CONSOLIDATED FINANCIAL STATEMENTS

APRIL 30, 2021

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STATEMENT OF ADMINISTRATIVE RESPONSIBILITY

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

The consolidated financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations. The administration believes the consolidated financial statements present fairly, in all material respects, the University's consolidated financial position as at April 30, 2021 and the consolidated results of its operations and its consolidated 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 consolidated 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 consolidated financial statements.

The University has retained Aon Hewitt in order to provide an estimate of the University's liability for pension and other post-employment benefits. 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 consolidated financial statements and this annual report principally through its Finance and Audit Committee (the "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 Professional Accountants, the auditors appointed by the Board of Governors, have reported on the consolidated financial statements for the year ended April 30, 2021. The independent auditor's report outlines the scope of their audit and their opinion on the presentation of the information included in the consolidated financial statements.

C. McAulay

Carol McAulay
Vice-President, Finance and Administration

Rhonda L. Lenton
President and Vice-Chancellor

YORK
UNIVERSITÉ
UNIVERSITY

COMMENTARY ON YORK UNIVERSITY CONSOLIDATED FINANCIAL STATEMENTS – 2020-2021 AND FINANCIAL OUTLOOK

The University successfully completed its academic programs and experienced a successful conclusion to the fiscal year despite the COVID-19 pandemic.

Financial Commentary

Student fee revenue for 2020-21 was driven by strong enrolments at both the domestic and international undergraduate level. Undergraduate enrolments totaled 37,551 domestic fiscal fulltime equivalents ('FFTEs') for 2020-21 compared to 36,191 FFTEs for the prior year. International undergraduate enrolments for 2020-21 comprised 8,445 FFTEs, compared to 7,847 FFTEs for the prior year. These robust enrolment numbers contributed to incremental tuition revenue growth, notwithstanding the provincial government's decision in January, 2019 to reduce domestic tuition fees by 10% in 2019-20 and freeze tuition for 2020-21. Student fee revenue increased from $714 million in 2019-20 to $741 million in 2020-21.

Government grants, which consist largely of provincial grants and other research related funding, remained relatively unchanged at $388 million (2019-20 – $387 million).

Sales and services decreased to $26.9 million (2019-20 – $64.7 million), largely as a result of decreased housing, parking, and bookstore revenues, as the COVID-19 pandemic had a significant impact on ancillary operations.

Investment income from operating funds decreased to $19 million (2019-20 – $23 million), largely the result of less favourable short-term interest rates. The University follows the deferral method for accounting for investment income on external endowments and recognizes investment income in the Consolidated Statement of Operations as related expenses are incurred. The amount of investment income recognized in the Consolidated Statement of Operations for both internal and external endowments was just under $18 million (2019-20 – $14 million).

The market value of the University's endowments was $595 million at April 30, 2021, compared to $495 million, for the prior year. The University's rate of return was 23.2% in 2020-21 (2019-20 – 2.2%). Capital markets in general were stronger this year compared to last year, as the COVID-19 pandemic disrupted capital markets and returns in the last two months of fiscal 2020.

The University's operating cash and cash equivalents increased to $468 million at April 30, 2021 (2019-20 – $160 million) as result of cash generated from operations and $240M of short-term deposits maturing in the year. The short-term deposits were not reinvested due to more favourable rates in the operating account. The $240M of short-term deposits were classified as investments in prior year. Accordingly, operating resources invested in short to medium term fixed income products decreased to $667 million at April 30, 2021 (2019-20 – $896 million). The University maintains these cash balances to finance the University capital plans, described below.

Salaries and benefits increased from $772 million in 2019-20 to $807 million in 2020-21. The increase in salaries and benefits was largely the result of salary increments and increased faculty complement to support the University's academic and research mission.

The University continues to support students with financial assistance. Scholarships and bursaries amounted to $124 million in 2020-21 compared to $98 million for the prior year, largely as a result of increased assistance provided to international students during the COVID-19 pandemic to offset the increase in tuition fees.

Interest on long-term debt was $30.3 million for 2020-21, compared to $27.2 million for 2019-20. The University issued a new debenture of $100 million for general corporate purposes on April 1, 2020. The debenture's interest rate is 3.39% and matures in 2060.

Operating costs for 2020-21 were $132 million compared to $159 million for 2019-20, as several expense categories and activities, including travel, conferences, hospitality, and office expenses were limited by the COVID-19 pandemic.

As summarized on the consolidated balance sheet, the University's unrestricted accumulated deficit has increased from $31 million in 2019-20 to $48 million in 2020-21. The increase in the accumulated deficit is the result of a deficit in the University's ancillary operations. Surpluses related to academic operations are internally restricted and do not affect the University's unrestricted deficit.

Major Capital Projects

Planning and construction activity continued on a number of important capital projects despite the COVID-19 pandemic, though construction delays due to a provincial order and disruptions in the supply chain have impacted the targeted completion date of certain projects.

Construction began on the Markham Centre Campus (the "Campus") during the year. In 2019, the Board of Governors approved the Markham Centre Campus Project (the "Project") with a total project budget of $275.5M. The Project will be financed through the aforementioned debenture of $100 million, and funded by a contribution of land by the City of Markham, valued at $50 million, a contribution from the Region of York for $25 million, fundraising of $50 million and a $50.5 million contribution from reserves. The Campus is expected to open in 2023. Program offerings at the Markham Centre Campus will create high-quality learning opportunities to prepare students for the digital economy. The Campus will accommodate up to 4,200 students at both the undergraduate and graduate level, with the flexibility to respond to future growth demands, and will secure the University's presence in the rapidly growing York Region.

During the year, construction continued on the new School of Continuing Studies building. The new building, at a projected cost of $72.7 million, will accommodate the growing needs of the School for Continuing Studies (the "School") and will provide approximately 10,800 square meters of space and has a targeted completion date of March 2022. The School was established in 2015, bringing together continuing professional education programs and English language support at the University to form one of the largest schools in Canada. The project's costs will be entirely funded by the School.

Design of the Neuroscience Facility at Sherman Health Science Research Centre also continued. This project has a budgeted cost of $43.5 million and has a targeted completion date of fall 2023. The building will host the VISTA research neuroscience facility and provide additional office and clinical space for the Faculty of Health. The project's costs are being funded by the University's capital reserves, external debentures, and an internal loan.

Due to the limited return to campus, some renovation project schedules have been adjusted to take advantage of reduced usage and increased availability of the space in the fall and winter, to accelerate construction activity.

COVID-19 Pandemic

Going forward, the University will continue to be challenged by the COVID-19 pandemic and the efforts to achieve a successful and safe return to campus. Enrolments for the 2021 summer session are extremely positive, and student applications for Fall-Winter 2021-22 are strong. However, the competitive landscape among universities for domestic and international students poses risks. There continues to be uncertainty on the pandemic and its potential impact on international and domestic enrolments (new students, returning students, course load levels). The University will work with the sector, the provincial government and health authorities to carefully navigate the future to ensure the institution continues to deliver on its mission while safeguarding the health of students, faculty and staff.

C. McAulay

Carol McAulay
Vice-President, Finance and Administration

SUMMARY OF REVENUE AND EXPENSES

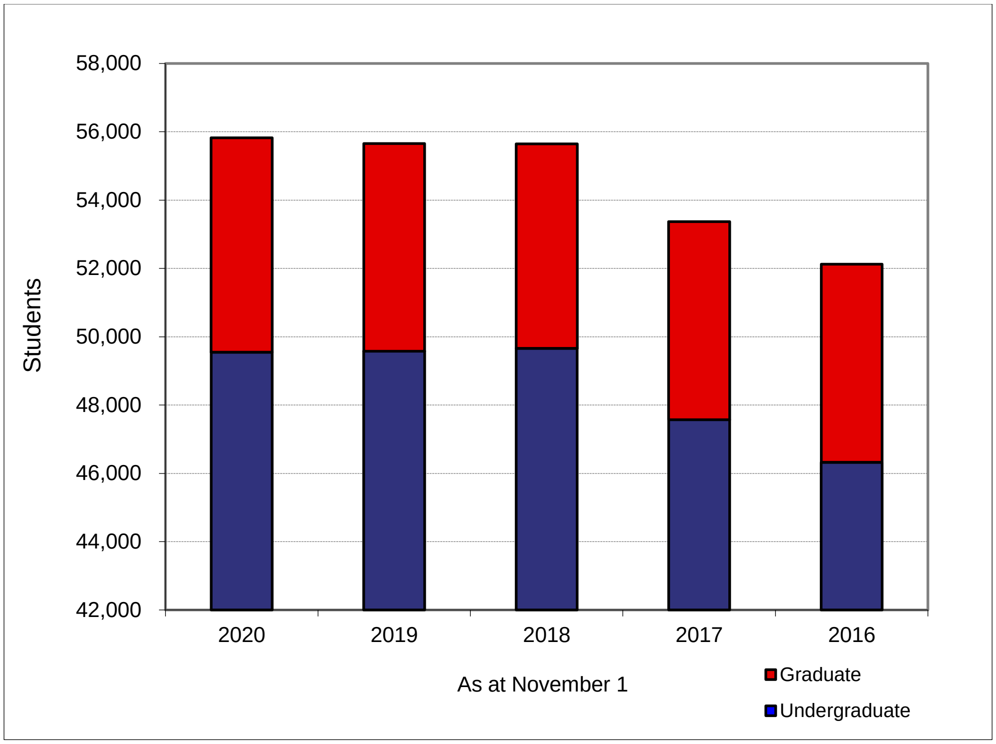
Total Revenue and Expenses
(Millions of dollars)

Year ended April 30	**2021**	**2020**	**2019**	**2018**	**2017**
	$	$	$	$	$
REVENUE					
Student fees	741.5	714.2	694.2	550.4	555.5
Grants and contracts	388.2	387.2	418.1	390.0	380.3
Investment income	36.2	37.3	33.1	21.0	25.1
Fees, recoveries and other income	27.6	37.3	38.6	37.4	39.7
Sales and services	26.9	64.7	69.1	64.4	66.2
Amortization of deferred capital contributions	18.2	18.1	17.5	15.2	16.2
Donations	8.2	9.8	8.5	15.0	12.1
	1,246.8	**1,268.6**	**1,279.1**	**1,093.4**	**1,095.1**
EXPENSES					
Salaries and benefits	806.9	772.4	746.7	715.1	715.4
Operating costs	132.2	158.6	166.5	154.9	142.9
Scholarships and bursaries	123.5	98.2	91.8	85.7	80.8
Amortization of capital assets	48.4	48.5	46.1	43.4	45.3
Interest on long-term debt	30.3	27.2	26.1	26.8	26.8
Taxes and utilities	23.0	27.0	25.2	31.3	33.3
Cost of sales and services	7.4	11.4	12.4	13.6	14.2
	1,171.7	**1,143.3**	**1,114.8**	**1,070.8**	**1,058.7**

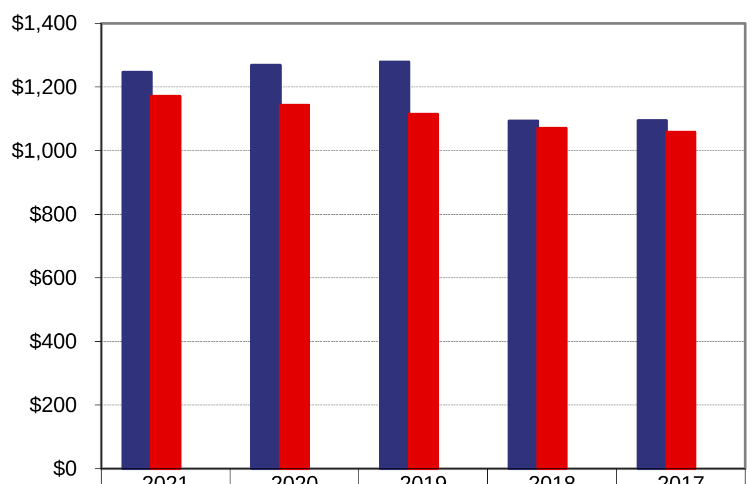
% of Total Revenue and Expenses

Year ended April 30	**2021**	**2020**	**2019**	**2018**	**2017**
	%	**%**	**%**	**%**	**%**
REVENUE					
Student fees	59.4	56.4	54.3	50.3	50.7
Grants and contracts	31.1	30.5	32.7	35.7	34.7
Investment income	2.9	2.9	2.6	1.9	2.3
Fees, recoveries and other income	2.2	2.9	2.9	3.4	3.7
Sales and services	2.2	5.1	5.4	5.9	6.0
Amortization of deferred capital contributions	1.5	1.4	1.4	1.4	1.5
Donations	0.7	0.8	0.7	1.4	1.1
	100.0	**100.0**	**100.0**	**100.0**	**100.0**
EXPENSES					
Salaries and benefits	68.9	67.5	67.0	66.7	67.6
Operating costs	11.3	13.9	15.0	14.5	13.5
Scholarships and bursaries	10.5	8.6	8.2	8.0	7.6
Amortization of capital assets	4.1	4.2	4.1	4.1	4.3
Interest on long-term debt	2.6	2.4	2.3	2.5	2.6
Taxes and utilities	2.0	2.4	2.3	2.9	3.1
Cost of sales and services	0.6	1.0	1.1	1.3	1.3
	100.0	**100.0**	**100.0**	**100.0**	**100.0**

STUDENT HEADCOUNT
2016 – 2020



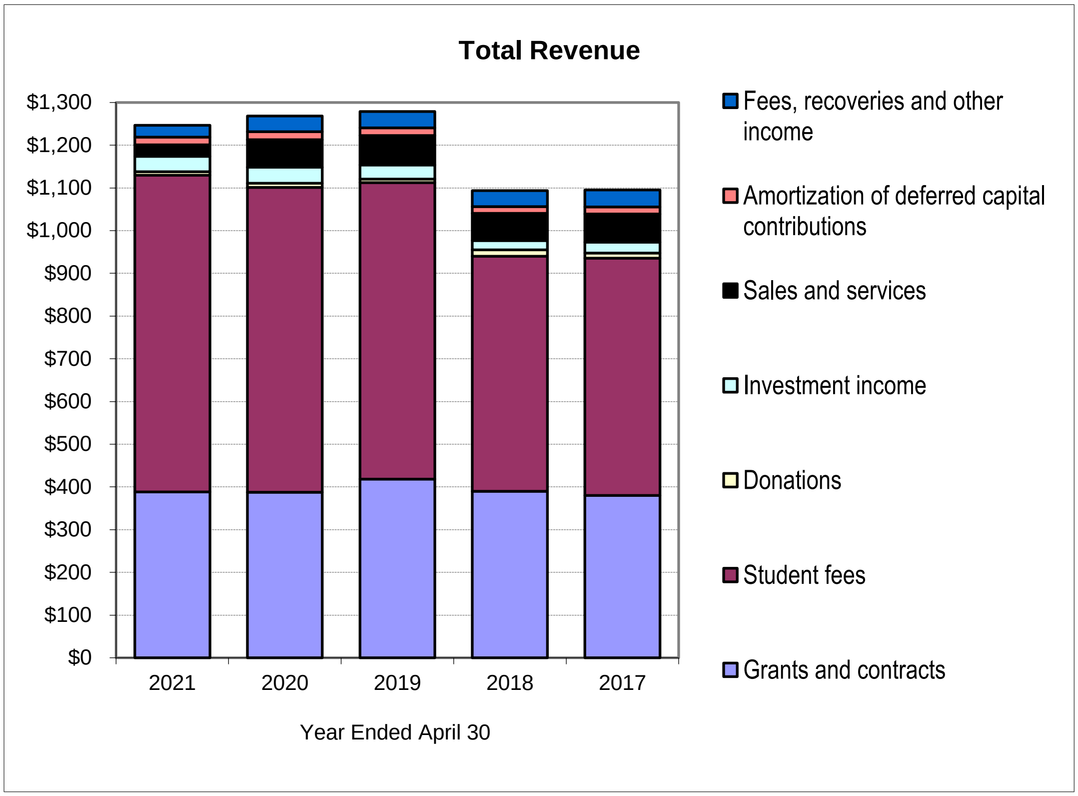
REVENUE AND EXPENSES
Year Ended April 30
2017 – 2021
(Millions of dollars)

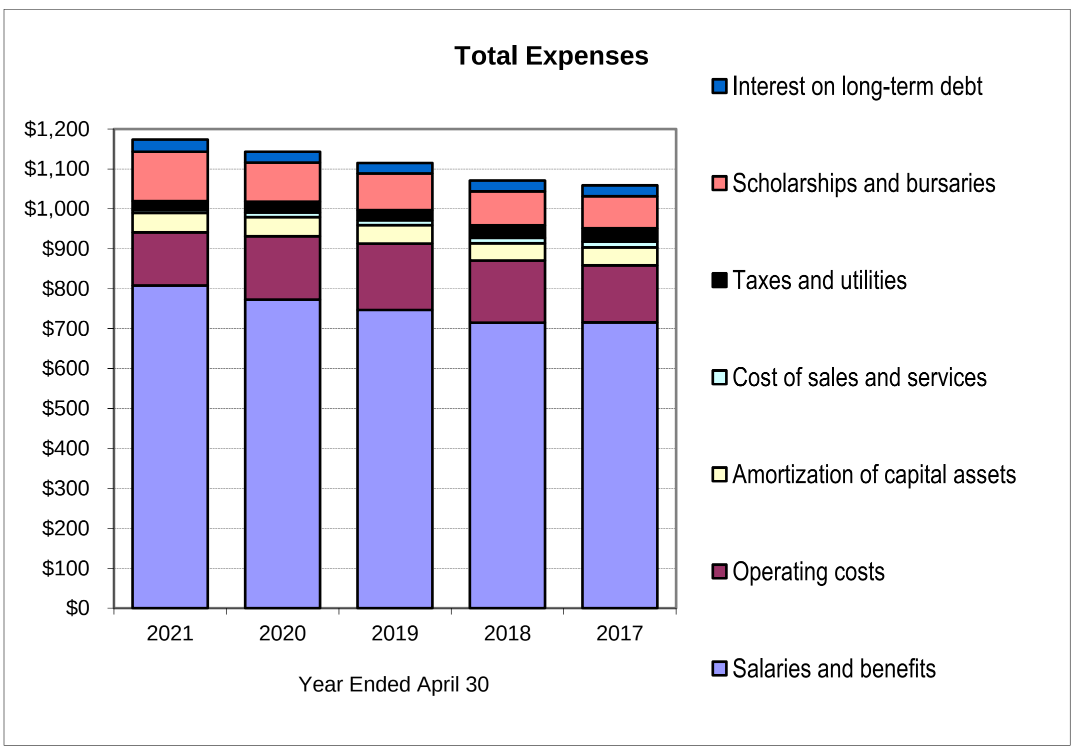


	2021	2020	2019	2018	2017
Revenue	$1,246.8	$1,268.6	$1,279.1	$1,093.4	$1,095.1
Expenses	$1,171.7	$1,143.3	$1,114.8	$1,070.8	$1,058.7
Revenue over Expenses	$75.1	$125.3	$164.3	$22.6	$36.4

SUMMARY OF REVENUE AND EXPENSES

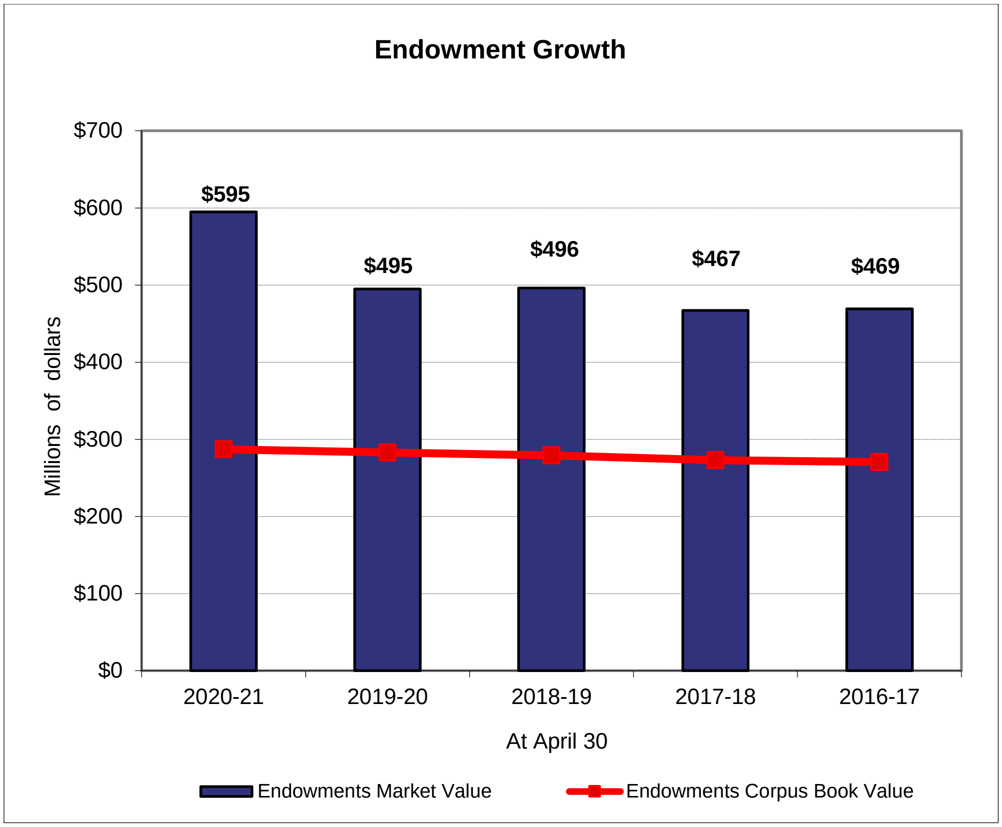
2017 – 2021
(Millions of dollars)

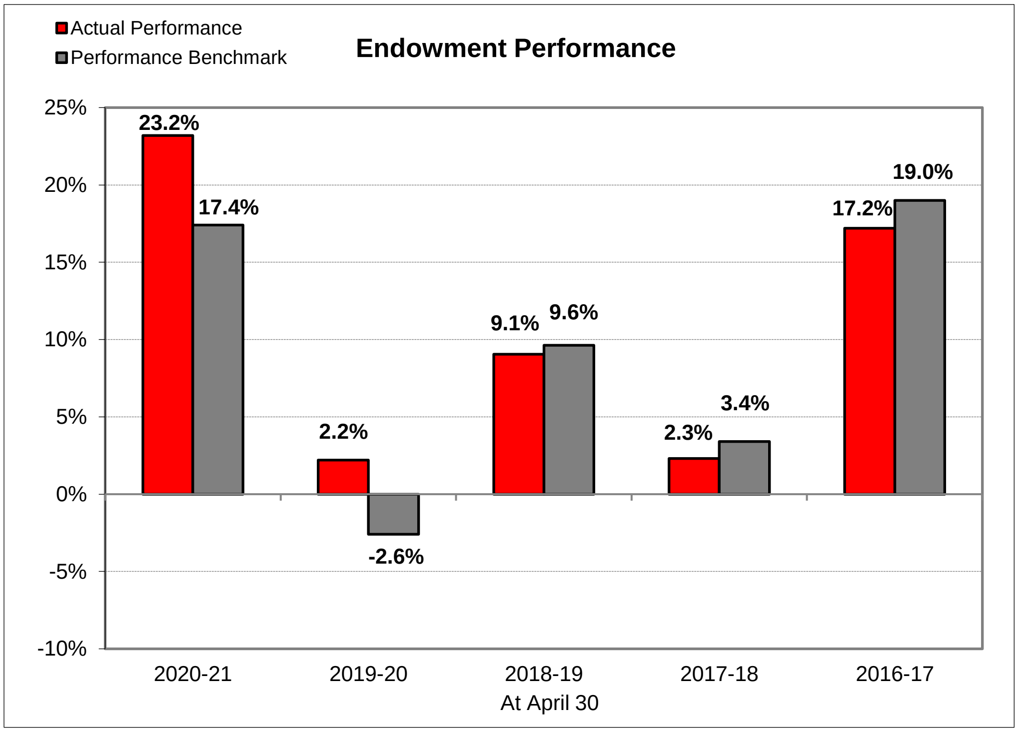




ENDOWMENT GROWTH AND PERFORMANCE

2017 – 2021





Independent auditor's report

To the Board of Governors of
York University

Opinion

We have audited the consolidated financial statements of **York University** [the "University"], which comprise the consolidated balance sheet as at April 30, 2021, and the consolidated statement of operations and changes in deficit, consolidated statement of changes in net assets and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the University as at April 30, 2021 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 *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the University in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

Management is responsible for the other information. The other information comprises the information included in the financial report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information, and in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

We obtained the other information prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the University's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the University or to cease operations, or has no realistic alternative but to do so.

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

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the University's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the University to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities with the University to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

Ernst & Young LLP

Chartered Professional Accountants
Licensed Public Accountants

Toronto, Canada
June 29, 2021

CONSOLIDATED BALANCE SHEET
(Thousands of dollars)

As at April 30

	2021 $	2020 $
ASSETS		
Current		
Cash and cash equivalents	**468,225**	159,514
Accounts receivable *(notes 4 and 14)*	**102,861**	91,574
Inventories	**3,348**	3,712
Prepaid expenses	**16,974**	18,511
Total current assets	**591,408**	273,311
Pension plan asset *(note 13)*	**98,149**	11,970
Investments *(note 3)*	**1,262,790**	1,390,498
Investment in lease *(note 4)*	**40,840**	41,391
Capital assets, net *(note 5)*	**1,532,441**	1,498,935
	3,525,628	3,216,105
LIABILITIES		
Current		
Accounts payable and accrued liabilities *(notes 8 and 14)*	**148,969**	125,559
Current portion of long-term debt *(note 9)*	**345**	498
Deferred revenue	**58,228**	50,035
Total current liabilities	**207,542**	176,092
Deferred contributions *(note 6)*	**203,016**	179,449
Long-term liabilities *(notes 8 and 13)*	**187,453**	152,353
Long-term debt *(note 9)*	**597,304**	597,690
Deferred capital contributions *(note 10)*	**441,209**	447,324
Total liabilities	**1,636,524**	1,552,908
Commitments and contingent liabilities *(notes 7 and 16)*		
NET ASSETS		
Deficit	**(47,568)**	(31,429)
Internally restricted *(note 11)*	**1,357,483**	1,215,208
Endowments *(note 12)*	**579,189**	479,418
Total net assets	**1,889,104**	1,663,197
	3,525,628	3,216,105

See accompanying notes

On behalf of the Board of Governors:

Paul Tsaparis
Chair

Rhonda L. Lenton
President and Vice-Chancellor

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

Year ended April 30	2021 $	2020 $
REVENUE		
Student fees	**741,478**	714,247
Grants and contracts *(note 6)*	**388,177**	387,219
Investment income *(note 3)*	**36,202**	37,265
Fees, recoveries and other income	**27,612**	37,257
Sales and services	**26,872**	64,692
Amortization of deferred capital contributions *(note 10)*	**18,250**	18,163
Donations	**8,221**	9,836
Total revenue	**1,246,812**	1,268,679
EXPENSES		
Salaries and benefits *(note 13)*	**806,909**	772,384
Operating costs	**132,189**	158,629
Scholarships and bursaries	**123,530**	98,195
Amortization of capital assets	**48,360**	48,484
Interest on long-term debt *(note 9)*	**30,269**	27,222
Taxes and utilities	**22,965**	27,034
Cost of sales and services	**7,446**	11,397
Total expenses	**1,171,668**	1,143,345
Revenue over expenses for the year	**75,144**	125,334
Employee benefit plans – remeasurements *(note 13)*	**54,693**	(48,313)
Net transfers to internally restricted net assets *(note 11)*	**(142,275)**	(75,160)
Net transfers to internally restricted endowments *(note 12)*	**(3,701)**	(243)
Change in deficit in the year	**(16,139)**	1,618
Deficit, beginning of year	**(31,429)**	(33,047)
Deficit, end of year	**(47,568)**	(31,429)

See accompanying notes

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS
(Thousands of dollars)

Year ended April 30	Deficit $	Internally restricted $ *(note 11)*	Endowments $ *(note 12)*	2021 Total $	2020 Total $
Net assets, beginning of year	**(31,429)**	**1,215,208**	**479,418**	**1,663,197**	1,590,128
Revenue over expenses for the year	**75,144**	**-**	**-**	**75,144**	125,334
Employee benefit plans – remeasurements *(note 13)*	**54,693**	**-**	**-**	**54,693**	(48,313)
Net transfers to internally restricted net assets *(note 11)*	**(142,275)**	**142,275**	**-**	**-**	-
Investment income (loss) on externally restricted endowments less amounts made available for spending *(note 12)*	**-**	**-**	**92,465**	**92,465**	(8,113)
Contributions to externally restricted endowments *(note 12)*	**-**	**-**	**3,605**	**3,605**	4,161
Net transfers to internally restricted endowments *(note 12)*	**(3,701)**	**-**	**3,701**	**-**	-
Net assets, end of year	**(47,568)**	**1,357,483**	**579,189**	**1,889,104**	1,663,197

See accompanying notes

CONSOLIDATED STATEMENT OF CASH FLOWS
(Thousands of dollars)

Year ended April 30

	2021 $	2020 $
OPERATING ACTIVITIES		
Revenue over expenses for the year	**75,144**	125,334
Add (deduct) non-cash items:		
Amortization of capital assets	**48,360**	48,484
Amortization of deferred capital contributions	**(18,250)**	(18,163)
Amortization of transaction costs	**59**	50
Employee benefit plan expense	**55,975**	50,591
Net change in non-cash balances related to operations *(note 14)*	**34,443**	(9,549)
Contributions to employee benefit plans	**(51,810)**	(47,883)
Cash provided by operating activities	**143,921**	148,864
INVESTING ACTIVITIES		
Sale (purchase) of investments, net *(note 14)*	**220,173**	(201,680)
Purchase of capital assets *(note 14)*	**(70,525)**	(27,545)
Cash provided by (used in) investing activities	**149,648**	(229,225)
FINANCING ACTIVITIES		
Issuance of debenture, net of transactions costs	**(100)**	99,615
Repayment of long-term debt	**(498)**	(467)
Contributions restricted for capital purposes *(note 14)*	**12,135**	12,607
Contributions to externally restricted endowments *(note 12)*	**3,605**	4,161
Cash provided by financing activities	**15,142**	115,916
Net increase in cash and cash equivalents during the year	**308,711**	35,555
Cash and cash equivalents, beginning of year	**159,514**	123,959
Cash and cash equivalents, end of year	**468,225**	159,514

See accompanying notes

APRIL 30, 2021

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 consolidated 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. Accordingly, these consolidated financial statements include the operations, research activities and ancillary operations of the University and 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements have been prepared in accordance with Part III of the *CPA Canada Handbook – Accounting*, which sets out generally accepted accounting principles for not-for-profit organizations in Canada and includes the significant accounting policies set out below.

a) Revenue recognition

The University follows the deferral method of accounting for contributions, which include donations and grants. Grants are recorded in the accounts when received or receivable, if the amount to be received can be reasonably estimated and collection is reasonably assured. Donations are recorded in the accounts when received since pledges are not legally enforceable claims. Unrestricted contributions are recognized as revenue when initially recorded in the accounts. Externally restricted contributions, other than endowments, are initially deferred when recorded in the accounts and recognized as revenue in the year in which the related expenses are recognized. Externally restricted contributions received towards the purchase of capital assets are deferred when initially recorded in the accounts and amortized to revenue on the same basis as the related depreciable capital assets are amortized. Externally restricted endowment contributions are recognized as direct increases in net assets when initially recorded in the accounts.

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.

Investment income (loss), which consists of interest, dividends, income distributions from pooled funds, realized gains and losses on all investments and unrealized gains and losses on investments recorded at fair value, are recorded as investment income (loss) in the Consolidated Statement of Operations and Changes in Deficit, except for investment income designated for externally restricted endowments. The amount made available for spending related to externally restricted endowments is recognized as investment income, and any restricted amounts available for spending that remain unspent at year-end are 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 deficiency of investment income compared to the amount available for spending are recognized as direct increases (decreases) to endowments.

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

b) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the administration to make estimates and assumptions that affect the reported amounts of assets and liabilities, related amounts of revenue and expenses, and disclosure of contingent assets and liabilities. Significant areas requiring the use of estimates relate to the assumptions used in the determination of the valuation of pension and other retirement benefit assets/obligations, assumptions used in the determination of the valuation of the impact of labour negotiations, and the recording of contingencies. Actual results could differ from those estimates.

c) Cash and cash equivalents

Cash and cash equivalents consist of cash on deposit and investments with a maturity of approximately three months or less at the date of purchase, unless they are held for investment rather than liquidity purposes, in which case they are classified as investments.

d) 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 and use of the inventory items. The same costing method is used for all inventories having a similar nature and use.

e) Financial instruments

Investments reported at fair value consist of equity instruments that are quoted in an active market as well as pooled fund investments, derivative contracts and any investments in fixed income securities that the University designates upon purchase to be measured at fair value. Transactions are recorded on a trade date basis, and transaction costs are recognized in the Consolidated Statement of Operations and Changes in Deficit in the period during which they are incurred.

Investments in fixed income securities not designated to be measured at fair value are initially recorded at fair value plus transaction costs, which represents cost, and are subsequently measured at amortized cost using the effective interest rate method, less any provision for impairment.

Long-term debt is initially recorded at fair value, which represents cost, and subsequently measured at amortized cost using the effective interest rate method. Long-term debt is reported net of related premiums, discounts and transaction issue costs.

Other financial instruments, including cash and cash equivalents, accounts receivable and accounts payable, are initially recorded at fair value, which represents cost, and subsequently measured at cost, net of any provisions for impairment.

f) Capital assets

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

	Annual Rate	Years
Buildings, facilities and infrastructure	2.5% to 10%	10 to 40
Equipment and furnishings	10% to 33.3%	3 to 10
Library books	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.

Capital assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not contribute to the University's ability to provide goods and services. Any impairment results in a write-down of the asset and an expense in the Consolidated Statement of Operations and Changes in Deficit. An impairment loss is not reversed if the fair value of the related asset subsequently increases.

g) Foreign exchange translation

The University accounts for revenue and expense transactions denominated 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 Consolidated Statement of Operations and Changes in Deficit. Foreign exchange gains and losses on investments are accounted for consistent with investment income.

h) Employee benefit plans

The University has a defined contribution pension plan, which has a defined benefit component that provides a minimum level of pension benefits. The University also has other retirement and post-employment benefit plans that primarily provide medical and dental benefits. The University accounts for the cost of benefits related to the defined contribution plan as contributions are due.

The University accounts for its defined benefit employee plans using the immediate recognition approach. The University recognizes the amount of the accrued benefit obligations, net of the fair value of plan assets measured at year-end, adjusted for any valuation allowances. Current service and finance costs are expensed during the year. Remeasurements and other items related to actuarial gains and losses and differences between actual and expected returns on plan assets and past service costs are recognized as a direct increase or decrease in net assets. The accrued benefit obligations for employee benefit plans are determined based on actuarial valuation reports prepared for funding purposes. These reports are required to be prepared at least on a triennial basis. In years where actuarial valuations are not prepared, the University uses a roll-forward technique to estimate the accrued liability using assumptions from the most recent actuarial valuation reports.

3. INVESTMENTS

a) Investments consist of the following:

	2021 **$**	**2020** **$**
Cash	**27,819**	3,653
Short-term investments	**9,071**	8,881
Guaranteed investment certificates	**332,543**	568,750
Canadian government bonds	**67,087**	47,856
Canadian corporate bonds	**196,552**	194,202
Foreign bonds	**157,502**	131,243
Mortgages	**60,963**	74,819
Canadian and global equities	**368,788**	318,042
Infrastructure	**40,872**	41,837
Other	**1,593**	1,215
Total	**1,262,790**	1,390,498

Investments in pooled funds have been allocated among asset classes based on the underlying investments held in the pooled funds.

All investments are recorded at fair value, except certain bonds, mortgages and other investments, which are carried at amortized cost. As at year-end, investments are recorded in the accounts as follows:

	2021 **$**	**2020** **$**
Fair value – endowments	**595,312**	494,970
Amortized cost – operating and sinking funds	**667,478**	895,528
Total	**1,262,790**	1,390,498

Investments are exposed to foreign currency, interest rate, other price, and credit risks *(note 17)*. The University manages these risks through policies and procedures governing asset mix, equity and fixed income allocations, and diversification among and within asset categories.

To manage foreign currency risk, a hedging policy has been implemented for the University's foreign currency 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 contracts outstanding held in foreign currencies, as detailed below.

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

	2021		**2020**	
Currency sold	**Notional value (CAD $)**	**Fair value of contract (CAD $)**	**Notional value (CAD $)**	**Fair value of contract (CAD $)**
USD	**31,588**	**619**	29,409	317

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

b) Investment income consists of the following:

	2021 $	**2020 $**
Investment income on endowments, net of management fees *(note 12)*	**112,289**	8,682
Remove investment income credited to external endowments *(note 12)*	**(108,332)**	(8,340)
Add allocations for spending on external endowments, net of deferrals	**13,698**	13,996
Investment income attributable to endowments	**17,655**	14,338
Other investment income	**18,547**	22,927
Total	**36,202**	37,265

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 of Ontario facility.

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

	2021	**2020**
	$	**$**
Aggregate future minimum lease payments	**105,602**	110,420
Less unearned finance income	**(64,211)**	(68,533)
Investment in lease *(note 8)*	**41,391**	41,887
Less current portion recorded in accounts receivable	**(551)**	(496)
Balance, end of year	**40,840**	41,391

Minimum future lease payments are expected to be as follows:

	$
2022	4,818
2023	4,818
2024	4,818
2025	4,818
2026	4,818
Thereafter	81,512
Total	**105,602**

The University has recorded the amounts owed to the consortium under the lease assignment within the liabilities section of the Consolidated Balance Sheet. The current portion of $551 (2020 – $496) is reported within accounts payable and accrued liabilities while the long-term portion is reported in long-term liabilities as $40,840 (2020 – $41,391) *(note 8)*. 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:

	2021			**2020**		
	Cost $	**Accumulated amortization $**	**Net book value $**	**Cost $**	**Accumulated amortization $**	**Net book value $**
Land	**584,972**	**-**	**584,972**	590,472	-	590,472
Buildings, facilities and infrastructure	**1,435,618**	**640,019**	**795,599**	1,434,325	605,407	828,918
Equipment and furnishings	**145,739**	**94,381**	**51,358**	146,367	91,461	54,906
Library books	**44,641**	**44,641**	**-**	48,447	48,447	-
Construction in progress	**94,309**	**-**	**94,309**	18,436	-	18,436
Art collection	**6,203**	**-**	**6,203**	6,203	-	6,203
Total	**2,311,482**	**779,041**	**1,532,441**	2,244,250	745,315	1,498,935

a) During the year, the total cost of items added to library books was $1,381 (2020 – $1,792) and the total cost of items removed was $5,187 (2020 – $5,587).

b) During the year, the University reduced the cost and accumulated amortization by $14,634 (2020 - $11,961) for capital assets, including library books, that were fully amortized and no longer in use.

c) The Glendon campus land and a majority of the Keele 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.

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:

	2021			**2020**		
	Research and other grants and contracts $	**Donations and expendable balances from endowments $**	**Total $**	**Research and other grants and contracts $**	**Donations and expendable balances from endowments $**	**Total $**
Balance, beginning of year	**127,858**	**51,591**	**179,449**	117,898	50,704	168,602
Contributions, grants and investment income	**93,896**	**36,911**	**130,807**	80,039	31,148	111,187
Transfers to revenue	**(75,053)**	**(32,187)**	**(107,240)**	(70,079)	(30,261)	(100,340)
Balance, end of year	**146,701**	**56,315**	**203,016**	127,858	51,591	179,449

7. CREDIT FACILITIES

The University has an unsecured demand operating facility in the amount of $20 million. This facility bears interest at a rate that varies with the balances on deposit, ranging from the bank's prime rate of 2.45% plus or minus 0.5%. Letters of credit in the amount of $13.0 million (2020 – $5.4 million) have been utilized against this facility.

8. LONG-TERM LIABILITIES

Long-term liabilities consist of the following:

	2021 $	**2020 $**
Obligation under lease assignment *(note 4)*	**41,391**	41,887
Less current portion recorded in accounts payable and accrued liabilities	**(551)**	(496)
Long-term portion of obligation under lease assignment	**40,840**	41,391
Employee other benefits *(note 13)*	**146,613**	110,962
Total	**187,453**	152,353

9. LONG-TERM DEBT

Long-term debt consists of the following:

	2021 $	2020 $
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
Senior unsecured debenture bearing interest at 4.46%, maturing on February 26, 2054	**100,000**	100,000
Senior unsecured debenture bearing interest at 3.58%, maturing on May 26, 2056	**100,000**	100,000
Senior unsecured debenture bearing interest at 3.39%, maturing on April 1, 2060	**100,000**	100,000
Other debentures bearing interest at 7.25% to 7.63%, maturing in 2023. Weighted average interest rate is 7.46% (2020 – 7.36%)	**682**	1,071
Term Loans		
Term loan bearing interest at 4.50%, maturing in 2023	**357**	466
	601,039	601,537
Unamortized transaction costs	**(3,390)**	(3,349)
	597,649	598,188
Less current portion	**(345)**	(498)
Total	**597,304**	597,690

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

	$
2022	345
2023	368
2024	326
Thereafter	600,000
Total	**601,039**

Certain buildings with an insignificant net book value 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 $30,269 (2020 – $27,222).

10. DEFERRED CAPITAL CONTRIBUTIONS

The changes in the deferred capital contributions balance are as follows:

	2021 $	2020 $
Balance, beginning of year	**447,324**	454,008
Contributions in the year *(note 14)*	**12,135**	11,479
Amortization of deferred capital contributions	**(18,250)**	(18,163)
Balance, end of year	**441,209**	447,324
Comprising:		
Capital contributions – expended	**436,501**	442,450
Capital contributions – unexpended	**4,708**	4,874
Balance, end of year	**441,209**	447,324

11. INTERNALLY RESTRICTED NET ASSETS

Details of internally restricted net assets are as follows:

	2021 $	2020 $
Departmental carryforwards	**167,244**	194,798
University fund	**50,924**	33,464
Computing systems development	**15,184**	11,829
Contractual commitments to employee groups	**6,585**	5,935
Research programs	**40,546**	33,605
Employee pension benefits *(note 13)*	**98,149**	11,970
Sinking fund	**82,543**	78,881
Investment in capital assets	**76,235**	25,007
Land appraisal reserve	**580,102**	585,602
Capital reserve	**276,325**	263,196
Future funded capital projects	**(36,354)**	(29,079)
Total	**1,357,483**	1,215,208

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 carry forward 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 that are to meet commitments made during the year.

ii. University fund – This represents funds set aside to address future academic and strategic initiatives of the University.

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 progress, 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. Employee pension benefits – This represents the net pension surplus associated with the pension plan.

vii. Sinking fund – This represents funds set aside to retire debentures *[note 9]*.

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

ix. Land appraisal reserve – This represents the increase to the appraised value of University land, as at May 1, 2011.

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

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

12. 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. On an annual basis, the University determines the distribution for spending after a review of each individual endowment's original contribution, market value, and consideration of the long-term objective to preserve the purchasing power of each endowment.

The changes in net assets restricted for endowments are as follows:

	2021			2020		
	Internally restricted $	Externally restricted $	Total $	Internally restricted $	Externally restricted $	Total $
Balance, beginning of year	**16,653**	**462,765**	**479,418**	18,044	465,083	483,127
Contributions	**-**	**3,605**	**3,605**	-	4,161	4,161
Investment income *(note 3)*	**3,957**	**108,332**	**112,289**	342	8,340	8,682
Available for spending	**(256)**	**(15,867)**	**(16,123)**	(99)	(16,453)	(16,552)
Transfers	**(875)**	**875**	**-**	(1,634)	1,634	-
Balance, end of year	**19,479**	**559,710**	**579,189**	16,653	462,765	479,418

Ontario Student Opportunity Trust Fund and Ontario Trust for Student Support

Externally restricted endowments include grants from the Government of Ontario under the Ontario Student Opportunity Trust Fund ("OSOTF") and the Ontario Trust for Student Support ("OTSS") matching programs. These programs provided matching funds for eligible endowment donations in support of student aid. Investment income earned on these funds is used to finance awards to qualified students.

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

For the year ended April 30	OSOTF I $	OSOTF II $	2021 $	2020 $
Endowment Funds:				
Endowment at book value, beginning and end of year	**67,583**	**10,714**	**78,297**	78,297
Endowment at market value, end of year	**132,269**	**19,814**	**152,083**	126,917
Expendable Funds:				
Balance, beginning of year	**33,205**	**2,931**	**36,136**	30,190
Realized investment gains, net of capital protection	**9,175**	**1,374**	**10,549**	10,385
Bursaries awarded	**(3,439)**	**(459)**	**(3,898)**	(4,439)
Expendable funds available for awards, end of year	**38,941**	**3,846**	**42,787**	36,136
Number of bursaries awarded	**1,792**	**267**	**2,059**	2,417

OTSS **For the year ended March 31***	**2021** **$**	**2020** **$**
Endowment Funds:		
Endowment at book value, beginning and end of year	**45,764**	45,764
Endowment at market value, end of year	**83,288**	65,938
Expendable Funds:		
Balance, beginning of year	**21,169**	17,503
Realized investment gains, net of capital protection	**5,662**	6,216
Bursaries awarded	**(2,186)**	(2,550)
Expendable funds available for awards, end of year	**24,645**	21,169
Number of bursaries awarded	**1,064**	1,244

*As per reporting guidelines as determined by the Ministry of Colleges and Universities.

The expendable funds available for awards are included in deferred contributions *(note 6)* on the Consolidated Balance Sheet.

13. EMPLOYEE BENEFIT PLANS

The University has a number of funded and unfunded benefit plans that provide pension, other retirement and post-employment benefits to most of its employees. The pension plan is a defined contribution plan, which has a defined benefit component that provides a minimum level of pension benefits. The most recent actuarial valuation for funding purposes for the pension plan was performed as at December 31, 2020.

Other retirement benefit plans are contributory health care plans with retiree contributions adjusted annually. A plan also provides for long-term disability income benefits after employment, but before retirement. The most recent actuarial valuation for other post-retirement benefits was performed as at May 1, 2020. The most recent actuarial valuation for post-employment benefits was performed as at April 30, 2021.

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

	2021		**2020**	
	Pension benefit plan **$**	**Other benefit plans** **$**	**Pension benefit plan** **$**	**Other benefit plans** **$**
Plan surplus (deficit), beginning of year	**11,970**	**(110,962)**	58,589	(106,560)
Employee benefit plan expense	**(44,819)**	**(11,156)**	(40,228)	(10,363)
Remeasurements	**84,911**	**(30,218)**	(48,736)	423
Employer contributions	**46,087**	**5,723**	42,345	5,538
Plan surplus (deficit), end of year	**98,149**	**(146,613)**	11,970	(110,962)

Additional Information:

Plan assets	**3,291,800**	**-**	2,819,885	-
Plan obligations	**(3,193,651)**	**(146,613)**	(2,807,915)	(110,962)
Plan surplus (deficit), end of year	**98,149**	**(146,613)**	11,970	(110,962)
Employee contributions	**35,840**	**-**	34,097	-
Benefits paid and administrative expenses	**132,368**	**6,535**	129,152	6,237

Remeasurements consist of actuarial gains (losses) and the difference between expected and actual investment returns on plan assets.

The pension plan surplus is recorded in assets on the Consolidated Balance Sheet. The other benefit plan deficiency is included in long-term liabilities *(note 8)* on the Consolidated Balance Sheet.

The significant actuarial assumptions adopted in measuring the University's accrued benefit surplus (deficit) and benefit costs are as follows:

	2021		**2020**	
	Pension benefit plan %	**Other benefit plans %**	**Pension benefit plan %**	**Other benefit plans %**
Accrued benefit surplus (deficit)				
Discount rate	**5.75**	**5.75**	5.75	5.75
Rate of inflation	**2.00**	**2.00**	2.00	2.00
Rate of compensation increase	**4.00**	**4.00**	4.00	4.00
Benefit expense				
Discount rate	**5.75**	**5.75**	5.75	5.75
Rate of inflation	**2.00**	**2.00**	2.00	2.00
Expected long-term rate of return on plan assets	**5.75**	**-**	5.75	-
Rate of compensation increase	**4.00**	**4.00**	4.00	4.00

For measurement purposes, 4.42% (2020 – 4.87%) and 4.33% (2020 – 4.67%) annual increases in the cost of covered health care benefits were assumed for the post-retirement benefit and post-employment benefit plans, respectively. The rate of increase was assumed to decrease gradually to 4.05% in 2040 for both post-retirement benefit and post-employment benefit plans; the rate of increase is to remain at that level thereafter.

The assets of the pension benefit plan are invested as follows:

	2021 %	**2020 %**
Equities	**57**	51
Fixed income	**28**	32
Other	**15**	17
Total	**100**	100

14. ADDITIONAL INFORMATION

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

	2021 $	2020 $
Accounts receivable	**(11,287)**	(7,295)
Inventories	**364**	723
Prepaid expenses	**1,537**	(83)
Accounts payable and accrued liabilities	**12,069**	(4,859)
Deferred revenue	**8,193**	(8,882)
Deferred contributions	**23,567**	10,847
Net change in non-cash balances related to operations	**34,443**	(9,549)

The purchase of investments is calculated as follows:

	2021 $	2020 $
Change in investments	**127,708**	(193,567)
Investment income (loss) on externally restricted endowments less amounts made available for spending *(note 12)*	**92,465**	(8,113)
Sale (purchase) of investments, net	**220,173**	(201,680)

The purchase of capital assets is calculated as follows:

	2021 $	2020 $
Additions to capital assets	**(81,866)**	(26,396)
Change in current year, from the previous year, in accounts payable and accrued liabilities related to capital asset additions	**11,341**	(1,149)
Donations of artwork and land	**-**	-
Purchase of capital assets	**(70,525)**	(27,545)

Contributions restricted for capital purposes is calculated as follows:

	2021 $	2020 $
Additions to deferred capital contributions *(note 10)*	**12,135**	11,479
Change in current year, from the previous year, in accounts receivable related to capital asset additions	**-**	1,128
Contributions restricted for capital purposes	**12,135**	12,607

As at April 30, 2021, accounts payable and accrued liabilities include government remittances payable of $18,586 (2020 – $17,835).

15. RELATED ENTITY

The University is a member, with thirteen 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; however, TRIUMF plans to transfer all of its assets and liabilities to TRIUMF Inc., a not-for-profit corporation in 2021. From that transfer day onward, the University will become a member of the corporation with the 13 other universities. Each university has an undivided 1/14 interest, 7.14% (2020 – 7.14%), 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 consolidated financial statements (see also *note 16(c)*).

The following financial information as at March 31 for TRIUMF was prepared in accordance with Canadian Public Sector Accounting Standards, including accounting standards that apply to government not-for-profit organizations, except that all capital assets and related provisions for decommissioning costs, if any, are expensed in the year in which the costs are incurred.

	2021	**2020**
	$	**$**
	(Unaudited)	(Audited)
Statement of Financial Position		
Total assets	**55,433**	54,749
Total liabilities	**8,202**	9,496
Total fund balances	**47,231**	45,253
Statement of Combined Funding/Income and Expenses		
Revenue	**88,346**	85,605
Expenses	**86,369**	85,834
Surplus of revenue over expenses	**1,977**	(229)

16. COMMITMENTS AND CONTINGENT LIABILITIES

a) Litigation and other regulatory proceedings

The nature of the University's activities is such that there is usually litigation and/or other regulatory proceedings pending or in prospect at any one time. With respect to known claims at April 30, 2021, 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.

b) 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, 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, 2020, CURIE was fully funded.

c) TRIUMF

While there is no intention of decommissioning the TRIUMF facilities, the TRIUMF joint venture members have complied with federal legislation by putting in place a decommissioning plan, including a funding plan, in the event TRIUMF is decommissioned. The decommissioning plan is updated regularly in compliance with TRIUMF's licensing requirements. As at March 31, 2020, the balance in the fund, $11.7 million, is held in an escrow account to fund decommissioning costs. Each member university has entered into an agreement confirming they will share the cost of any funding shortfall in the event decommissioning costs exceed funding available for decommissioning.

d) Capital and other commitments

The estimated cost to complete committed capital and other projects as at April 30, 2021 is approximately $251.6 million. These capital projects will be financed by government grants, internal funds, and fundraising.

17. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The University is exposed to various financial risks through transactions in financial instruments.

Foreign currency risk

The University is exposed to foreign currency risk with respect to its investments denominated in foreign currencies, including the underlying investments of its pooled funds denominated in foreign currencies, because the fair value and future cash flows will fluctuate due to the changes in the relative value of foreign currencies against the Canadian dollar. The University uses foreign currency forward contracts to manage the foreign currency risk associated with its investments denominated in foreign currencies (note 3).

Interest rate risk

The University is exposed to interest rate risk with respect to its investments in fixed income investments including a pooled fund that holds fixed income securities, its investment in lease and offsetting liability, and with respect to its fixed rate debt, because the fair value will fluctuate. The University manages interest rate risk through diversification and guidelines as set out in its Statement of Investment Policies and Procedures.

Credit risk

The University is exposed to credit risk in connection with its accounts receivable and its short-term and fixed income investments because of the risk that one party to the financial instrument may cause a financial loss for the other party by failing to discharge an obligation. The credit quality of fixed income investments is managed by the University's investment managers in accordance with policies of the University. The external managers are responsible for the regular monitoring of credit exposures. The majority of the University's investments in fixed income securities are of investment grade.

Other price risk

The University is exposed to other price risk through changes in market prices (other than changes arising from interest rate or currency risks) in connection with its investments in equity securities and pooled funds. The University manages other price risk through diversification as set out in its Statement of Investment Policies and Procedures.

Liquidity risk

The University is exposed to liquidity risk to the extent that it will encounter difficulty in meeting obligations associated with its financial liabilities. To manage liquidity risk, the University keeps sufficient resources readily available to meet its obligations. The University invests in publicly traded liquid assets that are easily sold and converted to cash.

18. COVID-19

In March 2020, the World Health Organization declared the spread of coronavirus ("COVID-19") to constitute a global pandemic. This has resulted in governments worldwide enacting emergency measures to combat the spread of the virus including travel restrictions in and out of and within Canada, barring gathering of people and requirements to stay at home. These restrictions impacted the operations of the University and resulted in the closure of physical premises of many post-secondary institutions.

The extent of such adverse effects on the University's business, financial and operational performance are uncertain and difficult to assess. The financial impacts will depend on future developments, including the duration, spread and severity of the outbreak, physical distancing requirements, the duration and geographic scope of related travel advisories and restrictions, and the extent of disruptions to businesses globally and its related impact on the economy.

During 2021, the levels of on-campus activity were significantly reduced in the year, and campus services such as residences, food, and parking were particularly hard hit. As a result, revenues for residence, parking and food service operations have decreased significantly due to the above measures and reduced activities on campus. In addition to the campus activity, COVID-19 also impacted global commercial and financial activities. This led to significant volatility and declines in the global public equity markets towards the end of fiscal 2020. These markets subsequently recovered their losses and continued to generate strong returns through the remainder of fiscal 2021, resulting in strong returns for the University's investments. It is uncertain whether market volatility relating to COVID-19 will occur again in the near future.

The University's budgets and forecasts have taken the expected impacts of the pandemic into account and management continues to manage the University's liquidity to ensure that obligations are met as they become due. The University has access to sufficient liquid resources to support operations in the coming year. Given the outcome and timeframe to a recovery from the current pandemic is highly unpredictable, it is not practicable to estimate and disclose its financial effect on future operations at this time.