Financial Statements of

NIPISSING UNIVERSITY

And Independent Auditor’s Report thereon

Year ended April 30, 2023

NIPISSING UNIVERSITY

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Year ended April 30, 2023

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INDEPENDENT AUDITOR'S REPORT

To the Governors of Nipissing University

Opinion

We have audited the financial statements of Nipissing University (the Entity), which comprise:

- the statement of financial position as at April 30, 2023
- the statement of operations for the year then ended
- the statement of changes in net assets (deficiency) for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies.

(Hereinafter referred to as the "financial statements")

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Nipissing University as at April 30, 2023, its results of operations, changes in net assets (deficiency) and its 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 Financial Statements*** section of our report.

We are independent of the Entity in accordance with the applicable independence standards, and we have fulfilled our other ethical responsibilities in accordance with these standards.

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 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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity'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. 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 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 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 Entity'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 Entity'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 Entity 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 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.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

North Bay, Canada
September 15, 2023

NIPISSING UNIVERSITY

Statement of Financial Position

April 30, 2023, with comparative information for 2022
(thousands of dollars)

		2023		2022
Assets				
Current assets:				
Cash and cash equivalents	$	15,360	$	13,866
Investments - short-term (note 5)		4,439		1,211
Accounts receivable (note 4)		5,569		2,438
Other assets		954		845
		26,322		18,360
Investments - long-term (note 5)		25,862		25,167
Capital assets (note 6)		68,438		69,637
	$	120,622	$	113,164
Liabilities and Net Assets				
Current liabilities:				
Accounts payable and accrued liabilities (note 7)	$	8,780	$	6,520
Employee related		2,070		2,036
Deferred revenue (note 8)		8,989		6,441
Current portion of long-term debt (note 9)		1,274		1,248
		21,113		16,245
Long-term:				
Long-term debt (note 9)		30,971		32,244
Deferred contributions (note 10)		12,881		11,784
Deferred capital contributions (note 11)		32,691		32,499
Employee future benefits (note 12)		6,736		5,920
		104,392		98,692
Net assets:				
Unrestricted:				
- operating		188		(2,379)
- employee future benefits		(8,805)		(7,956)
Internally restricted (note 13)		12,145		12,481
Endowments (note 14)		12,702		12,326
		16,230		14,472
Commitments and contingencies (note 16)				
	$	120,622	$	113,164

See accompanying notes to financial statements.

On behalf of the Board of Governors:

_______________________________ Governor

_______________________________ Governor

NIPISSING UNIVERSITY

Statement of Operations

Year ended April 30, 2023, with comparative information for 2022
(thousands of dollars)

		2023		2022
Revenue:				
Government grants	$	44,638	$	39,238
Student fees		31,953		31,257
Sales and services		6,885		5,228
Other		2,343		1,779
Amortization of deferred capital contributions		1,477		1,477
Investment income		1,418		1,373
Donations		103		200
		88,817		80,552
Expenses:				
Salaries and benefits		59,507		58,658
Operating and research		14,280		11,206
Occupancy		4,784		6,022
Amortization of capital assets		3,324		3,426
Scholarships and bursaries		4,210		4,768
Interest on long-term debt		1,034		995
		87,139		85,075
Excess (deficiency) of revenue over expenses	$	1,678	$	(4,523)

See accompanying notes to financial statements.

NIPISSING UNIVERSITY

Statement of Changes in Net Assets (Deficiency)

Year ended April 30, 2023, with comparative information for 2022
(thousands of dollars)

		Unrestricted						
		Operating	Employee Related	Internally Restricted (note 13)	Endowments	2023		2022
Net assets (deficiency) beginning of year	$	(2,379)	(7,956)	12,481	12,326	14,472	$	16,071
Excess (deficiency) of revenue over expenses		4,228	(553)	(1,997)	-	1,678		(4,523)
Transfer of internally resticted funds		(1,661)	-	1,661	-	-		-
Endowment contributions		-	-	-	376	376		193
Employee future benefits remeasurements and other items (note 12(b))		-	(296)	-	-	(296)		2,731
Net assets (deficiency), end of year	$	188	(8,805)	12,145	12,702	16,230	$	14,472

See accompanying notes to financial statements.

NIPISSING UNIVERSITY

Statement of Cash Flows

Year ended April 30, 2023, with comparative information for 2022
(thousands of dollars)

	2023	2022
Cash provided by (used in):		
Cash flows from operating activities:		
Excess (deficiency) of revenue over expenses	$ 1,678	$ (4,523)
Adjustments for:		
Amortization of capital assets	3,324	3,426
Amortization of deferred capital contributions	(1,477)	(1,477)
Employee future benefits expense	520	629
	4,045	(1,945)
Changes in non-cash working capital items:		
Accounts receivable	(3,131)	393
Other assets	(109)	95
Accounts payable and accrued liabilities	2,260	104
Deferred revenue	2,548	168
Deferred contributions	1,097	(1,462)
Employee related	34	11
	6,744	(2,636)
Cash flows from financing activities:		
Endowment contributions	376	193
Repayment of long-term debt	(1,247)	(1,213)
Deferred capital contributions	1,669	244
	798	(776)
Cash flows from investing activities:		
Purchase of capital assets	(2,125)	(534)
Change in investments	(3,923)	4,516
	(6,048)	3,982
Increase in cash and cash equivalents	1,494	570
Cash and cash equivalents, beginning of year	13,866	13,296
Cash and cash equivalents, end of year	$ 15,360	$ 13,866

See accompanying notes to financial statements.

1. Objectives and purpose:

Nipissing University (the "University") was incorporated as a university in 1992 under the laws of the Province of Ontario. Its mission provides for undergraduate programming in Liberal Arts, Science, Business and Health Sciences and undergraduate and graduate programs in Education, History, Math, Environmental Studies and Environmental Science. The University aspires to fulfill the best traditions of scholarship and to provide an environment committed to the ideals of free inquiry and expression. As a university with predominantly undergraduate programming and roots in teacher education, the University places priority on the highest ideals of instructional excellence and student engagement.

The University is a registered charity and, as such, is exempt from income taxes under Section 149 (1) of the Income Tax Act (Canada).

2. Summary of significant accounting policies:

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

The significant accounting policies for the University are described below:

(a) Revenue recognition:

The University follows the deferral method of accounting for contributions, which include donations and government grants.

Unrestricted contributions and donations are recognized as revenue when received or receivable if the amount can be reasonably estimated and allocation is reasonably assured. Contributions pertaining to future periods are deferred and recognized as revenue in the year in which the related expenses are recognized.

Pledges are recorded as revenue in the period in which they are received.

Contributions externally restricted for purposes other than endowment are deferred and recognized as revenue in the year in which the related expenses are recognized.

Contributions restricted for capital asset purchases are deferred and amortized to operations on the same basis as the related asset is amortized.

Endowment contributions are recognized as direct increases in net assets in the year in which they are received. Income preserved as capital protection on internally restricted endowments is recorded as unrestricted revenue and transferred to internal endowments.

Student fees are recognized as revenue when courses and seminars are held. Sales and services revenue is recognized at point of sale or when the service has been provided.

2. **Summary of significant accounting policies (continued):**

(b) Cash and cash equivalents:

Cash and cash equivalents consist of cash, and investments with maturities of three months or less from their date of acquisition. Cash and investments meeting the definition of cash and cash equivalents held for trading rather than liquidity purposes are classified as investments.

(c) Derivative financial instrument and hedge accounting:

The University is party to interest rate swap agreements used to manage the exposure to market risks from changing interest rates. The University applies hedge accounting for its interest rate swaps. Payments and receipts under the interest rate swaps are recognized as adjustments to interest expense on long-term debt.

The University's policy is not to utilize derivative financial instruments for trading or speculative.

(d) Financial instruments:

Financial instruments are recorded at fair value upon initial recognition. Financial instruments are recorded at fair value upon initial recognition. Freestanding derivative instruments that are not in a qualifying hedging relationship and equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value.

Investments are subsequently measured at fair value. Other financial instruments are subsequently measured at amortized cost.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the University determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the University expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

2. Summary of significant accounting policies (continued):

(e) Capital assets:

Purchased capital assets are recorded at cost. Contributed capital assets are capitalized at fair market value at the date of contribution. Capital assets are amortized on a straight-line basis over their estimated useful lives as follows:

Land	No amortization
Land improvement	20 years
Buildings	40 years
Equipment and furnishings	5 - 10 years

Assets no longer in use are carried at the lesser of net book value and net realizable value. No further depreciation is taken on these assets. Assets under construction are not amortized until they are put in use.

(f) Internally restricted net assets:

The University restricts use of portions of its operating net assets for specific future uses. When incurred, the related expenses are charged to operations and the balance of internally restricted assets is reduced accordingly with a transfer to unrestricted net assets.

(g) Employee future benefits:

(i) Pension benefit plan:

The University has a defined contribution pension plan, “Pension Plan for the Employees of Nipissing University”, which provides benefits to eligible employees of Nipissing University with more than six months of service. Certain faculty are members of the Ontario Teachers’ Pension Plan, a multi-employer defined benefit plan. Contributions to the defined contribution and multi-employer defined benefit plan are expensed when due.

(ii) Other benefit plan:

The University provides medical, dental and life insurance benefits to eligible employees upon retirement. The University accrues for these obligations, with the cost of these benefits being actuarially determined using the projected benefit method pro-rated on service using management’s best estimates of a number of future conditions including salary changes, withdrawals, retirement ages of employees and expected health care costs. Current service and finance costs are expensed during the year, while remeasurements and other items are recognized as a direct increase or decrease in net assets.

(h) Student organizations:

These financial statements do not reflect the assets, liabilities and results of operations of the student organizations as they are not controlled by the University.

2. Summary of significant accounting policies (continued):

(i) Use of 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 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 year. Significant items subject to such estimates and assumptions include the carrying amount of capital assets; financial instruments; valuation allowances for accounts receivable; valuation of derivative financial instruments, employee future benefits; and accrued liabilities. Actual results could differ from those estimates. These estimates are reviewed periodically, and, as adjustments become necessary, they are recognized in the financial statements in the year in which they become known.

3. Funds held in trust:

$4,464 (2022 - $3,802) is held in trust for Nipissing University Student Union (NUSU) for the construction of the student centre. This balance is not reflected in these financial statements.

(thousands of dollars)

4. Accounts receivable:

	2023	2022
Accounts receivable	$ 7,741	$ 4,351
Less: allowance for doubtful accounts	(2,172)	(1,913)
	$ 5,569	$ 2,438

5. Investments:

	2023	2022
Cash	$ 41	$ 32
Term deposits (measured at amortized cost)	3,750	–
Mutual funds (measured at fair value)	26,510	26,346
	30,301	26,378
Less amounts reported as:		
Investments – short-term	(4,439)	(1,211)
Investments – long-term	$ 25,862	$ 25,167

Investments – long-term reflect funds for endowments and some specified programs.

(thousands of dollars)

6. Capital assets:

2023	Cost	Accumulated Amortization	Net book Value
Land	$ 3,024	$ –	$ 3,024
Land Improvements	2,396	702	1,694
Buildings:			
Operating	81,527	35,111	46,416
Residence	29,355	15,462	13,893
Equipment and furnishings:			
Operating	26,172	24,928	1,244
Residence	2,967	2,966	1
Construction in progress	2,166	–	2,166
	$ 147,607	$ 79,169	$ 68,438

2022	Cost	Accumulated Amortization	Net book Value
Land	$ 3,024	$ –	$ 3,024
Land Improvements	2,396	582	1,814
Buildings:			
Operating	81,496	33,073	48,423
Residence	29,355	14,728	14,627
Equipment and furnishings:			
Operating	26,172	24,496	1,676
Residence	2,967	2,965	2
Construction in progress	71	–	71
	$ 145,481	$ 75,844	$ 69,637

7. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances of $79 (2022 - $72), which include amounts payable for payroll related taxes.

(thousands of dollars)

8. Deferred revenue:

Deferred revenue represents revenues related to expenses of future periods. The balance is comprised of the following:

	2023	2022
Tuition	$ 8,542	$ 4,245
Research	3,413	3,276
Other	892	503
Less: AR Credits	(3,858)	(1,583)
	$ 8,989	$ 6,441

9. Long-term debt:

	Due	Rate	Blended Monthly Payment	2023	2022
$35,000 TD Loan 1	June 2027	2.84%	$ 162.9	$ 28,900	$ 30,021
$2,000 TD Loan 2	June 2027	2.84%	9.3	1,657	1,721
$1,000 TD Loan 3	June 2027	2.897%	4.7	840	871
$1,000 TD Loan 4	June 2027	2.872%	4.7	848	879
Subtotal of unsecured loans				32,245	33,492
Less current portion of long-term debt				(1,274)	(1,248)
				$ 30,971	$ 32,244

The following are the minimum annual debt principal repayments due over the next four years:

2024	$ 1,274
2025	1,318
2026	1,356
2027	28,297
	$ 32,245

(thousands of dollars)

9. Long-term debt (continued):

The University has entered into interest rate derivative agreements to manage the volatility of interest rates. The University converted a net notational of $39,000,000 of floating rate long-term debt. See the loan amounts and fixed rate paid for each under the interest rate swaps above. The related derivative agreements are in place until the maturity date. The maturity dates of the interest rate swaps are the same as the maturity dates of the associated long-term debt of June 30, 2027. The notional and fair values of the interest rate swap agreements is as follows:

	2023		2022	
	Notional value	Fair value	Notional value	Fair value
TD Loan 1	$ 28,900	$ 27,206	$ 30,021	$ 28,406
TD Loan 2	1,657	1,560	1,721	1,628
TD Loan 3	840	792	871	825
TD Loan 4	848	800	879	834
	$ 32,245	$ 30,358	$ 33,492	$ 31,693

10. Deferred contributions:

Deferred contributions represent the unspent amount of externally restricted donations, grants and investment income received for research and other restricted purposes. The University has placed internal restrictions on these contributions. There is no spending obligation schedule for these funds. The change in the deferred contribution balance is as follows:

	2023	2022
Balance, beginning of year	$ 11,784	$ 13,246
Add: contributions received during the year	1,032	128
Less: amount recognized as revenue	(1,006)	(1,411)
Investment returns	1,071	(179)
Balance, end of year	$ 12,881	$ 11,784

(thousands of dollars)

11. Deferred capital contributions:

Deferred capital contributions represent the unamortized and unspent amounts of donations, student contributions and grants received for the purchase of capital assets. The amortization of deferred capital contributions, which commences once an asset is put into service, is recorded as revenue in the statement of operations. The change in the deferred capital contribution balance is as follows:

	2023	2022
Balance, beginning of year	$ 32,499	$ 33,732
Add: contributions received in the year	1,669	244
Less: amortization of deferred capital contributions	(1,477)	(1,477)
Balance, end of year	$ 32,691	$ 32,499
Comprised of:		
Capital contributions - unamortized	$ 32,641	$ 32,449
Capital contributions - unspent	50	50
	$ 32,691	$ 32,499

12. Employee future benefits:

(a) Pension benefit plan:

The University's contributions to the defined contribution plan and the multi-employer defined benefit plan are expensed when due.

Total contributions made during the year were $3,198 (2022 - $3,219).

(b) Other benefit plan:

The University provides certain non-pension benefits to eligible retirees until the age of 65.

These benefits include medical, dental and life insurance. For eligible faculty retirees only, the University provides a health care spending account which commences at the age of 65 and continues until death.

The interval between actuarial valuations does not exceed three years with the most recent valuation prepared as at April 30, 2022. In years between valuations, an extrapolation of the actuarial valuation is used to determine the projected benefit obligation.

There are no plan assets.

Information about the financial status of University's non-pension benefits is as follows:

	2023	2022
Accrued benefit obligation, being plan deficit	$ 6,736	$ 5,920

(thousands of dollars)

12. Employee future benefits (continued):

(b) Other benefit plan (continued):

Total net benefit expense (recovery) for the University's non-pension benefits plan is as follows:

	2023	2022
Current service costs	$ 310	$ 446
Interest cost	290	257
Actuarial loss (gain)	296	(2,731)
	$ 896	$ (2,028)

Benefits paid during the year amounted to $80 (2022 - $74).

The significant actuarial assumptions adopted in measuring the University's employee future benefits obligation are as follows (weighted-average assumptions):

	2023	2022
Discount rate	4.80%	4.90%
Rate of compensation increase for life insurance	2.00% to 3.00%	2.00% to 3.00%
Prescription drug trend rate (to 2040)	6.40% to 4.00%	6.53% to 4.00%
Average health care trend rate (to 2040)	6.09% to 4.00%	6.20% to 4.00%

13. Internally restricted net assets:

	2023	2022
Infrastructure upgrades (i)	$ 1,358	$ 1,358
Scholarship funds (ii)	1,635	1,619
Ancillary operations (iii)	2,410	2,410
Investment in capital assets (iv) (a)	4,435	4,578
Commitments to employees (v)	1,558	1,617
Future budget provision (vi)	749	824
International student initiative (vii)	–	75
	$ 12,145	$ 12,481

Internally restricted net assets include funds committed for specific purposes as approved by the Board of Governors as follows:

(i) Infrastructure upgrades - this represents funds restricted for deferred maintenance and capital emergencies.

(ii) Scholarship funds – this represents net assets the University has invested for the purposes of providing scholarships and bursaries to students.

(thousands of dollars)

13. Internally restricted net assets (continued):

(iii) Ancillary operations – this represents funds set aside for future major capital improvements, replacements and refurbishments of the ancillary operations.
(iv) Investment in capital assets – this represents the unamortized value of capital assets funded by the University, net of outstanding debt for these assets. It excludes assets funded through capital contributions.
(v) Commitments to employees – this represents the net carryforward of funds set aside to meet future commitments to various employees for professional development activities and internally-funded research.
(vi) Future budget provision – this represents excess funds from conferences and other ancillary activities set aside for future initiatives.
(vii) International student initiative – this represents excess funds from ancillary operations set aside for recruitment of international students.

(a) Investment in capital assets:

The investment in capital assets is calculated as follows:

	2023	2022
Capital assets	$ 68,438	$ 69,637
Less amounts financed by:		
Long-term debt	(32,245)	(33,492)
Add: unspent cash	883	882
Unamortized deferred capital contributions (note 10)	(32,641)	(32,449)
	$ 4,435	$ 4,578

14. Endowments:

Endowments consist of externally restricted donations received by the University. The endowment principal is required to be maintained intact. The investment income generated from endowments must be used in accordance with the various purposes established by donors. The University ensures, as part of its fiduciary responsibilities, that all funds received with a restricted purpose are expended for the purpose for which they were provided.

Ontario Student Opportunity Trust Fund and Ontario Trust for Student Support:

The Government of Ontario established the Ontario Student Opportunity Trust Fund (“OSOTF”) and the Ontario Trust of Student Support (“OTSS”) programs to encourage individuals and companies to contribute funds to support post-secondary students. The University established three funds – OSOTF - Phase 1 in fiscal 1997; OSOTF - Phase 2 in fiscal 2004; and OTSS in fiscal 2005. Eligible donations were equally matched by the Province. Investment income earned on these funds is used to finance awards to qualified students in need of financial aid.

(thousands of dollars)

14. Endowments (continued):

OSOTF – Phase 1	2023	2022
Ontario Student Opportunity Trust Fund balance	$ 4,769	$ 4,769
Expendable balance, beginning of year	$ 882	$ 1,108
Investment gain (loss)	233	(69)
Bursaries awarded (2023 - 114 bursaries; 2022 - 101 bursaries)	(179)	(157)
Expendable balance, end of year	$ 936	$ 882

OSOTF – Phase 2	2023	2022
Endowment balance	$ 898	$ 898
Expendable balance, beginning of year	$ 172	218
Investment gain (loss)	44	(13)
Bursaries awarded (2023 - 25 bursaries; 2022 - 26 bursaries)	(33)	(33)
Expendable balance, end of year	$ 183	$ 172

OTSS	2023	2022
Endowment balance	$ 1,774	$ 1,774
Expendable balance, beginning of year	$ 556	$ 636
Investment gain (loss)	83	(25)
Bursaries awarded (2023 - 45 bursaries; 2022 - 44 bursaries)	(54)	(55)
Expendable balance, end of year	$ 585	$ 556

15. Financial risks:

(a) Credit risk:

Credit risk is the risk of financial loss to the University if a member or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the University's accounts receivable and investments. The University mitigates its potential credit risk from accounts receivable through credit evaluation, approval and monitoring processes. Furthermore, it evaluates the collectability of accounts receivable and records an allowance for doubtful accounts, which reduces the receivables to the amount the University reasonably believes will be collected. Credit risk with respect to investments is managed through the University's investment policies.

15. Financial risks (continued):

(b) Interest rate risk:

The University is exposed to interest rate risk on its fixed and floating interest rate financial instruments. Fixed-interest instruments subject the University to a fair value risk while the floating-rate instruments subject it to a cash flow risk.

The University mitigates interest rate risk on its term debt through derivative financial instruments (interest rate swaps) that exchange the variable rate inherent in the term debt for a fixed rate (see note 9). Therefore, fluctuations in market interest rates would not impact future cash flows and operations relating to the term debt. There have been no changes in interest rate risk exposure as compared to the prior year.

(c) Foreign currency risk:

Financial currency risk refers to the extent to which instruments denominated in a currency other than Canadian dollars will be affected by changes in the value of the Canadian dollar in relation to other currencies. The University holds investments denominated in a foreign currency and is subject to foreign currency risk. The University believes that it is not exposed to significant currency risks arising from its financial instruments.

(d) Market volatility risk:

Market volatility risk arises from the University's investment portfolio, which contains various mutual funds . It is the risk that the fair value or future cash flows from a financial instrument will fluctuate because of general economic and other market factors affecting equity prices.

There has been no significant change to risk exposures from 2022.

(e) Liquidity risk:

Liquidity risk is the risk of being unable to meet cash requirements or to fund obligations as they become due. Accounts payable and accrued liability are generally paid shortly after year end.

16. Commitments and contingencies:

(a) The University can be involved from time to time in litigation that arises in the normal course of operations. In respect to these claims, the University believes it has valid defenses, funded provisions and/or appropriate insurance coverage in place. Litigation is subject to many uncertainties, and the outcome of individual matters is not predictable. It is possible the final resolution of some of these matters may require the University to make expenditures in excess of estimated reserves, over an extended period of time and range that cannot be reasonably estimated at this time. The University's policy is to recognize the losses on any litigation when the outcome becomes known and the amount is reasonably determinable.

(b) Nipissing University Student Union, through a referendum, approved a student levy to cover repayment of a student long-term debt facility to provide funding for a new Student Centre. The Board of Governors of the University has approved that the University guarantee the student loan up to the amount of $6,500; the outstanding loan as of April 30.

17. Comparative information:

Certain comparative information has been reclassified from those previously presented to conform to the presentation of the 2023 financial statements.