,266	727,609	636,205	
Ancillary enterprises	711,103	—	—	—	711,103	744,585	
Rent	659,259	—	—	—	659,259	646,242	
Research grants	—	—	—	561,539	561,539	445,914	
Unrealized (loss) gain on investments	—	(732,913)	—	—	(732,913)	369,840	
Investment income	230,059	682,053	—	—	912,112	395,996	
Miscellaneous	112,571	—	—	12,264	124,835	100,739	
	<b>21,393,246</b>	<b>273,242</b>	<b>493,336</b>	<b>1,010,477</b>	<b>23,170,301</b>	<b>22,760,600</b>	
<b>Expenses</b>							
Academic							
Salaries	8,788,865	—	—	—	8,788,865	8,270,544	
Operating	448,772	—	—	265,998	714,770	603,643	
Facilities operation	2,382,746	—	—	5,283	2,388,029	2,552,816	
Administration	3,117,461	—	—	99,390	3,216,851	2,890,601	
Service departments	1,804,395	—	—	78,267	1,882,662	1,892,240	
Amortization of property and equipment	—	—	907,935	—	907,935	860,857	
Ancillary enterprises	758,668	—	—	—	758,668	774,087	
Interest	237,462	—	—	—	237,462	290,104	
Research expenditures	—	—	—	561,539	561,539	445,914	
Scholarships	—	469,639	—	—	469,639	469,250	
Rent	74,561	—	—	—	74,561	70,635	
	<b>17,612,930</b>	<b>469,639</b>	<b>907,935</b>	<b>1,010,477</b>	<b>20,000,981</b>	<b>19,120,691</b>	
<b>Excess (deficiency) of revenue over expenses</b>	<b>3,780,316</b>	<b>(196,397)</b>	<b>(414,599)</b>	<b>—</b>	<b>3,169,320</b>	<b>3,639,909</b>	

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

**NSCAD University**  
**Statement of changes in fund balances**  
Year ended March 31, 2020

	Unrestricted	Restricted			Total \$
	Operating \$	Endowment \$	Capital \$	Research and Special Purpose Fund \$	
<b>Fund balances, March 31, 2018</b>	13,892,841	7,817,785	(284,185)	2,846,007	24,272,448
Excess (deficiency) of revenue over expenses	3,574,833	451,915	(386,839)	—	3,639,909
Appropriations	(1,802,014)	—	—	1,802,014	—
<b>Fund balances, March 31, 2019</b>	15,665,660	8,269,700	(671,024)	4,648,021	27,912,357
Excess (deficiency) of revenue over expenses	<b>3,780,316</b>	<b>(196,397)</b>	<b>(414,599)</b>	—	<b>3,169,320</b>
Appropriations	<b>(1,880,861)</b>	—	—	<b>1,880,861</b>	—
<b>Fund balances, March 31, 2020</b>	<b>17,565,115</b>	<b>8,073,303</b>	<b>(1,085,623)</b>	<b>6,528,882</b>	<b>31,081,677</b>

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

**NSCAD University**  
**Statement of cash flows**  
Year ended March 31, 2020

	2020	2019
Notes	\$	\$
<b>Operating activities</b>		
Excess of revenue over expenses	<b>3,169,320</b>	3,639,909
Items not affecting cash		
Amortization of property and equipment	<b>907,935</b>	860,857
Amortization of deferred capital grants and deferred capital contributions	<b>(493,336)</b>	(474,018)
Unrealized loss (gain) on endowment investments	<b>732,913</b>	(369,840)
Changes in non-cash working capital items	<b>(11,678)</b>	761,077
11	<b>4,305,154</b>	4,417,985
<b>Investing activities</b>		
Purchase of property and equipment	<b>(599,824)</b>	(556,102)
Net change in endowment investments	<b>(420,303)</b>	(91,529)
Capital grants and deferred capital contributions received	<b>214,950</b>	233,321
Net change in restricted capital investments	<b>(62,076)</b>	(56,796)
	<b>(867,253)</b>	(471,106)
<b>Financing activities</b>		
(Repayment of) proceeds from demand loan	<b>(430,126)</b>	60,000
Mortgage and lease principal payments and change in capital fund bank indebtedness	<b>(949,505)</b>	(888,241)
	<b>(1,379,631)</b>	(828,241)
Net increase in cash	<b>2,058,270</b>	3,118,638
Cash, beginning of year	<b>5,667,336</b>	2,548,698
<b>Cash, end of year</b>	<b>7,725,606</b>	5,667,336
<b>Cash is comprised of</b>		
Cash	<b>581,974</b>	1,010,039
Operating fund investments	<b>7,186,212</b>	4,862,547
Operating fund bank indebtedness	<b>(42,580)</b>	(205,250)
	<b>7,725,606</b>	5,667,336

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 and accrued liabilities.

## **3. Investments**

The market value of all investments in the Endowment Fund at March 31, 2020 was \$8,186,980 (\$8,499,590 in 2019). The cost of all investments in the Endowment Fund at March 31, 2020 was \$7,387,877 (\$6,957,583 in 2019). The investments in the Endowment Fund are comprised of \$633,395 in fixed income investments, \$3,932,252 in equity investments and \$2,822,230 in other investments (\$859,705, \$5,226,230 and \$2,413,655 respectively in 2019). In the current year the equity investments had an unrealized loss of (\$732,913) (2019 - \$369,840).

The market value of all investments in the Capital Fund approximate their book value as they are comprised of highly liquid short term investments and fixed income investments.

The market value of all investments in the Operating Fund approximate their book value as they are comprised of highly liquid short term investments with a maturity of 12 months or less.

**4. Accounts receivable**

	<b>2020</b>	2019
	<b>\$</b>	\$
Student tuition and fees	<b>151,765</b>	149,926
Student accounts deemed uncollectible	<b>296,953</b>	277,405
Trade and other receivables	<b>41,873</b>	85,052
Harmonized sales tax	<b>72,595</b>	37,545
	<b>563,186</b>	549,928
Less: allowance for doubtful accounts	<b>(333,987)</b>	(323,186)
	<b>229,199</b>	226,742

The allowance for doubtful accounts is made up of \$34,416 for student tuition and fees, \$296,953 for student accounts deemed uncollectible and \$2,618 for trade and other receivables (\$43,163, \$277,405 and \$2,618 respectively in 2019).

**5. Property and equipment**

	<b>2020</b>		2019	
	<b>Cost</b>	<b>Accumulated amortization</b>	Cost	Accumulated amortization
	\$	\$	\$	\$
Land	<b>4,402,490</b>	—	4,402,490	—
Buildings	<b>18,804,193</b>	<b>6,106,803</b>	18,640,374	5,749,379
Equipment	<b>5,108,843</b>	<b>4,284,703</b>	4,989,133	4,280,332
Computer hardware	<b>1,344,794</b>	<b>1,193,839</b>	1,306,529	1,182,950
Computer software	<b>805,220</b>	<b>781,183</b>	765,073	765,073
Leasehold improvements	<b>13,164,717</b>	<b>4,622,559</b>	13,101,834	4,278,418
	<b>43,630,257</b>	<b>16,989,087</b>	43,205,433	16,256,152
Less: accumulated amortization	<b>16,989,087</b>	—	16,256,152	—
Net book value	<b>26,641,170</b>	—	26,949,281	—

Insurance on a replacement cost basis is carried on the building and contents of the University in the amount of \$90,484,085 (\$87,706,810 in 2019).

**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. At the end of 2020 the University had available credit on this facility of \$5,500,000 (\$6,000,000 in 2019) of which there was \$Nil outstanding (\$430,126 in 2019)

**6. Demand loan and long-term debt (continued)**

*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 a fixed rate of 6.69% with a termination date of February 28, 2022. If the swaps had been terminated as at March 31, 2020 the cost to NSCAD would have been \$106,573 (\$181,544 in 2019).

	<b>2020</b>	2019
	\$	\$
Bank of Nova Scotia, prime less 0.25% maturing February 2022, payments monthly for principal and interest	<b>2,006,793</b>	2,956,298
Less: current portion of long-term debt	<b>1,014,994</b>	949,505
	<b>991,799</b>	<b>2,006,793</b>

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

	\$
2021	1,014,994
2022	991,799
	<b>2,006,793</b>

**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>2020</b>	2019
	\$	\$
Balance, beginning of year	<b>7,844,523</b>	7,938,091
Add: donations and grants	<b>105,393</b>	81,095
	<b>7,949,916</b>	8,019,186
Less: amortization	<b>177,062</b>	174,663
	<b>7,772,854</b>	<b>7,844,523</b>

**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 \$700,787 (\$645,835 in 2019) and \$577,454 (\$534,035 in 2019), 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 and is amortized based on straight-line over 40 years. The unamortized balance is \$1,748,851 (\$1,817,658 in 2019).

## **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, 2020.

### *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. 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. The revolving term credit facility has an authorized amount of \$5,500,000 as noted in Note 6.

### *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>2020</b>	2019
	\$	\$
Accounts receivable	<b>(2,457)</b>	(62,406)
Prepaid expenses	<b>100,708</b>	86,628
Inventory	<b>(39,280)</b>	688
Accounts payable and accrued liabilities	<b>(282,131)</b>	584,057
Deferred revenue	<b>211,482</b>	152,110
	<b>(11,678)</b>	761,077

**12. Subsequent event**

On March 11, 2020, the World Health Organization characterized the outbreak of a strain of the novel coronavirus ("COVID-19") as a pandemic, which has resulted in a series of public health and emergency measures that have been put in place to combat the spread of the virus, including the announcement of a state of emergency in the Province of Nova Scotia on March 22, 2020. As of the date of issuing the financial statements, the ongoing duration and impact of COVID-19 is unknown and it is not possible to reliably estimate the impact that the length and severity of these developments will have on the financial results and condition of the University in future fiscal years.