

Cape Breton University
Non-consolidated Financial Statements

March 31, 2024

Cape Breton University
Non-consolidated Financial Statements
For the year ended March 31, 2024

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To the Board of Governors of Cape Breton University:

Opinion

We have audited the non-consolidated financial statements of Cape Breton University (the "University"), which comprise the non-consolidated statement of financial position as at March 31, 2024, and the non-consolidated statements of operations, changes in fund balances and cash flows for the year then ended, and notes to the non-consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying non-consolidated financial statements present fairly, in all material respects, the non-consolidated financial position of the University as at March 31, 2024, and the results of its non-consolidated operations and its non-consolidated 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Non-Consolidated 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 non-consolidated 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 Those Charged with Governance for the Non-consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the non-consolidated 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 non-consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the non-consolidated 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.

Those charged with governance are responsible for overseeing the University's financial reporting process.

Auditor's Responsibilities for the Audit of the Non-Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the non-consolidated 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 generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these non-consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the non-consolidated 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 non-consolidated 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 non-consolidated financial statements, including the disclosures, and whether the non-consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Sydney, Nova Scotia
June 27, 2024

MNP LLP

Chartered Professional Accountants

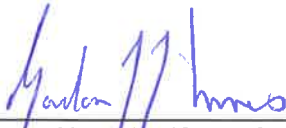
Management's Responsibility for the Non-Consolidated Financial Statements

The accompanying non-consolidated financial statements of Cape Breton University (the "University") are the responsibility of the University's management and have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. These standards are included in the CPA Canada Handbook - Part III, and accounting standards for private enterprises included Part II is used for items are not addressed in Part III. A summary of the significant accounting policies is described in Note 1 to the non-consolidated financial statements. The preparation of non-consolidated financial statements necessarily involves the use of estimates based on management's judgment. Estimates and judgments have been determined on a reasonable and consistent basis to ensure that the non-consolidated financial statements are presented fairly, in all material respects.

The University's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded and reliable financial information is available on a timely basis for preparation of non-consolidated financial statements. These systems are regularly monitored and evaluated by management.

The audit committee meets with management and the external auditors to review the non-consolidated financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the non-consolidated financial statements.

The non-consolidated financial statements have been audited by MNP LLP, independent external auditors appointed by the University. The accompanying Independent Auditors' Report outlines their responsibilities, the scope of their examination and their opinion on the University's non-consolidated financial statements.



Gordon MacInnis, FCPA, FCA
Vice-President, Finance and Administration

Cape Breton University
Non-consolidated Statement of Financial Position
As at March 31, 2024

					2024	2023
	Operating Fund	Special Purpose and Research Fund	Capital Fund	Endowment Fund	Total	Total
ASSETS						
Current assets						
Cash	\$ 285,862,902	\$ -	\$ -	\$ -	\$ 285,862,902	\$ 276,219,128
Accounts receivable (Note 2)	20,536,693	-	-	-	20,536,693	21,233,890
Prepaid expenses	1,260,289	-	-	-	1,260,289	1,323,734
	<u>307,659,884</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>307,659,884</u>	<u>298,776,752</u>
Investments						
Investments held for scholarship and special purposes (Note 3)		17,073,482	-	40,240,310	57,313,792	52,633,490
Investment in CBU Developments Inc. (Note 4)		100	-	-	100	100
		<u>17,073,582</u>	<u>-</u>	<u>40,240,310</u>	<u>57,313,892</u>	<u>52,633,590</u>
Interfund balances	(221,552,079)	219,862,545	(1,814,603)	3,504,137	-	-
Capital assets (Note 5)	-	-	71,496,514	-	71,496,514	66,543,671
Work in progress (Note 6)	-	-	29,024,442	-	29,024,442	8,545,336
Due from LearnCorp International Inc. and CBU Foundation (Note 7)	138,018	-	-	-	138,018	11,732
	<u>\$ 86,245,823</u>	<u>\$ 236,936,127</u>	<u>\$ 98,706,353</u>	<u>\$ 43,744,447</u>	<u>\$ 465,632,750</u>	<u>\$ 426,511,081</u>

LIABILITIES

Current liabilities						
Accounts payable and accrued liabilities	\$ 52,001,200	\$ -	\$ -	\$ -	\$ 52,001,200	\$ 78,980,707
Current portion of accrued employee benefits (Note 8)	614,019	-	-	-	614,019	539,974
Deferred revenue (Note 9)	32,280,155	-	-	-	32,280,155	20,475,871
Deferred special purpose and research funds (Note 10)	-	113,807,751	-	-	113,807,751	133,372,461
Current portion of long-term debt (Note 11)	-	-	633,000	-	633,000	604,000
	<u>84,895,374</u>	<u>113,807,751</u>	<u>633,000</u>	<u>-</u>	<u>199,336,125</u>	<u>233,973,013</u>
Long-term liabilities						
Accrued employee benefits (Note 8)	659,458	-	-	-	659,458	580,889
Long-term debt (Note 11)	-	-	5,883,000	-	5,883,000	6,516,000
Deferred capital contributions (Note 13)	659,458	-	49,270,171	-	49,929,629	28,804,446
	<u>85,554,832</u>	<u>113,807,751</u>	<u>49,903,171</u>	<u>-</u>	<u>249,265,754</u>	<u>262,777,459</u>

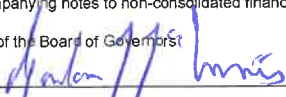
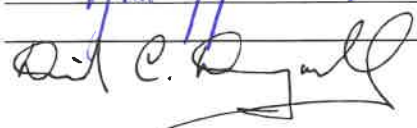
Commitments and contingencies (Note 18)

FUND BALANCES

Fund balances	690,991	123,128,376	48,803,182	43,744,447	216,366,996	163,733,622
	<u>\$ 86,245,823</u>	<u>\$ 236,936,127</u>	<u>\$ 98,706,353</u>	<u>\$ 43,744,447</u>	<u>\$ 465,632,750</u>	<u>\$ 426,511,081</u>

See accompanying notes to non-consolidated financial statements.

On behalf of the Board of Governors:

Cape Breton University
Non-consolidated Statement of Operations
For the year ended March 31, 2024

					2024	2023
	Operating Fund	Special Purpose and Research Fund	Capital Fund	Endowment Fund	Total	Total
REVENUES						
Government grants and contracts	\$ 29,757,687	\$ -	\$ -	\$ -	\$ 29,757,687	\$ 28,932,832
Tuition and related fees	118,811,226	-	-	-	118,811,226	84,341,539
Scholarship revenue	720,000	-	-	-	720,000	-
Investment income	15,964,402	919,068	-	-	16,883,470	9,332,592
Other income	4,121,261	-	-	-	4,121,261	4,272,716
Ancillary enterprises	3,140,033	114,816	-	-	3,254,849	2,696,493
Special purpose and research revenue	-	8,751,163	-	-	8,751,163	7,074,765
Contributions to internally restricted investments	-	2,441,766	-	-	2,441,766	1,027,447
Amortization of deferred capital contributions (Note 13)	-	-	2,322,699	-	2,322,699	1,852,715
Change in fair value of investments	-	476,611	-	-	476,611	-
	172,514,609	12,703,424	2,322,699	-	187,540,732	139,531,099
EXPENSES						
Instruction and non-sponsored research	54,423,184	-	-	-	54,423,184	44,953,813
Library	2,497,827	-	-	-	2,497,827	2,323,206
Student services	27,423,789	-	-	-	27,423,789	21,722,808
Administration and general	14,069,773	-	-	-	14,069,773	7,475,270
Development and recruiting	7,182,386	-	-	-	7,182,386	5,843,662
Facilities management	7,567,777	-	-	-	7,567,777	8,287,280
Computing	3,985,496	-	-	-	3,985,496	3,599,535
Ancillary enterprises	2,410,481	6,990	-	-	2,417,471	2,160,297
Special purpose and research expenses (Note 10)	-	11,119,367	-	-	11,119,367	7,988,349
Amortization of capital assets	-	-	8,898,001	-	8,898,001	7,672,342
Change in fair value of investments	-	-	-	-	-	1,079,961
Retirement incentive, vacation and service award costs (Note 8)	150,316	-	-	-	150,316	(408,498)
	119,711,029	11,126,357	8,898,001	-	139,735,387	112,698,025
EXCESS (DEFICIENCY) OF						
REVENUES OVER EXPENSES	\$ 52,803,580	\$ 1,577,067	\$ (6,575,302)	\$ -	\$ 47,805,345	\$ 26,833,074

See accompanying notes to non-consolidated financial statements.

Cape Breton University
Non-consolidated Statement of Changes in Fund Balances
For the year ended March 31, 2024

	2024					2023	
	Operating Fund	Special Purpose and Research Fund	Capital Fund (Note 14)	Endowment Fund	Total	Total	
BALANCE, BEGINNING OF YEAR	\$ 4,842	\$ 80,365,515	\$ 44,446,847	\$ 38,916,418	\$ 163,733,622	\$ 134,894,148	
Transactions during the year							
Excess (deficiency) of revenues over expenses	52,803,580	1,577,067	(6,575,302)	-	47,805,345	26,833,074	
Supplementary Pension Plan remeasurement	-	-	-	-	-	(22,179)	
Endowment contributions	-	-	-	2,263,404	2,263,404	1,996,797	
Investment income on scholarship endowments in excess of scholarships awarded	-	-	-	1,491,600	1,491,600	2,645,636	
Change in fair value of investments	-	-	-	1,073,025	1,073,025	(2,613,854)	
Net change in investment in capital assets (Note 14)	(10,931,637)	-	10,931,637	-	-	-	
Interfund transfers (Note 15)	(41,185,754)	41,185,794	-	-	-	-	
	686,149	42,762,861	4,356,335	4,828,029	52,633,374	28,839,474	
BALANCE, END OF YEAR	\$ 690,991	\$ 123,128,376	\$ 48,803,182	\$ 43,744,447	\$ 216,366,996	\$ 163,733,622	
Fund balances are comprised of							
Investment in capital assets (Note 14)	\$ -	\$ -	\$ 48,803,182	\$ -	\$ 48,803,182	\$ 44,446,847	
Internally restricted funds (Note 16)	-	102,649,441	-	-	102,649,441	63,724,024	
Endowment funds	-	20,478,835	-	43,744,447	64,223,282	55,557,809	
Equity in CBU Developments Inc.	-	100	-	-	100	100	
Unrestricted	690,991	-	-	-	690,991	4,842	
	\$ 690,991	\$ 123,128,376	\$ 48,803,182	\$ 43,744,447	\$ 216,366,996	\$ 163,733,622	

See accompanying notes to non-consolidated financial statements.

Cape Breton University
Non-consolidated Statement of Cash Flows

For the year ended March 31, 2024

	2024	2023
CASH FLOWS FROM OPERATIONS		
Excess of revenues over expenses	\$ 47,805,345	\$ 26,833,074
Items not involving cash		
Amortization of capital assets	8,898,001	7,672,342
Amortization of deferred capital contributions	(2,322,699)	(1,852,715)
Change in fair value of investments	(476,611)	1,079,961
Decrease in accrued employee benefits costs	152,614	(461,806)
Change in non-cash working capital (Note 17)	(33,979,291)	86,159,061
	<u>20,077,359</u>	<u>119,429,917</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Increase in investments	(3,130,666)	(3,741,465)
Acquisition of capital assets and work in progress	(34,329,950)	(10,504,165)
Endowment contributions	2,263,404	1,996,797
Investment income on scholarship endowments in excess of scholarships awarded	1,491,600	2,645,636
Increase in due from LearnCorp International inc. and CBU Foundation	(126,286)	(671)
	<u>(33,831,898)</u>	<u>(9,603,868)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Contributions received for capital assets	24,002,313	244,112
Repayment of long-term debt	(604,000)	(577,000)
	<u>23,398,313</u>	<u>(332,888)</u>
INCREASE IN CASH AND CASH EQUIVALENTS	<u>9,643,774</u>	<u>109,493,161</u>
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	276,219,128	166,725,967
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 285,862,902</u>	<u>\$ 276,219,128</u>

See accompanying notes to non-consolidated financial statements.

Cape Breton University

Notes to Non-consolidated Financial Statements

For the year ended March 31, 2024

The College of Cape Breton was established on June 28, 1974, combining the Sydney Campus of Saint Francis Xavier University and the Nova Scotia Eastern Institute of Technology into a single post-secondary institution under an autonomous Board of Governors by an Act of the Nova Scotia legislature. In June, 1982, the College was granted university status by an amendment to the College of Cape Breton Act.

The Cape Breton University is a registered charity under the Income Tax Act and is therefore, exempt from payment of income taxes.

1. ACCOUNTING POLICIES

These non-consolidated financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO") in Part III of the CPA Handbook:

a) Basis of presentation

The University follows the deferral method using fund accounting. The following is a description of the nature and purpose of each of the funds.

Endowment fund

The Endowment Fund reports the net assets available for scholarship purposes. The University regards scholarship funds as being of an endowment nature.

Contributions to the fund are accounted for as a direct increase in the Endowment fund balance. Pledges to the Endowment fund are recognized when the pledged assets are received. Investment income earned on Endowment funds is:

- recognized as scholarship revenue in the operating fund to the extent utilized to pay scholarships included in student services, and
- the remaining balance of investment income is added directly to the Endowment fund balance.

Capital fund

The capital fund reports the assets, liabilities, revenues and expenses related to the University's capital assets.

Special purpose and research fund

The special purpose and research fund principally reports the revenues and expenses related to sponsored research and special projects along with the ancillary operation of the parking lot.

Cape Breton University
Notes to Non-consolidated Financial Statements
For the year ended March 31, 2024

1. ACCOUNTING POLICIES (CONTINUED)

a) Basis of presentation (continued)

In addition, the fund reports the continuity of Endowment funds (other than scholarships) and other special funds which have been established by internal restrictions to meet designated priorities of the University.

Operating fund

The operating fund reports all the remaining residual activities of the University and consists principally of the assets, liabilities, revenues and expenses associated with the core operations of the University.

b) Revenue recognition

Revenues, including government grants and contributions, are recorded using the deferral method of accounting. Major revenues, including tuition fees, residence fees and sales are recognized when the services are provided or the goods are sold.

Operating grants are recorded as revenue in the period to which it relates. Capital grants are recorded as deferred capital contributions and are amortized to revenue at a rate corresponding with the amortization of the related capital asset.

Unrestricted contributions are recognized as revenue when the amount can be reasonably estimated and collections are reasonably assured.

Externally restricted contributions are recognized as revenue in the same accounting period as the related expense.

c) Investments

Investments in pooled funds, equities and long-term bonds are recorded at fair value. Changes in fair market value of investments are recorded in the non-consolidated statement of operations, except for investments held for scholarships which are recorded directly to the fund balance on the non-consolidated statement of changes in fund balances.

The investment in CBU Developments Inc. is accounted for using the equity method. Under the equity method, the original cost of the shares is adjusted for the University's share of post-acquisition earnings or losses less dividends.

Cape Breton University
Notes to Non-consolidated Financial Statements
For the year ended March 31, 2024

1. ACCOUNTING POLICIES (CONTINUED)

d) Capital assets

Capital assets are reported in the statement of financial position at cost net of accumulated amortization. They are amortized on a straight-line basis over their estimated useful lives at the following rates:

Asset	Basis	Rate
Buildings	Straight-line	40 years
Capital improvements	Straight-line	15 years
Computer and information systems	Straight-line	5 years
Equipment		
Computers and peripherals	Straight-line	3 years
Other equipment	Straight-line	5 years
Library collection	Straight-line	10 years
Vehicles	Straight-line	3 years
Equipment acquired under capital lease	Straight-line	3-5 years
Leasehold improvements	Straight-line	Lease term

A full year's amortization is taken in the year of acquisition and no amortization in the year of disposal. Equipment under capital lease is amortized over the term of the lease.

Capital assets acquired through external funding are not capitalized until project completion.

Work in progress is reported in the non-consolidated statement of financial position at cost.

e) Deferred revenue and deferred special purpose and research funds

Deferrals within these categories relate to funds received for goods or services to be provided subsequent to the non-consolidated statement of financial position date and unspent grants and contributions for which there is a specified use.

f) Interfund transfers

The University follows a policy of appropriating funds on a discretionary basis for special items including debt repayment and capital asset replacement. Interfund transfers are recorded to maintain the fund balances at their designated levels.

g) Contributed goods and services

Various organizations and individuals make voluntary contributions of goods and services to Cape Breton University in carrying out its service delivery activities. Because of the difficulty of determining their value, contributed goods and services are not recognized in the financial statements.

Cape Breton University

Notes to Non-consolidated Financial Statements

For the year ended March 31, 2024

1. ACCOUNTING POLICIES (CONTINUED)

h) Artwork and collections

Cape Breton University has been entrusted with the care and preservation of certain collections of art, rare books and manuscripts and historical artifacts. The University's stewardship policies include proper security measures, insurance coverage and qualified caretakers. Certain acquisitions may require a cash outlay by Cape Breton University.

As at March 31, 2024, the estimated fair market value of the artwork and collections was \$8,500,000. The fair market value is not reflected in the financial statements.

i) Service awards

The University pays a service award to certain permanent full-time employees who accumulate a minimum of ten years service with the University and is employed by the University immediately prior to retirement. The amount of the award is based on years of service up to a maximum payment equal to four months salary.

The projected benefit method prorated on services is used to determine the accrued benefit obligation and current service cost.

Actuarial gains and losses are immediately recognized in the non-consolidated statement of changes in fund balances.

j) Pensions

The University has established a defined benefit Supplementary Pension Plan for Designated Employees. The defined benefit obligation and current service cost has been determined from an actuarial valuation using the projected benefit method prorated on services. Actuarial gains and losses are immediately recognized in the non-consolidated statement of changes in fund balances.

k) Derivative financial instruments

Derivative financial instruments are utilized to reduce interest rate risk on the University's debt. The University enters into interest rate swaps to reduce the impact of fluctuating interest rates on its long-term debt. The University designates its interest rate swap agreement as a hedge of the underlying debt. The University does not enter into financial instruments for trading or speculative purposes.

The University formally documents all relationships between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various interest rate hedge transactions. This process includes linking the derivative to specific assets and liabilities on the statement of financial position or to specific firm commitments or anticipated transactions. The University also formally assesses, both at the hedge's inception and on an ongoing basis, whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

Cape Breton University
Notes to Non-consolidated Financial Statements
For the year ended March 31, 2024

1. ACCOUNTING POLICIES (CONTINUED)

l) Use of estimates

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period.

Accounts receivables are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization is based on the estimated useful lives of capital assets. Legal liabilities are recorded as a liability if expected outflows can be reasonably determined, if not an accrual will not be made. Fair market value of artwork and collections is based on the insurance policy assessed value. The supplementary pension plan obligation and service award accrual are estimated using management's best estimate of inputs to determine the present value of future obligations.

By their nature, these judgments are subject to measurement uncertainty, and the effect on the financial statements of changes in such estimates and assumptions in future years could be material. These estimates and assumptions are reviewed periodically and, as adjustments become necessary, they are reported in excess of revenues over expenses in the years in which they become know.

m) Financial instruments

Measurement of non-arm's length financial instruments

The University initially measures financial instruments originated in a related party transaction ("related party financial instruments") at cost and subsequently measured at cost less any reduction for impairment.

Measurement of arm's length financial instruments

The University initially measures its financial assets and financial liabilities at fair value and subsequently measures its financial assets and financial liabilities as follows:

Financial instrument	Measurement basis
Cash	Fair value
Accounts receivable	Amortized cost
Investments	Fair value
Accounts payable	Amortized cost
Accrued liabilities	Amortized cost
Long-term debt	Amortized cost

Transaction costs related to financial assets subsequently measured at fair value are expensed as incurred. Financing fees related to financial assets and financial liabilities subsequently measured at amortized cost are deferred and amortized over the period of the related liability.

Cape Breton University
Notes to Non-consolidated Financial Statements

For the year ended March 31, 2024

1. ACCOUNTING POLICIES (CONTINUED)

Impairment

Financial assets measured at cost or amortized cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in income. A previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is not greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in income.

2. ACCOUNTS RECEIVABLE

	2024	2023
Student accounts	\$ 15,211,561	\$ 9,750,521
Less allowance for doubtful student accounts	(7,021,265)	(2,354,867)
	8,190,296	7,395,654
Government allotments and grants	10,875,998	12,357,589
Other	1,470,399	1,480,647
	\$ 20,536,693	\$ 21,233,890

3. INVESTMENTS HELD FOR SCHOLARSHIP AND SPECIAL PURPOSES

	2024		2023	
	Cost	Fair Market Value	Cost	Fair Market Value
Special Purpose and Research Fund				
Special purpose	\$ 8,481,568	\$ 8,399,209	\$ 7,980,665	\$ 7,665,764
Victor Harriss Endowment	8,759,330	8,674,273	8,341,166	8,012,040
	17,240,898	17,073,482	16,321,831	15,677,804
Endowment Fund	39,936,234	40,240,310	37,724,635	36,955,686
	\$ 57,177,132	\$ 57,313,792	\$ 54,046,466	\$ 52,633,490

Cape Breton University
Notes to Non-consolidated Financial Statements

For the year ended March 31, 2024

4. INVESTMENT IN CBU DEVELOPMENTS INC.

The University is the sole shareholder of CBU Developments Inc. ("Developments"), a company that acts as the corporate trustee of CBU 2015 Business Trust (the "Trust"). In its role as corporate trustee, Developments is responsible for the execution of the trust indenture. It is expected there will be few transactions within Developments and no significant equity accumulated, with exception of the initial share capital issued.

The Trust was created to invest in Gardiner Mines Wind Farm Limited Partnership whose principal business activity is the construction and operation of three wind turbines in Sydney, Nova Scotia. The Trust owns 89% of the partnership units of the Limited Partnership and has incurred the debt financing for the construction of the wind turbines. This debt has been guaranteed by the University.

It is expected the partnership income earned by the Trust will be distributed, in accordance with the trust indenture, to the named beneficiaries, Cape Breton University and Cape Breton University Foundation and no significant equity will be accumulated by the Trust.

The summary of the audited financial statements of CBU 2015 Business Trust for the year ending December 31, 2023 is as follows:

BALANCE SHEET

Assets	\$ 12,357,644
Liabilities	12,943,450
Partners' Capital	(585,806)

STATEMENT OF EARNINGS

Revenues	527,334
Expenses	441,447
Net earnings	85,887

STATEMENT OF CASH FLOWS

Operating	138,249
Financing	(797,000)
Investing	1,209,400

Cape Breton University
Notes to Non-consolidated Financial Statements

For the year ended March 31, 2024

4. INVESTMENT IN CBU DEVELOPMENTS INC. (CONTINUED)

The summary of the audited financial statements of Gardiner Mines Wind Farm Limited Partnership for the year ending March 31, 2024 follows:

BALANCE SHEET

Assets	\$ 11,907,462
Liabilities	639,059
Partners' Capital	11,268,403

STATEMENT OF EARNINGS

Revenues	2,097,108
Expenses	1,578,700
Net earnings	518,408

STATEMENT OF CASH FLOWS

Operating	1,398,887
Financing	(1,179,619)
Investing	-

5. CAPITAL ASSETS

	2024		
	Cost	Accumulated amortization	Net book value
Land	\$ 1,474,316	\$ -	\$ 1,474,316
Buildings	89,689,247	55,371,573	34,317,674
Capital improvements	58,432,118	30,206,893	28,225,225
Computer and information systems	9,861,886	7,374,897	2,486,989
Equipment	20,143,757	15,498,038	4,645,719
Library collection	2,359,345	2,359,345	-
Vehicles	690,849	630,145	60,704
Equipment acquired under capital lease	2,048,151	2,048,151	-
Leasehold improvements	992,408	706,521	285,887
	\$ 185,692,077	\$ 114,195,563	\$ 71,496,514

Cape Breton University
Notes to Non-consolidated Financial Statements

For the year ended March 31, 2024

5. CAPITAL ASSETS (continued)

	2023		
	Cost	Accumulated amortization	Net book value
Land	\$ 1,474,316	\$ –	\$ 1,474,316
Buildings	89,689,247	53,574,644	36,114,603
Capital improvements	49,590,280	27,107,291	22,482,989
Computer and information systems	8,577,861	6,043,022	2,534,839
Equipment	16,604,055	13,204,091	3,399,964
Library collection	2,359,345	2,358,144	1,201
Vehicles	640,669	586,502	54,167
Equipment acquired under capital lease	2,048,151	2,048,151	–
Leasehold improvements	857,308	375,716	481,592
	\$ 171,841,232	\$ 105,297,561	\$ 66,543,671

6. WORK IN PROGRESS

	2024	2023
Hall of Fame	\$ –	\$ 2,036,319
Centre for Discovery/Innovation	4,763,113	326,309
Enterprise resource planning – payroll	–	175,096
Canada Games Complex refit	14,838,642	1,766,278
Fieldhouse interior renovations	–	350,922
Cape Breton Health Recreation Complex	–	58,121
Marvin Harvey Building retrofit	–	42,564
Information technology infrastructure	1,762,675	270,822
Server room	494,852	–
MacDonald Residence	–	35,403
Arseneau Britten Building controls	–	52,475
Dome replacement	–	1,621,878
Energy efficient lighting	737,659	70,526
CE roof replacement	1,146,127	6,290
Accessible washrooms	–	16,989
Verschuren Centre roof replacement	578,312	1,715,344
Medical campus	4,543,442	–
Collaborative clinic	66,004	–
Marconi renovations	93,616	–
	\$ 29,024,442	\$ 8,545,336

Cape Breton University
Notes to Non-consolidated Financial Statements
For the year ended March 31, 2024

7. DUE FROM LEARNCORP INTERNATIONAL INC. AND CBU FOUNDATION

During the year, the University provided administrative and processing support to the CBU Foundation and certain of its subsidiaries.

At March 31, 2024, LearnCorp International Inc., a subsidiary of the CBU Foundation owed the University \$138,018 (2023 - \$11,732) for amounts paid on its behalf.

During the year, the University received a \$500,000 donation (2023 - \$500,000 distribution) from the CBU Foundation.

8. ACCRUED EMPLOYEE BENEFITS

	2024	2023
Vacation entitlements	\$ 614,019	\$ 539,974
Service awards, accrued benefit liability	114,868	103,617
Supplementary pension plan (Note 19)	544,590	477,272
	<u>1,273,477</u>	<u>1,120,863</u>
Current portion		
Vacation entitlements	614,019	539,974
	<u>614,019</u>	<u>539,974</u>
	<u>\$ 659,458</u>	<u>\$ 580,889</u>
Expensed in the year		
Vacation entitlements	\$ 74,045	\$ (504,208)
Service awards, accrued benefit liability	11,252	14,242
Supplementary pension plan	65,019	81,468
	<u>\$ 150,316</u>	<u>\$ (408,498)</u>

9. DEFERRED REVENUE

	2024	2023
Province of Nova Scotia (DAE) Medical Campus operational funding	\$ 11,600,000	\$ -
Student tuition	20,135,711	19,972,258
General	544,444	503,613
	<u>\$ 32,280,155</u>	<u>\$ 20,475,871</u>

Cape Breton University
Notes to Non-consolidated Financial Statements
For the year ended March 31, 2024

10. DEFERRED SPECIAL PURPOSE AND RESEARCH FUNDS

The deferrals are comprised of net revenues received in advance for projects of an ongoing nature. The changes in deferred funding are as follows:

	2024	2023
Balance, beginning of year	\$ 133,372,461	\$ 6,833,301
Add external contributions:		
Atlantic Canada Opportunities Agency	2,226,734	253,977
CFI and Province of Nova Scotia	381,867	201,051
Federal Tri-Agency	1,731,116	1,915,685
Other federal government agencies	1,256,589	979,072
Other grants and revenue	3,214,379	3,396,247
Province of Nova Scotia	3,828,080	126,971,253
Add:		
Transfers from special purpose reserves	2,368,204	913,584
Less:		
Transfers to capital fund	(23,452,312)	(103,360)
Expenditures recognized for the year	(11,119,367)	(7,988,349)
Balance, end of year	\$ 113,807,751	\$133,372,461

11. LONG-TERM DEBT

	2024	2023
Royal Bank of Canada, 4.8% due August 1, 2035, repayable in fluctuating blended instalments averaging \$42,000 per month	\$ 4,381,000	\$ 4,675,000
Royal Bank of Canada, 5.28% due December 20, 2029, repayable in fluctuating blended instalments averaging \$36,000 per month	2,135,000	2,445,000
	6,516,000	7,120,000
Current portion of long-term debt	633,000	604,000
	\$ 5,883,000	\$ 6,516,000

Cape Breton University
Notes to Non-consolidated Financial Statements
For the year ended March 31, 2024

11. LONG-TERM DEBT (CONTINUED)

Estimated principal repayments over the next five years are as follows:

2025	\$ 633,000
2026	664,000
2027	695,000
2028	729,000
2029	765,000

Interest of \$337,690 (2023 - \$394,401) relating to long-term debt is reported as a component of ancillary enterprises expenses in the operating fund.

12. INTEREST RATE SWAP AGREEMENTS

The University has entered into interest rate swap agreements with the Royal Bank of Canada to manage interest rate exposure associated with certain long-term debt obligations. The notional underlying principal value of the interest rate swaps related to debt outstanding at March 31, 2024 was \$6,516,000 (2023 - \$7,120,000). The University has no plans to sell or terminate the interest rate swap agreements prior to maturity. If the University had terminated these swaps on March 31, 2024, it would have been obligated to pay the bank \$146,286 (2023 - \$357,682), which is the fair value of the swaps as calculated by the bank.

13. DEFERRED CAPITAL CONTRIBUTIONS

	2024	2023
Balance, beginning of year	\$ 21,707,557	\$ 23,316,160
Additions		
Province of Nova Scotia – Advanced education	21,156,554	–
Atlantic Canada Opportunities Agency	2,499,324	–
CFI and Province of NS matching	196,435	103,360
Other	150,000	140,752
	24,002,313	244,112
Amortized to revenue	2,322,699	1,852,715
Balance, end of year	\$ 43,387,171	\$ 21,707,557

Cape Breton University
Notes to Non-consolidated Financial Statements
For the year ended March 31, 2024

14. INVESTMENT IN CAPITAL ASSETS

a) Investment in capital assets and work in progress are calculated as follows:

	2024	2023
Capital assets (Note 5)	\$ 71,496,514	\$ 66,543,671
Work in progress (Note 6)	29,024,442	8,545,336
Less		
Deferred capital contributions (Note 13)	(43,387,171)	(21,707,557)
Long-term debt (Note 11)	(6,516,000)	(7,120,000)
Capital assets to be funded from future operations Verschuren Centre	(1,814,603)	(1,814,603)
	\$ 48,803,182	\$ 44,446,847

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

	2024	2023
Deficiency of revenues over expenses		
Amortization of deferred contributions	\$ 2,322,699	\$ 1,852,715
Amortization of capital assets	(8,898,001)	(7,672,342)
	\$ (6,575,302)	\$ (5,819,627)
Net change in investment in capital assets		
Acquisition of capital assets	\$ 13,850,844	\$ 3,025,517
Less prior year work in progress	(8,545,336)	(1,066,688)
	5,305,508	1,958,829
Work in progress	29,024,442	8,545,336
Amount funded by deferred capital contributions	(24,002,313)	(244,112)
Repayment of long-term debt	604,000	577,000
	\$ 10,931,637	\$ 10,837,053

Cape Breton University
Notes to Non-consolidated Financial Statements
For the year ended March 31, 2024

15. INTERFUND TRANSFERS

	Operating Fund	Special Purpose	Deferred Special Purpose
General capital reserve	\$ 5,067,881	\$ (5,067,881)	\$ -
Major capital reserve	(38,214,402)	38,214,402	-
Enrollment diversification reserve	-	80,407	(80,407)
General operating reserve	(5,859,666)	5,859,666	-
Strategic priorities reserve	(2,780,000)	331,390	2,448,610
IT / ERP reserve	600,393	(600,393)	-
	\$ (41,185,794)	\$ 38,817,591	\$ 2,368,203

16. INTERNALLY RESTRICTED FUNDS

From time to time, the University internally restricts fund balances including, in certain cases, the interest earned thereon for designated purposes. Internally restricted funds are reflected in the statement of financial position as a component of the special purpose and research fund balance.

A summary of internally restricted funds follows:

	2024	2023
General capital reserve	\$ 1,728,881	\$ 6,688,936
Major capital reserve	73,033,141	34,818,739
Enrollment diversification reserve	214,927	134,520
General operating reserve	18,654,666	12,795,000
Strategic priorities reserve	7,023,413	6,692,023
IT/ERP reserve	1,994,413	2,594,806
	\$ 102,649,441	\$ 63,724,024

17. CHANGE IN NON-CASH WORKING CAPITAL

	2024	2023
Accounts receivable	\$ 697,197	\$ (9,131,192)
Prepaid expenses	63,445	(209,318)
Accounts payable and accrued liabilities	(26,979,507)	18,278,444
Deferred revenue	11,804,284	(49,318,033)
Deferred special purpose and research funds	(19,564,710)	126,539,160
	\$ (33,979,291)	\$ 86,159,061

18. COMMITMENTS AND CONTINGENCIES

a) Province of Nova Scotia

The University has leased from the Province of Nova Scotia the property known as the Cape Breton University for ninety-nine years, to expire in 2075, at an annual rental of \$1.

b) Early Retirement Program

The University has participated in several early retirement programs offered by the Province of Nova Scotia to employees previously employed at the Nova Scotia Institute of Technology, prior to its amalgamation.

The amount of \$201,085 (\$200,969 - 2023) recorded as an early retirement expense, represents the actual cash payments to the Province of Nova Scotia for the current year.

c) Reciprocal exchange of insurance risks

The University is a member of The Canadian Universities Reciprocal Insurance Exchange (CURIE) with 64 other Canadian Universities. This self-insurance cooperative involves a contractual agreement to share the insurance property and liability risks of member universities for a term of not less than five years.

The cost of claims is funded through members' premiums based on actuarial projections. In the event that premiums are not sufficient to cover claims, the member universities would be subject to an assessment in proportion to their participation.

During 2022 and 2023 CURIE wrote property policies with a limit of \$10,000,000 per occurrence, \$20,000,000 annual aggregate and placed on behalf of subscribers an excess policy for \$1,240,000,000 (\$1,240,000,000 – 2022) above CURIE's \$10,000,000 limit.

During 2023 CURIE wrote general liability policies with a limit of \$5,000,000 per occurrence (\$5,000,000 – 2022).

In respect of errors and omissions liability policies, CURIE's limit of liability per occurrence for the claim made coverage was \$5,000,000 in 2023 (\$5,000,000 – 2022). In 2023 and 2022, CURIE purchased combined reinsurance policies for general liability and errors and omissions liability above the \$5,000,000 limit on behalf of subscribers in the amount of \$45,000,000.

d) Legal matters

The University has been named a defendant in several grievances. The outcome of the matters is not determinable and settlement, if any, will be accounted for as a charge to operations in the period of settlement.

Cape Breton University
Notes to Non-consolidated Financial Statements
For the year ended March 31, 2024

18. COMMITMENTS AND CONTINGENCIES (CONTINUED)

e) Loan guarantee

Cape Breton University has guaranteed a loan to the Cape Breton Health Recreation Complex Society. The guarantee is limited to \$1,500,000 plus interest thereon at a rate of 3% plus prime and represents financing for the Cape Breton Health Recreation Complex. As at March 31, 2024, the outstanding loan balance is \$49,278 (2023 - \$274,534).

Cape Breton University has guaranteed a loan to CBU 2015 Business Trust, as executed by CBU Development Inc. in their capacity of corporate trustee, in the amount of \$17,620,000. As at March 31, 2024, the outstanding loan balance is \$11,870,000 (2023 - \$12,673,000).

f) Capital projects

Cape Breton University is committed to the following capital projects at March 31, 2024:

	Estimated Cost	Progress Billings Including Accrued Holdbacks
Medical Campus	\$ 65,000,000	\$ 4,543,442
Marconi Health Clinic	6,200,000	66,004
Centre for Discovery/Innovation	140,000,000	4,763,113
Canada Games Complex refit	37,555,000	14,838,642
Information technology infrastructure	2,062,147	1,762,675
Energy efficient lighting	801,009	737,659
Campus extension roof replacement	1,726,772	1,146,127
Server room replacement	1,047,000	494,852
	\$ 254,391,928	\$ 28,352,514

Cape Breton University
Notes to Non-consolidated Financial Statements
For the year ended March 31, 2024

18. COMMITMENTS AND CONTINGENCIES (CONTINUED)

g) Operating leases

The University has operating lease agreements for office and instruction space in Sydney, Nova Scotia. The minimum lease payments for the next five years are as follows:

2025	\$ 1,290,571
2026	377,308
2027	22,827
2028	—
2029	—
Total	\$ 1,690,706

19. PENSIONS

The University contributes to a defined contribution pension plan for its employees. The defined contribution plan requires a partial matching of contributions by the University, the cost of which is allocated to appropriate department expenses. Contributions made by the University to the defined contribution plan were \$65,623 (2023 - \$73,156) for the year ended March 31, 2024.

As of April 1, 2018, four employee groups of the University (non-union, management, CUPE, CBUFA) enrolled to participate in the Nova Scotia Public Service Superannuation Plan ("PSSP"), a defined benefit pension plan administered by the Public Service Superannuation Plan Trustee Incorporated, which provides pension benefits based on length of service and earnings. The University is not obligated for any unfunded liability, nor is the University entitled to any surplus that may arise in the PSSP. The PSSP is accounted for as a defined contribution plan as the obligation to pay retirement obligations does not reside with the University. The PSSP requires a partial matching of contributions by the University, the cost of which is allocated to appropriate department expenses. Contributions made by the University to the PSSP were \$4,622,904 (2023 - \$3,811,223) for the year ended March 31, 2024.

During the year ended March 31, 2021, the University established a defined benefit Supplementary Pension Plan for Designated Employees of Cape Breton University. Benefits payable from the plan are equal to the pension that would have been payable from the Public Service Superannuation Plan (PSSP) in excess of limits imposed by the Income Tax Act, less the actual benefits payable from the PSSP. Benefits begin to accrue on the date that the employee was appointed to the office of Vice President or President. The plan obligation as at March 31, 2024 is \$544,590 (2023 - \$477,272). In keeping with its practice to not follow a segregated cash policy, the University has not set aside specific plan assets to fund plan obligations as at March 31, 2024. Future payments for plan benefits will be provided from operational cash.

20. RELATED PARTY TRANSACTIONS

The University is related to the following entities:

CBU Developments Inc., a wholly-owned subsidiary,

CBU 2015 Business Trust, as a trust for which CBU Developments Inc. is corporate trustee, and

Gardiner Mines Wind Farm Limited Partnership, an 89% partnership holding by CBU 2015 Business Trust.

During the 2024 fiscal year, the University received a \$Nil (2023 - \$400,000) distribution of income from the CBU 2015 Business Trust.

These transactions are in the normal course of operations and are measured at the exchange amount which approximates fair market value.

21. FINANCIAL INSTRUMENTS

The University is exposed to various risks through its financial instruments and includes the following significant risks at March 31, 2024.

Credit risk

The University provides credit to its students in the normal course of operations. The University has established policies to limit registration only to students who have no outstanding balances. Further, the University may withhold graduation certificates to students with an outstanding balance.

The University is also exposed to credit risk through its amounts owing from government agencies and other organizations. The amounts owing are based on funding agreements.

Interest rate risk

The University has entered into interest rate swap agreements on its Royal Bank debt to raise long-term borrowings at a floating rate and effectively swap to a fixed rate that was lower than those available if fixed rate borrowings were made directly.

Market risk

The University's investments are affected by market conditions. The University has an established investment committee and investment manager to mitigate its market risk.