FINANCIAL STATEMENTS

APRIL 30, 2012

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STATEMENT OF ADMINISTRATIVE RESPONSIBILITY

The administration of the University is responsible for the preparation of the financial statements, the notes thereto and all other financial information contained in this annual report.

The financial statements were prepared in accordance with Canadian generally accepted accounting principles. The administration believes the financial statements present fairly, in all material respects, the University's financial position as at April 30, 2012 and the results of its operations and its cash flows for the year then ended. In order to achieve the objective of fair presentation in all material respects, the use of reasonable estimates and judgments was employed. Additionally, the administration has ensured that all financial information presented in this report has been prepared in a manner consistent with that in the financial statements.

In fulfilling its responsibilities and recognizing the limits inherent in all systems, the administration has developed and maintains a system of internal control designed to provide reasonable assurance that University assets are safeguarded from loss and that the accounting records are a reliable basis for the preparation of financial statements.

The University has retained Mercer (Canada) Limited in order to provide an estimate of the University's liability for pensions and other post-employment benefits for the current year. The administration has provided the valuation actuary with the information necessary for the completion of the University's report and retains ultimate responsibility for the determination and estimation of the reported pension and other benefit liabilities.

The Board of Governors carries out its responsibility for review of the financial statements and this annual report principally through its Finance and Audit Committee (“Committee”). The majority of the members of the Committee are not officers or employees of the University. The Committee meets regularly with the administration, as well as the internal auditors and the external auditors, to discuss the results of audit examinations and financial reporting matters, and to satisfy itself that each party is properly discharging its responsibilities. The auditors have full access to the Committee with and without the presence of the administration.

Ernst & Young LLP, Chartered Accountants, the auditors appointed by the Board of Governors, have reported on the financial statements for the year ended April 30, 2012. The independent auditors' report outlines the scope of their audit and their opinion on the presentation of the information included in the financial statements.

Gary Brewer
Vice-President, Finance and Administration

Mamdouh Shoukri
President and Vice-Chancellor

YORK
UNIVERSITÉ
UNIVERSITY

INTRODUCTION TO YORK UNIVERSITY
FINANCIAL STATEMENTS – 2011-2012

In 2011-2012, the University continued to manage its finances in a very challenging fiscal environment. The current year was characterized by continued strong international undergraduate enrolment growth and a return of volatility in markets which produced weak returns. Quality undergraduate and domestic graduate enrolment growth continued to be key priorities for the University as part of an overall focus on achieving the objectives of the University Academic Plan. Increased tuition fees and higher international enrolments provided some additional operating income. However, cost pressures largely associated with salary and benefits costs continued to grow.

Grants and contract funding increased from $385 million in 2011 to $392 million in 2012. The increase is attributable to grants related to research.

The Statement of Operations and Changes in Deficit reports total tuition fee revenue increasing from $404 million in 2011 to $434 million in 2012. The majority of this growth is associated with increases in approved tuition fee rates and increasing international undergraduate enrolments.

Salaries and benefits increased from $647 million in 2011 to $666 million in 2012. Salary levels were generally 2% higher than in the previous year and reflected the annual increase associated with the collective agreements that covered the majority of the University's personnel. Continued cost pressures related to current and post employment and pension benefit costs also contributed to the higher costs.

Scholarships and bursaries increased from $58 million in 2011 to $61 million in 2012. The increase resulted from higher graduate scholarships and bursaries for undergraduate students.

Interest on long-term debt decreased from $20 million in 2011 to $19 million in 2012. The reduction reflects the continuous retirement of external debt and substantially represents the full cost of servicing the debentures issued in 2002 and 2004.

As summarized on the Balance Sheet, the University's unrestricted deficit has decreased from $60 million in 2011 to $45 million in 2012. The decrease in the deficit is the result of an operating surplus as well as a planned surplus in the ancillary budget.

The University's investment in capital assets increased from $729 million in 2011 to $774 million in 2012. The change is the result of new capital construction for the Life Science Building, the expansion of the Osgoode Building, and the new Glendon Centre of Excellence, and annual amortization charges.

Investments at April 30, 2012 totalled $591 million, as compared to $583 million at April 30, 2011. Investments consisted of $333 million in endowments ($338 million last year) and $258 million in other investments ($245 million last year). The change in investments over the course of the year is the result of income accumulation on the short term fixed income investments.

The University has included in liabilities the costs associated with other post-employment benefits. York recognizes the liabilities for future retiree benefits for both active employees and current retirees. The liability at April 30, 2012 was $90 million versus $83 million for the prior year.

Heading into fiscal 2013, the University will continue to manage its finances responsibly. The challenges for the next year are as follows:

- the pension fund performance and related solvency deficit payments;
- the increasing pressures on salary and benefit costs and the outcome of the 2011-12 collective bargaining;
- the implications of potential changes in government grant funding allocations;
- the uncertainty associated with the tuition fee framework beyond 2013;
- the achievement of enrolment growth for domestic and international; and
- the achievement of planned budget cuts across the institution.

These challenges are expected to impact through fiscal year 2012-2013 and beyond.

Gary Brewer
Vice-President, Finance and Administration

SUMMARY OF REVENUE AND EXPENSES

Total Revenue and Expenses
(Millions of dollars)

Year Ended April 30

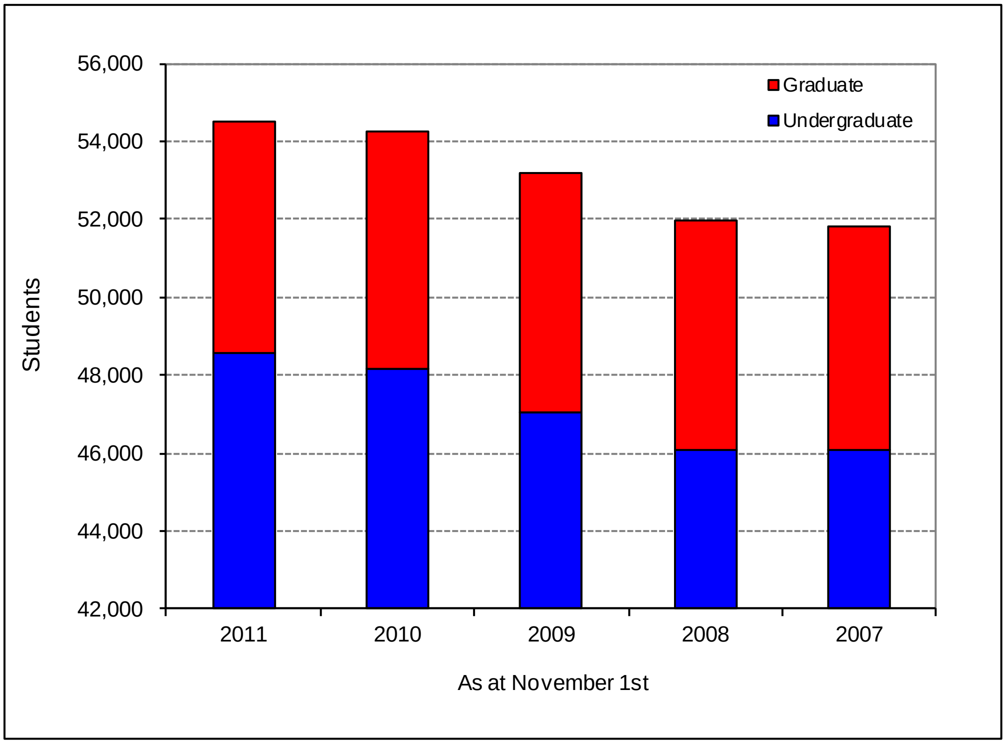
	2012	2011	2010	2009	2008
	$	$	$	$	$
REVENUE					
Grants and contracts	392.0	384.9	375.7	386.4	376.5
Student fees	433.6	404.4	370.0	339.0	331.7
Donations	6.9	7.1	6.8	5.3	6.5
Investment income	19.0	18.9	21.3	10.5	21.5
Sales and services	62.8	63.8	68.0	64.9	66.8
Amortization of deferred capital contributions	12.0	11.7	12.8	11.7	12.4
Fees and other recoveries	27.6	26.0	27.4	25.2	26.6
Other	2.9	6.2	8.4	3.7	4.1
	956.8	**923.0**	**890.4**	**846.7**	**846.1**
EXPENSES					
Salaries and benefits	665.9	647.2	606.8	556.9	554.0
Operating costs	125.6	114.5	110.8	124.7	119.3
Amortization of capital assets	41.3	40.0	41.2	44.7	37.9
Cost of sales and services	16.8	18.4	23.4	21.4	22.3
Taxes and utilities	29.1	28.8	32.6	33.3	35.5
Scholarships and bursaries	61.3	58.1	58.9	54.6	55.1
Interest on long-term debt	19.4	19.6	21.1	22.8	23.0
	959.4	**926.6**	**894.8**	**858.4**	**847.1**

% of Total Revenue and Expenses

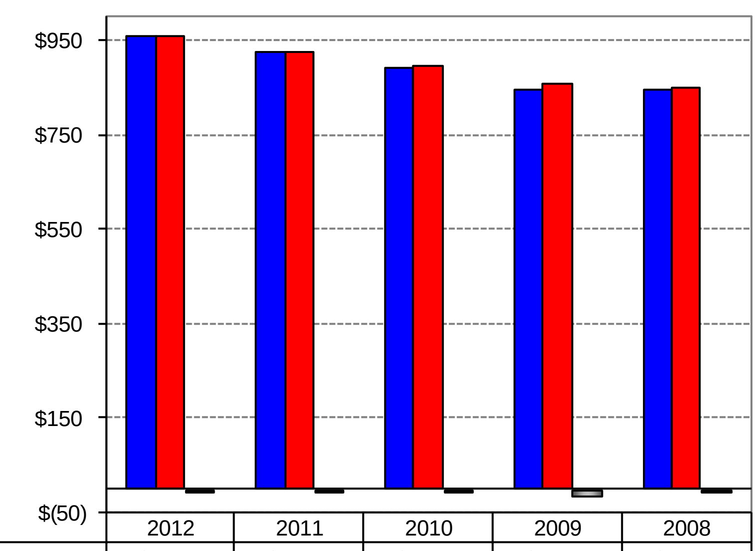
Year Ended April 30

	2012	2011	2010	2009	2008
	%	%	%	%	%
REVENUE					
Grants and contracts	41.0	41.7	42.2	45.6	44.5
Student fees	45.3	43.8	41.6	40.0	39.2
Donations	0.7	0.8	0.8	0.6	0.8
Investment income	2.0	2.0	2.4	1.3	2.5
Sales and services	6.6	6.9	7.6	7.7	7.9
Amortization of deferred capital contributions	1.3	1.3	1.4	1.4	1.5
Fees and other recoveries	2.9	2.8	3.1	3.0	3.1
Other	0.2	0.7	0.9	0.4	0.5
	100.0	**100.0**	**100.0**	**100.0**	**100.0**
EXPENSES					
Salaries and benefits	69.4	69.8	67.8	64.9	65.4
Operating costs	13.1	12.4	12.4	14.5	14.1
Amortization of capital assets	4.3	4.3	4.6	5.1	4.5
Cost of sales and services	1.8	2.0	2.6	2.5	2.6
Taxes and utilities	3.0	3.1	3.6	3.9	4.2
Scholarships and bursaries	6.4	6.3	6.6	6.4	6.5
Interest on long-term debt	2.0	2.1	2.4	2.7	2.7
	100.0	**100.0**	**100.0**	**100.0**	**100.0**

ENROLMENT GROWTH
2011 – 2007



REVENUE AND EXPENSES
Year Ended April 30
2012 – 2008
(Millions of dollars)

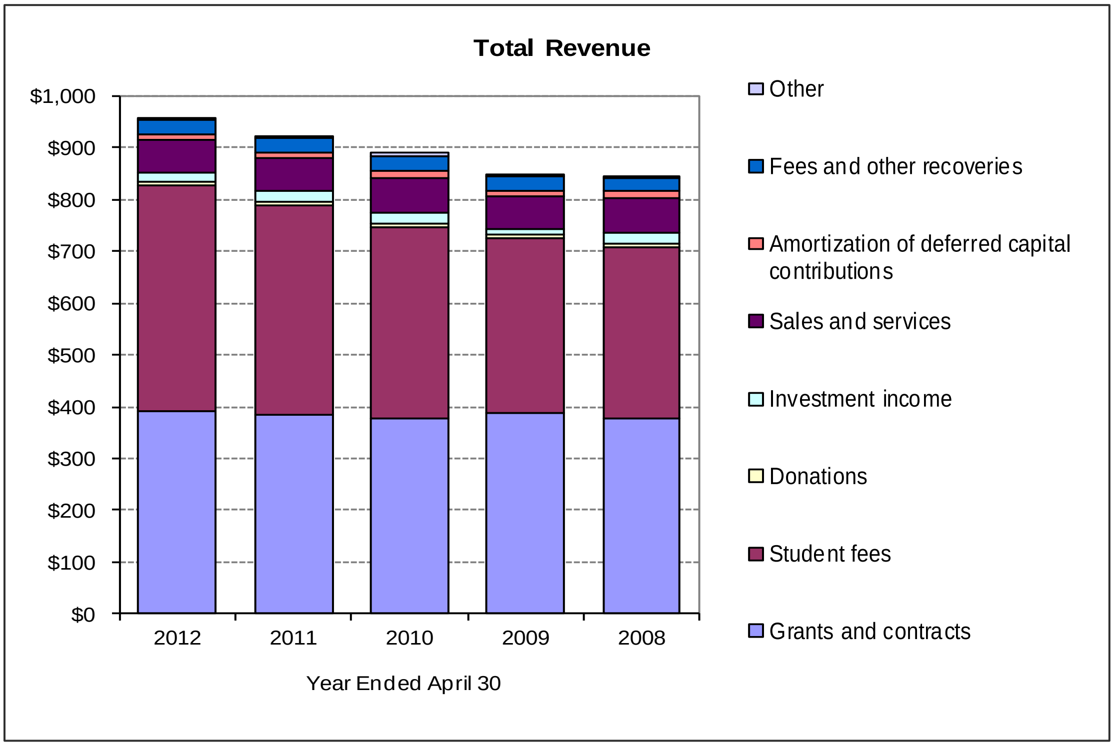


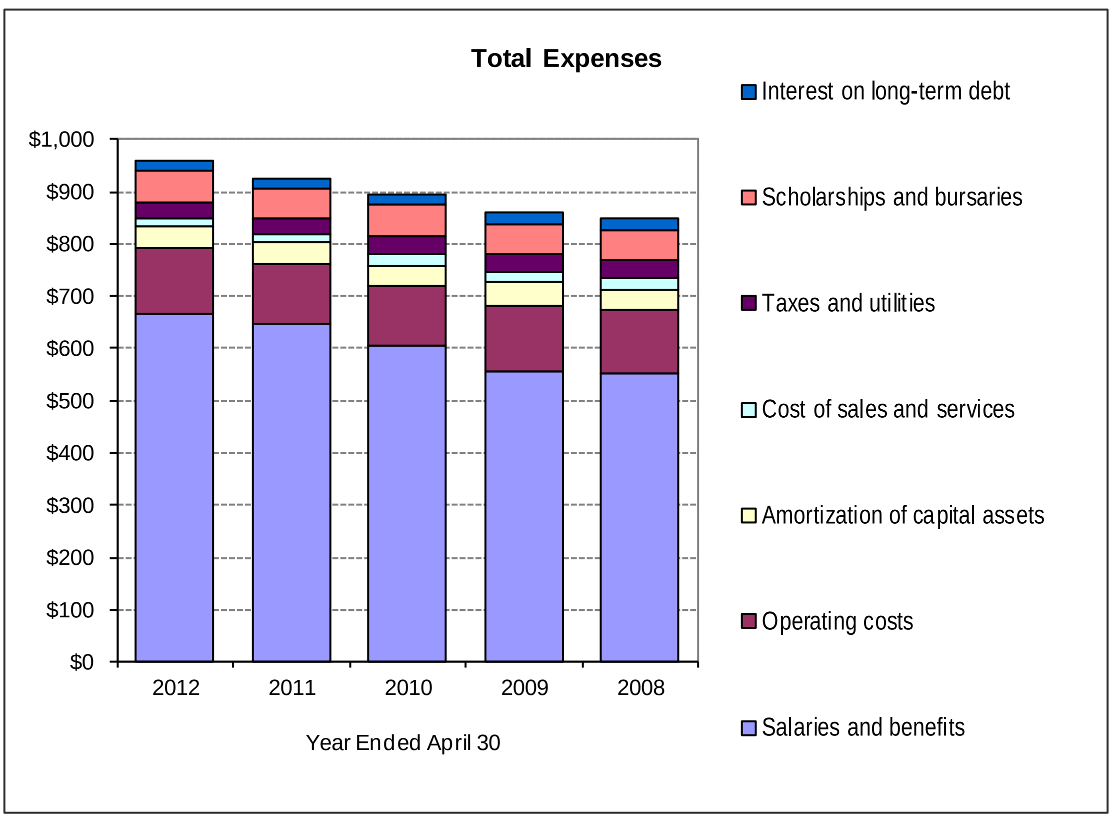
	2012	2011	2010	2009	2008
Revenue	$956.8	$923.0	$890.4	$846.7	$846.1
Expenses	$959.4	$926.6	$894.8	$858.4	$847.1
Revenue over Expenses	$(2.6)	$(3.6)	$(4.4)	$(11.7)	$(1.0)

SUMMARY OF REVENUE AND EXPENSES

2012 – 2008

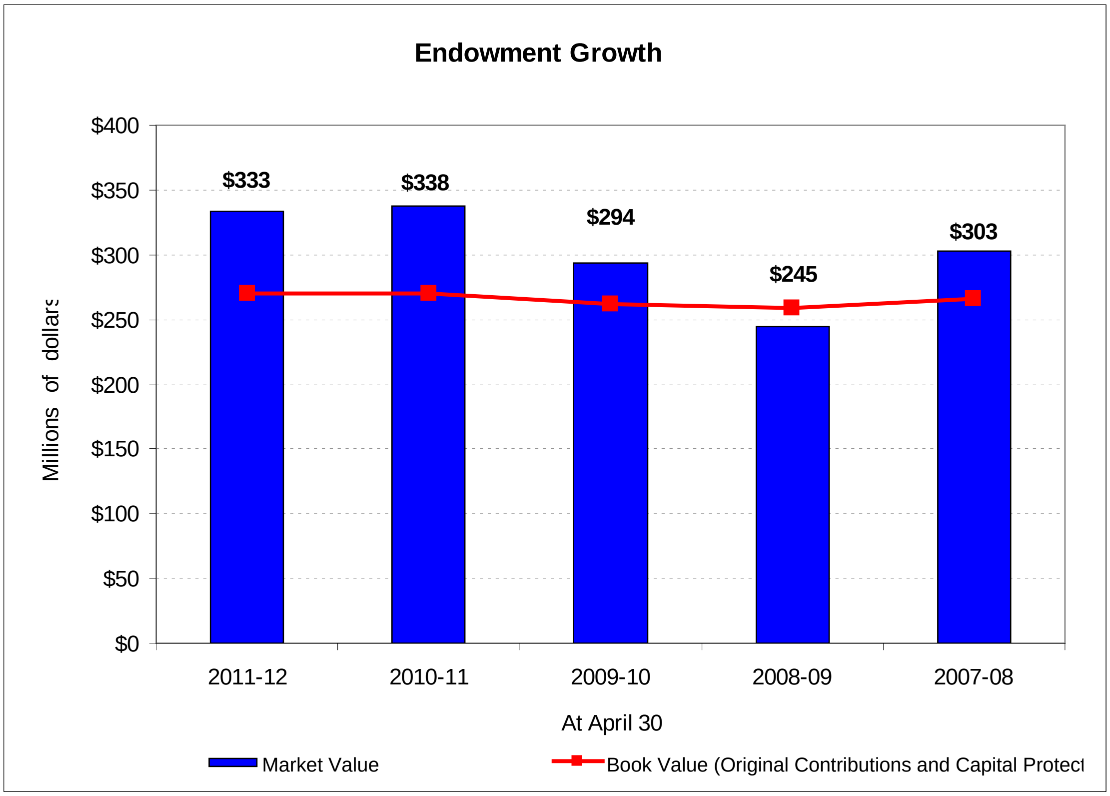
(Millions of dollars)

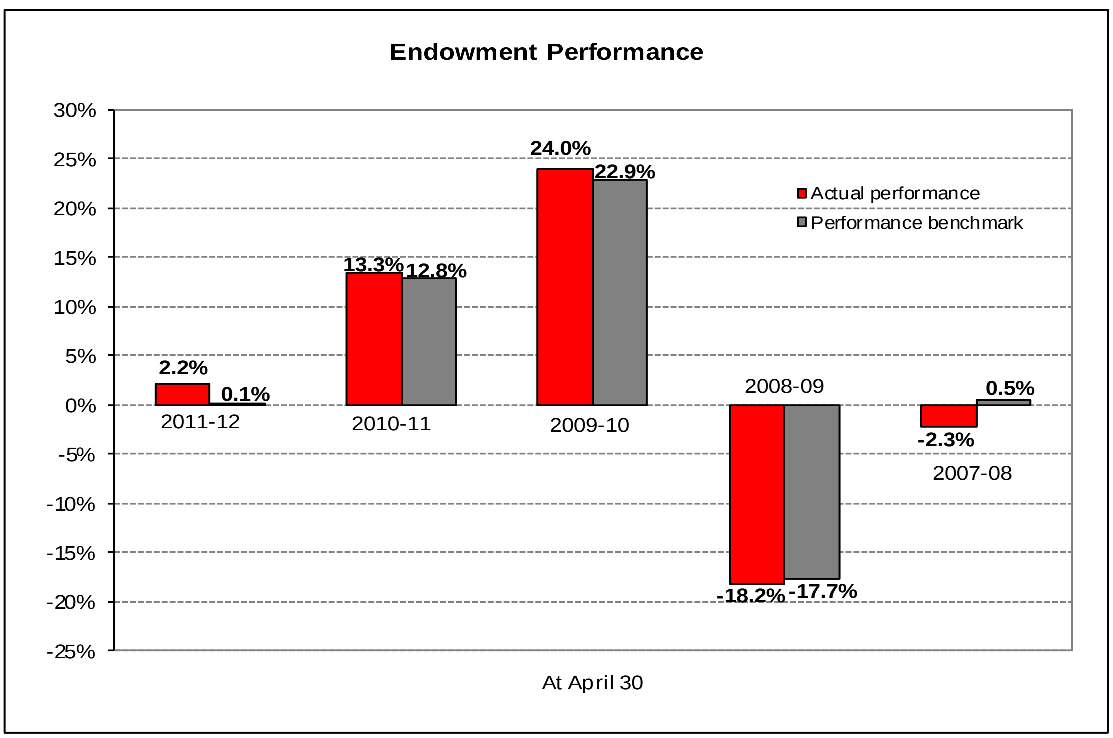




ENDOWMENT GROWTH AND PERFORMANCE

2012 – 2008





INDEPENDENT AUDITORS' REPORT

To the Board of Governors of
York University

We have audited the accompanying financial statements of York University, which comprise the Balance Sheet as at April 30, 2012, and the Statements of Operations and Changes in Deficit, Changes in Net Assets, and Cash Flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of York University as at April 30, 2012, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Ernst + Young LLP

Toronto, Canada
June 25, 2012

Chartered Accountants
Licensed Public Accountants

YORK UNIVERSITY **Statement 1**

BALANCE SHEET
(Thousands of dollars)

As at April 30

	2012 $	2011 $
ASSETS		
Current		
Cash and cash equivalents	**20,400**	48,311
Accounts receivable *(note 4)*	**64,213**	66,154
Inventories	**4,512**	4,636
Prepaid expenses	**9,700**	9,338
Total current assets	**98,825**	**128,439**
Pension cost deferral *(notes 12 and 14)*	**10,838**	17,005
Investments *(note 3)*	**590,681**	582,629
Investment in lease *(note 4)*	**44,225**	44,440
Capital assets, net *(note 5)*	**774,361**	729,432
	1,518,930	**1,501,945**
LIABILITIES		
Current		
Accounts payable and accrued liabilities *(notes 4 and 9)*	**81,842**	84,632
Current portion of long-term debt *(note 10)*	**630**	4,430
Deferred income	**45,577**	46,052
Deferred contributions *(note 6)*	**82,074**	83,170
Total current liabilities	**210,123**	**218,284**
Long-term liabilities *(notes 4 and 9)*	**134,293**	127,175
Long-term debt *(note 10)*	**303,880**	304,488
Deferred capital contributions *(note 11)*	**314,275**	292,907
Total liabilities	**962,571**	**942,854**
Commitments and contingent liabilities *(note 17)*		
NET ASSETS		
Unrestricted deficit	**(45,166)**	(60,172)
Internally restricted *(note 12)*	**270,398**	287,931
Endowments *(note 13)*	**331,127**	331,332
Total net assets	**556,359**	**559,091**
	1,518,930	**1,501,945**

See accompanying notes

On behalf of the Board of Governors

Paul Cantor
Chair

Mamdouh Shoukri
President and Vice-Chancellor

STATEMENT OF OPERATIONS AND CHANGES IN DEFICIT
(Thousands of dollars)

Year ended April 30

	2012 $	2011 $
REVENUE		
Grants and contracts	**392,005**	384,865
Student fees	**433,611**	404,376
Donations	**6,873**	7,082
Investment income *(note 3)*	**19,032**	18,923
Sales and services	**62,756**	63,839
Amortization of deferred capital contributions *(note 11)*	**12,041**	11,698
Fees and other recoveries	**27,630**	26,001
Other	**2,935**	6,232
Total revenue	**956,883**	**923,016**
EXPENSES		
Salaries and benefits *(note 14)*	**665,909**	647,153
Operating costs	**125,596**	114,540
Amortization of capital assets	**41,341**	39,959
Cost of sales and services	**16,757**	18,436
Taxes and utilities	**29,135**	28,822
Scholarships and bursaries	**61,293**	58,050
Interest on long-term debt *(note 10)*	**19,340**	19,591
Total expenses	**959,371**	**926,551**
Deficiency of revenue over expenses for the year	**(2,488)**	**(3,535)**
Net transfers from internally restricted net assets	**17,533**	15,727
Net transfers to internally restricted endowments	**(39)**	(4,219)
Change in unrestricted deficit in the year	**15,006**	**7,973**
Unrestricted deficit, beginning of year	**(60,172)**	(68,145)
Unrestricted deficit, end of year	**(45,166)**	**(60,172)**

See accompanying notes

STATEMENT OF CHANGES IN NET ASSETS
(Thousands of dollars)

Year ended April 30

	2012				2011
	Unrestricted deficit $	**Internally restricted $**	**Endowments $**	**Total $**	**Total $**
		(note 12)	*(note 13)*		
Net assets, beginning of year	**(60,172)**	**287,931**	**331,332**	**559,091**	528,993
Deficiency of revenue over expenses for the year	**(2,488)**	**-**	**-**	**(2,488)**	(3,535)
Net transfers from internally restricted net assets to unrestricted deficit	**17,533**	**(17,533)**	**-**	**-**	-
Direct increase to capital assets for donations of land and works of art *(note 5)*	**-**	**-**	**-**	**-**	340
Investment income on externally restricted endowments less amounts made available for spending *(note 13)*	**-**	**-**	**(5,667)**	**(5,667)**	25,485
Contributions to externally restricted endowments *(note 13)*	**-**	**-**	**5,423**	**5,423**	7,808
Net transfers from unrestricted deficit to internally restricted endowments *(note 13)*	**(39)**	**-**	**39**	**-**	-
Net assets, end of year	**(45,166)**	**270,398**	**331,127**	**556,359**	**559,091**

See accompanying notes

STATEMENT OF CASH FLOWS
(Thousands of dollars)

Year ended April 30	2012 $	2011 $
OPERATING ACTIVITIES		
Deficiency of revenue over expenses for the year	**(2,488)**	(3,535)
Add (deduct) non-cash items:		
Amortization of capital assets	**41,341**	39,959
Amortization of deferred capital contributions	**(12,041)**	(11,698)
Net change in non-cash working capital balances related to operations *(note 15)*	**4,957**	3,394
Change in pension cost deferral	**6,167**	25,154
Net change in long-term liabilities *(note 15)*	**7,333**	7,310
Cash provided by operating activities	**45,269**	**60,584**
INVESTING ACTIVITIES		
Purchase of investments, net *(note 15)*	**(13,719)**	(29,655)
Purchase of capital assets *(note 15)*	**(93,885)**	(79,171)
Cash used in investing activities	**(107,604)**	**(108,826)**
FINANCING ACTIVITIES		
Repayment of long-term debt	**(4,408)**	(4,162)
Contributions restricted for capital purposes *(note 11)*	**33,409**	59,954
Contributions to externally restricted endowments *(note 13)*	**5,423**	7,808
Cash provided by financing activities	**34,424**	**63,600**
Net (decrease) increase in cash and cash equivalents during the year	**(27,911)**	15,358
Cash and cash equivalents, beginning of year	**48,311**	32,953
Cash and cash equivalents, end of year	**20,400**	**48,311**

SUPPLEMENTARY INFORMATION		
Interest paid	**19,361**	19,610

1. DESCRIPTION OF THE ORGANIZATION

York University (“York” or the “University”) was incorporated under the York University Act 1959 and continued under the York University Act 1965 by the Legislative Assembly of Ontario. The University is dedicated to academic research and to providing post-secondary and post-graduate education. The University is a registered charity and under the provisions of Section 149 of the Income Tax Act (Canada) is exempt from income taxes.

York’s financial statements reflect the assets, liabilities, net assets, revenue, expenses and other transactions of all the operations of the University and organizations in which the University has a controlling shareholding or a primary economic interest. Accordingly, these financial statements include the operations, research activities and ancillary operations of the University, the York University Development Corporation (an Ontario corporation of which the University is the sole shareholder) that oversees the development of designated undeveloped York lands and which owns York Lanes shopping mall; and York University Foundation, a federally incorporated foundation, the objects of which are to raise funds for the University and steward the funds so raised. On November 30, 2011, the assets, liabilities and fund balances of the York University Foundation were transferred to the University.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared by the administration in accordance with Canadian generally accepted accounting principles. The preparation of financial statements requires the administration to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. A summary of significant accounting policies is as follows:

a) Future changes in accounting policies

The Accounting Standards Board of the Canadian Institute of Chartered Accountants (“CICA”) issued Part III of the CICA Handbook that sets out the accounting standards for not-for-profit organizations that are effective for fiscal years beginning on or after January 1, 2012. The University will adopt the new standards for fiscal 2013 and is currently evaluating the impact of these standards.

b) Revenue recognition

The University follows the deferral method of accounting for contributions, which include donations and government grants. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Externally restricted contributions, other than endowments, are deferred and recognized as revenue in the year in which the related expenses are recognized. Restricted endowment contributions are recognized as direct increases in net assets. Pledges are recorded as revenue on a cash basis since pledges are not legally enforceable.

Donations of materials and services that would otherwise have been purchased are recorded at fair value when fair value can be reasonably determined.

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

c) Financial instruments

As permitted under the CICA Handbook, the University has chosen to continue to apply *CICA 3861: Financial Instruments - Disclosure and Presentation* in place of *CICA 3862: Financial Instruments - Disclosures and CICA 3863: Financial Instruments - Presentation.*
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d) Cash and cash equivalents

Cash and cash equivalents consist of cash on deposit and investments with original maturities at acquisition of three months or less. Cash and short-term investments held for investing rather than liquidity purposes are classified as long-term investments.

e) Inventories

Inventories are stated at the lower of cost and net realizable value. The cost of inventories is assigned by using the first-in, first-out method or weighted average cost method, depending on the nature or use of the inventory items. The same costing method is used for all inventories having a similar nature and use.

f) Investments and Investment Income

Investments are recorded at fair value except for investments in fixed income securities which are to be held to maturity and other loans and receivables, both of which are recorded at cost plus accrued interest, using the effective interest rate method.

The fair value of investments is determined as follows:

Publicly traded bonds and equities are determined based on quoted market values based on the latest bid prices. Investments in pooled funds are valued at their unit values provided by the fund manager and unlisted or infrequently traded securities are based on quoted market yields or comparable security prices as appropriate**.**

Investment income, which consists of interest, dividends, income distributions from pooled funds, and realized and unrealized gains and losses, is recorded as revenue in the Statement of Operations and Changes in Deficit, except for investment income designated for externally restricted endowments. The amount made available for spending against externally restricted endowments is recorded as investment income and any amount available for spending that remains unspent at year-end is deferred and categorized as deferred contributions. Investment income on externally restricted endowments in excess of the amount made available for spending, losses on externally restricted endowments and deficiencies of investment income compared to the amount available for spending are recorded as direct increases (decreases) to endowments.

Income (or loss) designated for internally restricted endowments is recognized in the Statement of Operations and Changes in Deficit. The investment income (or loss) net of all actual spending against internal endowments is transferred between the unrestricted deficit and internally restricted endowments through the Statement of Changes in Net Assets.

Transactions are recorded on a trade date basis and transaction costs are expensed as incurred.

g) Capital assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair market value at the date of contribution, except for land received under the terms of grants, which is carried at nominal value. Amortization of capital assets is provided on a straight-line basis over their estimated useful lives as follows:

	Annual Rate	Years
Buildings, plant facilities and infrastructure	2.5% to 10%	10 to 40
Equipment and furnishings	10% to 33.3%	3 to 10
Library collection	100%	1

Construction in progress expenditures are capitalized as incurred and are amortized as described above once the asset is placed into service. Capitalized expenditures include interest on related debt funding of such expenditures.

Donations of items included in the art collection are recorded as direct increases in capital assets and net assets at an appraised value established by independent appraisal in the period receipted by the University. The art collection is considered to have a permanent value and is not amortized.

h) Foreign exchange translation

The University accounts for revenue and expense transactions in a foreign currency at the exchange rate in effect at the date of the transactions. Monetary assets and liabilities denominated in a foreign currency are translated at year-end exchange rates and any translation gain or loss is included in the Statement of Operations and Changes in Deficit. Foreign exchange gains and losses on investments are accounted for consistent with investment income.

i) Derivative financial instruments

Derivative financial instruments are used by the University in the management of its exposure to foreign currency uncertainty on investments *(note 3)*. The University does not enter into derivative financial instruments for trading or speculative purposes. The University does not apply hedge accounting on these derivative financial instruments. The University records derivative financial instruments on the Balance Sheet at fair value with subsequent changes in fair value recognized in the Statement of Operations and Changes in Deficit.

j) Employee benefits plans

The University has a defined contribution pension plan, which has a defined benefit component that provides a minimum level of pension benefits. The cost of providing pension benefits and post-employment and post-retirement benefits other than pensions is actuarially determined and recognized in the Statement of Operations and Changes in Deficit using the projected benefit method pro-rated on service and management's best estimates regarding assumptions about a number of future conditions, including investment returns, compensation changes, withdrawals, mortality rates and expected health care costs. Past service costs associated with plan amendments are amortized over the average remaining service life of employees who were active at the time of each plan amendment. Cumulative differences arising from actuarial gains and losses including changes in assumptions over 10% of the greater of the fair value of assets and the accrued benefit obligation are amortized over the average remaining service life of employees. Assets of the pension plan are valued using market values at year-end. Liabilities of the pension plan and post-retirement and post-employment benefits are discounted using current interest rates on long-term high-quality fixed income securities.

3. INVESTMENTS

a) Investments consist of the following:

	Maturity	2012 Weighted average interest rate	2011	2012 $	2011 $
Cash		1.25%	1.21%	**49,797**	49,574
Short-term investments	2012 to 2017	3.67%	3.73%	**142,710**	146,415
Deposit notes	2023	4.51%	4.50%	**1,182**	1,255
Government bonds	2012 to 2062	2.26%	2.92%	**55,795**	52,214
Corporate bonds	2012 to 2061	4.24%	5.55%	**41,082**	39,254
Mortgages	2012 to 2017	3.78%	4.20%	**64,773**	53,376
Canadian equities				**56,609**	62,726
International equities				**178,066**	177,790
Other	2012 to 2013	4.00%	4.00%	**667**	25
				590,681	**582,629**
Designated as follows:					
Held for trading				**387,190**	388,573
Held to maturity				**201,295**	191,474
Loans and receivables				**2,196**	2,582
Total				**590,681**	**582,629**
Market value				**594,816**	**586,323**

All investments are recorded at fair value except certain bonds that are designated as held to maturity and certain loans and receivables. The carrying value of the loans and receivables approximates fair value.

Investments are exposed to foreign currency risk, interest rate price risk, and market and credit risks. The University manages these risks through policies and procedures in place governing asset mix, equity and fixed income allocations, and diversification among and within categories.

To manage foreign currency risk, a hedging policy has been implemented for the University's foreign-denominated investments to minimize exchange rate fluctuations and the resulting uncertainty on future financial results. All outstanding contracts have a remaining term to maturity of less than one year. The University has significant contracts outstanding held in foreign currencies, as detailed below.

The notional and fair values of the foreign currency forward contracts are as follows:

	2012		2011	
Currency Sold	**Notional Value (CAD $)**	**Fair Value of Contract (CAD $)**	**Notional Value (CAD $)**	**Fair Value of Contract (CAD $)**
EUR	**2,444**	**7**	4,826	(82)
GBP	**11,294**	**(78)**	5,425	(22)
USD	**56,289**	**407**	52,385	185
Other	**15,057**	**90**	12,388	(370)
Total	**85,084**	**426**	**75,024**	**(289)**

The fair value of the foreign currency forward contracts is included in investments. The change in the fair value of the foreign currency forward contracts is accounted for consistent with investment income in the Statement of Operations and Changes in Deficit.

b) Investment income consists of the following:

	2012 $	2011 $
Investment income on endowments *(note 13)*	**5,365**	37,825
Deduct investment income credited to external endowments *(note 13)*	**(4,671)**	(33,212)
Add allocations for spending on external endowments, net of deferrals	**8,678**	4,896
Other investment income	**9,660**	9,414
Total	**19,032**	**18,923**

4. INVESTMENT IN LEASE

The University has entered into a direct finance lease with the Ontario Infrastructure and Lands Corporation ("OILC"), formerly the Ontario Realty Corporation. The leased facilities are located on the Keele campus and are occupied by the Archives of Ontario. The lease commenced on February 25, 2009 for an initial period of 25 years plus three options to extend the term, each for 10 years. Prior to the commencement of the lease, the OILC exercised the first ten-year renewal option.

To construct the facilities used by the Archives of Ontario, in May 2007 the University entered into contractual agreements with a consortium that undertook the design, construction and financing of the facility during the construction phase of the project.

As payment for the cost of the facility, York assigned the revenue stream under the OILC lease to the consortium for a period of 35 years. However, York remains liable for the lease payments to the consortium should OILC default.

The present value of the lease payments due from OILC at lease commencement was determined to be $45 million based on a discount rate of 10.5% and with no residual value assigned to the Archives facility.

The carrying value of the investment in lease is composed of aggregate minimum lease payments due from OILC over 35 years less unearned finance income at a rate of 10.5%. As at April 30, 2012, the balance is as follows:

	2012 $	2011 $
Aggregate future minimum lease payments	**148,964**	153,782
Less unearned finance income	**(104,524)**	(109,148)
Investment in lease	**44,440**	44,634
Less current portion recorded in accounts receivable	**(215)**	(194)
Balance, end of year	**44,225**	**44,440**

Minimum future lease payments are expected to be as follows:

	$
2013	4,818
2014	4,818
2015	4,818
2016	4,818
2017	4,818
Thereafter	124,874
Total	**148,964**

The University has recorded the amounts owed to the consortium under the lease assignment within the liabilities section of the Balance Sheet. The current portion of $215 (2011 – $194) is reported within accounts payable and accrued liabilities while the long-term portion is reported in long-term liabilities as $44,225 (2011 – $44,440) *(note 9)*.

This liability has been discounted at a rate of 10.5% and will reduce over the 35-year lease assignment term, concurrent with the reduction to investment in lease.

5. CAPITAL ASSETS

Capital assets consist of the following:

	2012			2011		
	Cost	**Accumulated Amortization**	**Net Book Value**	**Cost**	**Accumulated Amortization**	**Net Book Value**
	$	**$**	**$**	**$**	**$**	**$**
Land	**4,398**	**-**	**4,398**	4,398	-	4,398
Buildings, plant facilities and infrastructure	**1,055,038**	**373,829**	**681,209**	927,676	349,974	577,702
Equipment and furnishings	**150,967**	**96,814**	**54,153**	137,468	90,551	46,917
Library collection	**65,717**	**65,717**	**-**	67,607	67,607	-
Construction in progress	**29,533**	**-**	**29,533**	95,347	-	95,347
Art collection	**5,068**	**-**	**5,068**	5,068	-	5,068
Total	**1,310,721**	**536,360**	**774,361**	**1,237,564**	**508,132**	**729,432**

a) During the year, the total cost of items added to the library collection was $4,382 (2011 – $5,047) and the total cost of items removed was $6,272 (2011 – $6,232).

b) During the year, no additional artwork was received. The University's art collection consists of 114 (2011 – 114) works and has an appraised value upon receipt of $5,068 (2011 – $5,068).

c) The Glendon campus land and a majority of the Keele Street campus land were acquired by grants. These grants had restrictive covenants, which have been registered on the title of the property, and which purport to limit use of the properties for educational or research purposes at the University level. As appraisals are not available at the date of the grants, these assets are recorded in the accounts at nominal value.

6. DEFERRED CONTRIBUTIONS

Deferred contributions represent unspent externally restricted grants and donations and unexpended available income on externally restricted endowments. The changes in deferred contributions are as follows:

	2011	**Additions**	**Transfers to Revenue**	**2012**
	$	**$**	**$**	**$**
Research and other grants and contracts	61,098	52,674	(54,494)	**59,278**
Restricted donations and expendable balances from endowments	22,072	26,686	(25,962)	**22,796**
Total	**83,170**	**79,360**	**(80,456)**	**82,074**

7. CREDIT FACILITIES

The University has available facilities as follows:

a) Demand operating facilities in the amount of $20.0 million (2011 – $20.0 million). This facility bears interest at a rate that varies with the balances on deposit, ranging from the bank's prime rate of 3.00% (2011 – 3.00%) minus 0.5% to the bank's prime rate plus 0.5%. Letters of credit in the amount of $3.5 million (2011 – $3.9 million) have been utilized against this facility.

b) Indirect guarantor facilities for housing loans to faculty and staff in the amount of $5.0 million (2011 – $5.0 million). These facilities bear interest at the bank's prime rate of 3.00% (2011 – 3.00%). Housing loans to faculty and staff in the amount of $173 (2011 – $117) have been utilized against these facilities.

8. CAPITAL MANAGEMENT

In managing capital, the University focuses on liquid resources available for operations. The University's objective is to have sufficient liquid resources to continue operating even if adverse financial events were to occur, and to provide it with the flexibility to take advantage of opportunities that will advance its mission. The need for sufficient liquid resources is considered in the preparation of its annual operating and capital budgets with actual operating results compared to budget on a regular basis and by the monitoring and forecasting of cash flows on a daily basis. The University attempts to minimize the use of its demand operating facilities *(note 7)* which can be used in the event that sufficient cash flow is not available to cover operating and capital expenditures. In addition, the University can issue unsecured debentures or enter into other long-term debt to assist with the financing of capital assets. As at April 30, 2012, the University has met its objective of having sufficient liquid resources to meet its current obligations.

9. LONG-TERM LIABILITIES

Long-term liabilities consist of the following:

	2012	**2011**
	$	**$**
Obligation under lease assignment *(note 4)*	**44,440**	44,634
Less current portion recorded in accounts payable and accrued liabilities	**(215)**	(194)
Long-term portion of obligation under lease assignment	**44,225**	44,440
Other post-employment benefits *(note 14)*	**90,068**	82,648
Interest rate swaps payable	**-**	87
Total	**134,293**	**127,175**

10. LONG-TERM DEBT

Long-term debt consists of the following:

	2012	2011
	$	**$**
Debentures		
Senior unsecured debenture bearing interest at 6.48%, maturing on March 7, 2042	**200,000**	200,000
Senior unsecured debenture bearing interest at 5.84%, maturing on May 4, 2044	**100,000**	100,000
Other debentures bearing interest at 5.88% to 7.63%, maturing from 2017 to 2023. Weighted average interest rate is 6.89% (2011 – 6.87%)	**4,941**	5,382
Mortgages		
Mortgages bearing interest at 5.38%, maturing on July 1, 2016	**388**	467
Term loans		
Term loan bearing interest at 4.50% (2011–term loans at variable rates), maturing in 2023 (2011 – maturing in 2012 and 2023) Weighted average interest rate is 4.50% (2011 – 5.44%).	**1,182**	5,092
	306,511	310,941
Unamortized transaction costs	**(2,001)**	(2,023)
	304,510	308,918
Less current portion	**(630)**	(4,430)
Total	**303,880**	**304,488**

Scheduled future minimum annual repayments of long-term debt are as follows:

	$
2013	**630**
2014	**670**
2015	**712**
2016	**758**
2017	**708**
Thereafter	**303,033**
Total	**306,511**

Certain assets have been pledged as collateral for certain mortgages and certain term loans. The amount of interest expense during the year on long-term debt was $19,340 (2011 – $19,591). Long-term debt has a fair value of $455,244 (2011 – $399,914).

11. DEFERRED CAPITAL CONTRIBUTIONS

Deferred capital contributions represent the unamortized amount of restricted donations and grants received for the purchase of capital assets. The amortization of deferred capital contributions is recorded as revenue in the Statement of Operations and Changes in Deficit when the associated capital asset is brought into service. The changes in the deferred capital contributions balance are as follows:

	2012 $	2011 $
Balance, beginning of year	**292,907**	244,651
Contributions received in the year	**33,409**	59,954
Amortization of deferred capital contributions	**(12,041)**	(11,698)
Balance, end of year	**314,275**	**292,907**
Comprised of:		
Capital contributions - expended	**314,239**	281,076
Capital contributions - unexpended	**36**	11,831
Balance, end of year	**314,275**	**292,907**

12. INTERNALLY RESTRICTED NET ASSETS

Details of internally restricted net assets are as follows:

	2012 $	2011 $
Departmental carryforwards	**48,917**	51,850
Progress through the ranks	**(19,811)**	(22,300)
Computing systems development	**5,272**	4,010
Contractual commitments to employee groups	**4,843**	2,808
Research programs	**18,321**	18,186
Pension cost deferral *(note 14)*	**10,838**	17,005
Sinking fund	**48,597**	42,684
Investment in capital assets	**154,755**	139,429
Capital reserve	**74,293**	93,251
Future funded capital projects	**(75,627)**	(58,992)
Balance, end of year	**270,398**	**287,931**

Internally restricted net assets include funds committed for specific purposes that reflect the application of the Board of Governors' policy as follows:

i. Departmental carryforwards – These represent the cumulative positions of all Faculties and Divisions with net unspent balances at year-end. Under Board policy, which is approved annually, Faculties and Divisions are entitled to carryforward the net unspent funds from previous years' allocations. These funds provide units with a measure of flexibility established through prudent administration over several years to assist with future balancing of their budgets in the face of additional anticipated budget reductions, as well as resources which are to meet commitments made during the year.

ii. Progress through the ranks ("PTR") – This is the cumulative difference between the amounts paid for progress through the ranks salary adjustments and the budget funds provided under York's salary recovery policy. PTR adjustments are planned to be self-funding over time. However, on a year-to-year basis, the cost of providing PTR adjustments can be more or less than the funds provided, depending on the number of retirements that occurred during the year.

iii. Computing systems development – The University is planning to implement or upgrade several administrative computing and information systems. These appropriated funds support forward commitments for these systems planned or in process, as well as planned future stages of system implementation not yet contracted for at year-end.

iv. Contractual commitments to employee groups – This is the net carryforward of funds to meet future commitments defined under collective agreements with various employee groups.

v. Research programs – This represents appropriations for internally-funded research.

vi. Pension cost deferral – This represents the cumulative portion of University-funded contributions paid into the pension plan which exceeds the accrued value of employee pension benefits earned as at the end of the period, as estimated in accordance with Canadian generally accepted accounting principles.

vii. Sinking fund – This represents funds set aside to retire capital debt.

viii. Investment in capital assets – This represents the net amount of capital assets funded using internal capital.

ix. Capital reserve – This represents funds restricted for deferred maintenance, capital emergencies and capital projects planned or in progress.

x. Future funded capital projects – This represents projects that will be funded in the future through a combination of budget allocations, donations and debt.

13. ENDOWMENTS

Endowments include restricted donations received by the University and funds that have been internally designated. Investment returns generated from endowments are used in accordance with the various purposes established by the donors or by the Board of Governors. The University protects the future purchasing power of its endowments by designating a portion of the annual investment income earned as capital protection. On an annual basis, the University determines the distribution for spending after a review of each individual endowment's market value, original contribution and capital protection, and takes into account the long-term objective to preserve the purchasing power of each endowment. In May 2011 the University made available for spending 4-5% (May 2010 – 4-5%) of the book value of each individual endowment.

Net assets restricted for endowment consist of the following:

	2011 $	Contributions $	Available for Spending $	Transfers/ Reclassification $	Investment Income $	2012 $
Externally restricted	290,799	5,423	(10,338)	(515)	4,671	**290,040**
Internally restricted	40,533	-	(655)	515	694	**41,087**
Total	**331,332**	**5,423**	**(10,993)**	**-**	**5,365**	**331,127**

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 for Student Support ("OTSS") programs to encourage companies and individuals to contribute funds to 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 are equally matched by the Province. Investment income earned on these funds is used to finance awards to qualified students in need of financial aid. The funds are included in the total of externally restricted endowments.

The position of the fund balances, at book and market value, are calculated as follows:

OSOTF – Phase 1 For the year ended April 30	2012 $	2011 $
Endowment at book value, beginning of year	**67,508**	67,500
Transfer to expendable funds	**-**	8
Endowment at book value, end of year	**67,508**	**67,508**
Endowment at market value, end of year	**83,918**	**86,160**
Expendable funds available for awards, beginning of year	**9,952**	6,791
Realized investment gains, net of capital protection	**2,156**	5,649
Bursaries awarded	**(3,465)**	(2,488)
Expendable funds available for awards, end of year	**8,643**	**9,952**
Number of bursaries awarded	**2,112**	**1,602**

OSOTF – Phase 2 For the year ended April 30	2012 $	2011 $
Endowment at book value, beginning of year	**10,714**	10,714
Transfer to expendable funds	**-**	-
Endowment at book value, end of year	**10,714**	**10,714**
Endowment at market value, end of year	**12,480**	**12,654**
Expendable funds available for awards, beginning of year	**460**	342
Realized investment gains, net of capital protection	**322**	469
Bursaries awarded	**(550)**	(351)
Expendable funds available for awards, end of year	**232**	**460**
Number of bursaries awarded	**351**	**333**

OTSS For the year ended March 31	2012 $	2011 $
Endowment at book value, beginning of year	**40,904**	36,356
Donations received	**1,928**	2,274
Government matching	**1,928**	2,274
Transfer to expendable funds	**-**	-
Endowment at book value, end of year	**44,760**	**40,904**
Endowment at market value, end of year	**51,115**	**46,332**
Expendable funds available for awards, beginning of year	**1,847**	687
Realized investment gains, net of capital protection	**2,648**	1,916
Bursaries awarded	**(1,077)**	(756)
Expendable funds available for awards, end of year	**3,418**	**1,847**
Number of bursaries awarded	**718**	**533**
Outstanding donations pledged	**$1,340**	**$691**

14. EMPLOYEE SALARIES AND BENEFITS

The University has a defined contribution pension plan, which has a defined benefit component that provides a minimum level of pension benefits. The latest actuarial valuation for the pension plan was performed as at December 31, 2010. The next actuarial valuation is required as at December 31, 2013. The University measures its accrued benefit obligation and the fair value of plan assets for accounting purposes as at April 30 of each year.

The latest actuarial valuations for other non-pension post-retirement and post-employment benefits were performed as at September 1, 2011 and April 1, 2012, respectively, and extrapolated to April 30, 2012. The University measures its accrued benefit obligation for accounting purposes as at April 30 of each year.

The employee salaries and benefits expense for the year includes pension expense of $62,531 (2011 – $62,232) and other benefits expense of $11,767 (2011 – $11,642).

Information about the University's benefit plans as at April 30 is as follows:

	2012		**2011**	
	Pension Benefit Plans	**Other Benefit Plans**	**Pension Benefit Plans**	**Other Benefit Plans**
	$	**$**	**$**	**$**
Accrued benefit obligation	**(1,795,503)**	**(109,999)**	(1,653,792)	(89,497)
Fair value of plan assets	**1,404,353**	**-**	1,381,292	-
Plan deficit	**(391,150)**	**(109,999)**	**(272,500)**	**(89,497)**
Unamortized transitional asset	-	**-**	(3,036)	-
Unamortized net actuarial loss	**401,988**	**14,012**	292,541	1,125
Unamortized past service costs	-	**5,919**	-	5,724
Pension cost deferral / Long-term liability *(note 9)*	**10,838**	**(90,068)**	**17,005**	**(82,648)**

Plan assets are invested as follows:

	2012	**2011**
	%	**%**
Equities	**62.0**	67.0
Fixed income	**36.0**	31.0
Other	**2.0**	2.0
	100.0	**100.0**

The significant actuarial assumptions adopted in measuring the University's accrued benefit obligation and benefit costs are as follows:

	2012		**2011**	
	Pension Benefit Plans	**Other Benefit Plans**	**Pension Benefit Plans**	**Other Benefit Plans**
Accrued Benefit Obligation:				
Discount rate	**4.75%**	**4.90%**	5.50%	5.60%
Rate of inflation	**2.30%**		2.70%	
Rate of compensation increase	**4.50%**	**5.00%**	5.00%	5.00%
Benefit Cost:				
Discount rate	**5.50%**	**5.60%**	5.75%	6.00%
Rate of inflation	**2.70%**		2.50%	
Expected long-term rate of return on plan assets	**6.75%**	**N/A**	7.00%	N/A
Rate of compensation increase	**5.00%**	**5.00%**	5.00%	5.00%

For measurement purposes, a 5.73% (2011 – 5.75%) weighted average health care trend rate was assumed for 2012. The rate was assumed to decrease gradually to the ultimate weighted average health care trend rate of 4.50% in 2030 and to remain at that level thereafter.

Other information about the University's benefit plans is as follows:

	2012		2011	
	Pension Benefit Plans	Other Benefit Plans	Pension Benefit Plans	Other Benefit Plans
	$	$	$	$
Employer's contributions	**56,364**	**4,347**	37,078	4,104
Employees' contributions	**19,376**	**-**	18,778	-
Benefits paid and administrative expenses	**69,102**	**4,347**	63,808	4,104

15. STATEMENT OF CASH FLOWS

The net change in non-cash working capital balances related to operations consists of the following:

	2012	2011
	$	$
Accounts receivable	**1,941**	(3,864)
Inventories	**124**	(147)
Prepaid expenses	**(362)**	(511)
Accounts payable and accrued liabilities	**4,825**	(189)
Deferred income	**(475)**	8,021
Deferred contributions	**(1,096)**	84
Net change in non-cash working capital balances related to operations	**4,957**	**3,394**

The change in long-term liabilities related to non-cash activities and related to operations consists of the following:

	2012	2011
	$	$
Change in long-term liabilities	**7,118**	7,116
Net change in obligation under lease assignment *(note 4)*	**215**	194
Net change in long-term liabilities related to operations	**7,333**	**7,310**

The purchase of investments related to non-cash activities is calculated as follows:

	2012	2011
	$	$
Change in investments	**(8,052)**	(55,140)
Add investment income on externally restricted endowments less amounts made available for spending *(note 13)*	**(5,667)**	25,485
Purchase of investments, net	**(13,719)**	**(29,655)**

The purchase of capital assets related to non-cash activities is calculated as follows:

	2012	2011
	$	$
Additions to capital assets	**86,270**	94,256
Change in current year, from the previous year, in accounts payable and accrued liabilities related to capital asset additions	**7,615**	(14,745)
Donations of land and works of art *(note 5)*	**-**	(340)
Purchase of capital assets	**93,885**	**79,171**

16. RELATED ENTITY

The University is a member, with ten other universities, of a joint venture called TRIUMF, Canada's national laboratory for particle and nuclear physics located on the University of British Columbia ("UBC") campus. TRIUMF is an unincorporated registered charity and each university has an undivided 9.09% interest in its assets, liabilities and obligations. The land and buildings it occupies are owned by UBC. The facilities and its operations are funded by federal government grants and the University has made no direct financial contribution to date. TRIUMF's net assets are not contemplated to be and are not readily realizable by the University. The University's interest in the assets, liabilities and results of operations are not included in these financial statements (see also note 17(d)).

The following financial information as at March 31 for TRIUMF was prepared in accordance with Canadian generally accepted accounting principles except that all capital assets and related provisions for decommissioning costs, if any, are expensed in the year in which the costs are incurred.

	2012	2011
	$	$
	(Unaudited)	(Audited)
Statement of Financial Position		
Total assets	**27,345**	24,934
Total liabilities	**18,712**	16,936
Total fund balances	**8,633**	7,998
Statement of Combined Funding/Income and Expenditures		
Revenue	**77,079**	70,308
Expenses	**76,443**	66,186
Excess of revenue over expenses	**636**	4,122

17. COMMITMENTS AND CONTINGENT LIABILITIES

a) Forward purchases of natural gas

The University purchases natural gas for future delivery with fixed pricing. As at April 30, 2012, the University has committed to purchase 1.319M GJ (2011 – 1.518M GJ) of natural gas at an average cost of $5.09/GJ (2011 – $6.64/GJ), with delivery at various dates to October 2013 (2011 – October 2013), for a total commitment of $6.7 million (2011 – $10.1 million).

b) Litigation

The nature of the University's activities is such that there is usually litigation pending or in prospect at any one time. With respect to known claims at April 30, 2012, the University believes it has valid defences and appropriate insurance coverage in place. Therefore, such claims are not expected to have a material effect on the University's financial position. There exist other claims or potential claims where the outcome cannot be determined at this time. Should any additional losses occur, they would be charged to income in the year they can be estimated.

c) Canadian University Reciprocal Insurance Exchange ("CURIE")

The University participates in a reciprocal exchange of insurance risks in association with other Canadian universities. This self-insurance reciprocal, named CURIE, involves a subscriber agreement to share the insurable property and liability risks of member universities for a term of not less than five years. Plan members are required to pay annual deposit premiums, which are actuarially determined and expensed in the year. Plan members are subject to further assessment in proportion to their participation in the event premiums are insufficient to cover losses and expenses. As at December 31, 2011 and 2010, CURIE was fully funded.

d) TRIUMF

The members of the TRIUMF joint venture and the Canadian Nuclear Safety Commission ("CNSC") approved a decommissioning plan which requires all members to be severally responsible for their share of the decommissioning costs, which were estimated at $44.0 million as at November 2007, as well as provide financial covenants to the CNSC for the amount of these costs. While there are no current intentions of decommissioning the facilities, the University's share was estimated at $4.0 million. TRIUMF has put in place a plan for funding the cost of decommissioning which does not require any payments from the joint venture partners.

e) Capital and other commitments

The estimated cost to complete committed capital and other projects at April 30, 2012 is approximately $27,226. These capital projects will be financed by government grants, internal funds, and fundraising.