



Combined Financial Statements

April 30, 2014



Introduction to Western University Financial Statements 2013-2014

Revenues for the year ended April 30, 2014 were \$1,159.3 million, expenses were \$1,067.4 million and the excess of revenue over expenses \$91.9 million, due almost entirely to investment returns. The year was characterized by strong international undergraduate student growth and strong capital market returns.

The university looks to investment returns to improve the infrastructure of the institution while recognizing that investment returns are dependent on market conditions and cannot be relied upon to support operations. Hence such returns are applied to one-time purposes only.

Government grants for general operations remained essentially flat at \$239.6 million. Restricted government grants and contracts amounted to \$251.8 million compared to \$238.1 million in 2013.

Student fees increased \$24.2 million over the prior year, primarily due to increases in approved tuition rates and increases in enrolments.

Compensation is the largest single expenditure component at the university, representing 61.2% of the institution's expenses. Salaries and benefits increased from \$619.4 million in 2013 to \$653.7 million in 2014. Underlying this increase is the growth in employee future benefit costs of \$23.2 million and salary increases.

Scholarships remained unchanged at \$70.1 million.

At April 30, 2014, assets were \$2,550.6 million, liabilities were \$1,485.6 million and net assets were \$1,065.0 million.

Assets and liabilities growth is mainly due to the construction of additional space to accommodate the increased number of students and increased research activities and growth in endowments as a result of investment returns.

A handwritten signature in blue ink that reads "Gitta Kulczycki".

Gitta Kulczycki
Vice-President - Resources & Operations

SUMMARY OF REVENUES AND EXPENSES

Total Revenues and Expenses

For the year ended April 30, 2014

(millions of dollars)

	2010	2011	2012	2013	2014
	\$	\$	\$	\$	\$
Revenues					
Government grants for general operations	230.2	234.9	237.8	238.6	239.6
Restricted government grants and other grants and contracts	216.3	224.6	236.9	238.1	251.8
Student fees	242.1	266.6	287.6	308.6	332.8
Sales and services	143.4	153.7	156.4	158.4	173.6
Investment returns	58.6	49.6	24.1	62.7	90.4
Donations	34.6	29.4	38.6	36.5	32.9
Recoverable salaries and benefits	16.3	18.9	17.6	19.1	19.5
Other revenues	19.6	17.3	18.4	19.3	18.7
	961.1	995.0	1,017.4	1,081.3	1,159.3
Expenses					
Salaries and benefits	549.6	573.3	594.3	619.4	653.7
Operating costs	140.0	145.1	151.7	158.1	166.6
Amortization of capital assets	67.2	66.1	67.5	69.0	76.0
Scholarships, fellowships and bursaries	65.7	68.8	69.5	70.1	70.1
Cost of sales and services	35.3	38.5	38.3	37.1	38.0
Utilities and taxes	24.6	23.6	25.8	24.3	29.0
Repairs and maintenance	21.7	26.0	17.3	18.6	22.1
Interest	11.2	10.8	11.0	13.1	11.9
	915.3	952.2	975.4	1,009.7	1,067.4

% of Total Revenues and Expenses

	2010	2011	2012	2013	2014
	%	%	%	%	%
Revenues					
Government grants for general operations	24.0	23.6	23.4	22.1	20.7
Restricted government grants, other grants, contracts	22.5	22.6	23.3	22.0	21.7
Student fees	25.2	26.8	28.3	28.5	28.7
Sales and services	14.9	15.4	15.4	14.6	15.0
Investment returns	6.1	5.0	2.4	5.8	7.8
Donations	3.6	3.0	3.8	3.4	2.8
Recoverable salaries and benefits	1.7	1.9	1.7	1.8	1.7
Other revenues	2.0	1.7	1.7	1.8	1.6
	100.0	100.0	100.0	100.0	100.0
Expenses					
Salaries and benefits	60.0	60.2	60.9	61.3	61.2
Operating costs	15.3	15.2	15.6	15.7	15.6
Amortization of capital assets	7.3	6.9	6.9	6.8	7.1
Scholarships, fellowships and bursaries	7.2	7.2	7.1	6.9	6.6
Cost of sales and services	3.9	4.0	3.9	3.7	3.6
Utilities and taxes	2.7	2.5	2.6	2.4	2.7
Repairs and maintenance	2.4	2.7	1.8	1.8	2.1
Interest	1.2	1.3	1.2	1.4	1.1
	100.0	100.0	100.0	100.0	100.0

SUMMARY OF ENDOWMENT ACTIVITY

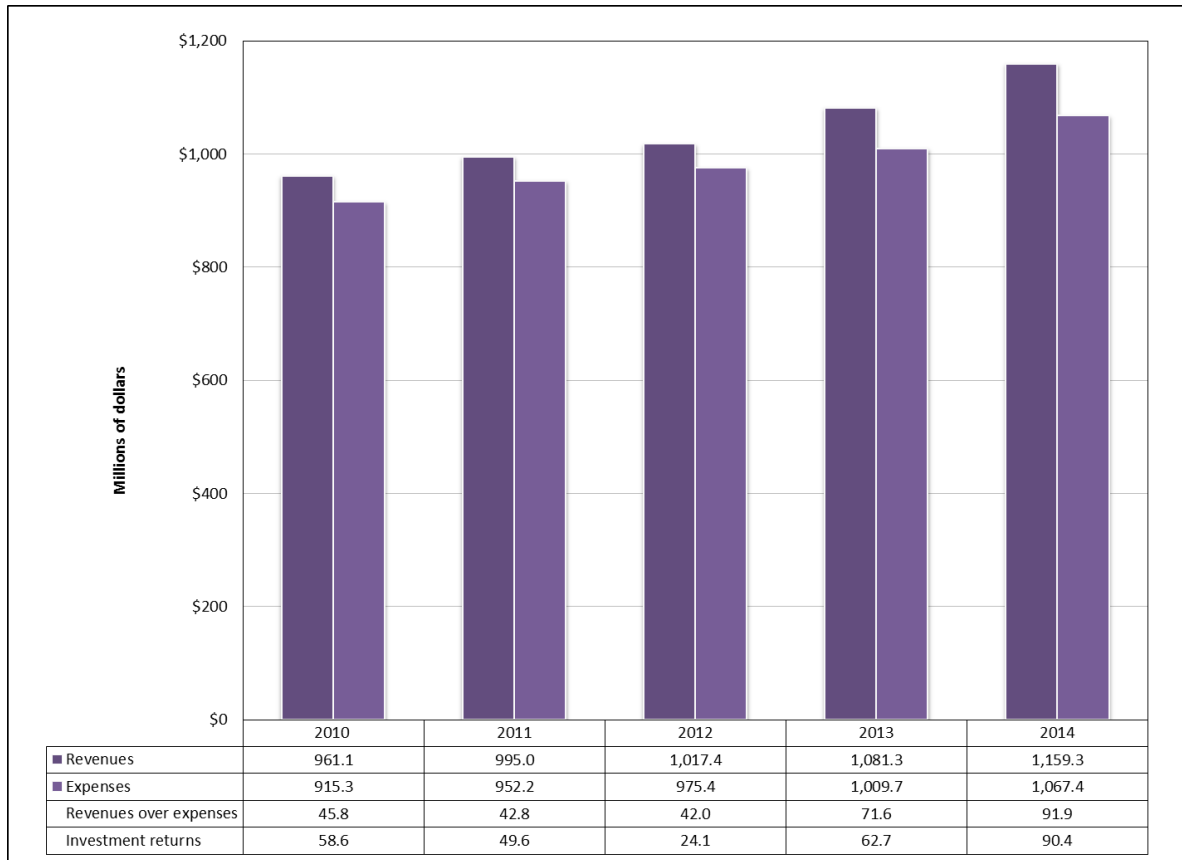
Contributions, Investment Returns and Allocation for Spending

For the year ended April 30, 2014

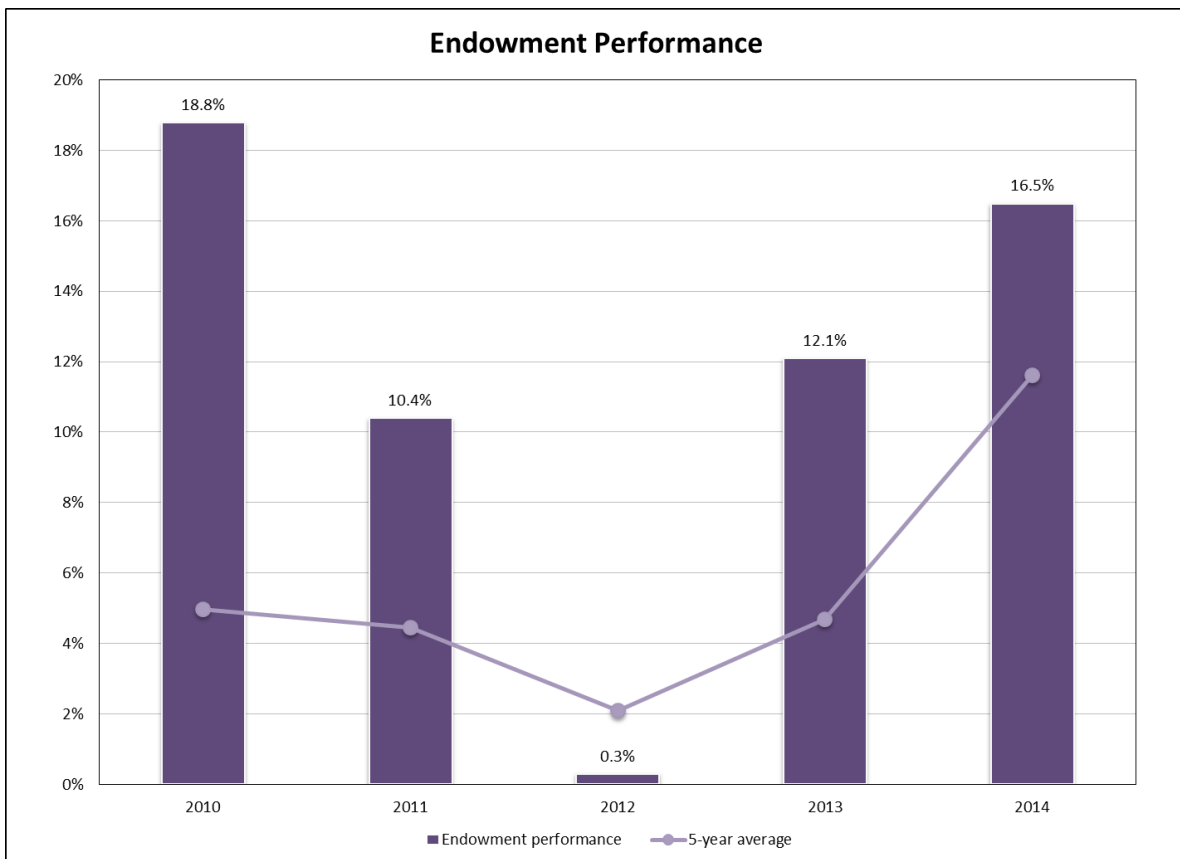
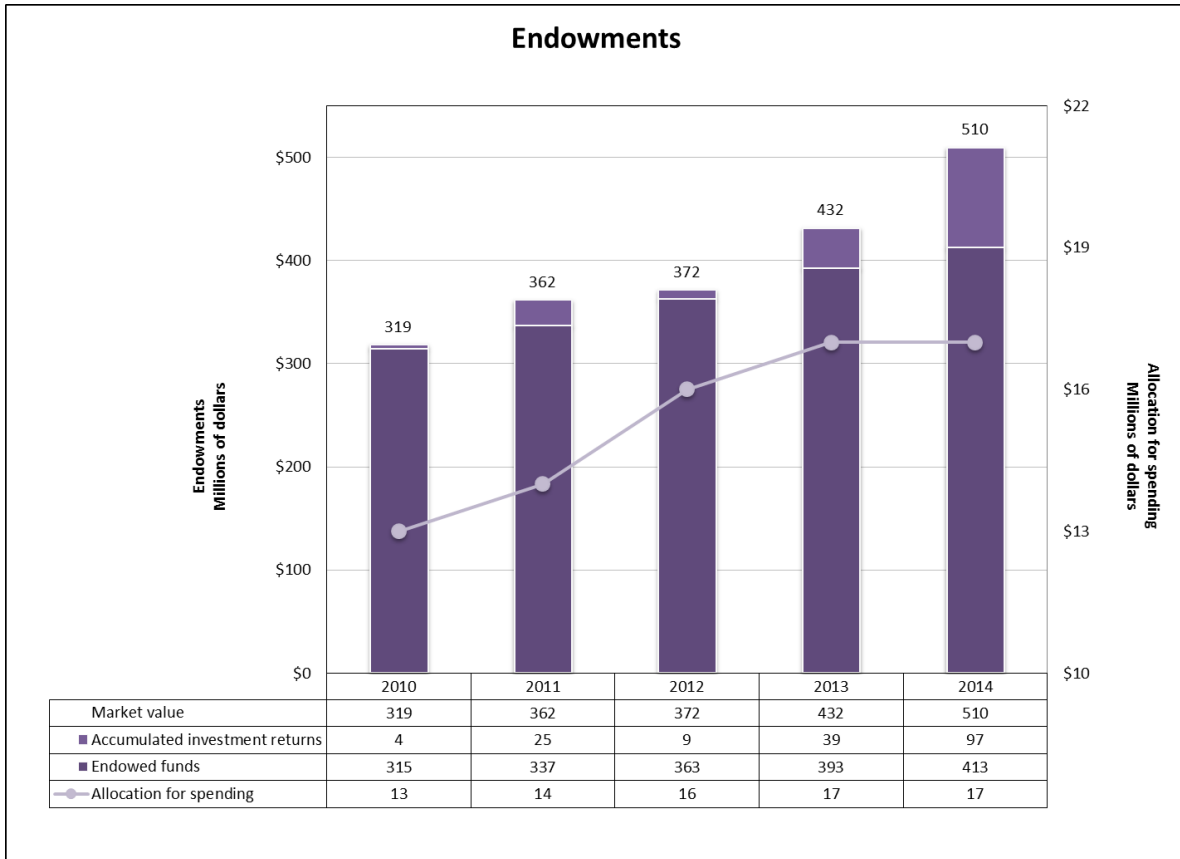
(millions of dollars)

	2010	2011	2012	2013	2014
	\$	\$	\$	\$	\$
Fund balance, beginning of year	265.6	318.9	362.4	371.7	431.9
Endowment contributions	13.9	22.7	24.1	29.9	19.4
Investment returns	52.6	35.0	1.2	47.4	75.1
Allocation for spending	(13.2)	(14.2)	(16.0)	(17.1)	(16.7)
Fund balance, end of year	318.9	362.4	371.7	431.9	509.7

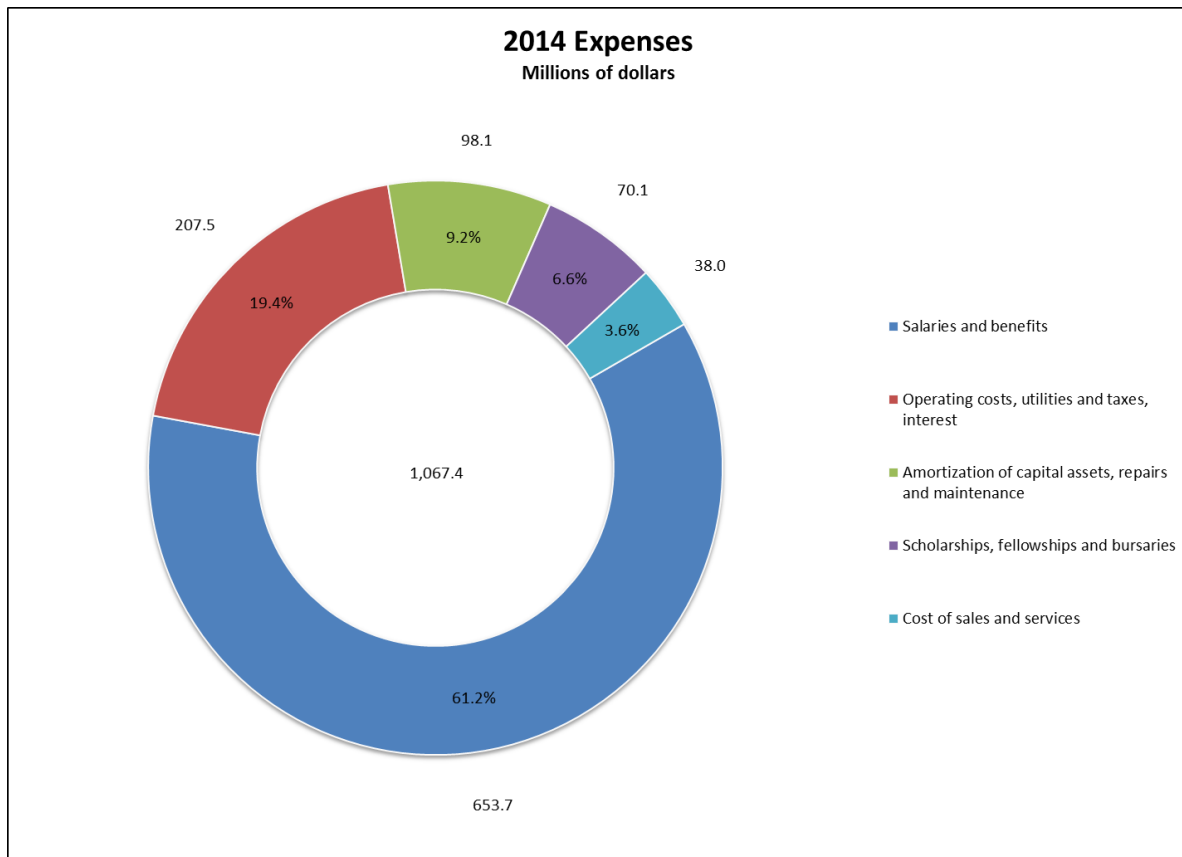
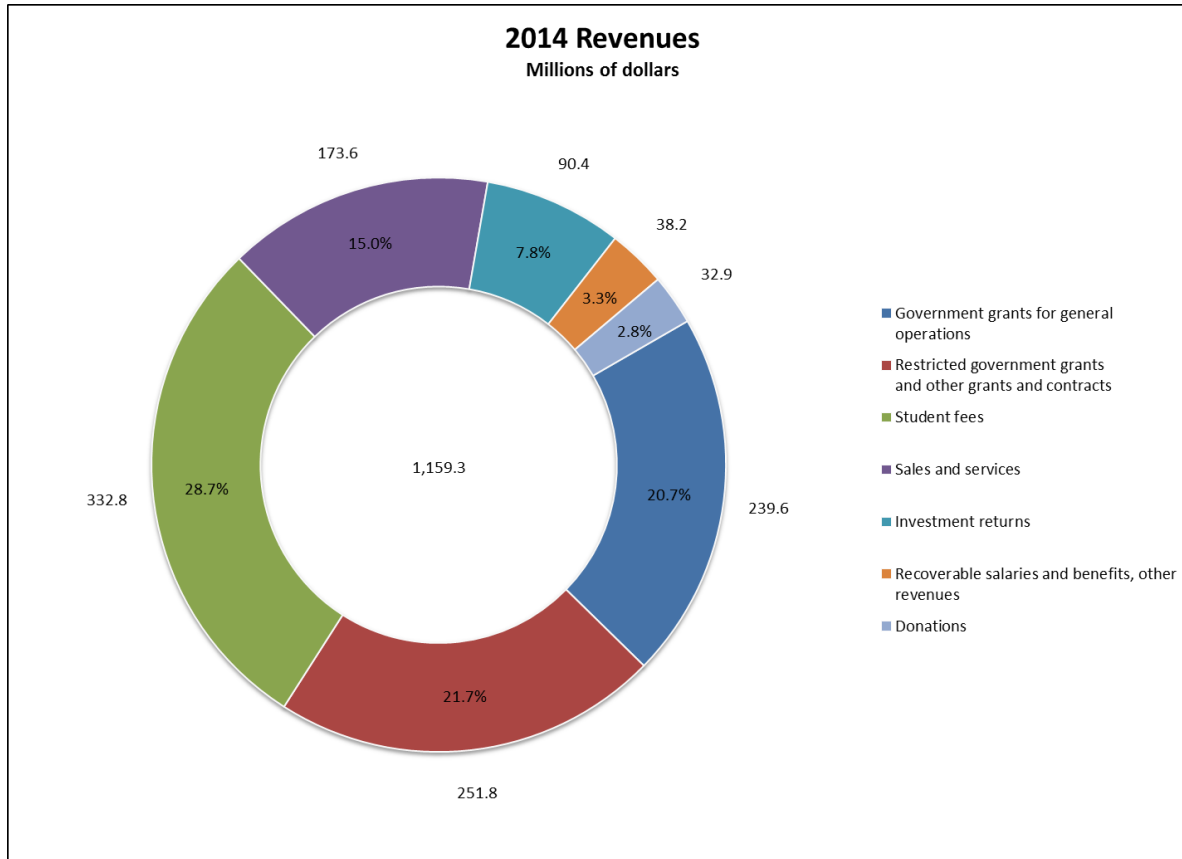
Revenues and Expenses 2010-2014



Endowment Performance 2010-2014



Revenues and Expenses 2014



THE UNIVERSITY OF WESTERN ONTARIO
COMBINED FINANCIAL STATEMENTS
APRIL 30, 2014

The UNIVERSITY of WESTERN ONTARIO

Responsibility for Financial Reporting

The accompanying combined financial statements of The University of Western Ontario are the responsibility of the University administration and have been approved by the Board of Governors.

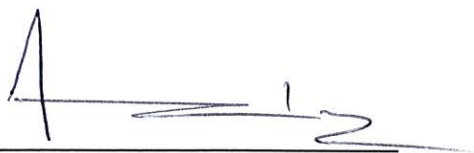
The combined financial statements have been prepared by the University administration in accordance with Canadian accounting standards for not-for-profit organizations and are in accordance with Canadian generally accepted accounting principles. Financial statements necessarily include amounts based on informed judgments and estimates, with appropriate consideration to materiality. The administration has determined such amounts on a reasonable basis to ensure that the combined financial statements present fairly the financial position of the University.

The University maintains systems of internal accounting and administrative controls of high quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and that the University's assets are appropriately accounted for and adequately safeguarded.

The Board of Governors is responsible for ensuring that management fulfils its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the financial statements. The Board carries out this responsibility principally through its Audit Committee.

The Audit committee is appointed by the Board. This Committee consists of eight members, none of whom are involved in the daily operations of the University. This Committee meets periodically with the administration, the internal auditor and the external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy itself that each party is properly discharging its responsibilities, and to review the annual combined financial statements and the external auditors' report. The Committee reports its findings to the Board of Governors for consideration when approving the combined financial statements. The Committee also appoints annually the external auditors.

The combined financial statements, which comprise the combined statement of financial position as at April 30, 2014, the combined statements of operations, changes in net assets and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other significant accounting policies and other explanatory information have been audited by KPMG LLP, the external auditors, in accordance with Canadian generally accepted auditing standards on behalf of the Board of Governors. KPMG has full and free access to the Audit Committee.



Dr. Amit Chakma
President & Vice-Chancellor



Gitta Kulczycki
Vice-President - Resources & Operations



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INDEPENDENT AUDITORS' REPORT

To the Board of Governors of The University of Western Ontario

We have audited the accompanying combined financial statements of The University of Western Ontario, which comprise the combined statement of financial position as at April 30, 2014, the combined statements of operations, changes in net assets and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Combined Financial Statements

Management is responsible for the preparation and fair presentation of these combined 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 combined financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the combined financial statements present fairly, in all material respects, the financial position of The University of Western Ontario as at April 30, 2014, 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.

Chartered Professional Accountants, Licensed Public Accountants

September 23, 2014

London, Canada

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THE UNIVERSITY OF WESTERN ONTARIO

Combined Statement of Financial Position

Statement 1

As at April 30, 2014, with comparative amounts for 2013
(thousands of dollars)

	2014	2013
	\$	\$
Assets		
Current		
Cash	22,547	12,301
Accounts receivable [note 3]	75,594	68,088
Inventories	4,540	4,095
Prepaid expenses and deposits	14,601	19,743
Short-term investments [note 4]	290,443	280,408
	<u>407,725</u>	<u>384,635</u>
Long-term accounts receivable	4,257	2,990
Investments [note 4]	886,222	781,469
Capital assets [note 5]	1,252,440	1,217,677
	<u>2,550,644</u>	<u>2,386,771</u>
Liabilities and deferred contributions		
Current		
Bank indebtedness [note 6]	4,437	2,981
Accounts payable and accrued liabilities [note 7]	68,412	84,166
Current portion long-term debt [note 10]	7,624	7,361
Deferred fees and income	79,425	76,979
	<u>159,898</u>	<u>171,487</u>
Long-term accounts payable	650	240
Employee future benefits [note 8]	385,782	362,565
Long-term debt [note 10]	298,229	305,843
Deferred contributions [note 11]	152,627	161,170
Deferred capital contributions [note 12]	488,415	481,894
	<u>1,485,601</u>	<u>1,483,199</u>
Net assets [Statement 3]	<u>1,065,043</u>	<u>903,572</u>
	<u>2,550,644</u>	<u>2,386,771</u>

See accompanying notes to the combined financial statements.

Commitments and contingencies [note 4(a), note 18]

Approved on behalf of the Board of Governors:



C. Shah
Chair, Board of Governors



J. Knowles
Chair, Audit Committee

THE UNIVERSITY OF WESTERN ONTARIO

Combined Statement of Operations

Statement 2

For the year ended April 30, 2014, with comparative amounts for 2013
(thousands of dollars)

	<u>2014</u>	<u>2013</u>
	\$	\$
Revenues		
Government grants for general operations	239,592	238,589
Restricted government grants and other grants and contracts	251,753	238,093
Student fees	332,848	308,629
Sales and services	173,625	158,405
Investment returns [note 4(b)]	90,355	62,703
Donations	32,897	36,433
Recoverable salaries and benefits	19,459	19,112
Other revenues	18,803	19,309
	<u>1,159,332</u>	<u>1,081,273</u>
Expenses		
Salaries and benefits	653,694	619,400
Operating costs	166,583	158,085
Amortization of capital assets	76,003	69,027
Scholarships, fellowships and bursaries	70,107	70,137
Cost of sales and services	38,071	37,098
Utilities	25,479	22,605
Repairs and maintenance	22,056	18,580
Taxes	3,493	1,685
Interest on long-term debt	11,960	13,083
	<u>1,067,446</u>	<u>1,009,700</u>
Excess of revenues over expenses	<u>91,886</u>	<u>71,573</u>

See accompanying notes to the combined financial statements.

THE UNIVERSITY OF WESTERN ONTARIO

Combined Statement of Changes in Net Assets

Statement 3

For the year ended April 30, 2014, with comparative amounts for 2013
(thousands of dollars)

	2014				2013
	Unrestricted [note 13]	Internally Restricted [note 14]	Endowments [note 15]	Total	Total
	\$	\$	\$	\$	\$
Net assets, beginning of year	(328,131)	799,850	431,853	903,572	780,310
Excess of revenues over expenses	91,886	-	-	91,886	71,573
Change in internally restricted net assets	(115,203)	115,429	-	226	562
Transfer to internally endowed	(5,566)	-	5,566	-	-
Allocation of internally endowed returns	968	-	(968)	-	-
Investment returns allocated to external endowments [note 4(b)]	-	-	69,562	69,562	44,453
Allocation for spending from accumulated investment returns [note 4(b)]	-	-	(15,727)	(15,727)	(16,304)
Endowment contributions	(3,849)	-	19,373	15,524	22,978
Net assets, end of year	<u>(359,895)</u>	<u>915,279</u>	<u>509,659</u>	<u>1,065,043</u>	<u>903,572</u>

See accompanying notes to the combined financial statements.

THE UNIVERSITY OF WESTERN ONTARIO

Combined Statement of Cash Flows

Statement 4

For the year ended April 30, 2014, with comparative amounts for 2013
(thousands of dollars)

	2014	2013
	\$	\$
Operating activities		
Excess of revenues over expenses	91,886	71,573
Non-cash items		
Amortization of capital assets	76,003	69,027
Amortization of deferred capital contributions	(33,011)	(30,753)
Change in fair value of investments	(62,494)	(31,529)
Employee future benefits	23,217	22,635
Net change in non-cash working capital [note 17]	(16,974)	13,522
Cash provided by operating activities	<u>78,627</u>	<u>114,475</u>
Investing activities		
Net change in investments	(52,294)	(158,431)
Purchase of capital assets	(110,540)	(161,564)
Cash used in investing activities	<u>(162,834)</u>	<u>(319,995)</u>
Financing activities		
Receipt of deferred capital contributions	39,532	42,856
Net change in deferred contributions	(8,543)	6,121
Investment returns allocated to external endowments [note 4(b)]	69,562	44,453
Allocation for spending from accumulated investment returns [note 4(b)]	(15,727)	(16,304)
Repayment of long-term debt	(7,351)	(1,331)
Endowment contributions	15,524	22,978
Proceeds from long-term debt	-	100,000
Cash provided by financing activities	<u>92,997</u>	<u>198,773</u>
Net increase (decrease) in cash	8,790	(6,747)
Cash position, beginning of year	9,320	16,067
Cash position, end of year	<u>18,110</u>	<u>9,320</u>
Represented by:		
Cash	22,547	12,301
Bank indebtedness	(4,437)	(2,981)
	<u>18,110</u>	<u>9,320</u>

See accompanying notes to the combined financial statements.

The University of Western Ontario

Notes to the Combined Financial Statements

Year Ended April 30, 2014
(thousands of dollars)

1. DESCRIPTION

The University of Western Ontario ("The University") operates under the authority of The University of Western Ontario Act, 1982. The University is incorporated without share capital. The University is dedicated to the advancement of learning through teaching and research and to the discovery and application of knowledge. The University is a registered charity and, under the provisions of section 149 of the Income Tax Act, is exempt from paying income taxes.

The combined financial statements of The University contain the accounts of The University and organizations that The University controls, including: The Museum of Ontario Archaeology, Richard Ivey School of Business Foundation, Richard Ivey School of Business (Asia) Limited, Richard Ivey School of Business (India) Limited, Richard Ivey School of Business Consulting (Shanghai) Limited, The University of Western Ontario Research & Development Park, Windermere Manor Ltd., The Siebens - Drake Research Institute, Roberts Clinical Trials Inc., UWO Investment Trust (#1), UWO Investment Trust (#2), and related foundations in which The University has an economic interest.

Foundation Western was integrated into Western University in accordance with an agreement between Western University and the Foundation, on consent of the Public Guardian and Trustee, and an Ontario Superior Court of Justice court order dated April 22, 2014. The Foundation's assets, liabilities and operations, including all employees, were transferred to Western University effective April 30, 2014.

These combined financial statements do not include the accounts of three colleges that are affiliated with, but not controlled by The University (Brescia University College, King's University College at The University of Western Ontario and Huron University College), or the net assets of the Pension Plans of the Academic Staff and Administrative Staff of The University and the Retirement Income Fund.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The combined financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations and are in accordance with Canadian generally accepted accounting principles

A summary of significant accounting policies is as follows:

(a) Revenue recognition

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

Operating grants are recorded as revenue in the period to which they relate. Grants approved but not received at the end of the year are accrued. Where a portion of a grant relates to a future year, it is deferred and recognized in the subsequent year.

Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Externally restricted contributions, other than endowment contributions, are deferred and recognized as revenue in the year in which the related expenses are recognized. Contributions restricted for the purchase of capital assets are deferred, and when expended, are amortized into revenue, at a rate corresponding with the amortization rate for the related capital assets.

The University of Western Ontario

Notes to the Combined Financial Statements

Year Ended April 30, 2014
(thousands of dollars)

Endowment contributions, having externally imposed restrictions, are recognized as direct increases in endowment net assets.

Gifts of capital assets are recorded at fair value at the date of receipt and the related contributions are amortized to operations on the same basis as the related capital asset. Contributions of collection items are recorded at fair value at the date of the receipt and as a direct increase to net assets.

Pledges are recorded as revenue on a cash basis, due to uncertainty of collection, and accordingly, pledges outstanding and not received at the year end are not recorded as an asset.

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

(b) Inventories

Inventories are recorded at the lower of cost and net realizable value, determined largely using the weighted average cost method.

(c) Investments

Investments are recorded at fair value. The value of investments recorded in the combined financial statements is determined as follows:

- i) Short-term investments, which consist primarily of savings accounts and money market funds, are valued based on cost plus accrued interest which together approximates fair value. Some of these short-term investments meet the definition of cash and cash equivalents but are held for investment rather than liquidity purposes and are classified as investments.
- ii) Equity instruments consist of Canadian, U.S., Non-North American and Global equities. Equity instruments and Canadian bonds are traded on the open market. Their values are based on the latest closing price.
- iii) Mortgages are valued at their reported net asset value per unit, reflecting any impairment.
- iv) Alternative investments include real estate, private equity, infrastructure and other absolute return strategies and are valued based on the latest valuation provided by the external investment manager, reflecting any impairment.

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

(d) Investment returns

Investment returns, in the combined statement of operations, include interest, dividends, income distributions from pooled funds, realized and unrealized capital gains and losses, the unrealized gain in the fair value of the interest rate swaps and realized and unrealized currency gains and losses.

Investment returns (losses) attributed to the endowments are recorded as an addition (reduction) to endowments net assets. All other investment returns along with the amounts allocated for spending from the endowments are recorded as investment returns in the combined statement of operations.

The University of Western Ontario

Notes to the Combined Financial Statements

Year Ended April 30, 2014
(thousands of dollars)

Investment returns on internally restricted endowments are recorded as a transfer from unrestricted to endowments in the combined statement of changes in net assets.

The University protects the capital value of the endowments by limiting the amount of investment returns that are allocated for spending and requiring the reinvestment of investment returns in excess of such amounts allocated for spending. In any particular year, should investment returns be insufficient to fund the amounts made available for spending, amounts are transferred from the accumulated reinvested returns. For individual endowment funds without sufficient accumulated reinvestment returns, encroachment on endowed capital is permitted to support the desired level of spending. This amount is expected to be recovered by future net investment returns.

(e) Capital assets

Purchased tangible capital assets, including works of art, are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. When an estimate of fair value cannot reasonably be made, both the intangible asset and the related contribution are not recorded.

Repairs and maintenance costs are expensed. Betterments which extend the estimated life of an asset are capitalized. When a capital asset no longer contributes to The University's ability to provide services, its carrying amount is written down to its residual value.

Amortization is provided on a straight-line basis over the estimated useful life for buildings, computer equipment and library books, and on a declining balance basis for all other capital assets.

Amortization rates are generally as follows:

Buildings	40 years
Computer equipment	5 years
Equipment and furnishings	20%
Library books	5 years
Works of art and collections are not amortized	

Construction in progress is primarily buildings. No amortization is recorded until construction is substantially complete and the assets are ready for productive use.

(f) Employee future benefits

i) Non-pension plans:

The University provides medical, dental and life insurance benefits to eligible employees. The University accrues for these obligations, with the cost of these benefits being actuarially determined using the projected benefit method pro-rated on service using best estimates of salary escalation, retirement ages of employees and expected health care costs. Differences arising from plan amendments, changes in assumptions and actuarial gains and losses are recognized in income over the expected average remaining service life of employees.

The University of Western Ontario

Notes to the Combined Financial Statements

Year Ended April 30, 2014

(thousands of dollars)

ii) Pension plans and other retirement income funds:

The University sponsors pension plans for its academic and administrative staff. The benefits provided under the plans are primarily defined contribution. There is no past service liability in respect of either of these plans. Contributions to defined contribution plans are expensed as incurred.

For academic staff that attained the age of 45 on July 1, 1970 (the date the academic staff plan was changed to provide defined contribution benefits) a minimum annual pension income was guaranteed based on a defined benefit formula. For administrative staff members who were hired prior to May 1, 1974 (the date the administrative staff plan was amended to provide defined contribution benefits) a minimum annual pension income was guaranteed based on a defined benefit formula. The costs of these guarantee formulas are actuarially determined. The existing net deficit (note 8(ii)) in these plans is not recorded in the combined financial statements.

In October 2000, The University established the Retirement Income Funds Program to provide periodic income payments to former members of The University's pension plans who choose to enroll. The University's obligations are solely related to the administration of these programs. Former members allocate, at their own discretion, all or a portion of their entitlements under The University's pension plans to a Registered Retirement Income Fund (RRIF), a Life Income Fund (LIF) or a Locked-in Retirement Income Fund (LRIF). The funds are invested and administered in the same manner as The University pension plans.

(g) Foreign currency translation

The University accounts for transactions in foreign currency at the exchange rate in effect at the time of the transactions. At year-end, monetary assets and liabilities denominated in foreign currency are translated at year-end exchange rates. Foreign exchange gains and losses on investments have been included in investment returns.

(h) Derivative and other financial instruments

Derivative financial instruments are used to manage market and currency exposure risk primarily associated with the University's debt and investments. The University does not enter into derivative financial instruments for trading or speculative purposes. Derivative financial instruments that may be employed include interest rate swaps, currency forward contracts and currency futures. These contract positions will generally be the same or smaller than the market value of the underlying investments, thereby ensuring that the portfolio remains unleveraged. Investment manager valuations or bank valuations are used by the University to fair value the derivative financial instruments, reflecting any impairment.

Other financial instruments including accounts receivable and accounts payable are initially recorded at fair value and are subsequently recorded at cost or amortized cost, net of any provisions for impairment.

(i) Accounting estimates

The preparation of the combined financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Significant items subject to the use of management estimates and assumptions include the determination of the useful lives of capital assets for amortization and the amortization of deferred capital contributions, determination of the fair value of financial instruments, valuation of pension and other retirement benefit obligations and provisions for contingencies. Actual results could differ from those estimates.

The University of Western Ontario

Notes to the Combined Financial Statements

Year Ended April 30, 2014
(thousands of dollars)

(j) Contributed services

The University benefits from services provided by volunteers in assisting the institution in carrying out its activities. Because of the difficulty of determining the fair value, contributed services are not recognized in the combined financial statements.

(k) Agency obligations

The University acts as an agent which holds resources and makes disbursements on behalf of various unrelated individuals or groups. These individuals and groups include the affiliate colleges as well as other universities. The University has no discretion over such agency transactions. Resources received in connection with such agency transactions are reported as liabilities, not revenue, and subsequent distributions are reported as decreases to these liabilities.

(l) Controlled organizations

The University consolidates controlled organizations into its combined financial statements.

3. ACCOUNTS RECEIVABLE

Accounts receivable is comprised primarily of balances for trade accounts receivable and research projects. An allowance of \$1,699 (2013 - \$1,620) has been recorded.

4. INVESTMENTS

(a) Endowed and non-endowed investments consist of the following:

	2014	2013
Government bonds	\$ 108,365	\$ 153,831
Corporate bonds	45,070	39,072
Canadian equities	199,424	177,468
U.S. equities	189,421	134,445
Non-North American equities	187,537	123,878
Global equities	-	61,140
Mortgages	25,755	24,921
Alternative investments	130,650	66,714
	886,222	781,469
Short-term investments	290,443	280,408
	\$ 1,176,665	\$ 1,061,877

Endowed investments consist of donations held in perpetuity received by the University to benefit current and future generations. Non-endowed investments consist of research, capital and other funds received and held in advance for future expenditures.

Uncalled Commitments:

Approximately 13.6% (2013 – 4.3%) of the University's Operating & Endowment Portfolio is invested in private funds managed by third-party managers that, by way of the legal terms and conditions, require investors to make initial commitments. Funds are then invested in response to a series of capital calls issued by the manager over a pre-defined investment period. These private funds typically take the form of limited partnerships managed by a general partner and cover various areas of private equity, real estate,

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Notes to the Combined Financial Statements

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mortgage and infrastructure investments. The University has uncalled commitments of approximately \$96,593 (2013 - \$38,618). The University anticipates being able to meet all calls as they are made.

(b) Investment returns recorded in the combined statement of operations are calculated as follows:

	2014	2013
Investment returns	\$ 144,190	\$ 90,852
Investment returns allocated to external endowments	(69,562)	(44,453)
Allocation for spending from accumulated investment returns	15,727	16,304
	<u>\$ 90,355</u>	<u>\$ 62,703</u>

Investment income is comprised of the following:

	2014	2013
Realized gains on investments	\$ 60,666	\$ 3,430
Unrealized gains on investments	14,202	42,024
Interest and dividend income	15,487	17,249
	<u>\$ 90,355</u>	<u>\$ 62,703</u>

5. CAPITAL ASSETS

Capital assets consist of the following:

	2014			2013		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Buildings	\$ 1,241,973	\$ 390,695	\$ 851,278	\$ 1,055,934	\$ 362,016	\$ 693,918
Equipment, furnishing & computer equipment	521,318	360,121	161,197	486,064	334,109	151,955
Library books	225,891	206,952	18,939	217,407	198,453	18,954
Construction in progress	9,927	-	9,927	142,197	-	142,197
Land	189,759	-	189,759	189,759	-	189,759
Works of art and collections	21,340	-	21,340	20,894	-	20,894
	<u>\$ 2,210,208</u>	<u>\$ 957,768</u>	<u>\$ 1,252,440</u>	<u>\$ 2,112,255</u>	<u>\$ 894,578</u>	<u>\$ 1,217,677</u>

The University maintains a collection of art that is insured for \$13,514. During the year, paintings were donated to The University with a total appraised value of \$226 (2013 - \$434).

6. BANK INDEBTEDNESS

The University's bank overdraft facility is covered by an unsecured line of credit agreement of \$20,000. The line of credit is due on demand and bears interest at the lender's prime rate.

The University of Western Ontario

Notes to the Combined Financial Statements

Year Ended April 30, 2014

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7. GOVERNMENT REMITTANCES PAYABLE

As at April 30, 2014, accounts payable and accrued liabilities include government remittances payable of \$13,066 (2013 - \$12,721).

8. EMPLOYEE FUTURE BENEFITS

The interval between actuarial valuations for the defined benefit pension plans does not exceed three years with the most recent valuations prepared as at April 30, 2011 for the non-pension plans and December 31, 2013 for the pension plans. In the years between valuations, an extrapolation of the actuarial valuation is used to determine the market related value of the plan assets and the projected benefit obligations.

(i) Employee future benefits

The accrued benefit liability relating to the employee future benefits is \$385,782 (2013 - \$362,565). This liability has been recorded in the combined financial statements.

Total expense for these plans is \$23,217 (2013 - \$22,635) including \$1,859 (2013 - \$936) for supplemental and other benefits. Benefits paid during the year amounted to \$7,966 (2013 - \$8,030).

(ii) Pension plans:

Information regarding the academic and administrative staff defined benefit obligation of the pension plans is as follows:

	2014	2013
Accrued benefit obligation:		
Academic staff	\$ 3,286	\$ 4,182
Administrative staff	1,802	2,081
	<u>\$ 5,088</u>	<u>\$ 6,263</u>
Fair value of plan assets:		
Academic staff	\$ 3,489	\$ 4,022
Administrative staff	1,505	1,690
	<u>\$ 4,994</u>	<u>\$ 5,712</u>
Funded status – deficit	<u>\$ (94)</u>	<u>\$ (551)</u>

Contributions to the defined contribution pension plans during the year are as follows:

	2014	2013
Employer contributions	\$ 30,602	\$ 29,404
Employee contributions	18,342	16,588
	<u>\$ 48,944</u>	<u>\$ 45,992</u>

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Year Ended April 30, 2014
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(iii) Non-pension and pension plans:

The significant actuarial assumptions adopted in measuring The University's accrued benefit obligations for all defined benefit plans are as follows (weighted-average assumptions as of December 31 for pension plans and April 30 for non-pension plans):

	Non-Pension Plans		Pension Plans	
	2014	2013	2014	2013
Discount rate	4.6%	4.0%	2.09%	1.86 – 1.90%
Expected long-term rate of return on plan assets	-	-	2.09%	1.86 – 1.90%
Medical cost increases:				
Hospital and Other Medical	5.0%	5.0%	-	-
Drug	5.0%	5.0%	-	-
Dental cost	4.5%	4.5%	-	-

9. FINANCIAL INSTRUMENTS

(a) Fair values

Fair value estimates are made as of a specific point in time, using available information about the financial instrument.

The carrying value of cash, accounts receivable, bank indebtedness and accounts payable and accrued liabilities approximates their fair values based on the short-term maturity of those instruments. The fair value of investments is disclosed in note 4(a) and derivative financial instruments in note 9(b).

(b) Derivative financial instruments

The notional and fair values of the derivative financial instruments are as follows:

	2014		2013	
	Notional value	Fair value	Notional value	Fair value
Foreign Currency Contracts				
U.S. dollars	\$ 115,633	\$ 614	\$ 79,041	\$ 824
Other international	131,303	103	63,929	(109)
	<u>\$ 246,936</u>	<u>\$ 717</u>	<u>\$ 142,970</u>	<u>\$ 715</u>
Interest rate swap agreements	<u>\$ 106,577</u>	<u>\$ (905)</u>	<u>\$ 112,890</u>	<u>\$ (4,272)</u>

(i) Foreign Currency Forward Contracts:

The fair value of the foreign currency forward contracts is included with investments. The change in the fair value of the foreign currency forward contracts is accounted for consistent with investment returns in the combined statements of operations and changes in net assets. All outstanding contracts have a remaining term to maturity of less than one year.

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Notes to the Combined Financial Statements

Year Ended April 30, 2014

(thousands of dollars)

(ii) Interest rate swaps:

The fair value of the interest rate swaps is recorded within accounts payable and accrued liabilities in the combined statement of financial position and the unrealized gain/(loss) in the fair value is recorded as investment returns/(interest expense) in the combined statement of operations.

The interest rate swap contracts result in The University fixing a weighted average long-term interest rate of 2.87% on certain floating rate debt obligations instead of paying a weighted average short-term floating rate of 1.59% (2013 – 1.58%).

The interest rate swap agreements relate to The University of Western Ontario Research & Development Park debt which matures on October 30, 2017 and new debt related to the construction of the new residence which matures on October 15, 2026. The counterparty to each contract is a major Canadian financial institution. The University does not anticipate any material adverse effect on its financial position resulting from its involvement in these types of contracts, nor does it anticipate non-performance by the counterparty given their high credit rating.

(c) Risk management

The University, through its financial assets and liabilities is exposed to various risks. The following analysis will provide a measurement of risks as at the combined statement of financial position date, April 30, 2014:

(i) Credit risk

Credit risk is the risk of financial loss to The University if a counterparty to a financial instrument fails to meet its contractual obligation.

Approximately 38% (2013 - 45%) of The University's investments consists of money market investments and government and corporate bonds. In order to minimize the risk of having an issuer of these debt instruments fail to pay interest or principal as required, The University has established minimum credit rating requirements for such investments.

The University has established policies for extending credit to various businesses, groups and individuals who purchase goods and services from The University, in order to reduce incidents of non-payment. Management believes that the credit risk is minimized by dealing with creditworthy counterparties.

The University is also exposed to credit risk through its use of interest rate swaps and foreign exchange contracts. The credit risk associated with these contracts arises from the possibility that the counterparty to the contract in which The University has an unrealized gain fails to perform according to the terms of the contract. The credit risk is much less than the notional principal amount, being limited at any time to the change in fair value attributable to the instruments.

(ii) Currency risk

Currency risk is the risk that the fair value or future cash flow of a financial instrument will fluctuate due to changes in foreign exchange rates.

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Year Ended April 30, 2014

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The University purchases equipment, books and other supplies and services in foreign currencies and may occasionally mitigate its exposure to foreign currency by entering into forward exchange contracts at the time of ordering.

The University is exposed to currency risk with respect to its investments denominated in foreign currencies. To manage foreign currency risk associated with these investments, the University uses foreign currency forward contracts employed by an investment manager. These contract positions will generally be the same or smaller than the market value of the underlying assets, thereby ensuring that the portfolio remains unleveraged. A policy range of exposure to non-Canadian currencies has been established to be within the range of 10% to 30% of the total Fund.

(iii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates.

The University is subject to interest rate cash flow risk with respect to its floating rate debt. The University mitigates this risk by entering into interest rate swap agreements for its floating rate debt that fixes the interest rate over the term of the debt.

All other debt of The University, being unsecured debentures, mortgages and capital lease obligations, have fixed interest rates and are therefore not exposed to cash flow interest rate risks.

The University's short-term investments are subject to interest rate fluctuations as maturing investments are reinvested at new rates of interest. The fair value of investments held in Government and Corporate bonds will fluctuate due to changes in market interest rates.

(iv) Market risk

Market risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market.

The University's investments in short-term investments, bonds, equities and alternative investments are subject to market risk. Management mitigates this risk through diversification of its investment portfolio.

(v) Liquidity risk

Liquidity risk is the risk that The University will be unable to fulfill its obligations on a timely basis or at a reasonable cost when its obligations fall due. The University manages its liquidity risk by monitoring its operating and capital requirements. The University prepares capital and operating budgets to fulfill its obligations.

The University of Western Ontario

Notes to the Combined Financial Statements

Year Ended April 30, 2014
(thousands of dollars)

10. LONG-TERM DEBT

	Maturity	Interest Rate at April 30, 2014	2014 Principal Outstanding	2013 Principal Outstanding
(a) Senior Unsecured Debentures [note (d)]	May 24, 2047	4.798%	\$ 189,149	\$ 189,139
(b) The details of the mortgages are as follows:				
Housing [note (e)]				
Canada Mortgage and Housing Corporation:				
Platt's Lane Estates	Aug. 1, 2028	8.00%	\$ 6,705	\$ 6,903
Glenmore Complex	Dec 1, 2019	6.25%	2,471	2,802
Ontario Housing Corporation:				
Glenmore Complex	Dec 1, 2019	6.50%	151	170
Total mortgages			\$ 9,327	\$ 9,875
(c) The details of the Bankers' Acceptances are as follows:				
Bankers' Acceptances [note (f)]	May 15, 2014	1.61%	\$ 94,100	\$ 100,000
Related Corporations				
Research & Development Park				
(i) Bankers' Acceptances [note (g)]	July 31, 2014	1.40%	12,477	12,890
Richard Ivey School of Business Foundation				
(i) Bankers' Acceptances	April 30, 2015	lender's prime	800	1,300
Total Bankers' Acceptances			\$ 107,377	\$ 114,190
Total debt			\$ 305,853	\$ 313,204
Less current portion			\$ 7,624	\$ 7,361
			\$ 298,229	\$ 305,843

(d) On May 24, 2007, The University issued Series A Senior Unsecured Debentures in the aggregate principal amount of \$190,000. The debentures bear interest at 4.798% which is payable semi-annually on May 24 and November 24 with the principal amount to be repaid on May 24, 2047. The proceeds of the issue were used to retire certain existing capital debt and to finance new capital projects.

(e) Certain assets have been pledged as collateral for mortgages.

(f) At April 30, 2014, The University has outstanding debt of \$94,100 on a \$100,000 committed non-revolving facility. An interest rate swap agreement has been entered into to fix the effective interest rate on the \$94,100 at 2.99% over the remaining term, ending Oct 15, 2026. There is a remaining credit facility in the amount of \$30,000 which is a revolving demand facility by way of BA's, which has not been drawn on.

The University of Western Ontario

Notes to the Combined Financial Statements

Year Ended April 30, 2014
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- (g) An interest rate swap agreement has been renewed to fix the effective interest rate for this loan at 1.98% over the remaining term, ending October 30, 2017.
- (h) Anticipated requirements to meet the principal portion of the debt repayments over the next five years are as follows:

	Principal
2015	\$ 7,624
2016	7,689
2017	7,666
2018	18,723
2019	7,837
Subsequent years	256,314
	<u>\$ 305,853</u>

11. DEFERRED CONTRIBUTIONS

Deferred contributions represent unspent externally restricted grants, donations, contributions and investment income. The balance consists of:

	2014	2013
Balance, beginning of year	\$ 161,170	\$ 155,049
Grants, contributions, donations and investment income	334,273	318,602
Recognized to revenue	(342,816)	(312,481)
Balance, end of year	<u>\$ 152,627</u>	<u>\$ 161,170</u>

	2014	2013
Unspent research grants	\$ 75,507	\$ 89,732
Scholarships	19,071	9,898
Other restricted funds	58,049	61,540
Balance, end of year	<u>\$ 152,627</u>	<u>\$ 161,170</u>

The University of Western Ontario

Notes to the Combined Financial Statements

Year Ended April 30, 2014
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12. DEFERRED CAPITAL CONTRIBUTIONS

Deferred capital contributions represent the unamortized amount of donations and grants received for the purchase of capital assets. Unspent deferred capital contributions are included in deferred contributions to be spent until such time as capital expenditures are incurred. The changes in the deferred capital contributions balance are as follows:

	2014	2013
Balance, beginning of year	\$ 481,894	\$ 469,791
Less amortization of deferred capital contributions	(33,011)	(30,753)
Add contributions received during the year	39,532	42,856
Balance, end of year	\$ 488,415	\$ 481,894

Represented by:

	2014	2013
Amounts used for the purchase of capital assets	\$ 483,329	\$ 476,519
Amounts to be spent on capital assets	5,086	5,375
	\$ 488,415	\$ 481,894

13. UNRESTRICTED NET ASSETS

Details of the unrestricted net assets are as follows:

	2014	2013
Operating fund surplus	\$ 41,386	\$ 46,744
Provision for vacation pay	(8,946)	(8,839)
Operating deficit - related organizations	(25,399)	(20,255)
Provision for employee future benefits	(366,936)	(345,781)
Balance, end of year	\$ (359,895)	\$ (328,131)

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Notes to the Combined Financial Statements

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14. INTERNALLY RESTRICTED NET ASSETS

Details of the internally restricted net assets are as follows:

	2014	2013
Investment in capital assets	\$ 460,907	\$ 441,263
Departmental carry forwards	189,205	152,223
Capital reserve	22,967	25,516
Operating surplus – ancillary and support units	22,896	18,926
Faculty and research trust funds	39,812	34,382
Equipment reserves	17,708	16,454
Self-insurance funds	1,200	1,562
Undistributed investment returns	160,584	109,524
Balance, end of year	\$ 915,279	\$ 799,850

- i) Investment in capital assets represents the unamortized value of capital assets funded by The University, net of outstanding debt. It excludes those assets funded through capital contributions.
- ii) Departmental carry forwards represent amounts that vary from budget. The University has in place a flexible budgeting program, which allows operating budget units to defer surpluses and deficits to the subsequent year(s).
- iii) The capital reserve represents funds internally restricted for deferred maintenance, capital emergencies and capital projects either planned or in progress.
- iv) Ancillary and support unit carry forwards represent amounts that these units are permitted to carry forward.
- v) Faculty and research trust funds include donations and other revenue with no external restrictions that departments are permitted to carry forward.
- vi) The equipment reserves represent funds that departments have allocated for the future replacement of assets.
- vii) The reserve for self-insurance represents funds set aside to cover uninsured losses and the deductible portion of insured losses.
- viii) The undistributed investment returns represent funds internally restricted for uses as determined by The University.

15a. ENDOWMENTS

Contributions restricted for endowments consist of restricted donations received by The University and contributions internally restricted by The University, in the exercise of its discretion. The endowment principal is required to be maintained intact. The investment income generated from endowments must be used in accordance with the various purposes established by donors or internally restricted by The University. 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 of Western Ontario

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Year Ended April 30, 2014
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Net assets restricted for endowment consist of the following:

	2014	2013
Externally Endowed	\$ 467,818	\$ 398,459
Internally Endowed	41,841	33,394
	<u>\$ 509,659</u>	<u>\$ 431,853</u>

Represented by:

Endowed funds	\$ 412,391	\$ 393,018
Accumulated investment returns	97,268	38,835
	<u>\$ 509,659</u>	<u>\$ 431,853</u>

15b. ONTARIO STUDENT OPPORTUNITY TRUST FUND

i) Phase I

Externally restricted endowments include grants provided by the Government of Ontario for the Ontario Student Opportunity Trust Fund (OSOTF) matching program. These monies are to award student aid as a result of raising an equal amount of endowed donations.

	2014	2013
Schedule of Changes in Endowment Fund Balance		
Fund balance, beginning of year	\$ 36,712	\$ 35,036
Cash donations received	167	49
Preservation of capital	6,720	1,627
Fund balance, end of year	<u>\$ 43,599</u>	<u>\$ 36,712</u>

Schedule of Changes in Expendable Funds Available for Awards

	2014	2013
Fund balance, beginning of year	\$ 2,063	\$ 2,087
Realized investment income, net of direct investment-related expenses and preservation of capital contributions	1,371	1,392
Expendable donations	61	114
Bursaries awarded [650 (2013 – 706)]	(1,405)	(1,530)
Balance, end of year	<u>\$ 2,090</u>	<u>\$ 2,063</u>
Endowment total based on book value	<u>\$ 45,689</u>	<u>\$ 38,775</u>

The fair value of the endowment at April 30, 2014 was \$45,689 (2013 - \$39,899).

The University of Western Ontario

Notes to the Combined Financial Statements

Year Ended April 30, 2014
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ii) Phase II

	2014 Western	2014 Affiliates	2013 Western	2013 Affiliates
Schedule of Changes in Endowment Fund Balances				
Fund balance, beginning of year	\$ 14,031	\$ 1,425	\$ 13,014	\$ 1,411
Cash donations received	118	-	190	-
Preservation of capital	2,265	40	827	14
Fund balance, end of year	\$ 16,414	\$ 1,465	\$ 14,031	\$ 1,425
Schedule of Changes in Expendable Funds Available for Awards				
Fund balance, beginning of year	\$ 513	\$ 165	\$ 498	\$ 136
Realized investment income, net of direct investment related expenses and preservation of capital	1,336	111	1,319	75
Expendable contributions received	-	-	(2)	-
Bursaries awarded [237 (2013 – 216)]	(1,334)	(55)	(1,302)	(46)
Balance, end of year	\$ 515	\$ 221	\$ 513	\$ 165
Endowment total based on book value	\$ 16,929	\$ 1,686	\$ 14,544	\$ 1,590

The fair value of the endowment at April 30, 2014 was \$18,631(2013 - \$16,151).

The amounts for affiliates noted above are provided for information purposes only and are not included in the combined financial statements.

The University of Western Ontario

Notes to the Combined Financial Statements

Year Ended April 30, 2014
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15c. ONTARIO TRUST FOR STUDENT SUPPORT

Externally restricted endowments include grants provided by the Government of Ontario for the Ontario Trust for Student Support (OTSS) matching program. These monies are to award student aid as a result of raising an equal amount of endowed donations.

	2014 Western	2014 Affiliates	2013 Western	2013 Affiliates
Schedule of Changes in Endowment Fund Balances				
Fund balance, beginning of year	\$ 43,652	\$ 7,096	\$ 40,880	\$ 7,031
Cash donations received	62	47	147	41
Preservation of capital	6,120	248	2,625	24
Fund balance, end of year	\$ 49,834	\$ 7,391	\$ 43,652	\$ 7,096

Schedule of Changes in Expendable Funds Available for Awards

Fund balance, beginning of year	\$ 831	\$ 300	\$ 800	\$ 224
Realized investment income, net of direct investment related expenses and preservation of capital	1,037	422	1,009	305
Expendable contributions received	-	-	-	2
Expendable funds removed on cancellation of program	-	-	(9)	-
Bursaries awarded [485 (2013 – 527)]	(1,034)	(276)	(969)	(231)
Balance, end of year	\$ 834	\$ 446	\$ 831	\$ 300

The fair value of the endowment at April 30, 2014 was \$58,526 (2013 - \$51,879).

The amounts for affiliates noted above are provided for information purposes only and are not included in the combined financial statements.

16. THE SEYMOUR SCHULICH ENDOWMENT FUND

The Seymour Schulich Endowment Fund has a current fair value of \$36,842 (2013 – \$33,364). The Fund includes \$11,639 received from two Government of Ontario matching programs, the Ontario Student Opportunity Trust Fund and the Ontario Trust for Student Support.

The University of Western Ontario

Notes to the Combined Financial Statements

Year Ended April 30, 2014
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17. STATEMENT OF CASH FLOWS

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

	2014	2013
Accounts receivable	\$ (8,773)	\$ (2,497)
Inventories	(445)	463
Prepaid expenses and deposits	5,142	(3,507)
Accounts payable and accrued liabilities	(15,344)	9,916
Deferred fees and income	2,446	9,147
Net change in non-cash working capital	\$ (16,974)	\$ 13,522

18. COMMITMENTS AND CONTINGENCIES

(a) Legal matters

The University is involved from time to time in litigation that arises in the normal course of operations. In respect to these claims The University believes it has valid defences, funded provisions and/or appropriate insurance coverage in place. Litigation is subject to many uncertainties, and the outcome of individual matters is not predictable. It is possible the final resolution of some of these matters may require The University to make expenditures in excess of estimated reserves, over an extended period of time and in a range that cannot be reasonably estimated at this time. The University's policy is to recognize the losses on litigation when the outcome becomes reasonably determinable. In the administration's judgement no material exposure exists on the eventual settlement of litigation.

(b) Capital commitments

The estimated cost to complete capital projects in progress at April 30, 2014 is approximately \$40,000.

(c) Canadian Universities Reciprocal Insurance Exchange

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, 2013, CURIE was fully funded.

The University of Western Ontario

Notes to the Combined Financial Statements

Year Ended April 30, 2014
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19. PLEDGES

Total pledges outstanding and expected year of collection are as follows:

	Pledges
2015 -	\$ 21,886
2016 -	20,164
2017 -	15,088
subsequent years -	34,075
	<u>\$ 91,213</u>

20. FUTURE CHANGE IN ACCOUNTING POLICY

In December 2013, the Accounting Standards Board ("AcSB") released CPA Canada Handbook - Accounting Section 3463, *Reporting Employee Future Benefits by Not-For-Profit Organizations*, which incorporates the existing Section 3462, *Employee Future Benefits*, and is effective for fiscal years beginning on or after January 1, 2014.

Under the new standard, actuarial gains and losses and past service costs are no longer deferred and amortized over future periods. The full actuarial liability net of any related assets is recorded in the Combined Statement of Financial Position, the annual benefit cost is recorded in the Combined Statement of Operations and the change in unamortized gains and losses is recognized on the Combined Statement of Changes in Net Assets. In addition, interest cost and expected rate of return on plan assets are replaced with a net interest amount that is calculated by applying the discount rate used to calculate the net benefit obligation.

The University intends to adopt the new standard, with retrospective application, for the annual period beginning on May 1, 2014. The extent of the impact on adoption of the standard has not yet been determined.

The University of Western Ontario



Financial Services

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