

Western

UNIVERSITY • CANADA



Combined Financial Statements

April 30, 2016

THE UNIVERSITY OF WESTERN ONTARIO
COMBINED FINANCIAL STATEMENTS
APRIL 30, 2016

Introduction to Western University Financial Statements 2015-2016

External revenue constraints combined with cost increases created a financially challenging environment in 2015-2016.

Revenues for the year ended April 30, 2016 were essentially flat at \$1,152.9 million, expenses increased 2.1% to \$1,107.0 million and the excess of revenue over expenses were \$45.9 million.

Government grants remained flat over the five year period and as a % of total revenue dropped from 47% to 40% over this period. The Province is in the middle of a review of the University funding formula. The 2016 Ontario Budget confirmed the Government's intention to move forward with changes to the university funding formula with a focus on student success and outcomes.

Student fees increased \$24.4 million over the prior year.

Net investment losses were incurred on the overall investment portfolio, these were offset by positive returns on short-term investments. Investment returns reported on the combined statement of operations totaled \$27.8 million, primarily due to the allocation of investment returns from endowed funds to support spending.

Compensation is the largest single expenditure component at the University, representing 61.1% of the institution's expenses. Salaries and benefits increased from \$659.7 million in 2015 to \$676.6 million in 2016. Scholarships increased to \$77.2 million.

At April 30, 2016, assets were \$2,782.7 million, liabilities and deferred contributions were \$1,628.7 million and net assets were \$1,154.0 million.



Gitta Kulczycki
Vice-President (Resources & Operations)

SUMMARY OF REVENUES AND EXPENSES

Total Revenues and Expenses

For the year ended April 30, 2016

(millions of dollars)

	2012	2013	2014	2015	2016
	\$	\$	\$	\$	\$
Revenues					
Government grants for general operations	237.8	238.6	239.6	236.7	237.4
Restricted government grants and other grants and contracts	236.9	238.1	251.8	218.7	227.2
Student fees	287.6	308.6	332.8	356.5	380.9
Sales and services	156.4	158.4	173.6	190.2	201.6
Donations	38.6	36.5	32.9	35.6	37.9
Investment returns	24.1	62.7	90.4	80.8	27.8
Recoverable salaries and benefits	17.6	19.1	19.5	19.4	19.2
Other revenues	18.4	19.3	18.7	22.5	20.9
	1,017.4	1,081.3	1,159.3	1,160.4	1,152.9
Expenses					
Salaries and benefits	594.3	619.4	654.2	659.7	676.6
Operating costs	151.7	158.1	168.0	164.2	172.0
Scholarships, fellowships and bursaries	69.5	70.1	70.1	73.0	77.2
Amortization of capital assets	67.5	69.0	76.0	74.5	73.5
Cost of sales and services	38.3	37.1	38.0	38.5	37.8
Utilities and taxes	25.8	24.3	27.2	27.3	29.7
Repairs and maintenance	17.3	18.6	22.0	30.0	26.4
Interest on long-term debt	11.0	13.1	11.9	17.0	13.8
	975.4	1,009.7	1,067.4	1,084.2	1,107.0

% of Total Revenues and Expenses

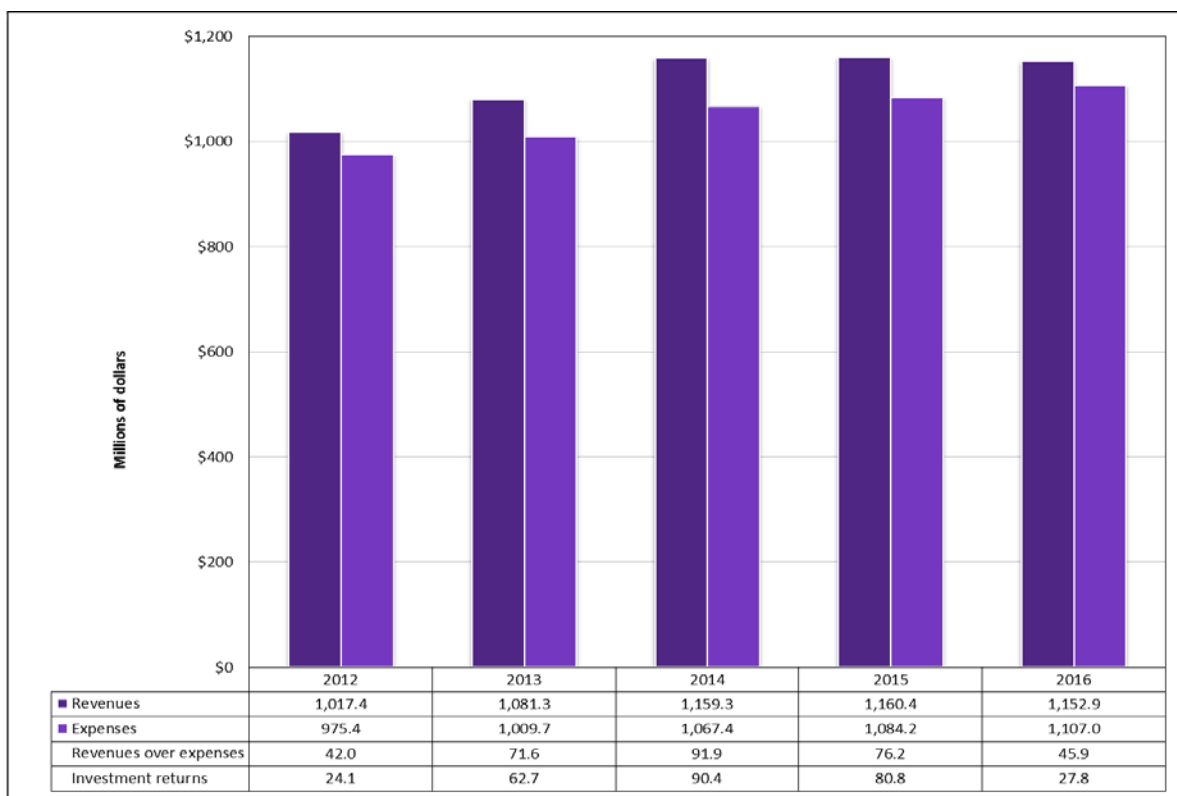
	2012	2013	2014	2015	2016
	%	%	%	%	%
Revenues					
Government grants for general operations	23.4	22.1	20.7	20.4	20.6
Restricted government grants and other grants and contracts	23.3	22.0	21.7	18.8	19.7
Student fees	28.3	28.5	28.7	30.7	33.0
Sales and services	15.4	14.6	15.0	16.4	17.5
Donations	3.8	3.4	2.8	3.1	3.3
Investment returns	2.4	5.8	7.8	7.0	2.4
Recoverable salaries and benefits	1.7	1.8	1.7	1.7	1.7
Other revenues	1.7	1.8	1.6	1.9	1.8
	100.0	100.0	100.0	100.0	100.0
Expenses					
Salaries and benefits	60.9	61.3	61.3	60.8	61.1
Operating costs	15.6	15.7	15.7	15.1	15.5
Scholarships, fellowships and bursaries	7.1	6.9	6.6	6.7	7.0
Amortization of capital assets	6.9	6.8	7.1	6.9	6.6
Cost of sales and services	3.9	3.7	3.6	3.6	3.4
Utilities and taxes	2.6	2.4	2.5	2.5	2.7
Repairs and maintenance	1.8	1.8	2.1	2.8	2.4
Interest on long-term debt	1.2	1.4	1.1	1.6	1.3
	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, 2016
(millions of dollars)

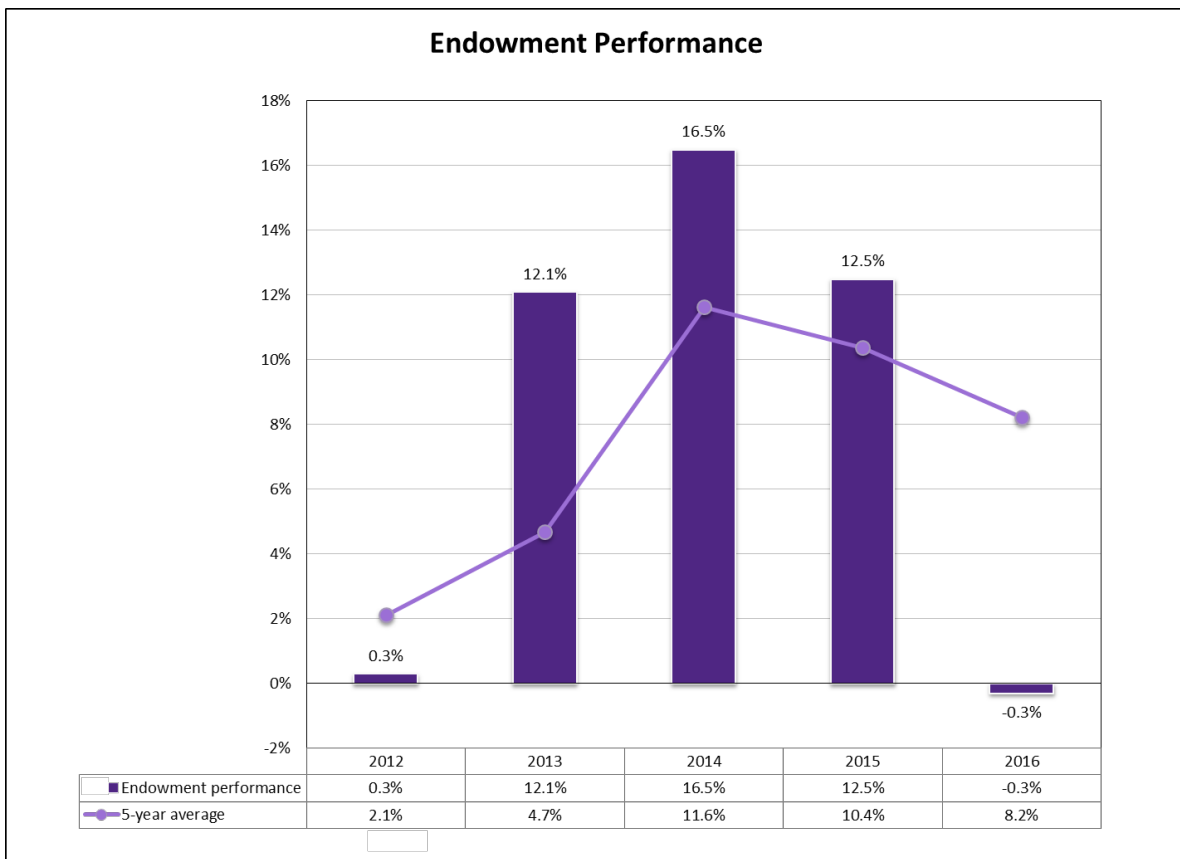
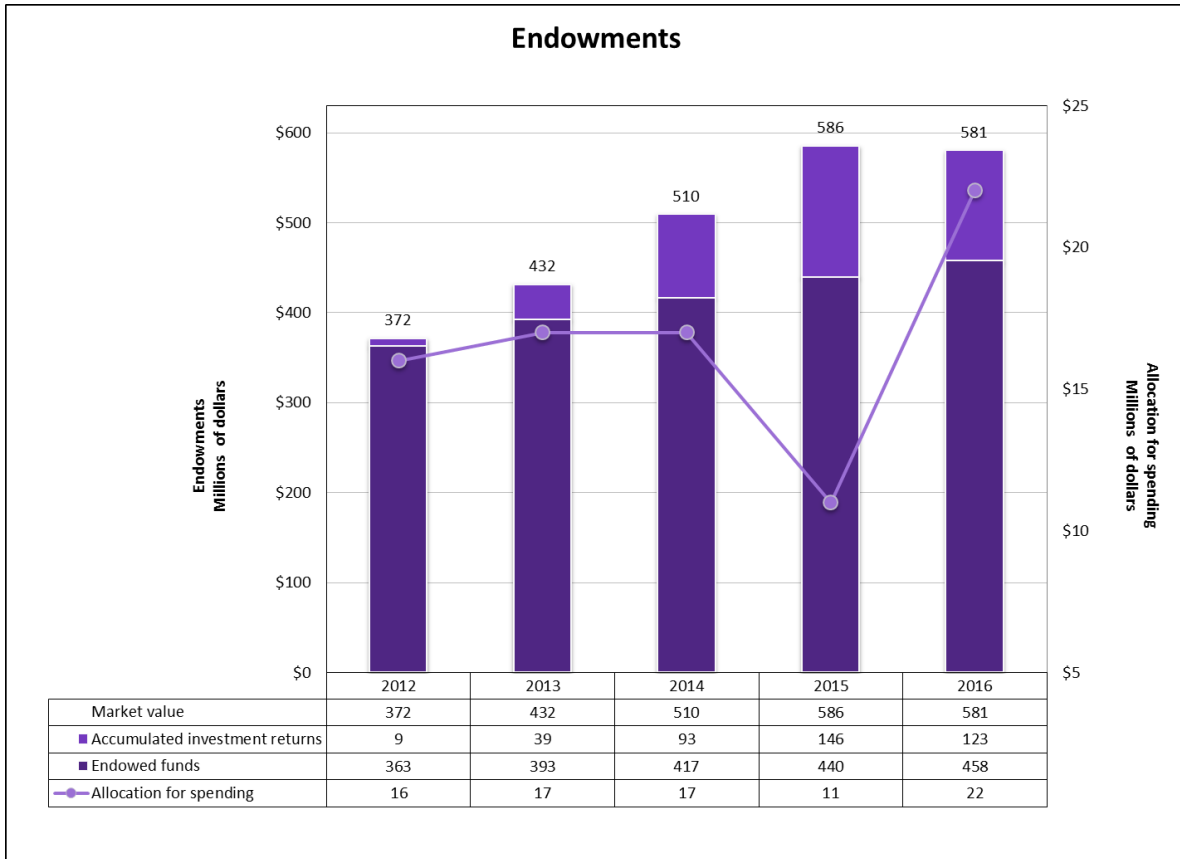
	2012	2013	2014	2015	2016
	\$	\$	\$	\$	\$
Fund balance, beginning of year	362.4	371.7	431.9	509.7	585.8
New contributions	24.1	29.9	19.4	22.3	17.6
Investment returns	1.2	47.4	75.1	64.5	(1.1)
Allocation for spending	(16.0)	(17.1)	(16.7)	(10.7)	(21.7)
Fund balance, end of year	371.7	431.9	509.7	585.8	580.6

In 2015 the allocation for spending declined as a result of the unification of Foundation Western endowments. Foundation Western did their allocation for spending in advance. Their allocation in fiscal 2014 was for spending in fiscal 2015. The effect of the transition to Western's policies was that there was no allocation for spending in fiscal 2015 related to Foundation Western Endowments resulting in the decrease noted in the above table.

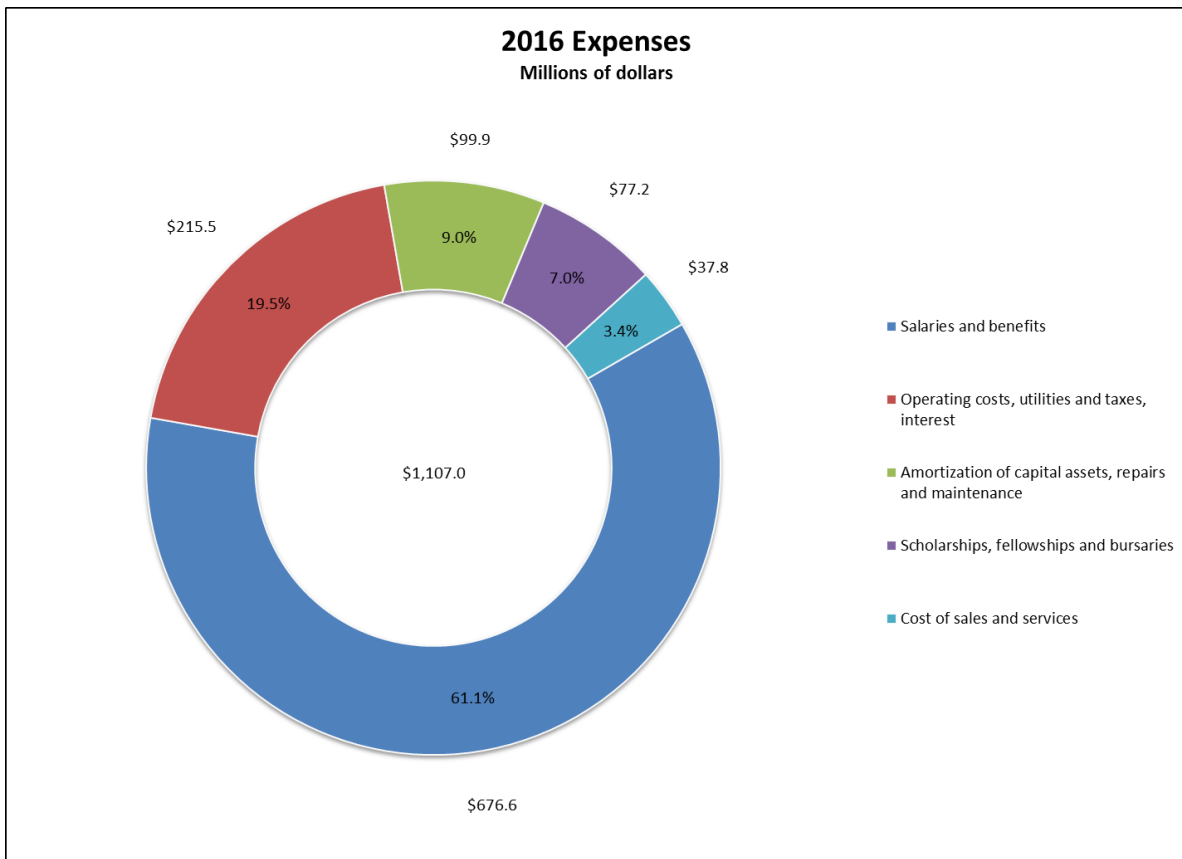
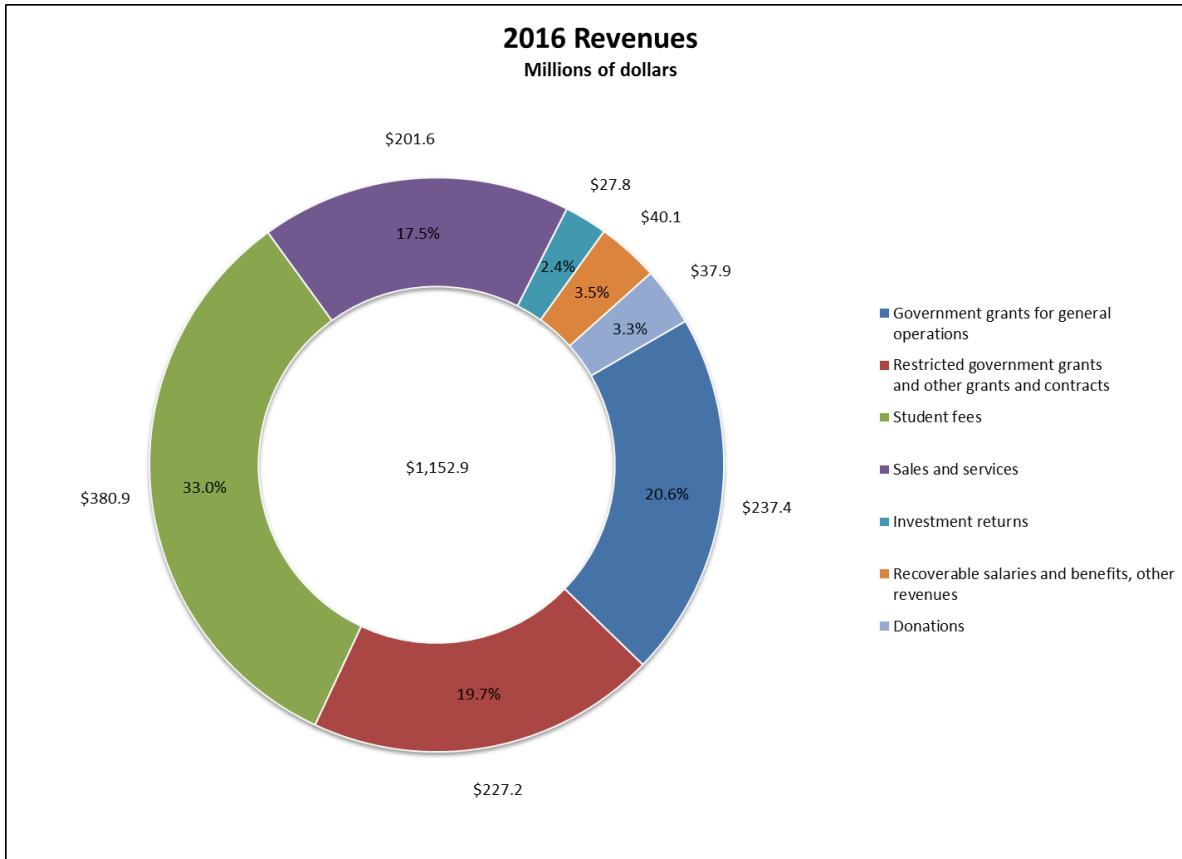
Revenues and Expenses
2012-2016



Endowment Performance 2012-2016



Revenues and Expenses 2016





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, 2016, 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 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.

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, 2016, 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.

Auditors' 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 combined financial position of The University of Western Ontario as at April 30, 2016, and its results of combined operations and its combined 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 27, 2016
London, Canada

THE UNIVERSITY OF WESTERN ONTARIO

Combined Statement of Financial Position

Statement 1

As at April 30, 2016, with comparative information for 2015
(thousands of dollars)

	2016	2015
	\$	\$
Assets		
Current		
Cash	18,595	20,308
Accounts receivable [note 3]	84,679	77,523
Inventories	5,371	5,297
Prepaid expenses and deposits	18,421	17,357
Short-term investments [note 4(a)]	302,547	306,533
	<u>429,613</u>	<u>427,018</u>
Long-term accounts receivable	4,645	4,580
Investments [note 4(a)]	1,095,493	1,045,488
Capital assets [note 5]	1,252,979	1,250,254
	<u>2,782,730</u>	<u>2,727,340</u>
Liabilities and deferred contributions		
Current		
Bank indebtedness [note 6]	3,494	5,336
Accounts payable and accrued liabilities [note 7]	79,975	80,234
Current portion long-term debt [note 10]	7,666	7,689
Deferred fees and income	90,746	87,165
	<u>181,881</u>	<u>180,424</u>
Long-term accounts payable	1,114	255
Employee future benefits [note 8]	525,717	482,294
Long-term debt [note 10]	282,897	290,551
Deferred contributions [note 11]	157,821	162,138
Deferred capital contributions [note 12]	479,252	477,130
	<u>1,628,682</u>	<u>1,592,792</u>
Net assets [Statement 3]	<u>1,154,048</u>	<u>1,134,548</u>
	<u>2,782,730</u>	<u>2,727,340</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:



H. Hassan

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, 2016, with comparative information for 2015

(thousands of dollars)

	2016	2015
	\$	\$
Revenues		
Government grants for general operations	237,384	236,684
Restricted government grants and other grants and contracts	227,161	218,748
Student fees	380,903	356,511
Sales and services	201,597	190,160
Donations	37,880	35,570
Investment returns [note 4(b)]	27,777	80,782
Recoverable salaries and benefits	19,263	19,440
Other revenues	20,953	22,506
	<u>1,152,918</u>	<u>1,160,401</u>
Expenses		
Salaries and benefits	676,600	659,665
Operating costs	171,971	164,230
Scholarships, fellowships and bursaries	77,229	72,968
Amortization of capital assets	73,494	74,538
Cost of sales and services	37,827	38,515
Utilities and taxes	29,673	27,250
Repairs and maintenance	26,401	29,994
Interest on long-term debt [note 9(b)(ii)]	13,804	17,004
	<u>1,106,999</u>	<u>1,084,164</u>
Excess of revenues over expenses	<u>45,919</u>	<u>76,237</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, 2016, with comparative information for 2015

(thousands of dollars)

	2016				2015
	Unrestricted	Internally Restricted	Endowments	Total	Total
	[note 13]	[note 14]	[note 15]		
	\$	\$	\$	\$	\$
Net assets, beginning of year	(457,686)	1,006,455	585,779	1,134,548	1,049,150
Excess of revenues over expenses	45,919	-	-	45,919	76,237
Change in internally restricted net assets	(54,260)	54,447	-	187	225
Investment returns allocated to internal endowments	194	-	(194)	-	-
Allocation for spending of internally endowed returns	1,790	-	(1,790)	-	-
Investment returns allocated to external endowments [note 4(b)]	-	-	(877)	(877)	59,025
Allocation for spending of externally endowed accumulated investment returns [note 4(b)]	-	-	(19,913)	(19,913)	(9,374)
Endowment contributions	(5,416)	-	17,610	12,194	17,401
Employee future benefits remeasurements and other items [note 8(a)]	(18,010)	-	-	(18,010)	(58,116)
Net assets, end of year	(487,469)	1,060,902	580,615	1,154,048	1,134,548

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, 2016, with comparative information for 2015

(thousands of dollars)

	2016	2015
	\$	\$
Operating activities		
Excess of revenues over expenses	45,919	76,237
Non-cash items		
Amortization of capital assets	73,494	74,538
Amortization of deferred capital contributions	(30,413)	(32,421)
Employee future benefits	25,413	22,503
Net change in non-cash working capital [note 17]	(4,178)	13,402
Cash provided by operating activities	<u>110,235</u>	<u>154,259</u>
Investing activities		
Net change in investments	(46,019)	(175,356)
Purchase of capital assets	<u>(76,032)</u>	<u>(72,127)</u>
Cash used in investing activities	<u>(122,051)</u>	<u>(247,483)</u>
Financing activities		
Receipt of deferred capital contributions	32,535	21,136
Net change in deferred contributions	(4,317)	9,511
Investment returns allocated to external endowments [note 4(b)]	(877)	59,025
Allocation for spending of externally endowed accumulated investment returns [note 4(b)]	(19,913)	(9,374)
Repayment of long-term debt	(7,677)	(7,613)
Endowment contributions	<u>12,194</u>	<u>17,401</u>
Cash provided by financing activities	<u>11,945</u>	<u>90,086</u>
Net increase (decrease) in cash	129	(3,138)
Cash position, beginning of year	<u>14,972</u>	<u>18,110</u>
Cash position, end of year	<u><u>15,101</u></u>	<u><u>14,972</u></u>
Represented by:		
Cash	18,595	20,308
Bank indebtedness	<u>(3,494)</u>	<u>(5,336)</u>
	<u><u>15,101</u></u>	<u><u>14,972</u></u>

See accompanying notes to the combined financial statements.

THE UNIVERSITY OF WESTERN ONTARIO

Notes to the Combined Financial Statements

Year Ended April 30, 2016
(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.

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 Plan for Academic Staff and the Pension Plan for 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.

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.

THE UNIVERSITY OF WESTERN ONTARIO

Notes to the Combined Financial Statements

Year Ended April 30, 2016
(thousands of dollars)

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) GIC's and other short-term investments, which consist primarily of savings accounts and money market funds, are valued at 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) Equities consist of Canadian, U.S., Non-North American and private equities. Canadian, U.S. and Non-North American equities are traded on the open market. Fair values are based on the latest closing price. Private equities are valued based on the latest valuation provided by the external investment manager, reflecting any impairment.
- iii) Fixed income includes Canadian bonds and mortgages. Canadian bonds are traded on the open market and fair values are based on the latest closing price. Mortgages are valued at their net asset value per unit valued based on the latest valuation provided by the external investment manager, reflecting any impairment.
- iv) Real assets consist of real estate and infrastructure investments. Both are valued based on the latest valuation provided by the external investment manager, reflecting any impairment.
- v) Diversifiers include absolute return strategies which are valued based on the latest valuation provided by the external investment manager, reflecting any impairment, and cash that is held for investment rather than liquidity purposes.

Transactions are recorded on a settlement date basis and any transaction costs are expensed against investment returns when 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, realized and unrealized currency gains and losses and the unrealized loss in the fair value of the interest rate swaps.

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, 2016
(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

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

Works of art and collections are not amortized.

(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 using accounting assumptions, 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. Remeasurements and other items, including plan amendments and actuarial gains and losses are recognized directly in net assets in the combined statement of financial position and are presented as a separately identified line item in the combined statement of changes in net assets.

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.

THE UNIVERSITY OF WESTERN ONTARIO

Notes to the Combined Financial Statements

Year Ended April 30, 2016
(thousands of dollars)

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.

In November 2015, the University Pension Board approved a group annuity buy-out plan for the existing defined benefit payment recipients from both plans. Canada Life Assurance (part of the Great West Life group of Companies) established continued payments under a group annuity contract for all special members in receipt of monthly pension payments, beginning January 1, 2016. This transaction eliminated all defined benefit liabilities of the Pension Plan for Academic Staff and reduced the defined benefit liabilities in the Pension Plan for Administrative Staff to \$330. There remains a net surplus in the combined plans of approximately \$619 (note 8).

In October 2000, the University established the Retirement Income Funds Program ("RIF") to provide periodic income payments to former members of the University's pension plans who choose to enroll. The funds were invested and administered in the same manner as the University pension plans. In May 2015, the University entered into an agreement with Sun Life Financial to be the preferred provider of the RIF for the University's retirees. Existing members of the RIF were requested to exit the Fund by December 2015, with the option to join the new program or transfer funds to another provider. All member assets had been redeemed from the RIF by December 31, 2015. There were no net assets remaining in the RIF at December 31, 2015.

(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 non-pension

THE UNIVERSITY OF WESTERN ONTARIO

Notes to the Combined Financial Statements

Year Ended April 30, 2016
(thousands of dollars)

retirement benefit obligations and provisions for contingencies. Actual results could differ from those estimates.

(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

Current accounts receivable is comprised primarily of balances for trade accounts receivable and research projects. An allowance of \$1,755 (2015 - \$1,465) has been recorded.

4. INVESTMENTS

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

	2016	2015
Equities	\$ 682,464	\$ 692,015
Fixed income	187,788	215,395
Real assets	145,780	87,989
Diversifiers	79,461	50,089
	<u>1,095,493</u>	<u>1,045,488</u>
GICs and other short-term investments	302,547	306,533
	<u>\$ 1,398,040</u>	<u>\$ 1,352,021</u>

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 for future expenditures.

Uncalled commitments:

Approximately 15.7% (2015 - 12.2%) 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, mortgage and infrastructure investments. The University has uncalled commitments of approximately \$84,157 (2015 - \$105,327). The University anticipates being able to meet all calls as they are made.

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

	2016	2015
Investment returns	\$ 6,987	\$ 130,433
Investment returns allocated to external endowments	877	(59,025)
Allocation for spending of externally endowed accumulated investment returns	19,913	9,374
	<u>\$ 27,777</u>	<u>\$ 80,782</u>

Investment income is comprised of the following:

	2016	2015
Unrealized (losses) gains on investments	\$ (45,314)	\$ 51,370
Realized gains on investments	32,785	18,806
Interest and dividend income	40,306	10,606
	<u>\$ 27,777</u>	<u>\$ 80,782</u>

5. CAPITAL ASSETS

Capital assets consist of the following:

	2016			2015		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Buildings	\$ 1,282,386	\$ 448,963	\$ 833,423	\$ 1,244,536	\$ 419,388	\$ 825,148
Equipment, furnishing & computer equipment	540,494	387,123	153,371	521,656	372,153	149,503
Library books	243,840	225,389	18,451	234,709	216,389	18,320
Construction in progress	34,679	-	34,679	45,750	-	45,750
Land	190,980	-	190,980	189,759	-	189,759
Works of art and collections	22,075	-	22,075	21,774	-	21,774
	<u>\$ 2,314,454</u>	<u>\$ 1,061,475</u>	<u>\$ 1,252,979</u>	<u>\$ 2,258,184</u>	<u>\$ 1,007,930</u>	<u>\$ 1,250,254</u>

The University maintains a collection of art that is insured for \$14,070. During the year, paintings were donated to the University with a total appraised value of \$187 (2015 - \$225).

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.

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7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

As at April 30, 2016, accounts payable and accrued liabilities include current government remittances payable of \$13,774 (2015 - \$13,468).

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, 2014 for the non-pension plans and December 31, 2015 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.

(a) Non-pension plans:

The accrued benefit liability relating to the employee future benefits is \$525,717 (2015 - \$482,294). This liability has been recorded in the combined financial statements.

Total expense for these plans is \$25,413 (2015 - \$22,503) including \$682 (2015 - \$1,200) for supplemental and other benefits. Benefits paid during the year amounted to \$9,538 (2015 - \$8,978).

(b) Pension plans:

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

	December 31, 2015	December 31, 2014
Accrued benefit obligation:		
Academic staff	\$ -	\$ 2,823
Administrative staff	330	1,512
	<u>\$ 330</u>	<u>\$ 4,335</u>
Fair value of plan assets:		
Academic staff	\$ 709	\$ 3,235
Administrative staff	240	1,433
	<u>\$ 949</u>	<u>\$ 4,668</u>
Funded status – surplus (deficit)	<u>\$ 619</u>	<u>\$ 333</u>

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

	December 31, 2015	December 31, 2014
Employer contributions	\$ 31,018	\$ 31,315
Employee contributions	21,010	19,082
	<u>\$ 52,028</u>	<u>\$ 50,397</u>

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(c) 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	
	2016	2015	2015	2014
Discount rate	3.7%	3.9%	5.25%	2.25 - 2.53%
Expected long-term rate of return on plan assets	-	-	5.25%	2.25 - 2.53%
Medical trend rate	5.0%	5.0%	-	-
Dental trend rate	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:

	2016		2015	
	Notional Value	Fair Value	Notional Value	Fair Value
Foreign Currency Contracts				
U.S. dollars	\$ 71,400	\$ 2,240	\$ 111,554	\$ 4,918
Other International	205,710	5,620	150,300	2,120
	<u>\$ 277,110</u>	<u>\$ 7,860</u>	<u>\$ 261,854</u>	<u>\$ 7,038</u>
Interest rate swap agreements	<u>\$ 93,294</u>	<u>\$ (5,506)</u>	<u>\$ 100,044</u>	<u>\$ (4,721)</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.

(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 loss in the fair value is

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recorded in interest on long-term debt in the combined statement of operations. During the year, the total unrealized loss on the interest rate swaps was \$786 (2015 - \$3,816).

The interest rate swap contracts result in the University fixing a weighted average long-term interest rate of 2.86% on certain floating rate debt obligations instead of paying a weighted average short-term floating rate of 1.27% (2015 - 1.34%).

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, 2016:

(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 41% (2015 - 42%) 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.

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

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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 Operating & Endowment 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 debenture and mortgages 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 held in fixed income, diversifiers, GIC's and other short-term investments 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 equities, fixed income, real assets, GIC's and other short-term 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.

(vi) Inflation risk

Inflation risk is the risk that unexpected increases in the price level of goods and services may negatively impact investment performance.

The University's investments in equities and fixed income are sensitive to inflation risk. Management mitigates this risk by investing in real assets which provide a natural hedge to inflation risk by exhibiting returns that are highly correlated with inflation.

(vi) Deflation risk

Deflation risk is the risk that a decrease in the price level of goods and services may negatively impact economic growth as businesses and consumers may decide to postpone spending and investment. A prolonged period of weak economic growth may negatively impact investment performance, especially equity investments.

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Management mitigates this risk by maintaining investments in fixed income, specifically nominal bonds, which tend to do better than other asset classes in a deflationary environment.

10. LONG-TERM DEBT

	Maturity	Interest Rate at April 30, 2016	2016 Principal Outstanding	2015 Principal Outstanding
(a) Senior Unsecured Debentures [note (d)]	May 24, 2047	4.80%	\$ 189,172	\$ 189,160
(b) The details of the mortgages are as follows:				
Housing [note (e)]				
Canada Mortgage and Housing Corporation:				
Platt's Lane Estates	August 1, 2028	8.00%	\$ 6,244	\$ 6,486
Glenmore Complex	December 1, 2019	6.25%	1,747	2,120
Ontario Housing Corporation:				
Glenmore Complex	December 1, 2019	6.50%	106	130
Total mortgages			\$ 8,097	\$ 8,736
(c) The details of the Bankers' Acceptances (BA's) are as follows:				
Bankers' Acceptances [note (f)]	May 16, 2016	1.30%	\$ 81,669	\$ 87,989
Related Corporations				
Research & Development Park [note (g)]	July 29, 2016	1.07%	11,625	12,055
Richard Ivey School of Business Foundation			-	300
Total Bankers' Acceptances			\$ 93,294	\$ 100,344
Total debt			\$ 290,563	\$ 298,240
Less current portion			\$ 7,666	\$ 7,689
			\$ 282,897	\$ 290,551

(d) On May 24, 2007, the University issued Series A Senior Unsecured Debenture in the aggregate principal amount of \$190,000. The debenture bears interest at 4.80% 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, 2016, the University has outstanding debt of \$81,669 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 \$81,669 at 2.99% over the remaining term, ending October 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 that has not been drawn on.

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- (g) An interest rate swap agreement has been entered into 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
2017	\$ 7,666
2018	18,724
2019	7,839
2020	8,140
2021	7,937
Subsequent years	240,257
	<u>\$ 290,563</u>

11. DEFERRED CONTRIBUTIONS

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

	2016	2015
Balance, beginning of year	\$ 162,138	\$ 152,627
Grants, contributions, donations and investment income	192,691	321,892
Recognized to revenue	(197,008)	(312,381)
Balance, end of year	<u>\$ 157,821</u>	<u>\$ 162,138</u>

	2016	2015
Unspent research grants	\$ 85,892	\$ 88,856
Scholarships	15,087	13,162
Other restricted funds	56,842	60,120
	<u>\$ 157,821</u>	<u>\$ 162,138</u>

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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 until such time as capital expenditures are incurred. The changes in the deferred capital contributions balance are as follows:

	2016	2015
Balance, beginning of year	\$ 477,130	\$ 488,415
Less amortization of deferred capital contributions	(30,413)	(32,421)
Add contributions received during the year	32,535	21,136
Balance, end of year	<u>\$ 479,252</u>	<u>\$ 477,130</u>

Represented by:

	2016	2015
Amounts used for the purchase of capital assets	\$ 479,252	\$ 474,917
Amounts to be spent on capital assets	-	2,213
	<u>\$ 479,252</u>	<u>\$ 477,130</u>

13. UNRESTRICTED NET ASSETS

Details of the unrestricted net assets are as follows:

	2016	2015
Operating fund surplus	\$ 53,141	\$ 39,534
Provision for vacation pay	(9,413)	(9,113)
Operating deficit - related organizations	(26,237)	(25,948)
Provision for employee future benefits	(504,960)	(462,159)
	<u>\$ (487,469)</u>	<u>\$ (457,686)</u>

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14. INTERNALLY RESTRICTED NET ASSETS

Details of the internally restricted net assets are as follows:

	2016	2015
Investment in capital assets	\$ 514,397	\$ 499,143
Departmental carry forwards	204,827	184,082
Capital reserve	43,604	37,707
Operating surplus - ancillary and support units	9,376	10,773
Faculty and research trust funds	50,482	41,795
Equipment reserves	26,029	21,546
Self-insurance funds	1,000	1,000
Undistributed investment returns	211,187	210,409
	<u>\$ 1,060,902</u>	<u>\$ 1,006,455</u>

- 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.

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Net assets restricted for endowment consist of the following:

	2016	2015
Externally endowed	\$ 523,583	\$ 532,185
Internally endowed	57,032	53,594
	<u>\$ 580,615</u>	<u>\$ 585,779</u>

Represented by:

Endowed funds	\$ 457,393	\$ 439,609
Accumulated investment returns	123,222	146,170
	<u>\$ 580,615</u>	<u>\$ 585,779</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.

	2016 Western	2016 Affiliates	2015 Western	2015 Affiliates
Changes in Endowment Fund Balances				
Fund balances, beginning of year	\$ 48,225	\$ 2,862	\$ 43,599	\$ 2,851
Cash donations	209	-	99	-
Preservation of capital	(1,882)	14	4,451	11
Other change to balance	256	2	76	-
Fund balances, end of year	<u>\$ 46,808</u>	<u>\$ 2,878</u>	<u>\$ 48,225</u>	<u>\$ 2,862</u>

Changes in Expendable Funds Available for Awards

Fund balances, beginning of year	\$ 1,489	\$ 741	\$ 2,090	\$ 601
Investment income	1,724	(4)	897	272
Expendable donations	21	-	23	-
Value of bursaries awarded [749 (2015 – 737)]	(1,583)	(136)	(1,445)	(132)
Other change to balance	(242)	4	(76)	-
Fund balances, end of year	<u>\$ 1,409</u>	<u>\$ 605</u>	<u>\$ 1,489</u>	<u>\$ 741</u>

The fair value of the endowment at April 30, 2016 was \$51,692 (2015 - \$53,356).

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

ii) Phase II

	2016 Western	2016 Affiliates	2015 Western	2015 Affiliates
Changes in Endowment Fund Balances				
Fund balances, beginning of year	\$ 18,090	\$ 1,457	\$ 16,414	\$ 1,465
Cash donations	76	-	108	-
Preservation of capital	(821)	8	1,505	(8)
Other change to balance	9	15	63	-
Fund balances, end of year	\$ 17,354	\$ 1,480	\$ 18,090	\$ 1,457

Changes in Expendable Funds Available for Awards

Fund balances, beginning of year	\$ 269	\$ 244	\$ 515	\$ 221
Investment income	1,657	59	1,389	79
Expendable donations	1	-	18	-
Value of bursaries awarded [271 (2015 – 289)]	(1,591)	(56)	(1,587)	(56)
Other change to balance	(9)	-	(66)	-
Fund balances, end of year	\$ 327	\$ 247	\$ 269	\$ 244

The fair value of the endowment at April 30, 2016 was \$19,409 (2015 - \$20,082).

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

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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.

	2016 Western	2016 Affiliates	2015 Western	2015 Affiliates
Changes in Endowment Fund Balances				
Fund balances, beginning of year	\$ 54,455	\$ 7,567	\$ 49,834	\$ 7,391
Cash donations	19	116	124	28
Preservation of capital	(2,317)	48	4,326	148
Other change to balance	3	25	171	-
Fund balances, end of year	\$ 52,160	\$ 7,756	\$ 54,455	\$ 7,567

Changes in Expendable Funds Available for Awards

Fund balances, beginning of year	\$ 471	\$ 555	\$ 834	\$ 446
Investment income	1,378	164	946	382
Expendable donations	1	-	1	-
Value of bursaries awarded [547 (2015 – 485)]	(1,311)	(272)	(1,141)	(273)
Other change to balance	(12)	-	(169)	-
Fund balances, end of year	\$ 527	\$ 447	\$ 471	\$ 555

The fair value of the endowment at April 30, 2016 was \$60,952 (2015 - \$63,183).

The amounts for affiliated colleges 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 \$36,967 (2015 - \$39,141). 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.

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17. STATEMENT OF CASH FLOWS

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

	2016	2015
Accounts receivable	\$ (7,221)	\$ (2,252)
Inventories	(74)	(757)
Prepaid expenses and deposits	(1,064)	(2,756)
Accounts payable and accrued liabilities	600	11,427
Deferred fees and income	3,581	7,740
Net change in non-cash working capital	<u>\$ (4,178)</u>	<u>\$ 13,402</u>

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, 2016 is approximately \$56,000 (2015 - \$57,000).

(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, 2015, CURIE was fully funded.

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19. PLEDGES

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

	Pledges
2017 -	\$ 24,111
2018 -	19,008
2019 -	11,314
Subsequent years -	20,096
	<u>\$ 74,529</u>

20. COMPARATIVE INFORMATION

Certain comparative information has been reclassified where necessary to be consistent with the presentation adopted in the current year.