RYERSON UNIVERSITY

CONSOLIDATED FINANCIAL STATEMENTS

Years ended April 30, 2013 AND 2012

RYERSON UNIVERSITY

Years ended April 30, 2013 and 2012

KPMG LLP
Yonge Corporate Centre
4100 Yonge Street Suite 200
Toronto ON M2P 2H3
Canada

Telephone (416) 228-7000
Fax (416) 228-7123
Internet www.kpmg.ca

INDEPENDENT AUDITORS' REPORT

To the Board of Governors of Ryerson University

We have audited the accompanying consolidated financial statements of Ryerson University (the "University"), which comprise the consolidated balance sheets as at April 30, 2013, April 30, 2012 and May 1, 2011, the consolidated statements of operations, changes in net assets and cash flows for the years ended April 30, 2013 and April 30, 2012, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated 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 consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Ryerson University as at April 30, 2013, April 30, 2012 and May 1, 2011, and its consolidated results of operations and its consolidated cash flows for the years ended April 30, 2013 and April 30, 2012 in accordance with Canadian accounting standards for not-for-profit-organizations.

KPMG LLP

Chartered Accountants, Licensed Public Accountants

June 25, 2013
Toronto, Canada

RYERSON UNIVERSITY

Consolidated Balance Sheets
[In thousands of dollars]

April 30, 2013, April 30, 2012 and May 1, 2011

	April 30, 2013 $	**April 30, 2012** $	**May 1, 2011** $
ASSETS			
Current			
Cash and cash equivalents	130,911	113,775	43,811
Short-term investments	-	29,653	65,939
Accounts receivable *[note 5]*	25,229	28,001	26,902
Prepaid expenses	4,036	3,724	2,398
Inventories	1,222	1,146	1,264
Current portion of note receivable *[note 6]*	208	196	185
Total current assets	161,606	176,495	140,499
Investments *[note 3]*	201,144	187,871	201,488
Employee future benefits - pension *[note 4]*	84,931	54,504	89,056
Note receivable *[note 6]*	6,131	6,339	6,535
Capital assets, net *[note 7]*	936,518	868,705	794,858
	1,390,330	1,293,914	1,232,436
LIABILITIES, DEFERRED CONTRIBUTIONS AND NET ASSETS			
Current			
Accounts payable and accrued liabilities *[note 8]*	61,100	68,212	48,158
Deferred revenue	13,570	12,015	12,497
Current portion of long-term debt *[note 9[a]]*	1,976	1,867	1,763
Current portion of fair value of interest rate swap *[note 9[b]]*	6,969	6,068	4,629
Total current liabilities	83,615	88,162	67,047
Employee future benefits - other *[note 4]*	24,778	23,770	20,569
Long-term debt *[note 9[a]]*	182,060	130,986	93,053
Fair value of interest rate swap *[note 9[b]]*	43,569	37,733	15,527
Deferred revenue contributions *[note 10]*	44,842	40,937	44,518
Deferred capital contributions *[note 11]*	201,547	205,474	193,088
	580,411	527,062	433,802
Net assets			
Endowments *[note 12]*	99,498	96,401	92,966
Other	710,421	670,451	705,668
Total net assets	809,919	766,852	798,634
	1,390,330	1,293,914	1,232,436

See accompanying notes to consolidated financial statements

On behalf of the Board of Governors:

Phyllis Yaffe

________________________ Chair ________________________ Secretary

RYERSON UNIVERSITY

Consolidated Statements of Operations
[In thousands of dollars]

Years ended April 30, 2013 and 2012

	2013 $	**2012** $
REVENUE		
Grants and contracts	258,470	250,537
Student fees	226,085	203,841
Sales and services	32,152	29,370
Donations recognized *[note 15[b]]*	6,104	5,215
Amortization of deferred capital contributions *[note 11]*	8,473	8,223
Investment income *[note 3[b]]*	5,748	5,709
Other income	3,533	2,896
	540,565	505,791
EXPENSES		
Salaries and benefits	346,710	320,211
Employee future benefits (income) expense *[note 4]*	(29,419)	37,753
Materials, supplies, repairs and maintenance	112,791	99,346
Bursaries and scholarships	28,853	30,192
Interest *[note 9[a]]*	8,507	5,355
Amortization of capital assets *[note 7]*	26,301	24,282
	493,743	517,139
Unrealized loss on interest rate swap *[note 9[b]]*	6,737	23,645
	500,480	540,784
Revenue less expenses (expenses less revenue)	40,085	(34,993)

See accompanying notes to consolidated financial statements

RYERSON UNIVERSITY

Consolidated Statements of Changes in Net Assets
[In thousands of dollars]

Years ended April 30, 2013 and 2012

		Internally restricted				
	Unrestricted $	**Invested in capital assets** $	**Employee future benefits** $	**Restricted net assets** $	**Endowments** $	**Total** $
		[note 14]	*[note 4]*	*[note 13]*	*[note 12]*	
Net assets, May 1, 2012	(89,516)	545,306	30,734	183,927	96,401	766,852
Revenue less expenses (expenses less revenue)	45,854	(17,828)	12,059	–	–	40,085
Capitalization of investment income (loss) in endowments	10	–	–	–	1,575	1,585
Internally restricted endowment	(125)	–	–	–	125	–
Endowment contributions		–	–	–	1,397	1,397
Allocations to interally restricted net assets	(20,401)	–	–	20,401	–	–
Employee future benefit contributions *[note 4]*	(17,360)	–	17,360	–	–	–
Internally financed capital assets and debt payment	(39,436)	39,436	–	–	–	–
Net assets, April 30, 2013	(120,974)	566,914	60,153	204,328	99,498	809,919

		Internally restricted				
	Unrestricted $	**Invested in capital assets** $	**Employee future benefits** $	**Restricted net assets** $	**Endowments** $	**Total** $
		[note 14]	*[note 4]*	*[note 13]*	*[note 12]*	
Net assets, May 1, 2011 *[note 21(a)]]*	(61,667)	532,536	68,487	166,312	92,966	798,634
Revenue less expenses (expenses less revenue) *[note 21(b)]*	33,818	(16,059)	(52,752)	–	–	(34,993)
Capitalization of investment income (loss) in endowments	(5)	–	–	–	144	139
Internally restricted endowment	(219)	–	–	–	219	–
Endowment contributions	–	–	–	–	3,072	3,072
Allocations to internally restricted net assets	(17,615)	–	–	17,615	–	–
Employee future benefit contributions *[note 4]*	(14,999)	–	14,999	–	–	–
Internally financed capital assets and debt payment	(28,829)	28,829	–	–	–	–
Net assets, April 30, 2012	(89,516)	545,306	30,734	183,927	96,401	766,852

See accompanying notes to consolidated financial statements

RYERSON UNIVERSITY

Consolidated Statements of Cash Flows
[In thousands of dollars]

Years ended April 30, 2013 and 2012

	2013 $	2012 $
OPERATING ACTIVITIES		
Revenue less expenses (expenses less revenue)	40,085	(34,993)
Add [deduct] non-cash items:		
Amortization of capital assets *[note 7]*	26,301	24,282
Amortization of deferred capital contributions *[note 11]*	(8,473)	(8,223)
Unrealized loss on interest rate swap *[note 9[b]]*	6,737	23,645
Unrealized loss (gain) on investments *[note 10]*	(1,496)	871
Employee future benefits contributions *[note 4]*	(17,360)	(14,999)
Employee future benefits (income) expense *[note 4]*	(12,059)	52,752
Net change in deferred revenue contributions *[note 10]*	3,905	(1,840)
Net change in non-cash working capital balances *[note 18]*	(3,173)	17,265
Cash provided by operating activities	34,467	58,760
INVESTING ACTIVITIES		
Decrease in note receivable *[note 6]*	196	185
Acquisition of capital assets *[note 7]*	(94,114)	(98,129)
Decrease in short term investment	29,653	36,286
(Increase) decrease in investments	(11,777)	11,004
Cash used in investing activities	(76,042)	(50,654)
FINANCING ACTIVITIES		
Contributions received for capital purposes *[note 11]*	4,546	20,610
Endowment contributions	1,397	3,072
Capitalization of investment income (loss) in endowments	1,585	139
Repayment of long-term debt principal *[note 9[a]]*	(1,867)	(1,763)
Increase in long-term debt *[note 9[a]]*	53,050	39,800
Cash provided by financing activities	58,711	61,858
Net increase (decrease) in cash and cash equivalents during the year	17,136	69,964
Cash and cash equivalents, beginning of year	113,775	43,811
Cash and cash equivalents, end of year	130,911	113,775
Supplemental cash flow information:		
Interest paid	9,404	6,970

See accompanying notes to consolidated financial statements

1. DESCRIPTION

Ryerson University [the "University"] was incorporated in 1948 under the laws of the Province of Ontario. The mission of the University is the advancement of applied knowledge and research to address societal needs and the provision of programs of study that provide a balance between theory and application and that prepare students for careers in professional and quasi-professional fields. As a leading centre for applied education, the goal of the University is to be recognized for the excellence of its teaching, the relevance of its curriculum, the success of its students in achieving their academic and career objectives, the quality of its scholarship, research and creative activity, and its commitment to accessibility, lifelong learning and involvement in the broader community.

These consolidated financial statements reflect the assets, liabilities, net assets, revenue, expenses and other transactions of all of the operations controlled by the University, including its wholly owned subsidiary Ryerson Futures Incorporated. Accordingly, these consolidated financial statements include the academic, administrative and other operating expenditures funded by fees, grants and other general revenue; restricted purpose funds, including endowment, research and trust; and the ancillary operations, such as residences, food services and parking.

The University is a registered charity and, therefore, is exempt from income taxes under the Income Tax Act [Canada].

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

On May 1, 2012, the University adopted Canadian Accounting Standards for Not-For-Profit Standards ("not-for-profit standards") in Part III of The Canadian Institute of Chartered Accountants' ("CICA") Handbook. These are the first consolidated financial statements prepared in accordance with not-for-profit standards.

In accordance with the transitional provisions in not-for-profit standards, the University has adopted the changes retrospectively, subject to certain exemptions allowed under these standards. The transition date is May 1, 2011 and all comparative information provided has been presented by applying not-for-profit standards.

A summary of transitional adjustments recorded to net assets and excess of revenue over expenses is provided in note 21.

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and money-market instruments, such as treasury bills, with a term to maturity of less than 90 days at the time of purchase and which are readily convertible to cash on short notice.

Inventories

Inventories, which consist of goods held for resale, are recorded at the lower of cost and net realizable value.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES [continued]

Employee future benefits

The University has defined benefit pension plans for its employees and provides other retirement benefits, such as extended health and dental care, for some of its employees. Consistent with Accounting Standards for Private Enterprises 3461 in Part II of The Canadian Institue of Chartered Accountants' Handbook , the University has adopted the immediate recognition approach retrospectively to May 1, 2011, the transition date. The latest approved funding valuation reports prepared for Ryerson Retirement Pension Plan ["RRPP"] and the Supplementary Retirement Pension Plan ["SRPP"] are used in developing the pension cost for the year, using the immediate recognition funding approach. The pension cost for the Total Earnings Supplementary Retirement Pension Plan ["TESP"] is determined based on the immediate recognition accounting approach, as no funding valuations are prepared for this plan.

The cost of pensions and other retirement benefits earned by employees is determined using the projected benefit method prorated on services and management's best estimates regarding assumptions about a number of future conditions, including investment returns, salary changes, withdrawals, mortality rates and expected health care costs. Actuarial gains and losses and other past service costs are included in the pension cost for the fiscal year in which they occur. The fair market value of assets is used for disclosure and calculation of pension cost, effective on the measurement date, which is April 30 of each year.

Contributions to the multi-employer defined benefit plan are expensed when due.

Capital assets

Consistent with CICA Part III, Ryerson has exercised its option to revalue its land to fair market value retrospectively to May 1, 2011, the transition date

Other Capital assets acquired and constructed by the University are recorded at cost. Contributions of capital assets are capitalized at fair value at the date of contribution. Capital assets are amortized on a straight-line basis over their estimated useful lives as follows:

Buildings	40 years
Equipment and furnishings	3 - 10 years
Library books	5 years
Leasehold improvements	Over lease term

Costs of capital projects in progress, including interest, are capitalized. Interest costs are capitalized during the construction period. Amortization is not recognized until project completion.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES [continued]

Works of art

Purchases of artworks are expensed. Donated artworks [collections] are not recognized in the financial statements.

Revenue recognition

The University follows the deferral method of accounting for contributions, which includes 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. Contributions externally restricted for purposes other than endowment are deferred and recognized as revenue in the year in which the related expenses are recognized. Donation pledges are not recorded since they are not legally enforceable claims. Endowment contributions are recognized as direct increases in net assets in the year in which they are received. Student fees are recognized as revenue when courses and seminars are held. Sales and services revenue is recognized at point of sale or when the service has been provided.

Foreign currency translation

Monetary assets and liabilities in foreign currencies are translated at the exchange rate in effect at year end. Operating revenue and expenses are translated at average rates prevailing during the year. Gains or losses arising from these translations are included in the consolidated statements of operations.

Contributed services

An indeterminable number of hours are contributed by volunteers each year. However, because of the difficulty of determining their fair value, contributed services are not recognized in these consolidated financial statements.

Use of estimates

The preparation of consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the dates of the consolidated financial statements and the reported amounts of revenue and expenses for the years. Actual results could differ from those estimates.

Financial instruments

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES [continued]

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

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

Capital management

The University manages its capital by maintaining optimum levels on an ongoing basis. The objective is to ensure an adequate supply for operations while maintaining the flexibility to maximize investment returns and/or to reduce the cost of any potential external financing.

The levels of liquid resources are considered in the annual budget process. Cash flows are monitored on a daily basis, and actual operating results are compared to budget on a quarterly basis. The consolidated financial statements are augmented by reports that detail the liquid inflows and outflows compared to budgets.

3. INVESTMENTS AND INVESTMENT INCOME

[a] Investments classified as long-term of $201,144 [April 30, 2012 - $187,871, May 1, 2011 - $201,488] represent funds held for endowments, deferred revenue contributions, unspent deferred capital contributions and internally designated funds for capital projects.

Investments held for endowment net assets of $99,498 [April 30, 2012 - $96,401, May 1, 2011 - $92,966] consist of units of Fiera Capital Corp., Fiera Balanced Endowment Foundation and Trust Fund ["EFT"]. The EFT asset mix was 6.75% short-term investments [April 30, 2012 - 7.99%, May 1, 2011 – 7.36%], 36.01% bonds [April 30, 2012 - 35.50%, May 1, 2011 - $37.50%], 28.81% Canadian equities [April 30, 2012 - 30.32%, May 1, 2011 – 26.58%] and 28.43% foreign equities [April 30, 2012 - 26.19%, May 1, 2011 – 28.56%].

Investments held for other purposes of $101,646 [2012 - $91,470] are invested in money market instruments except for $350 *[2012 nil]*, which is held as equity investments and $127 *[2012-nil]*, which is held as other fixed income instruments.

[In thousands of dollars]

3. INVESTMENTS AND INVESTMENT INCOME [continued]

[b] Investment income included in the consolidated statements of operations is calculated as follows:

	2013 $	2012 $
Net investment income	11,953	5,847
Less amount attributed to deferred revenue contributions *[note 10]*	(3,038)	(680)
Less amount attributed to deferred capital contributions *[note 11]*	(96)	(185)
Less amount attributed to endowment capital preservation *[note 12]*	(1,575)	(144)
Unrealized investment loss (gain) *[note 10]*	(1,496)	871
Investment income recognized during the year	5,748	5,709

Investment income earned is net of management fees of $296 [2012 - $280].

[c] The associated risks with the investments are as follows:

Liquidity risk:

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. All of the University's pooled fund investments are considered to be readily realizable as they are listed on recognized stock exchanges and can be quickly liquidated at amounts close to their fair value in order to meet liquidity requirements.

Credit and interest rate risks:

Fixed income securities have yields varying from 1.04% to 1.36% [2012 - 0.95% to 1.39%] with maturity dates ranging from May 24, 2013 to April 28, 2014 [2012 - May 1, 2012 to April 19, 2013]. The value of fixed income securities will generally rise if interest rates fall and fall if interest rates rise. The value of securities will vary with developments within the specific companies or governments which issue the securities.

Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The Organization is exposed to credit risk with respect to the accounts receivable. The Organization assesses, on a continuous basis, accounts receivable and provides for any amounts that are not collectible in the allowance for doubtful accounts.

Market risk:

The value of equity securities changes with stock market conditions, which are affected by general economic and market conditions. The University manages the market risk of its investment portfolio by investing in pooled funds in a widely diversified group of asset classes managed by external investment managers.

[In thousands of dollars]

3. INVESTMENTS AND INVESTMENT INCOME [continued]

Foreign exchange risk:

The value of securities denominated in a currency other than the Canadian dollar will be affected by changes in the value of the Canadian dollar in relation to the value of the currency in which the security is denominated.

4. EMPLOYEE FUTURE BENEFITS

The University has defined benefit plans, being the Ryerson Retirement Pension Plan ["RRPP"], Total Earnings Supplementary Plan ["TESP"] and the Supplemental Retirement Pension Plan ["SRPP"]. Other defined benefit plans provide other retirement and post-employment benefits to most of its employees. Certain faculty are members of the Teachers' Superannuation Fund, a multi-employer defined benefit plan. Pension indexing has been incorporated in the plans.

The University's pension plans are based on years of service and the average pensionable salary over a consecutive 60-month period. Pension benefits will be increased each year in accordance with the increases to the Consumer Price Index ["CPI"] to a maximum CPI increase of 8%. Any increases in the CPI above 8% will be carried forward and added in years when the CPI is less than 8%.

Other defined benefit plans are for faculty early retirees where the University pays 100% of the premium for medical, dental and life insurance until the age of 65. All retirees after the age of 65 are required to pay their own premiums for medical and dental benefits.

The latest actuarial valuations for the registered pension plans were performed and submitted as of January 1, 2012. The next required actuarial valuation will be on January 1, 2015. The University has a practice of performing annual valuations for accounting purposes for defined benefit plans. The University measures its accrued benefit obligation and the fair value of plan assets as at April 30.

	April 30, 2013		**April 30, 2012**		**May 1, 2011**	
	Pension benefit plans $	**Other benefit plans** $	**Pension benefit plans** $	**Other benefit plans** $	**Pension benefit plans** $	**Other benefit plans** $
Fair value of plan assets	924,628	–	830,533	–	809,255	–
Accrued benefit obligations	839,697	24,778	776,029	23,770	720,199	20,569
Employee future benefits asset (liability)	84,931	(24,778)	54,504	(23,770)	89,056	(20,569)

[In thousands of dollars]

4. EMPLOYEE FUTURE BENEFITS [continued]

Information about the expense, funding and benefits paid under University's defined benefit plans is as follows:

	2013			2012		
	Pension benefit plans $	**Other benefit plans** $	**Total benefit plans** $	**Pension benefit plans** $	**Other benefit plans** $	**Total benefit plans** $
Employee future benefits (income) expense						
Defined benefit plans	(30,427)	1,008	(29,419)	34,552	3,201	37,753
Funding by employer	17,026	334	17,360	14,706	293	14,999
	(13,401)	1,342	(12,059)	49,258	3,494	52,752
Contributions to multi-employer defined benefit plan	77	-	77	73	-	73
Benefits paid	33,577	334	33,911	28,914	293	29,207

The principal actuarial assumptions adopted in measuring the University's accrued benefit obligations and expense for defined benefit plans are as follows:

	2013		2012	
	Pension benefit plans %	**Other benefit plans** %	**Pension benefit plans** %	**Other benefit plans** %
Accrued benefit obligation				
Discount rate	6.45	4.00	6.45	4.25
Rate of compensation increase	5.25	5.25	5.25	5.25
Rate of inflation	2.25	2.25	2.25	2.25
Benefit cost				
Discount rate	6.45	5.00	6.45	5.00
Expected long-term rate of return on plan assets	-	-	6.80	-
Rate of compensation increase	5.25	5.25	5.25	5.25
Rate of inflation	2.25	2.25	2.25	2.25
Medical costs				
Drug	-	10.00	-	10.00
Hospital	-	4.50	-	4.50
Other medical	-	4.50	-	4.50
Dental	-	4.50	-	4.50

[In thousands of dollars]

4. EMPLOYEE FUTURE BENEFITS [continued]

The pension plan assets are invested with Ontario Municipal Employees Retirement System as follows:

	Percentage of plan assets	
	2013	**2012**
	%	%
Equities	42	39
Debt securities	30	32
Real estate	13	13
Other	15	16
	100	100

Internally restricted net assets for employee future benefits are calculated as follows:

	April 30, 2013	**April 30, 2012**	**May 1, 2011**
	$	**$**	**$**
Pension benefit plan asset	84,931	54,504	89,056
Other benefit plans liability	(24,778)	(23,770)	(20,569)
	60,153	30,734	68,487

5. ACCOUNTS RECEIVABLE

	April 30, 2013	**April 30, 2012**	**May 1, 2011**
	$	$	$
Student Receivable	16,437	16,874	21,698
Grants Receivable	-	750	3,201
Other Receivable	10,072	11,780	5,863
	26,509	29,404	30,762
Less allowance for doubtful accounts	(1,280)	(1,403)	(3,860)
	25,229	28,001	26,902

[In thousands of dollars]

6. NOTE RECEIVABLE

The note receivable balance is due from The Palin Foundation, as outlined in the Student Campus Centre Operating Agreement.

The note receivable bears interest at 5.93%. The repayment period will continue until January 2031 as follows:

	$
2014	208
2015	221
2016	234
2017	248
2018	264
Thereafter	5,164
	6,339
Less current portion	(208)
	6,131

Total interest earned during fiscal 2013 is $382 [2012 - $394] and principal repayments received during the year totalled $196 [2012 - $185].

7. CAPITAL ASSETS

Capital assets consist of the following:

	April 30, 2013		
	Cost $	**Accumulated amortization** $	**Net book value** $
Land	514,493	-	514,493
Buildings	482,630	139,830	342,800
Equipment and furnishings	267,928	230,455	37,473
Library books	25,445	23,318	2,127
Leasehold improvements	6,920	3,904	3,016
Capital projects in progress	36,609	-	36,609
	1,334,025	397,507	936,518

[In thousands of dollars]

7. CAPITAL ASSETS [continued]

	April 30, 2012		
	Cost $	**Accumulated amortization** $	**Net book value** $
Land	471,427	–	471,427
Buildings	386,570	128,203	258,367
Equipment and furnishings	256,813	218,217	38,596
Library books	24,653	22,060	2,593
Leasehold improvements	6,855	2,726	4,129
Capital projects in progress	93,593	–	93,593
	1,239,911	371,206	868,705

	May 1, 2011		
	Cost $	**Accumulated amortization** $	**Net book value** $
Land	472,000	–	472,000
Buildings	329,104	118,979	210,125
Equipment and furnishings	243,357	205,755	37,602
Library books	23,399	20,627	2,772
Leasehold improvements	3,695	1,564	2,131
Capital projects in progress	70,228	–	70,228
	1,141,783	346,925	794,858

The change in net book value of capital assets is due to the following:

	2013 $	**2012** $
Balance, beginning of year	868,705	794,858
Purchase of capital assets financed by debt	47,151	39,800
Purchase of capital assets internally financed *[note 14(b)]*	37,569	27,066
Purchase of capital assets funded by deferred capital contributions	9,394	31,263
Less amortization of capital assets *[note 14(b)]*	(26,301)	(24,282)
Balance, end of year	936,518	868,705

[In thousands of dollars]

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Included in accounts payable and accrued liabilities are government remittances payable of $1,858 (April 30, 2012 - $787; May 1, 2011 - $3,011), which includes amounts payable for harmonized sales tax and payroll-related taxes.

9. LONG-TERM DEBT AND DERIVATIVE FINANCIAL INSTRUMENTS

[a] Long-term debt consists of the following:

	April 30, 2013 $	**April 30, 2012** $	**May 1, 2011** $
Facilities Expansion Loan [the "TD Loan"] A variable rate loan with interest only payable up to July 2, 2014, principal and interest payable thereafter; loan maturing on July 3, 2034. The loan bears interest at the bank's cost of funds in effect for term loans from time to time plus 1.150%. Principal draw-down dates: November 2010 - $32,700; July 2011 - $39,800; July 2012 - $44,800; and July 2013 - $11,200[Total Loan: $128,500]	117,300	72,500	32,700
Facilities Expansion Loan [the "BMO Loan"] A variable rate loan with interest and principal payable monthly. The loan bears interest at the bank's cost of funds in effect for term loans from time to time plus 0.225%. It is intended that the loan be renewed prior to its maturing on January 1, 2014	58,486	60,353	62,116
Mattamy Athletic Centre Land Promissory Note (Loblaw) Principal due on July 20, 2014	8,250	_	_
	184,036	132,853	94,816
Less current portion	(1,976)	(1,867)	(1,763)
	182,060	130,986	93,053

The unspent long-term debt was $5,899 (2012 – nil).

The long-term debt is unsecured; however, in the event of default, the bank may impose additional requirements.

[In thousands of dollars]

9. LONG-TERM DEBT AND DERIVATIVE FINANCIAL INSTRUMENTS [continued]

The fair value of the long-term debt approximates carrying value as the rates fluctuate with bank prime.

The following are the future minimum annual debt principal repayments due over the next five fiscal years and thereafter:

	$
2014	1,976
2015	12,991
2016	5,567
2017	5,898
2018	6,247
Thereafter	151,357
	184,036

Total interest expense on long-term debt for the year ended April 30, 2013 was $8,507 [2012 - $5,355], which excludes capitalized interest of $1,021 [2012 - $1,709].

[b] Derivative financial instruments:

The University has in place two Interest Rate Swap Agreements ("Agreements"). The BMO agreement will expire on January 1, 2031, and the TD agreement will expire on July 3, 2034. Under the terms of the Agreements, the University agrees with the counterparty to exchange, at specified intervals and for a specified period, its floating interest on the BMO Loan and TD Loan *[note 9[a]]* for fixed interest of 5.705% for the BMO Agreement and 4.675% for the TD Agreement calculated on the notional principal amount of each loan respectively. The use of the swap effectively enables the University to convert the floating rate interest obligations of the loan into a fixed rate obligation and thus, manage its exposure to interest rate risk.

The notional amount and the fair value of the derivative financial instrument are as follows:

	April 30, 2013		**April 30, 2012**		**May 1, 2011**	
	Notional amount $	**Fair value** $	**Notional amount** $	**Fair value** $	**Notional amount** $	**Fair value** $
Interest rate swap:						
BMO	58,486	(18,529)	60,353	(17,454)	62,116	(11,793)
TD	117,300	(32,009)	72,500	(26,347)	32,700	(8,363)
	175,786	(50,538)	132,853	(43,801)	94,816	(20,156)
Less current portion:						
BMO	–	(2,599)	–	(2,580)	–	(2,622)
TD	–	(4,370)	–	(3,488)	–	(2,007)
	175,786	(43,569)	132,853	(37,733)	94,816	(15,527)

The change in fair value of the interest rate swap for the year ended April 30, 2013 was $(6,737) [2012 - ($23,645)].

[In thousands of dollars]

10. DEFERRED REVENUE CONTRIBUTIONS

Deferred revenue contributions represent unspent externally restricted grants and donations for research and other specific purposes. The changes in the deferred revenue contributions balance were as follows:

	2013 $	**2012** $
Balance, beginning of year	40,937	44,518
Grants and donations received	47,033	49,730
Realized investment income *[note 3[b]]*	3,038	680
Unrealized investment income (loss) [note 3[b]]	1,496	(871)
Amount recognized as revenue	(47,662)	(53,120)
Balance, end of year	44,842	40,937

11. DEFERRED CAPITAL CONTRIBUTIONS

Deferred capital contributions represent the unamortized and unspent amounts of donations and grants received for the purchase of capital assets. The amortization of deferred capital contributions is recorded as revenue in the consolidated statements of operations over the useful lives of the capital assets. The changes in the deferred capital contributions balance were as follows:

	2013 $	**2012** $
Balance, beginning of year	205,474	193,088
Grants and donations received	4,450	20,424
Investment income *[note 3[b]]*	96	185
Amortization of deferred capital contributions *[note 14[b]]*	(8,473)	(8,223)
Balance, end of year	201,547	205,474

The balance of deferred capital contributions related to capital assets consists of the following:

	April 30, 2013 $	**April 30, 2012** $	**May 1, 2011** $
Unamortized deferred capital contributions used to purchase capital assets *[note 14[a]]*	191,467	190,546	167,506
Unspent deferred capital contributions	10,080	14,928	25,582
	201,547	205,474	193,088

[In thousands of dollars]

12. ENDOWMENTS

Endowments consist of internally and externally restricted donations and grants received by the University. The endowment principal is required to be maintained intact, with the investment income generated used for the purposes established by donors. The University ensures, as part of its fiduciary responsibilities, that all funds received with a restricted purpose are expended for the purpose for which they were provided. The University has established a policy with the objective of protecting the real value of the endowments. The amount of income made available for spending is limited, and an amount is added to endowment net assets for capital preservation. The changes in the endowment fund balance were as follows:

	2013 $	**2012** $
Endowment balance, beginning of year	96,401	92,966
Donations received *[note 15]*	1,522	1,948
Matching provincial grant	-	1,343
Capital preservation *[note 3[b]]*	1,575	144
Endowment balance, end of year	99,498	96,401

The accumulated internally restricted endowment for the year ended April 30, 2013 was $597 [2012 - $472].

13. INTERNALLY RESTRICTED NET ASSETS

Interally restricted net assets represent unspent funds which have been committed for specific purposes to enhance the University's operations, including its facilities, equipment, and information technology.

Internally restricted net assets have been designated for the following purposes:

	April 30, 2013 $	**April 30, 2012** $
Budget incentive program	48,568	37,795
Student non-tuition activities	4,956	3,124
Student support [including scholarships]	15,188	12,033
University Affinity program	1,513	1,483
Professional development fund	1,623	1,167
Capital and infrastructure projects	35,934	32,224
New Facilities Operations and Setup	5,262	6,470
IT initiatives	4,526	4,133
Internal research and projects	18,776	16,906
Academic growth and priorities	35,944	32,479
Other	32,038	36,113
	204,328	183,927

[In thousands of dollars]

14. INVESTMENT IN CAPITAL ASSETS

[a] Net assets invested in capital assets, which represent internally financed capital assets, are calculated as follows:

	2013 $	**2012** $
Capital assets, net *[note 7]*	936,518	868,705
Less long-term debt spent *[note 9[a]]*	(178,137)	(132,853)
Less unamortized deferred capital contributions *[note 11]*	(191,467)	(190,546)
	566,914	545,306

[b] The net change in net assets invested in capital assets is calculated as follows:

	2013 $	**2012** $
Purchase of capital assets internally financed *[note 7]*	37,569	27,066
Repayment of long-term debt principal *[note 9[a]]*	1,867	1,763
	39,436	28,829
Amortization of deferred capital contributions *[note 11]*	8,473	8,223
Less amortization of capital assets *[note 7]*	(26,301)	(24,282)
	(17,828)	(16,059)
	21,608	12,770

15. DONATIONS

[a] Total donations received consist of the following:

	2013 $	**2012** $
Donations to endowments *[note 12]*	1,522	1,948
Donations restricted for capital purposes	3,185	618
Other restricted donations	5,620	9,605
Unrestricted donations	1,634	1,796
	11,961	13,967

[b] Donations recognized of $6,104 [2012 - $5,215] represent unrestricted donations received during the year of $1,634 [2012 - $1,796] and the amount of restricted donations spent during the year of $4,470 [2012 - $3,419].

[In thousands of dollars]

16. COMMITMENTS

[a] The estimated cost to complete construction and renovation projects in progress as at April 30, 2013, which will be funded by government grants, donations and operations, is approximately $85,731 [2012 - $122,865].

[b] The operating contribution to the Student Campus Centre is approximately $400 per year.

[c] The following are the future minimum annual operating lease payments due over the next five fiscal years and thereafter:

	Leases $
2014	4,898
2015	4,638
2016	3,457
2017	1,894
2018	1,469
Thereafter	1,079
	17,435

[d] The University is contingently liable in the amount of $2,182 with respect to letters of guarantee issued.

17. CONTINGENT LIABILITIES

[a] In 2013, the University renewed its agreement with the Canadian Universities Reciprocal Insurance Exchange ["CURIE"] for a period of five years, ending January 1, 2018. CURIE is a pooling of the property damage and public liability insurance risks of its members. All members pay annual deposit premiums which are actuarially determined and are subject to further assessment in the event members' premiums are insufficient to cover losses and expenses.

[b] The University is involved from time to time in litigation, which arises in the normal course of operations. With respect to claims as at April 30, 2013, the University believes it has valid defences, funded provisions and/or appropriate insurance coverage in place. In the unlikely event any claims are successful, such claims are not expected to have a material effect on the University's financial position.

[In thousands of dollars]

18. NET CHANGE IN NON-CASH WORKING CAPITAL BALANCES

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

	2013 $	2012 $
Accounts receivable	2,772	(1,099)
Prepaid expenses	(312)	(1,326)
Inventories	(76)	118
Accounts payable and accrued liabilities	(7,112)	20,054
Deferred revenue	1,555	(482)
	(3,173)	17,265

19. FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

The fair values of financial instruments approximate their carrying values unless otherwise noted.

Fair value estimates are made at a specific point in time, based on relevant market information and information about the financial instruments. These estimates are subjective in outcome and involve uncertainties and matters of significant judgement and, therefore, cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

[In thousands of dollars]

20. ONTARIO STUDENT OPPORTUNITY TRUST FUND AND ONTARIO TRUST FOR STUDENT SUPPORT

The Ministry of Training, Colleges and Universities ["MTCU"] requires separate reporting of balances and details of changes in balances for the two phases of the Ontario Student Opportunity Trust Fund ["OSOTF I and II"] and the Ontario Trust for Student Support ["OTSS"]. The required government reporting for each is as follows:

[a] The following is the schedule of changes for the years ended April 30, 2013 and 2012 in the first phase of the OSOTF I balance, which is included in the endowment balance *[note 12]*.

	2013 $	**2012** $
Endowment balance at cost, beginning of year	6,751	6,648
Cash donations received	6	2
Capital preservation	102	101
Endowment balance at cost, end of year	6,859	6,751
Cumulative unrealized gain	539	323
Endowment balance at market, end of year	7,398	7,074

The following is the schedule of changes for the years ended April 30, 2013 and 2012 in the OSOTF I expendable funds available for awards. This balance is included in deferred revenue contributions *[note 10]*. Investment income, net of direct investment-related expenses represents the balance made available for spending by the University during the year in accordance with its policy.

	2013 $	**2012** $
Expendable balance at cost, beginning of year	1	–
Investment and other income, net of direct investment-related expenses	246	295
Bursaries awarded	(170)	(200)
Unspent balance transfer to stabilization account	(77)	(94)
Expendable balance at cost, end of year	-	1
Number of bursaries awarded	171	179

The following is the schedule of changes for the years ended April 30, 2013 and 2012 in the OSOTF I Stabilization funds. Investment income earned in excess of amounts made available for spending is recorded in Stabilization funds as a deferred revenue contribution.

[In thousands of dollars]

20. ONTARIO STUDENT OPPORTUNITY TRUST FUND AND ONTARIO TRUST FOR STUDENT SUPPORT [continued]

	2013 $	2012 $
Stabilization funds balance at cost, beginning of year	1,112	1,118
Investment income not available (available) for spending and capital preservation	95	(100)
Unspent balance transfer from expendable accounts	77	94
Stabilization funds balance at cost, end of year	1,284	1,112

[b] The following is the schedule of changes for the years ended April 30, 2013 and 2012 in the second phase of the OSOTF II balance, which is included in the endowment balance *[note 12]*.

	2013 $	2012 $
Endowment balance at cost, beginning of year	3,221	3,215
Cash donations received	12	3
Capital preservation	3	3
Endowment balance at cost, end of year	3,236	3,221
Cumulative unrealized gain	275	175
Endowment balance at market, end of year	3,511	3,396

The following is the schedule of changes for the years ended April 30, 2013 and 2012 in the OSOTF II expendable funds available for awards. The balance is included in deferred revenue contributions *[note 10]*. Investment income, net of direct investment-related expenses, represents the balance made available for spending by the University during the year in accordance with its policy.

	2013 $	2012 $
Expendable balance, beginning of year	1	–
Investment and other income, net of direct investment-related expenses	118	141
Bursaries awarded	(108)	(119)
Unspent balance transfer to stabilization accounts	(10)	(21)
Expendable balance, end of year	1	1
Number of bursaries awarded	74	66

The following is a schedule of changes for the years ended April 30, 2013 and 2012 in the OSOTF II Stabilization funds. Investment income earned in excess of amounts made available for spending is recorded in the Stabilization funds as deferred revenue contributions.

[In thousands of dollars]

20. ONTARIO STUDENT OPPORTUNITY TRUST FUND AND ONTARIO TRUST FOR STUDENT SUPPORT [continued]

	2013 $	2012 $
Stabilization funds balance at cost, beginning of year	349	335
Investment income not available (available) for spending and capital preservation	86	(7)
Unspent balance transfer from expendable accounts	10	21
Stabilization funds balance at cost, end of year	445	349

[c] The Ontario Government requires separate reporting of balances as at March 31, 2013 and details of the changes in the balances for the period then ended in connection with the OTSS fund.

The following is the schedule of donations received between April 1 and March 31:

	2013 $	2012 $
Cash donations	-	1,060
Unmatched cash donations	128	118
Total cash donation	128	1,178

The following is the schedule of changes in endowment balance of OTSS for the period from April 1 to March 31:

	2013 $	2012 $
Endowment balance at cost, beginning of year	43,955	41,275
Eligible cash donations received	128	1,178
Matching funds received/receivable from MTCU	-	1,502
Capital preservation and others	-	-
Cumulative unrealized gain (loss)	2,669	804
Endowment balance at market value, end of year	46,752	44,759

The following is the schedule of changes in expendable funds available for awards of OTSS for the period from April 1 to March 31. Investment income, net of direct investment-related expenses, represents the balance made available for spending by the University during the year in accordance with its policy.

[In thousands of dollars]

20. ONTARIO STUDENT OPPORTUNITY TRUST FUND AND ONTARIO TRUST FOR STUDENT SUPPORT [continued]

	2013 $	2012 $
Expendable balance, beginning of year	250	505
Investment and other income, net of direct investment-related expenses	1,213	1,007
Bursaries awarded	(1,109)	(1,262)
Expendable balance, end of year	354	250
Number of bursaries awarded	365	414

The following is the schedule of changes for the period from April 1, 2012 to March 31, 2013 in the OTSS Stabilization funds. Investment income earned in excess of amounts made available for spending is recorded in the Stabilization funds as a deferred revenue contribution.

	2013 $	2012 $
Stabilization funds balance at cost, beginning of year	2,337	2,050
Investment and other income not available (available) for spending	1,351	287
Stabilization funds balance at cost, end of year	3,688	2,337

OTSS awards issued for the period from April 1, 2012 to March 31, 2013.

Status of Recipients	OSAP Recipients		Non-OSAP Recipients		Total	
	Number	Amount (In dollars)	Number	Amount (In dollars)	Number	Amount (In dollars)
Full-Time	154	$480,766	164	$576,824	318	$1,057,590
Part-Time	1	$ 1,000	46	$49,943	47	$ 50,943
Total	155	$481,766	210	$ 626,767	365	$1,108,533

[In thousands of dollars]

21. TRANSITIONAL ADJUSTMENTS

(a) Net assets:

The following table summarizes the impact of the transition to not-for-profit standards on the University's net assets as of May 1, 2011:

	$
Net assets:	
As previously reported under Canadian generally accepted accounting principles, April 30, 2011	427,756
Transition election to record land at fair value (i)	384,049
Transition election to recognize all cumulative actuarial gains and losses on employee future benefits (ii)	(11,421)
Transition election to record unrealized gain to deferred revenue contribution	(1,750)
Restated, May 1, 2011	798,634

In accordance with transitional provisions of the not-for-profit standards, the University has elected to use the following exemptions:

(i) Fair value:

The University has elected to measure land at May 1, 2011 using the fair value election.

(ii) Employee future benefits:

The University has elected to recognize all cumulative actuarial gains and losses and past services costs in opening net assets.

(b) Excess of revenue over expenses:

As a result of the above-noted elections and the retrospective application of not-for-profit standards, the University recorded the following adjustments to excess of revenue over expenses for the year ended April 30, 2012:

	$
Excess of revenue over expenses:	
As previously reported under Canadian generally accepted accounting principles for the year ended April 30, 2012	(11,433)
Decrease to employee future benefit expense as a result of electing to recognize all cumulative actuarial gains and losses	(23,560)
Restated for the year ended April 30, 2012	(34,993)