

Financial Statements of

ST. THOMAS MORE COLLEGE

And Independent Auditors' Report thereon

Year ended April 30, 2020



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INDEPENDENT AUDITORS' REPORT

To the Board of Governors of St. Thomas More College

Opinion

We have audited the financial statements of St. Thomas More College (the College), which comprise

- the statement of financial position as at April 30, 2020
- the statement of revenues and expenses and surplus for the year then ended
- the statement of equity in property and equipment 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 the College as at April 30, 2020, and its results of operations 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 “**Auditors’ Responsibilities for the Audit of the Financial Statements**” section of our auditors’ report.

We are independent of the College 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 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 College’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 College or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the College’s financial reporting process.



Auditors' 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 auditors' 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 the 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 College'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 College's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the College 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.
- 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.

A handwritten signature in black ink that reads 'KPMG LLP' with a horizontal line underneath.

Chartered Professional Accountants

Saskatoon, Canada
June 25, 2020

ST. THOMAS MORE COLLEGE

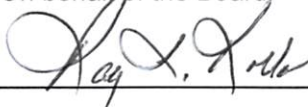
Statement of Financial Position

April 30, 2020, with comparative information for 2019

	2020	2019
Assets		
Current assets:		
Cash	\$ 306,580	\$ 290,028
Receivables (note 3)	565,187	505,378
Inventories	23,215	23,580
Prepaid expenses and deposits	54,957	56,416
Short-term investments (note 4)	1,684,285	-
	<u>2,634,224</u>	<u>875,402</u>
Long-term investments (note 4)	16,935,000	19,131,401
Property and equipment (note 5)	17,510,719	17,610,788
	<u>\$ 37,079,943</u>	<u>\$ 37,617,591</u>
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 1,305,997	\$ 902,936
Current portion of long-term debt (note 7)	230,381	222,019
	<u>1,536,378</u>	<u>1,124,955</u>
Long-term debt (note 7)	6,693,844	6,924,224
Deferred capital grants (note 8)	1,691,482	1,730,063
Deferred capital contributions (note 8)	1,859,233	1,890,239
Trust and restricted funds (note 9)	2,533,131	2,412,438
Net assets:		
Equity in property and equipment	7,035,779	6,844,243
Reserves (note 10)	2,159,095	2,989,095
Endowments (note 11)	13,468,502	13,599,779
Surplus	102,499	102,555
	<u>22,765,875</u>	<u>23,535,672</u>
Commitments (note 12)		
	<u>\$ 37,079,943</u>	<u>\$ 37,617,591</u>

See accompanying notes to financial statements.

On behalf of the Board:



Director



Director

ST. THOMAS MORE COLLEGE

Statement of Revenue and Expenses and Surplus

Year ended April 30, 2020, with comparative information for 2019

	2020	2019
Operating revenue:		
Government of Saskatchewan grants	\$ 6,822,000	\$ 6,822,200
Tuition - credit instruction	6,231,511	6,129,003
Other	708,997	572,479
Investment income (loss) (note 4)	(47,196)	192,344
	13,715,312	13,716,026
Operating expenses:		
Academic salaries	5,337,589	5,316,832
Administrative and support salaries	3,295,791	2,704,465
U of S infrastructure services	1,805,232	1,791,127
Supplies and services	1,426,958	1,512,213
Employee benefits	1,303,792	1,276,585
Amortization of property and equipment	607,856	598,514
Utilities	205,045	210,838
Scholarships	202,631	224,590
	14,184,894	13,635,164
Operating revenue less expenses	(469,582)	80,862
Ancillary revenues (note 13)	359,940	424,733
Ancillary expenses (note 13)	(528,878)	(568,385)
	(168,938)	(143,652)
Deficiency of revenue over expenses	(638,520)	(62,790)
Surplus, beginning of year	102,555	131,294
Reserve transfer:		
Building reserve (note 10)	530,000	670,000
Academic reserve (note 10)	300,000	-
Transfer from (to) equity in property and equipment for:		
Amortization of property and equipment	607,856	598,514
Property and equipment purchases, net of disposals	(507,787)	(390,206)
Net increase (decrease) in debt	(222,018)	(786,291)
Deferred capital grants and contributions	10,925	23,280
Amortization of deferred capital grants and contributions	(80,512)	(81,246)
Surplus, end of year	\$ 102,499	\$ 102,555

See accompanying notes to financial statements.

ST. THOMAS MORE COLLEGE

Statement of Equity in Property and Equipment

Year ended April 30, 2020, with comparative information for 2019

	2020	2019
Equity in property and equipment, beginning of year	\$ 6,844,243	\$ 6,208,293
Property and equipment purchases	507,787	390,206
Deferred capital grants and contributions	(10,925)	(23,280)
Amortization of deferred capital grants and contributions	80,512	81,246
Amortization of property and equipment	(607,856)	(598,514)
Net decrease (increase) in debt related to property and equipment	222,018	786,292
	<u>\$ 7,035,779</u>	<u>\$ 6,844,243</u>

See accompanying notes to financial statements.

ST. THOMAS MORE COLLEGE

Statement of Cash Flows

Year ended April 30, 2020, with comparative information for 2019

	2020	2019
Cash flows from (used in):		
Operations:		
Deficiency of revenue over expenses	\$ (638,520)	\$ (62,790)
Items not involving cash:		
Amortization of property and equipment	607,856	598,514
Amortization of deferred capital grants	(38,581)	(39,534)
Amortization of deferred capital contributions	(41,931)	(41,712)
	(111,176)	454,478
Change in non-cash operating working capital:		
Receivables	(59,809)	(108,111)
Inventories	365	(4,608)
Prepaid expenses	1,459	40,603
Accounts payable and accrued liabilities	403,061	(147,572)
	233,900	234,790
Financing:		
Decrease in short-term debt	-	(581,441)
Decrease in long-term debt	(222,018)	(204,849)
Increase in trust and restricted funds	120,693	290,707
Increase in deferred capital contributions	10,925	23,280
Increase (decrease) in endowments	(131,277)	649,109
	(221,677)	176,806
Investing:		
Purchase of property and equipment	(507,787)	(390,206)
Net change in short-term investments	(1,684,285)	-
Net change in long-term investments	2,196,401	138,323
	4,329	(251,883)
Net increase in cash	16,552	159,713
Cash, beginning of year	290,028	130,315
Cash, end of year	\$ 306,580	\$ 290,028

See accompanying notes to financial statements.

ST. THOMAS MORE COLLEGE

Notes to Financial Statements

Year ended April 30, 2020

1. General:

St. Thomas More College (the "College") is a not-for-profit Catholic college federated with the University of Saskatchewan offering university-level instruction in humanities and social sciences.

2. Significant accounting policies:

The financial statements have been prepared by management in accordance with Canadian Accounting Standards for Not-for-Profit organizations in Part III of the CPA Handbook.

(a) Revenue recognition:

The College recognizes contributions in accordance with the deferral method of accounting for contributions for not-for-profit organizations.

Contributions and investment income externally restricted for purposes other than endowments are deferred and recognized as revenue in the period in which the related expenses are incurred. Externally restricted amounts can only be used for the purposes designated by external parties.

Unrestricted contributions are recognized as revenue when received or receivable if amounts can be reasonably estimated and collection is reasonably assured. Due to the uncertainty involved in collecting pledged donations, they are not recognized until received.

Endowment contributions and restricted investment income earned on endowments are not available for disbursement and are recognized as direct increases in net assets in the period in which they are received and earned.

Externally restricted contributions received towards the acquisition of capital assets are deferred and amortized to revenue on the same basis as the related depreciable capital assets are amortized.

Tuition and other fees are recognized as revenue based on the academic period of the related courses or programs.

Other types of revenue are recognized in the period to which they relate.

ST. THOMAS MORE COLLEGE

Notes to Financial Statements (continued)

Year ended April 30, 2020

2. Significant accounting policies (continued):

(b) Use of estimates:

The preparation of financial statements in conformity with Canadian Not-for-Profit Accounting Standards 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 amount of revenue and expenses during the reporting period. Actual results may differ from these estimates.

(c) Investments:

Short-term and long-term investments are stated at fair value (note 4) and valued at year-end quoted market prices, where available. Investment income for operations is recognized in the statement of revenue and expenses. Investment income for restricted funds and endowments is allocated to the respective funds and recognized upon disbursement. Where quoted market prices are not available, estimated fair values are calculated using comparable securities. Investment management fees and transaction costs are expensed as incurred.

Investments are classified as short-term when they are convertible to cash within 12 months or less. Short-term investments also include cash and cash equivalents held within the College's investment holdings.

(d) Trust and restricted funds:

Contributions received which are to be expended for specific purposes are recorded as trust and restricted funds. These funds are included in operating and other revenue as the amounts are used for specified purposes.

(e) Reserves:

The College provides reserves as set out in note 10 by appropriations from operations.

ST. THOMAS MORE COLLEGE

Notes to Financial Statements (continued)

Year ended April 30, 2020

2. Significant accounting policies (continued):

(f) Property and equipment:

Property and equipment are stated at cost and amortized over the estimated useful lives of the assets as follows:

Asset	Method	Rate
Buildings	Straight line	50 years
Computer equipment	Straight line	3-5 years
Furniture and equipment	Straight line	10 years
Library collection	Straight line	5 years

(g) Pensions:

The College's employees participate in the University of Saskatchewan defined benefit and money purchase pension plans. The College follows defined contribution accounting for its participation in these plans and, accordingly, expenses contributions it is required to make in the year.

(h) Adoption of Canadian accounting standards for not-for-profit organizations:

On April 1, 2019, the College was required to adopt Section 4433, Tangible capital assets held by not-for-profit organizations. The new section requires that organizations annually assess for partial impairment of tangible capital assets, to be recorded where applicable, as a nonreversible impairment expense. In addition, where practical, to componentize capital assets when estimates can be made of the useful lives of the separate components.

This section is applied on a prospective basis with the exception of the transitional provision to recognize an adjustment to opening net assets for partial impairments of tangible assets that existed as at May 1, 2019.

The amendments, effective for the year ended April 30, 2020, had no impact on the financial statements.

ST. THOMAS MORE COLLEGE

Notes to Financial Statements (continued)

Year ended April 30, 2020

3. Receivables:

	2020		2019	
University of Saskatchewan	\$	499,053	\$	468,855
Employee loans and advances		57,933		28,500
Sundry		8,201		8,023
	\$	565,187	\$	505,378

4. Investments:

	2020		2019	
	Cost	Market	Cost	Market
Franklin Templeton Balanced Institutional Trust	\$ -	\$ -	\$ 21,243,031	\$ 19,097,321
Portfolio investments	19,385,002	18,573,212	-	-
Life insurance policies	46,073	46,073	34,080	34,080
	19,431,075	18,619,285	21,277,111	19,131,401
Long-term investments	17,746,790	16,935,000	21,277,111	19,131,401
Short-term investments	1,684,285	1,684,285	-	-
	\$ 19,431,075	\$ 18,619,285	\$ 21,277,111	\$ 19,131,401

	2020		2019	
Investments (at fair value) held for:				
Restricted Funds	\$	2,245,466	\$	2,239,558
Endowments		13,468,502		13,599,779
Internally restricted investments		2,159,095		2,989,095
Other		746,222		302,969
	\$	18,619,285	\$	19,131,401

The College has \$2,159,095 (2019 - \$2,989,095) of internally restricted investments included in investments. These investments are internally restricted and can be used by the College to fund reserves.

ST. THOMAS MORE COLLEGE

Notes to Financial Statements (continued)

Year ended April 30, 2020

4. Investments (continued):

The College's Board of Governors has approved an Endowment Management Policy which outlines the rules governing its endowment funds. Funds are invested in accordance with the College's Investment Policy, which is approved by the College's Board of Governors. The primary objectives for the College's investment portfolio are:

- to earn a real rate of return of 4% after expenses over the long-term. This will fulfill the fund's objectives to meet its expenditure requirements and maintain capital in real terms; and
- to earn a rate of return that exceeds a benchmark that is comprised of market indices relevant to the actual asset mix, as established from time to time by the Finance and Investment Committee of the Board of Governors.

During the year, the College switched investment firms and transferred all of its portfolio investments. The asset allocation of the investment portfolio at April 30, 2020 was as follows:

Growth securities	46%
Fixed income	34%
Cash and cash equivalents	11%
Other	9%

Investment income (loss) has been allocated as follows:

	2020	2019
Operations	\$ (47,196)	\$ 192,344
Restricted funds (note 9)	(60,643)	99,177
Endowments (note 11)	(387,845)	648,358
	\$ (495,684)	\$ 939,879

ST. THOMAS MORE COLLEGE

Notes to Financial Statements (continued)

Year ended April 30, 2020

5. Property and equipment:

			2020	2019
	Cost	Accumulated amortization	Net book value	Net book value
Building	\$ 21,397,921	\$ 4,667,273	\$ 16,730,648	\$ 16,853,085
Furniture and equipment	2,056,753	1,462,857	593,896	650,446
Computer equipment	2,263,437	2,098,490	164,947	83,277
Library collection	772,918	751,690	21,228	23,980
	<u>\$ 26,491,029</u>	<u>\$ 8,980,310</u>	<u>\$ 17,510,719</u>	<u>\$ 17,610,788</u>

6. Short-term debt:

The College maintains a demand operating line of credit with a limit of \$1.5 million for day-to-day working capital needs as required. Payments are interest-only at a floating interest rate of prime less 0.5% on any outstanding balances. At April 30, 2020 and 2019 no amounts were drawn under this facility.

7. Long-term debt:

	2020	2019
Toronto-Dominion - Mortgage repayable in blended monthly installments of \$17,617 with a fixed interest rate of 3.55%. Due May 9, 2039, subject to renewal in May, 2024.	\$ 2,928,039	\$ 3,033,170
Toronto-Dominion - Mortgage repayable in blended monthly installments of \$20,936 with a fixed interest rate of 3.30%. Due November 17, 2042, subject to renewal in November 2032.	3,996,186	4,113,073
	<u>6,924,225</u>	<u>7,146,243</u>
Less current portion	230,381	222,019
	<u>\$ 6,693,844</u>	<u>\$ 6,924,224</u>

Interest incurred on long-term debt and expensed in these statements was \$240,261 (2019 - \$246,710).

ST. THOMAS MORE COLLEGE

Notes to Financial Statements (continued)

Year ended April 30, 2020

7. Long-term debt (continued):

Principal repayments required on the mortgages in each of the next five fiscal years and thereafter are estimated as follows:

April 30, 2021	\$	230,381
April 30, 2022		238,381
April 30, 2023		246,660
April 30, 2024		254,665
April 30, 2025		2,605,439
Thereafter		3,348,699
	\$	6,924,225

8. Deferred capital grants and contributions:

Deferred capital grants relate to the deferred Sask Centenary Fund and funds received for the new elevator and North Building Renewal Project. Grants are deferred and recognized as revenue as the related assets are amortized. The change in the deferred capital grant balance is as follows:

	2020	2019
Balance, beginning of year	\$ 1,730,063	1,769,597
Amounts amortized to revenue	(38,581)	(39,534)
Balance, end of year	\$ 1,691,482	1,730,063

Deferred capital contributions relate to donations for the building. Contributions are deferred and recognized as revenue as the related assets are amortized. The change in the deferred capital contribution balance is as follows:

	2020	2019
Balance, beginning of year	\$ 1,890,239	\$ 1,908,671
Additions during the year	10,925	23,280
Amounts amortized to revenue	(41,931)	(41,712)
Balance, end of year	\$ 1,859,233	\$ 1,890,239

ST. THOMAS MORE COLLEGE

Notes to Financial Statements (continued)

Year ended April 30, 2020

9. Trust and restricted funds:

	Balance 2019	Investment Income	Donations	Distribution from endowments	Recognized for scholarships and bursaries	Other net changes	Balance 2020
Research grants	\$ 141,106	\$ -	\$ -	\$ -	\$ -	\$ 127,594	\$ 268,700
Faculty, student and other trusts	31,774	-	-	-	-	(12,809)	18,965
Scholarships and bursaries	1,320,997	(35,636)	85,654	156,185	(161,631)	3,397	1,368,966
Other restricted funds	918,561	(25,007)	113,712	134,616	-	(265,382)	876,500
	\$ 2,412,438	\$ (60,643)	\$ 199,366	\$ 290,801	\$ (161,631)	\$ (147,200)	\$ 2,533,131

10. Reserves

	Balance 2019	Transfers	Balance 2020
Academic	\$ 300,000	\$ (300,000)	\$ -
Chair for Indigenous Spirituality and Reconciliation	759,095	-	759,095
Building	1,930,000	(530,000)	1,400,000
	\$ 2,989,095	\$ (830,000)	\$ 2,159,095

ST. THOMAS MORE COLLEGE

Notes to Financial Statements (continued)

Year ended April 30, 2020

11. Endowments:

Endowments are designated by donors as permanent assets of the College. To best respect donors' wishes, the College is accountable to maintain the long-term value of the capital donated and manage the endowment investment returns to ensure stable and sustainable annual expenditures are made from endowment accounts on an annual basis to support scholarships, academic programs and operations designated by donors. To stabilize annual spending, the College has an annual spending policy of 4% of endowment balances. The College's long-term annual investment returns are currently projected to exceed this amount by the annual rate of inflation. To protect the capital, the College allocates investment returns to each endowment based on their respective balances according to College's Endowment Management Policy. By allocating nominal investment returns to endowments, the College can maintain the real purchasing power of the capital inside the endowment assuming nominal investment returns outpace inflation by the College's disbursement rate on a long-term basis. These accumulated investment returns also provide greater assurance that endowment disbursements can be made consistently and evenly year-over-year regardless of the actual investment return in any given year.

	Balance 2019	Investment Income	Donations	Distributions from endowments	Recognized as other income	Balance 2020
Scholarships and bursaries	\$ 5,427,252	\$ (151,890)	\$ 33,638	\$ (156,185)	\$ -	\$ 5,152,815
Other endowments	5,587,482	(163,831)	569,237	(48,148)	(55,606)	5,889,134
Catholic Studies	2,585,045	(72,124)	100	(86,468)	-	2,426,553
	<u>\$13,599,779</u>	<u>\$ (387,845)</u>	<u>\$ 602,975</u>	<u>\$ (290,801)</u>	<u>\$ (55,606)</u>	<u>\$13,468,502</u>

ST. THOMAS MORE COLLEGE

Notes to Financial Statements (continued)

Year ended April 30, 2020

12. Commitments:

Under the Campus Services Agreement ("CSA") between the College and the University of Saskatchewan ("U of S"), the College is committed to reimburse the U of S for various services provided by the U of S to the College at a fixed rate of 14% of the combined government operating grant and tuition revenue. The CSA expired on April 30, 2015. During 2019-20, payments continued in a similar manner as past years as a new agreement was not reached until April 2020. The 2020 CSA payment is \$1,805,232 (2019 - \$1,791,127).

In April 2020, the College concluded negotiations and entered into an Academic and Financial Partnership Agreement ("AFPA") with the U of S to replace the expired CSA. The new agreement is in effect from May 1, 2020 - April 30, 2025. Under the AFPA, tuition revenue earned by the College will be based on an agreed upon proportion of total tuition generated from courses taught by both the College and the U of S as well as tuition generated from courses exclusive to the College. Such a change is to enhance coordination and cooperation between the College and the U of S. Furthermore, the AFPA establishes an Annual Service Fee of 10.07% of the combined government operating grant and tuition revenue. This Annual Service Fee will replace the 14% CSA that was in effect during the 2019-2020 fiscal year.

13. Ancillary operations:

Ancillary operations include rental operations, chapel, Choices on Campus food services and other non-operating income.

14. Income taxes:

The College is a registered charity and is exempt from income taxes under section 149 of the Income Tax Act as it is a not-for-profit organization.

15. Pension contributions:

The College's employees participate in money purchase (defined contribution plans with equal contributions by employees and the College) and defined benefit pension plans which are administered by the U of S. The annual employer contributions for 2020 of \$573,543 (2019 - \$576,142) are recorded as expenses in these financial statements.

The College's employees participate in various pension plans administered by the U of S. There are currently three defined benefit plans administered by the U of S which some College employees belong to. The U of S Pensions Office reported that there were no changes to these plans during the fiscal year. Furthermore, the University completed actuarial valuations for all three of these plans as at December 31, 2019 which resulted in no changes to required contributions.

ST. THOMAS MORE COLLEGE

Notes to Financial Statements (continued)

Year ended April 30, 2020

16. Contributions:

The College received \$813,366 (2019 - \$632,814) in donations for the 2020 fiscal year, excluding donations received by the chapel which are included in ancillary operations on the statement of revenues and expenses and surplus.

17. Financial instruments and risk management:

The carrying values of cash, receivables, accounts payable, accrued liabilities, and debt obligations approximate their fair value due to the relatively short periods to maturity of these items or because they are receivable or payable on demand.

The fair value of long-term investments was determined by reference to various market data, as appropriate.

Except for the vulnerability of long-term investments in the global markets, the College is not exposed to market risk or significant credit risk. Credit risk related to cash is minimized by dealing with financial institutions that have strong credit ratings. Credit risk related to accounts receivable is considered minimal.

On March 12, 2020, COVID-19 was declared a pandemic by the World Health Organization. This has resulted in significant economic uncertainty and financial markets have experienced significant volatility in response to the developing COVID-19 pandemic. The investment portfolio of the College has been subject to these market fluctuations and the impact is reflected in the financial statements for the year ended April 30, 2020. While operations of the College have not been significantly impacted by the pandemic, the situation is dynamic and the ultimate duration and magnitude of the potential impact on future results is currently undeterminable.

The College is not exposed to interest rate risk on long-term debt as a result of all long-term debt being subject to fixed rates. Interest rate risk related to short-term debt is considered minimal.

ST. THOMAS MORE COLLEGE

Notes to Financial Statements (continued)

Year ended April 30, 2020

18. Capital management:

The College's overall objective when managing capital is to ensure the College has adequate capital to fund capital assets, future projects and ongoing operations. The College manages its capital through an annual budgeting process and by appropriating amounts to reserves for anticipated future projects and other priorities. In addition, the College manages capital with respect to endowments in accordance with an Endowment Management Policy that is approved by the College's Board of Governors, as outlined in Note 4.

The College is not subject to any other externally imposed capital requirements and its approach to capital management remains unchanged from the prior year.

19. Prior year figures:

Certain of the College's prior year figures have been reclassified to conform to the current year presentation. There is no impact on deficiency of revenues over expenses or net assets.