



## FINANCIAL STATEMENTS

APRIL 30, 2013

### INDEX

	<i>Page</i>
Statement of Administrative Responsibility .....	1
Introduction to York University Financial Statements – 2012-2013 .....	2
Summary of Revenue and Expenses .....	4
Independent Auditors' Report on Financial Statements .....	8
Balance Sheets .....	9
Statements of Operations and Changes in Deficit .....	10
Statements of Changes in Net Assets .....	11
Statements of Cash Flows .....	12
Notes to Financial Statements .....	13





## STATEMENT OF ADMINISTRATIVE RESPONSIBILITY

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

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations. The administration believes the financial statements present fairly, in all material respects, the University's financial position as at April 30, 2013 and 2012 and May 1, 2011 and the results of its operations and its cash flows for the years ended April 30, 2013 and 2012. In order to achieve the objective of fair presentation in all material respects, the use of reasonable estimates and judgments was employed. Additionally, the administration has ensured that all financial information presented in this report has been prepared in a manner consistent with that in the financial statements.

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

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

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

Ernst & Young LLP, Chartered Accountants, the auditors appointed by the Board of Governors, have reported on the financial statements for the years ended April 30, 2013 and 2012. The independent auditors' report outlines the scope of their audit and their opinion on the presentation of the information included in the financial statements.

A handwritten signature in black ink that reads "Gary Brewer".

Gary Brewer  
Vice-President, Finance and Administration

A handwritten signature in black ink that reads "M. Shoukri".

Mamdouh Shoukri  
President and Vice-Chancellor

## **INTRODUCTION TO YORK UNIVERSITY FINANCIAL STATEMENTS – 2012-2013**

In 2012-2013, the University continued to manage its finances in a very challenging fiscal environment. The current year was characterized by continued strong international undergraduate enrolment growth and strong capital market performance. Quality undergraduate and domestic graduate enrolment growth continued to be key priorities for the University as part of an overall focus on achieving the objectives of the University Academic Plan. Increased tuition fees and higher international enrolments provided some additional operating income. However, cost pressures largely associated with salary and benefits continued to grow.

Grants and contract funding decreased from \$392 million in 2012 to \$387 million in 2013. The decrease is attributable to lower government funding for student-related grants cancelled in the Provincial Budget in 2012.

The Statements of Operations and Changes in Deficit reports total tuition fee revenue increasing from \$434 million in 2012 to \$453 million in 2013. The majority of this growth is associated with increases in approved tuition fee rates and increasing international undergraduate enrolments.

Salaries and benefits increased from \$652 million in 2012 to \$691 million in 2013. Salary levels were generally 2% higher than in the previous year and reflected the annual increase associated with the collective agreements that covered the majority of the University's personnel. Continued cost pressures related to current and post-employment pension and benefit costs also contributed to the higher costs.

Scholarships and bursaries decreased from \$61 million in 2012 to \$60 million in 2013. The decrease resulted from lower graduate scholarships and bursaries for undergraduate students, due to the cancellation of government grants associated with Ontario Work Study, Aim for the Top, and International Marketing and Recruitment.

Interest on long-term debt remained constant at \$19 million in 2012 and 2013. This level reflects the full cost of servicing the debentures issued in 2002 and 2004, as well as a small amount of other debt.

As summarized on the Balance Sheets, the University's unrestricted deficit has decreased from \$45 million in 2012 to \$39 million in 2013. The decrease in the deficit is the result of a small budgeted operating surplus as well as a budgeted surplus in ancillary operations.

As a result of the adoption of the new accounting standards for not-for-profit organizations, the University elected to report land at fair market value. This change resulted in an increase of the investment in capital assets by \$586 million from \$729 million to \$1,315 million for May 1, 2011 and the restatement of \$774 million to \$1,360 million in 2012. The University's investment in capital assets decreased from \$1,360 million in 2012 to \$1,353 million in 2013. This change is the result of new capital construction related to the Pan Am Stadium and its related enabling works less the annual amortization charges.

Investments at April 30, 2013 totalled \$642 million, as compared to \$591 million at April 30, 2012. Investments consisted of \$373 million in endowments (\$333 million last year) and \$269 million in other investments (\$258 million last year). The change in investments over the course of the year is the result of strong capital market returns on the endowments for the current year.

York recognizes the liabilities for future retiree benefits for both active employees and current retirees associated with post-employment benefits. As a result of the adoption of the new accounting standards for not-for-profit organizations, the University elected to adopt the immediate recognition approach for the valuation of its pension and benefit plan obligations. This change resulted in an increase to the liability to \$300 million, from the previously reported May 1, 2011 amount of \$66 million. As a result of poor capital market performance during the 2011/12 fiscal year, the May 1, 2011 amount of \$300 million increased to \$372 million by April 2012. For April 2013, the total liability reported was reduced to \$308 million. The reduction reflects a combination of strong capital market performance for the pension obligations compared to the actuarial assumptions offset by a reduction in the long term interest rate on the other post-employment benefit valuation.

Heading into fiscal 2014, the University will continue to manage its finances responsibly. The challenges for the next year are as follows:

- the achievement of enrolment growth for domestic and international;
- the achievement of planned budget cuts across the institution;
- the increasing pressures on salary and benefit costs;
- the pension fund performance and related solvency deficit payments; and
- the implications of potential changes in government grant funding allocations.

These challenges are expected to impact through fiscal year 2013-2014 and beyond.



Gary Brewer  
Vice-President, Finance and Administration

## SUMMARY OF REVENUE AND EXPENSES

### Total Revenue and Expenses

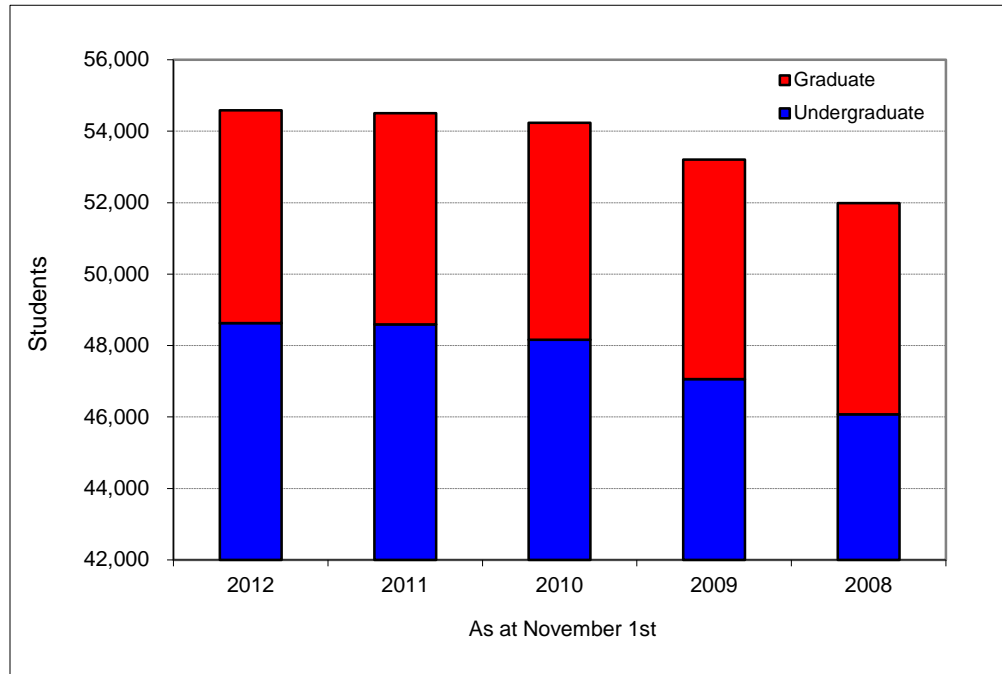
(Millions of dollars)

Year Ended April 30	2013	2012	2011	2010	2009
	\$	\$	\$	\$	\$
<b><u>REVENUE</u></b>					
Student fees	453.2	433.6	404.4	370.0	339.0
Grants and contracts	387.4	392.0	384.9	375.7	386.4
Sales and services	62.8	62.8	63.8	68.0	64.9
Fees and other recoveries	28.2	27.6	26.0	27.4	25.2
Investment income	23.8	19.0	18.9	21.3	10.5
Amortization of deferred capital contributions	14.6	12.0	11.7	12.8	11.7
Donations	9.1	6.9	7.1	6.8	5.3
Other	4.0	2.9	6.2	8.4	3.7
	<b>983.1</b>	<b>956.8</b>	<b>923.0</b>	<b>890.4</b>	<b>846.7</b>
<b><u>EXPENSES</u></b>					
Salaries and benefits	691.2	651.5	631.5	623.8	562.5
Operating costs	123.7	125.6	114.5	110.8	124.7
Scholarships and bursaries	59.6	61.3	58.1	58.9	54.6
Amortization of capital assets	44.4	41.3	40.0	41.2	44.7
Taxes and utilities	29.2	29.1	28.8	32.6	33.3
Interest on long-term debt	19.2	19.4	19.6	21.1	22.8
Cost of sales and services	16.8	16.8	18.4	23.4	21.4
Expenses before the following	984.1	945.0	910.9	911.8	864.0
Post-employment benefit expense - remeasurement	(59.9)	72.6	(35.4)	(13.9)	198.3
	<b>924.2</b>	<b>1,017.6</b>	<b>875.5</b>	<b>897.9</b>	<b>1,062.3</b>

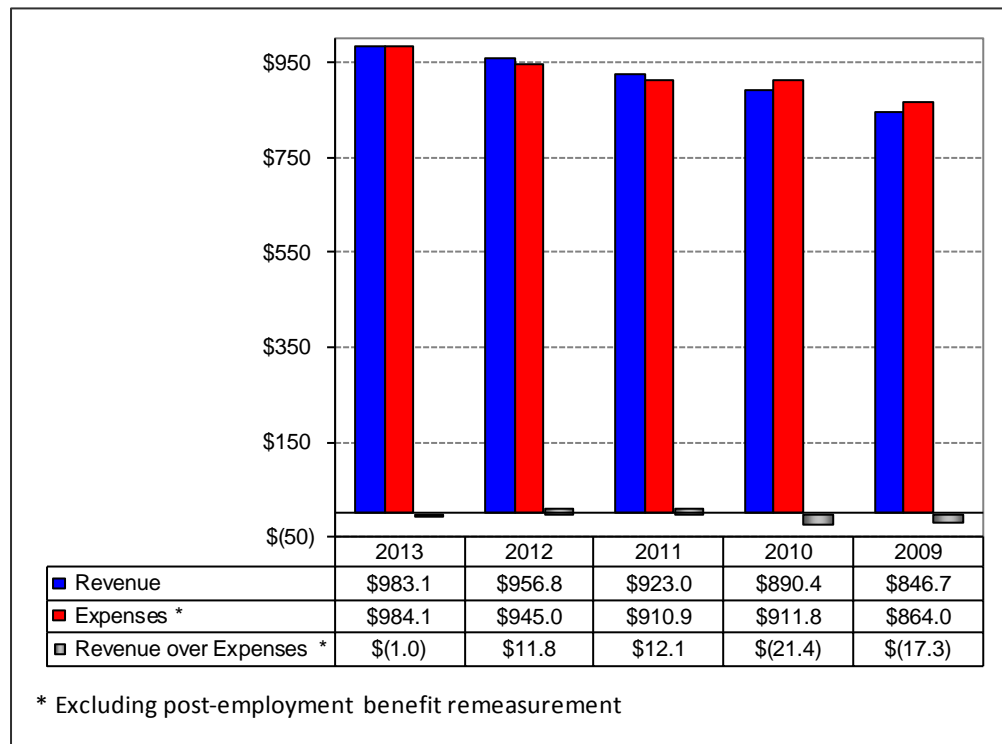
### % of Total Revenue and Expenses

Year Ended April 30	2013	2012	2011	2010	2009
	%	%	%	%	%
<b><u>REVENUE</u></b>					
Student fees	46.1	45.3	43.8	41.6	40.0
Grants and contracts	39.4	41.0	41.7	42.2	45.6
Sales and services	6.4	6.6	6.9	7.6	7.7
Fees and other recoveries	2.9	2.9	2.8	3.1	3.0
Investment income	2.4	2.0	2.0	2.4	1.3
Amortization of deferred capital contributions	1.5	1.3	1.3	1.4	1.4
Donations	0.9	0.7	0.8	0.8	0.6
Other	0.4	0.2	0.7	0.9	0.4
	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b><u>EXPENSES</u></b>					
Salaries and benefits	74.8	64.0	72.1	69.5	53.0
Operating costs	13.4	12.3	13.1	12.3	11.7
Scholarships and bursaries	6.4	6.0	6.6	6.6	5.1
Amortization of capital assets	4.8	4.1	4.6	4.6	4.2
Taxes and utilities	3.2	2.9	3.3	3.6	3.1
Interest on long-term debt	2.1	1.9	2.2	2.3	2.1
Cost of sales and services	1.8	1.7	2.1	2.6	2.0
Post-employment benefit expense - remeasurement	(6.5)	7.1	(4.0)	(1.5)	18.8
	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

## ENROLMENT GROWTH 2008 – 2012

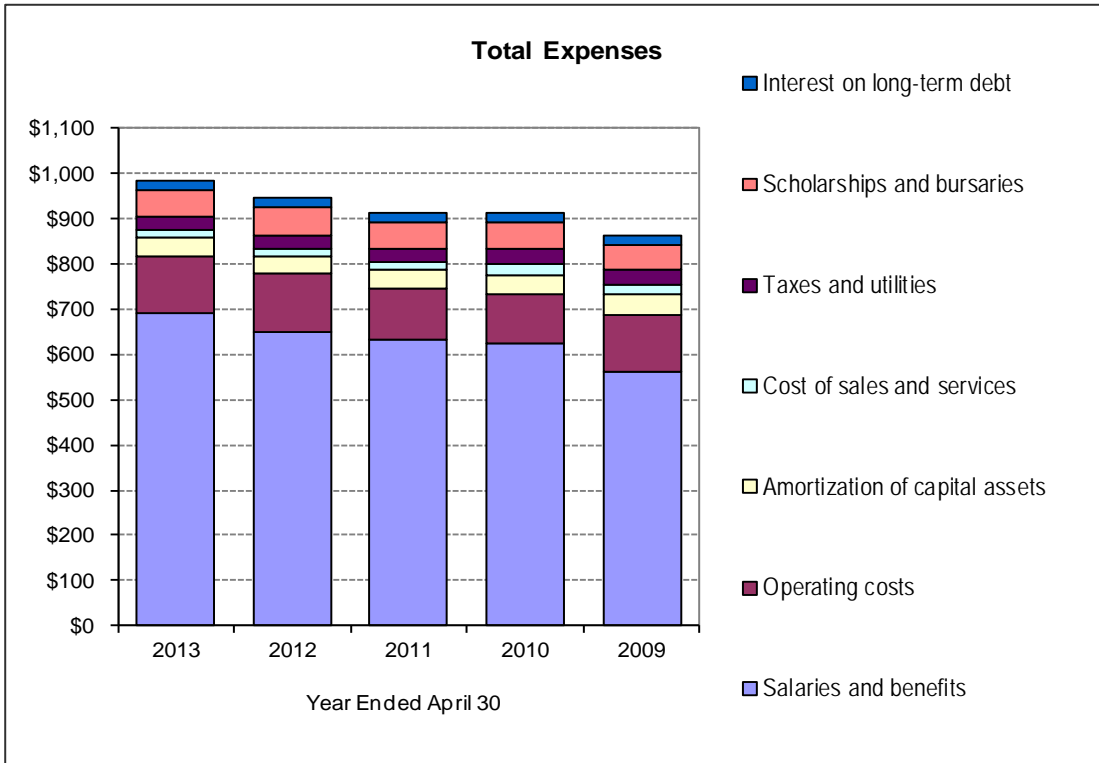
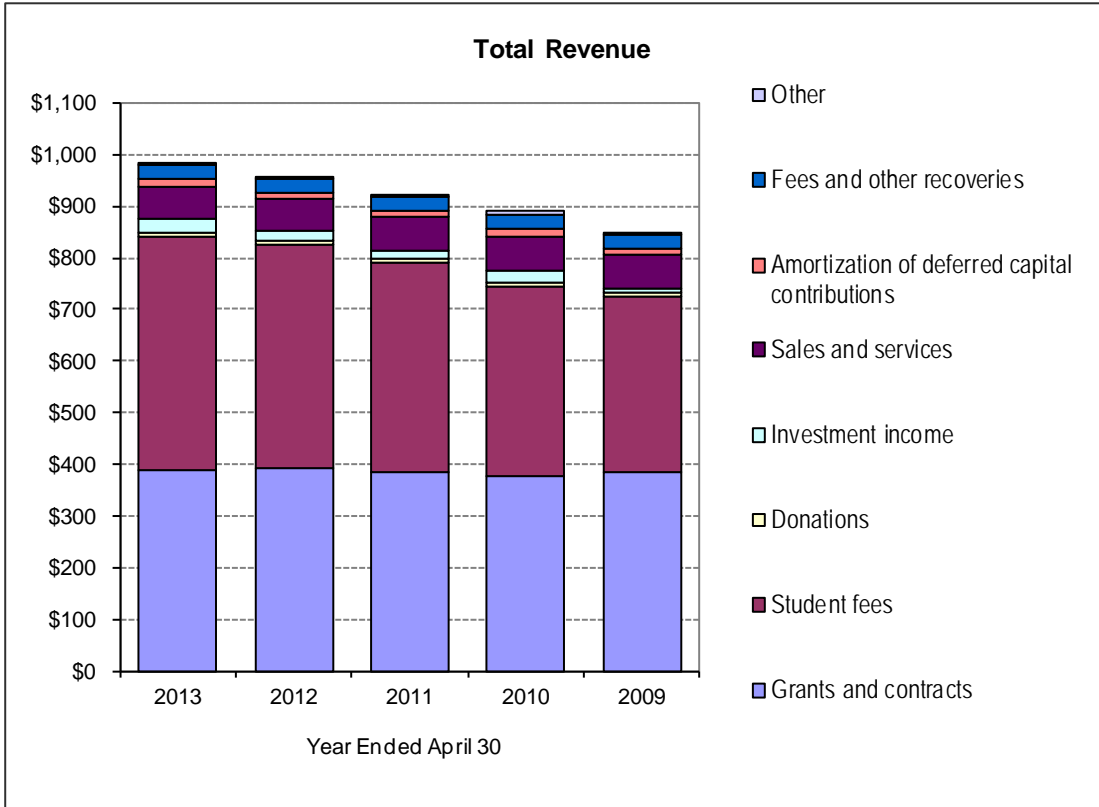


## REVENUE AND EXPENSES Year Ended April 30 2009 – 2013 (Millions of dollars)



# SUMMARY OF REVENUE AND EXPENSES

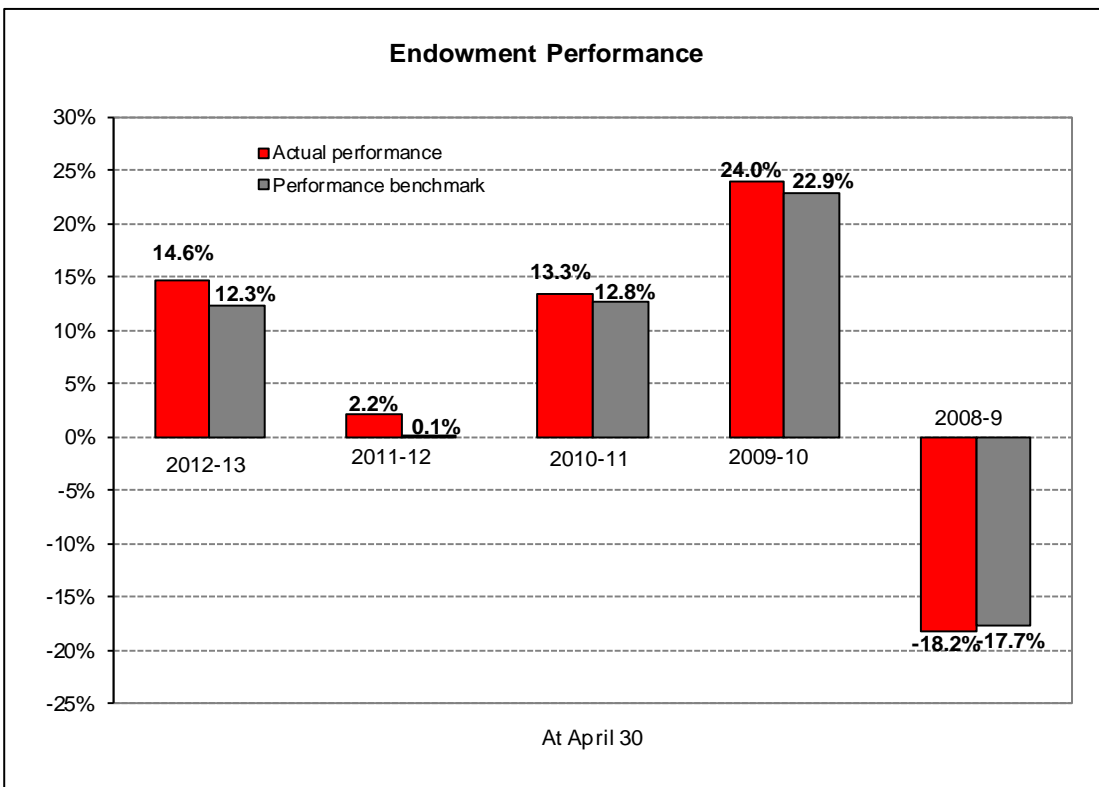
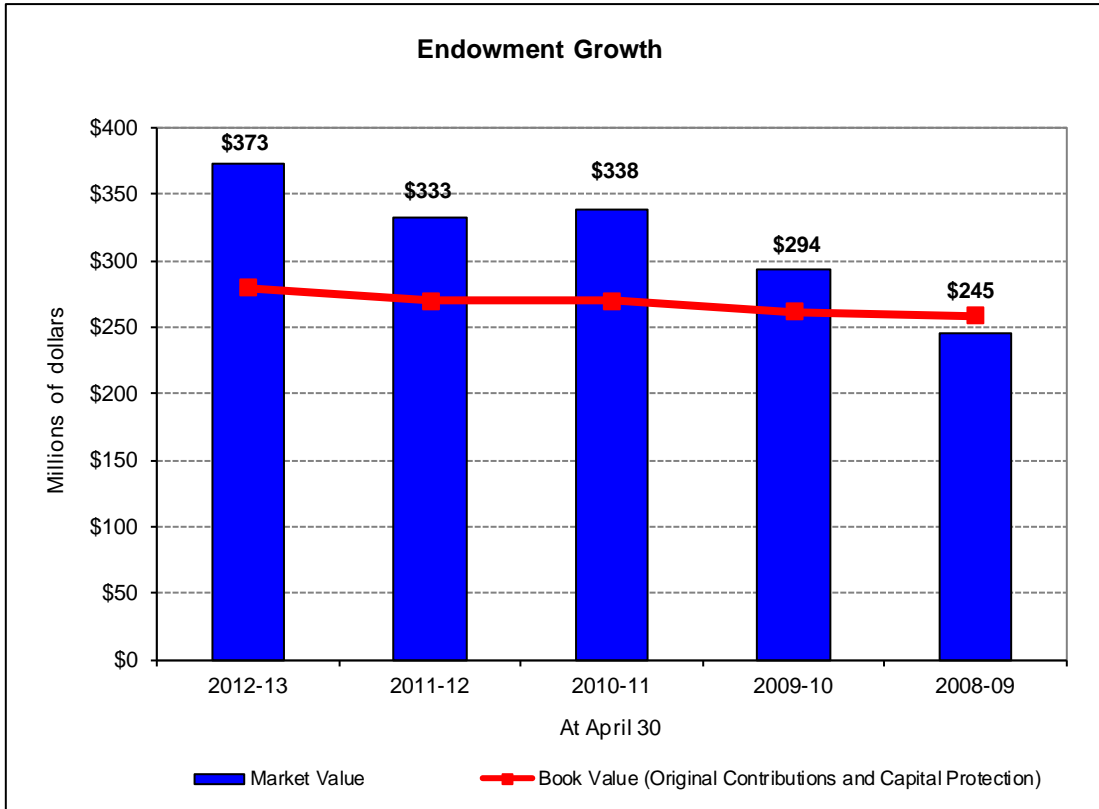
2009 – 2013  
(Millions of dollars)





# ENDOWMENT GROWTH AND PERFORMANCE

2009 – 2013



# INDEPENDENT AUDITORS' REPORT

## To the Board of Governors of York University

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

### Management's responsibility for the financial statements

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

### Auditors' responsibility

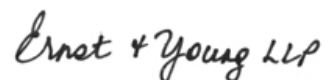
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audits to obtain reasonable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

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

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

### Opinion

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

The signature of Ernst & Young LLP is written in a cursive, handwritten style in black ink.

Toronto, Canada  
June 24, 2013

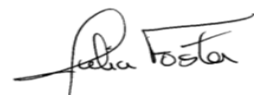
Chartered Accountants  
Licensed Public Accountants

**BALANCE SHEETS**  
(Thousands of dollars)

As at	April 30, 2013 \$	April 30, 2012 \$	May 1, 2011 \$
<b>ASSETS</b>			
<b>Current</b>			
Cash and cash equivalents	35,301	20,400	48,311
Accounts receivable (note 4)	48,274	64,213	66,154
Inventories	3,781	4,512	4,636
Prepaid expenses	9,224	9,700	9,338
<b>Total current assets</b>	<b>96,580</b>	<b>98,825</b>	<b>128,439</b>
Investments (note 3)	642,288	590,681	582,629
Investment in lease (note 4)	43,986	44,225	44,440
Capital assets, net (notes 5 and 18)	1,352,816	1,359,963	1,315,034
	<b>2,135,670</b>	<b>2,093,694</b>	<b>2,070,542</b>
<b>LIABILITIES</b>			
<b>Current</b>			
Accounts payable and accrued liabilities (notes 4, 8 and 14)	89,016	81,842	84,632
Current portion of long-term debt (note 9)	670	630	4,430
Deferred revenue	47,340	45,577	46,052
<b>Total current liabilities</b>	<b>137,026</b>	<b>128,049</b>	<b>135,114</b>
Deferred contributions (note 6)	86,987	82,074	83,170
Long-term liabilities (notes 4, 8 and 13)	352,473	415,936	344,466
Long-term debt (note 9)	303,232	303,880	304,488
Deferred capital contributions (note 10)	311,952	314,275	292,907
<b>Total liabilities</b>	<b>1,191,670</b>	<b>1,244,214</b>	<b>1,160,145</b>
Commitments and contingent liabilities (notes 7 and 16)			
<b>NET ASSETS</b>			
Deficit (note 18)	(38,562)	(45,166)	(60,172)
Internally restricted (note 11)	610,241	563,519	639,237
Endowments (note 12)	372,321	331,127	331,332
<b>Total net assets</b>	<b>944,000</b>	<b>849,480</b>	<b>910,397</b>
	<b>2,135,670</b>	<b>2,093,694</b>	<b>2,070,542</b>

See accompanying notes

On behalf of the Board of Governors:



Julia Foster  
Chair



Mamdouh Shoukri  
President and Vice-Chancellor

**STATEMENTS OF OPERATIONS AND CHANGES IN DEFICIT**  
(Thousands of dollars)

Years ended April 30

	2013 \$	2012 \$
<b>REVENUE</b>		
Student fees	453,140	433,611
Grants and contracts	387,406	392,005
Sales and services	62,809	62,756
Fees and other recoveries	28,229	27,630
Investment income (note 3)	23,741	19,032
Amortization of deferred capital contributions (note 10)	14,630	12,041
Donations	9,071	6,873
Other	4,034	2,935
<b>Total revenue</b>	<b>983,060</b>	<b>956,883</b>
<b>EXPENSES</b>		
Salaries and benefits (note 13)	691,186	651,457
Operating costs	123,732	125,596
Scholarships and bursaries	59,614	61,293
Amortization of capital assets	44,353	41,341
Taxes and utilities	29,239	29,135
Interest on long-term debt (note 9)	19,194	19,340
Cost of sales and services	16,772	16,757
<b>Total expenses</b>	<b>984,090</b>	<b>944,919</b>
<b>Revenue over expenses (expenses over revenue) before the following</b>	<b>(1,030)</b>	<b>11,964</b>
Post-employment benefit (recovery) expense – remeasurement (note 13)	(59,940)	72,637
<b>Revenue over expenses (expenses over revenue) for the year</b>	<b>58,910</b>	<b>(60,673)</b>
Net transfers (to) from internally restricted net assets	(46,722)	75,718
Net transfers to internally restricted endowments	(5,584)	(39)
<b>Change in deficit in the year</b>	<b>6,604</b>	<b>15,006</b>
<b>Deficit, beginning of year (note 18)</b>	<b>(45,166)</b>	<b>(60,172)</b>
<b>Deficit, end of year (note 18)</b>	<b>(38,562)</b>	<b>(45,166)</b>

See accompanying notes

**STATEMENTS OF CHANGES IN NET ASSETS**  
(Thousands of dollars)

Years ended April 30

	2013			2012	
	Deficit \$	Internally restricted \$ <i>(note 11)</i>	Endowments \$ <i>(note 12)</i>	Total \$	Total \$
<b>Net assets, beginning of year <i>(note 18)</i></b>	<b>(45,166)</b>	<b>563,519</b>	<b>331,127</b>	<b>849,480</b>	910,397
Revenue over expenses (expenses over revenue) for the year	<b>58,910</b>	-	-	<b>58,910</b>	(60,673)
Net transfers from deficit to internally restricted net assets	<b>(46,722)</b>	<b>46,722</b>	-	-	-
Investment income on externally restricted endowments less amounts made available for spending <i>(note 12)</i>	-	-	<b>30,669</b>	<b>30,669</b>	(5,667)
Contributions to externally restricted endowments <i>(note 12)</i>	-	-	<b>4,941</b>	<b>4,941</b>	5,423
Net transfers from deficit to internally restricted endowments <i>(note 12)</i>	<b>(5,584)</b>	-	<b>5,584</b>	-	-
<b>Net assets, end of year</b>	<b>(38,562)</b>	<b>610,241</b>	<b>372,321</b>	<b>944,000</b>	849,480

See accompanying notes

**STATEMENTS OF CASH FLOWS**  
(Thousands of dollars)

Years ended April 30

	2013 \$	2012 \$
<b>OPERATING ACTIVITIES</b>		
Revenue over expenses (expenses over revenue) for the year	58,910	(60,673)
Add (deduct) non-cash items:		
Amortization of capital assets	44,353	41,341
Amortization of deferred capital contributions	(14,630)	(12,041)
Loss on disposal of capital assets	73	-
Net change in non-cash working capital balances ( <i>note 14</i> )	36,210	4,957
Net change in long-term liabilities ( <i>note 14</i> )	(63,224)	71,685
<b>Cash provided by operating activities</b>	<b>61,692</b>	<b>45,269</b>
<b>INVESTING ACTIVITIES</b>		
Purchase of investments, net ( <i>note 14</i> )	(20,938)	(13,719)
Purchase of capital assets ( <i>note 14</i> )	(42,493)	(93,885)
<b>Cash used in investing activities</b>	<b>(63,431)</b>	<b>(107,604)</b>
<b>FINANCING ACTIVITIES</b>		
Repayment of long-term debt	(608)	(4,408)
Contributions restricted for capital purposes ( <i>note 10</i> )	12,307	33,409
Contributions to externally restricted endowments ( <i>note 12</i> )	4,941	5,423
<b>Cash provided by financing activities</b>	<b>16,640</b>	<b>34,424</b>
<b>Net increase (decrease) in cash and cash equivalents during the year</b>	<b>14,901</b>	<b>(27,911)</b>
Cash and cash equivalents, beginning of year	20,400	48,311
<b>Cash and cash equivalents, end of year</b>	<b>35,301</b>	<b>20,400</b>

See accompanying notes

# **NOTES TO FINANCIAL STATEMENTS**

**(All amounts are in thousands of dollars unless otherwise indicated)**

**APRIL 30, 2013**

## **1. DESCRIPTION OF THE ORGANIZATION**

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

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

## **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

These financial statements have been prepared in accordance with Part III of the Canadian Institute of Chartered Accountants' ("CICA") Handbook – Accounting which sets out generally accepted accounting principles for not-for-profit organizations in Canada and includes the significant accounting policies set out below.

### **a) Use of estimates**

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

### **b) Revenue recognition**

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

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

Investment income and losses, which consist of interest, dividends, income distributions from pooled funds, realized gains and losses on all investments and unrealized gains and losses on investments recorded at fair value, are recorded as investment income (loss) in the Statements of Operations and Changes in Deficit, except for investment income designated for externally restricted endowments. The amount made available for spending against externally restricted endowments is recorded as investment income and any restricted amounts available for spending that

remain unspent at year-end are deferred and categorized as deferred contributions. Investment income on externally restricted endowments in excess of the amount made available for spending, losses on externally restricted endowments and deficiency of investment income compared to the amount available for spending are recorded as direct increases (decreases) to endowments.

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

### **c) Cash and cash equivalents**

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

### **d) Inventories**

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

### **e) Financial instruments**

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

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

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

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

### **f) Capital assets**

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

	<b>Annual Rate</b>	<b>Years</b>
Buildings, facilities and infrastructure	2.5% to 10%	10 to 40
Equipment and furnishings	10% to 33.3%	3 to 10
Library books	100%	1

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



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

**g) Foreign exchange translation**

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

**h) Employee benefit plans**

The University has a defined contribution pension plan, which has a defined benefit component that provides a minimum level of pension benefits. The University also has other retirement and post-employment benefit plans that primarily provide medical and dental benefits.

The University accounts for its defined benefit plans using the immediate recognition approach. The University recognizes the amount of the accrued benefit obligation, net of the fair value of plan assets measured at year-end, adjusted for any valuation allowance, in the Balance Sheets. Actuarial gains and losses and past service costs are included in the cost of the plans for the year. The accrued benefit obligation for the pension plan is determined based on an actuarial valuation report prepared for funding purposes. This report is required to be prepared at least on a triennial basis. The accrued benefit obligation for other benefit plans is determined based on an actuarial valuation using accounting assumptions that is prepared at least every three years. In years where an actuarial valuation is not prepared, the University uses a roll-forward technique to estimate the accrued liability using assumptions from the most recent actuarial valuation report.

### 3. INVESTMENTS

a) Investments consist of the following:

	2013	2012	2011
	\$	\$	\$
Cash	3,646	49,797	49,574
Short-term investments	5,162	5,413	7,342
Guaranteed investment certificates	54,893	-	-
Canadian government bonds	112,456	105,415	99,580
Canadian corporate bonds	97,977	108,230	112,022
Foreign bonds	23,977	20,527	18,938
Mortgages	75,549	63,998	52,401
Canadian equities	64,273	56,609	62,727
US equities	100,504	83,660	84,489
Non-North American equities	100,763	94,407	93,301
Other	3,088	2,625	2,255
<b>Total</b>	<b>642,288</b>	<b>590,681</b>	<b>582,629</b>

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

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

	2013	2012	2011
	\$	\$	\$
Fair value	373,503	333,179	338,414
Amortized cost	268,785	257,502	244,215
<b>Total</b>	<b>642,288</b>	<b>590,681</b>	<b>582,629</b>

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

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

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

	2013		2012		2011	
	Notional Value (CAD \$)	Fair Value of Contract (CAD \$)	Notional Value (CAD \$)	Fair Value of Contract (CAD \$)	Notional Value (CAD \$)	Fair Value of Contract (CAD \$)
Currency Sold						
EUR	2,872	2	2,444	7	4,826	(82)
GBP	12,280	(54)	11,294	(78)	5,425	(22)
USD	52,307	729	56,289	407	52,385	185
Other	19,469	153	15,057	90	12,388	(370)
<b>Total</b>	<b>86,928</b>	<b>830</b>	<b>85,084</b>	<b>426</b>	<b>75,024</b>	<b>(289)</b>

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

b) Investment income consists of the following:

	<b>2013</b>	<b>2012</b>
	<b>\$</b>	<b>\$</b>
Investment income on endowments, net of management fees ( <i>note 12</i> )	<b>46,244</b>	5,365
Investment income credited to external endowments ( <i>note 12</i> )	<b>(40,425)</b>	(4,671)
Allocations for spending on external endowments, net of deferrals	<b>8,826</b>	8,678
Other investment income	<b>9,096</b>	9,660
<b>Total</b>	<b>23,741</b>	19,032

#### 4. INVESTMENT IN LEASE

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

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

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

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

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

	<b>2013</b>	<b>2012</b>	<b>2011</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Aggregate future minimum lease payments	<b>144,146</b>	148,964	153,782
Less unearned finance income	<b>(99,921)</b>	(104,524)	(109,148)
<b>Investment in lease</b>	<b>44,225</b>	44,440	44,634
Less current portion recorded in accounts receivable	<b>(239)</b>	(215)	(194)
<b>Balance, end of year</b>	<b>43,986</b>	44,225	44,440

Minimum future lease payments are expected to be as follows:

	\$
2014	4,818
2015	4,818
2016	4,818
2017	4,818
2018	4,818
Thereafter	120,056
<b>Total</b>	<b>144,146</b>

The University has recorded the amounts owed to the consortium under the lease assignment within the liabilities section of the Balance Sheets. The current portion of \$239 (April 30, 2012 – \$215; May 1, 2011 – \$194) is reported within accounts payable and accrued liabilities while the long-term portion is reported in long-term liabilities as \$43,986 (April 30, 2012 – \$44,225; May 1, 2011 – \$44,440) (*note 8*). This liability has been discounted at a rate of 10.5% and will reduce over the 35-year lease assignment term, concurrent with the reduction to investment in lease.

## 5. CAPITAL ASSETS

Capital assets consist of the following:

	2013			2012			2011		
	Cost \$	Accumulated Amortization \$	Net Book Value \$	Cost \$	Accumulated Amortization \$	Net Book Value \$	Cost \$	Accumulated Amortization \$	Net Book Value \$
Land	590,000	-	590,000	590,000	-	590,000	590,000	-	590,000
Buildings, facilities and infrastructure	1,091,324	399,271	692,053	1,055,038	373,829	681,209	927,676	349,974	577,702
Equipment and furnishings	152,065	103,747	48,318	150,967	96,814	54,153	137,468	90,551	46,917
Library books	65,321	65,321	-	65,717	65,717	-	67,607	67,607	-
Construction in progress	17,377	-	17,377	29,533	-	29,533	95,347	-	95,347
Art collection	5,068	-	5,068	5,068	-	5,068	5,068	-	5,068
<b>Total</b>	<b>1,921,155</b>	<b>568,339</b>	<b>1,352,816</b>	<b>1,896,323</b>	<b>536,360</b>	<b>1,359,963</b>	<b>1,823,166</b>	<b>508,132</b>	<b>1,315,034</b>

- During the year, the total cost of items added to library books was \$5,865 (2012 – \$4,382) and the total cost of items removed was \$6,261 (2012 – \$6,272).
- During the year, no additional artwork was received. The University's art collection consists of 114 (April 30, 2012 – 114; May 1, 2011 – 114) works and has an appraised value based upon values determined upon receipt of \$5,068 (April 30, 2012 – \$5,068; May 1, 2011 – \$5,068).
- The Glendon campus land and a majority of the Keele Street campus land were acquired by grants. These grants had restrictive covenants, which have been registered on the title of the property, and which purport to limit use of the properties for educational or research purposes at the University level.

## 6. DEFERRED CONTRIBUTIONS

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

	2013			2012		
	Research and other grants and contracts	Donations and expendable balances from endowments	Total	Research and other grants and contracts	Donations and expendable balances from endowments	Total
	\$	\$	\$	\$	\$	\$
<b>Balance, beginning of year</b>	<b>59,278</b>	<b>22,796</b>	<b>82,074</b>	61,098	22,072	83,170
Additions	<b>56,412</b>	<b>28,620</b>	<b>85,032</b>	52,674	26,686	79,360
Transfers to revenue	<b>(55,666)</b>	<b>(24,453)</b>	<b>(80,119)</b>	(54,494)	(25,962)	(80,456)
<b>Balance, end of year</b>	<b>60,024</b>	<b>26,963</b>	<b>86,987</b>	59,278	22,796	82,074

## 7. CREDIT FACILITIES

The University has a demand operating facility in the amount of \$20 million. This facility bears interest at a rate that varies with the balances on deposit, ranging from the bank's prime rate of 3.00% minus 0.5% to the bank's prime rate plus 0.5%. Letters of credit in the amount of \$3.5 million have been utilized against this facility.

## 8. LONG-TERM LIABILITIES

Long-term liabilities consist of the following:

	2013	2012	2011
	\$	\$	\$
Obligation under lease assignment ( <i>note 4</i> )	<b>44,225</b>	44,440	44,634
Less current portion recorded in accounts payable and accrued liabilities	<b>(239)</b>	(215)	(194)
Long-term portion of obligation under lease assignment	<b>43,986</b>	44,225	44,440
Employee pension benefits ( <i>note 13</i> )	<b>177,247</b>	261,712	210,442
Employee other benefits ( <i>note 13</i> )	<b>131,240</b>	109,999	89,497
Interest rate swaps payable	-	-	87
<b>Total</b>	<b>352,473</b>	415,936	344,466

## 9. LONG-TERM DEBT

Long-term debt consists of the following:

	April 30, 2013 \$	April 30, 2012 \$	May 1, 2011 \$
<b>Debentures</b>			
Senior unsecured debenture bearing interest at 6.48%, maturing on March 7, 2042	<b>200,000</b>	200,000	200,000
Senior unsecured debenture bearing interest at 5.84%, maturing on May 4, 2044	<b>100,000</b>	100,000	100,000
Other debentures bearing interest at 5.88% to 7.63%, maturing from 2017 to 2023. Weighted average interest rate is 6.92% (April 30, 2012 – 6.89%; May 1, 2011 – 6.87%)	<b>4,471</b>	4,941	5,382
<b>Mortgages</b>			
Mortgages bearing interest at 5.38%, maturing on July 1, 2016	<b>304</b>	388	467
<b>Term loans</b>			
Term loan bearing interest at 4.50% maturing in 2023 (April 30, 2012 – 4.50% maturing in 2023; May 1, 2011 – loans at variable rates with a weighted average rate of 5.44% maturing in 2012 and 2023)	<b>1,106</b>	1,182	5,092
	<b>305,881</b>	306,511	310,941
Unamortized transaction costs	<b>(1,979)</b>	(2,001)	(2,023)
	<b>303,902</b>	304,510	308,918
Less current portion	<b>(670)</b>	(630)	(4,430)
<b>Total</b>	<b>303,232</b>	303,880	304,488

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

	\$
2014	670
2015	712
2016	758
2017	708
2018	623
Thereafter	302,410
<b>Total</b>	<b>305,881</b>

Certain buildings, with an insignificant net book value, have been pledged as collateral for certain mortgages and certain term loans. The amount of interest expense during the year on long-term debt was \$19,194 (2012 – \$19,340).

## 10. DEFERRED CAPITAL CONTRIBUTIONS

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

	2013 \$	2012 \$
<b>Balance, beginning of year</b>	<b>314,275</b>	292,907
Contributions received in the year	<b>12,307</b>	33,409
Amortization of deferred capital contributions	<b>(14,630)</b>	(12,041)
<b>Balance, end of year</b>	<b>311,952</b>	314,275
Comprised of:		
Capital contributions - expended	<b>311,916</b>	314,239
Capital contributions - unexpended	<b>36</b>	36
<b>Balance, end of year</b>	<b>311,952</b>	314,275

## 11. INTERNALLY RESTRICTED NET ASSETS

Details of internally restricted net assets are as follows:

	April 30, 2013 \$	April 30, 2012 \$	May 1, 2011 \$
Departmental carryforwards	<b>38,049</b>	48,917	51,850
Progress through the ranks	<b>(17,074)</b>	(19,811)	(22,300)
Computing systems development	<b>5,909</b>	5,272	4,010
Contractual commitments to employee groups	<b>4,899</b>	4,843	2,808
Research programs	<b>20,226</b>	18,321	18,186
Employee pension benefits ( <i>note 13</i> )	<b>(177,247)</b>	(261,712)	(210,442)
Employee other benefits ( <i>note 13</i> )	<b>(35,290)</b>	(19,931)	(6,849)
Sinking fund	<b>54,893</b>	48,597	42,684
Investment in capital assets	<b>150,485</b>	154,755	139,429
Land appraisal reserve ( <i>note 18</i> )	<b>585,602</b>	585,602	585,602
Capital reserve	<b>68,118</b>	74,293	93,251
Future funded capital projects	<b>(88,329)</b>	(75,627)	(58,992)
<b>Total</b>	<b>610,241</b>	563,519	639,237

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

- i. Departmental carryforwards – These represent the cumulative positions of all Faculties and Divisions with net unspent balances at year-end. Under Board policy, which is approved annually, Faculties and Divisions are entitled to carry forward the net unspent funds from previous years' allocations. These funds provide units with a measure of flexibility established through prudent administration over several years to assist with future balancing of their budgets in the face of additional anticipated budget reductions, as well as resources which are to meet commitments made during the year.
- ii. Progress through the ranks ("PTR") – This is the cumulative difference between the amounts paid for progress through the ranks salary adjustments and the budget funds provided under York's salary recovery policy. PTR adjustments are planned to be self-funding over time. However, on a year-to-year basis, the cost of providing

PTR adjustments can be more or less than the funds provided, depending on the number of retirements that occurred during the year.

- iii. Computing systems development – The University is planning to implement or upgrade several administrative computing and information systems. These appropriated funds support forward commitments for these systems planned or in progress, as well as planned future stages of system implementation not yet contracted for at year-end.
- iv. Contractual commitments to employee groups – This is the net carryforward of funds to meet future commitments defined under collective agreements with various employee groups.
- v. Research programs – This represents appropriations for internally-funded research.
- vi. Employee pension benefits – This represents the deficit associated with the pension plan.
- vii. Employee other benefits – This represents a portion of the deficit associated with the employee benefits related to the non-pension post-retirement and post-employments plans.
- viii. Sinking fund – This represents funds set aside to retire capital debt.
- ix. Investment in capital assets – This represents the net amount of capital assets funded using internal capital.
- x. Land appraisal reserve – This represents the increase to the appraised value of University land, as at May 1, 2011.
- xi. Capital reserve – This represents funds restricted for deferred maintenance, capital emergencies and capital projects planned or in progress.
- xii. Future funded capital projects – This represents projects that will be funded in the future through a combination of budget allocations, donations and debt.

## 12. ENDOWMENTS

Endowments include restricted donations received by the University and funds that have been internally designated. Investment returns generated from endowments are used in accordance with the various purposes established by the donors or by the Board of Governors. The University protects the future purchasing power of its endowments by designating a portion of the annual investment income earned as capital protection. On an annual basis, the University determines the distribution for spending after a review of each individual endowment's market value, original contribution and capital protection, and takes into account the long-term objective to preserve the purchasing power of each endowment. In May 2012 the University made available for spending 4-5% (May 2011 – 4-5%) of the book value of each individual endowment.

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

	2013			2012		
	Internally Restricted \$	Externally Restricted \$	Total \$	Internally Restricted \$	Externally Restricted \$	Total \$
<b>Balance, beginning of year</b>	<b>41,087</b>	<b>290,040</b>	<b>331,127</b>	40,533	290,799	331,332
Contributions	-	4,941	4,941	-	5,423	5,423
Investment income	5,819	40,425	46,244	694	4,671	5,365
Available for spending	(235)	(9,756)	(9,991)	(655)	(10,338)	(10,993)
Transfers	(346)	346	-	515	(515)	-
<b>Balance, end of year</b>	<b>46,325</b>	<b>325,996</b>	<b>372,321</b>	41,087	290,040	331,127



## Ontario Student Opportunity Trust Fund and Ontario Trust for Student Support

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

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

	OSOTF I	OSOTF II	2013	2012
For the year ended April 30	\$	\$	\$	\$
<b>Endowment Funds:</b>				
Balance, beginning of year	67,508	10,714	78,222	78,222
Transfer from expendable funds	75	-	75	-
<b>Endowment at book value, end of year</b>	<b>67,583</b>	<b>10,714</b>	<b>78,297</b>	<b>78,222</b>
<b>Endowment at market value, end of year</b>	<b>91,666</b>	<b>13,646</b>	<b>105,312</b>	<b>96,398</b>
<b>Expendable Funds:</b>				
Balance, beginning of year	8,643	232	8,875	10,412
Realized investment gains, net of capital protection and transfers	2,982	447	3,429	2,478
Bursaries awarded	(3,413)	(687)	(4,100)	(4,015)
<b>Expendable funds available for awards, end of year</b>	<b>8,212</b>	<b>(8)</b>	<b>8,204</b>	<b>8,875</b>
<b>Number of bursaries awarded</b>	<b>2,225</b>	<b>366</b>	<b>2,591</b>	<b>2,463</b>
<b>OTSS</b>				
For the year ended March 31			2013	2012
			\$	\$
<b>Endowment Funds:</b>				
Balance, beginning of year			44,760	40,904
Donations received			502	1,928
Government matching			502	1,928
Transfer to expendable funds			-	-
<b>Endowment at book value, end of year</b>			<b>45,764</b>	<b>44,760</b>
<b>Endowment at market value, end of year</b>			<b>57,576</b>	<b>51,115</b>
<b>Expendable Funds:</b>				
Balance, beginning of year			3,418	1,847
Realized investment gains, net of capital protection			2,164	2,648
Bursaries awarded			(1,463)	(1,077)
<b>Expendable funds available for awards, end of year</b>			<b>4,119</b>	<b>3,418</b>
<b>Number of bursaries awarded</b>			<b>871</b>	<b>718</b>

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

### 13. EMPLOYEE BENEFIT PLANS

The University has a number of funded and unfunded benefit plans that provide pension, other retirement and post-employment benefits to most of its employees. The pension plan is a defined contribution plan, which has a defined benefit component that provides a minimum level of pension benefits. The most recent actuarial valuation for funding purposes for the pension plan was performed as at December 31, 2012.

Other retirement benefit plans are contributory health care plans with retiree contributions adjusted annually. A plan also provides for long-term disability income benefits after employment, but before retirement. The most recent actuarial valuation for other post-retirement benefits was performed as at September 1, 2011. The most recent actuarial valuation for post-employment benefits was performed as at April 30, 2013.

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

	April 30, 2013		April 30, 2012		May 1, 2011	
	Pension benefit plan \$	Other benefit plans \$	Pension benefit plan \$	Other benefit plans \$	Pension benefit plan \$	Other benefit plans \$
Accrued benefit obligation	(1,797,011)	(131,240)	(1,666,065)	(109,999)	(1,591,734)	(89,497)
Fair value of plan assets	1,619,764	-	1,404,353	-	1,381,292	-
<b>Plan deficit (note 8)</b>	<b>(177,247)</b>	<b>(131,240)</b>	<b>(261,712)</b>	<b>(109,999)</b>	<b>(210,442)</b>	<b>(89,497)</b>

Employee benefit plan expense for the year consists of pension and other benefit plan expense (income) as follows:

	2013 \$	2012 \$
Pension (income) expense	(19,448)	107,634
Other benefit plans expense	25,758	24,849
<b>Employee benefit plan expense</b>	<b>6,310</b>	<b>132,483</b>
Distributed to:		
Salaries and benefits	66,250	59,846
Post-employment benefit (recovery) expense – remeasurement	(59,940)	72,637
<b>Total</b>	<b>6,310</b>	<b>132,483</b>

Post-employment benefit (recovery) expense – remeasurement is comprised of actuarial gains (losses) and the difference between expected and actual investment returns on plan assets.

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

	2013 %	2012 %	2011 %
Equities	61.0	62.0	67.0
Fixed income	30.0	36.0	31.0
Other	9.0	2.0	2.0
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

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

	2013		2012	
	Pension benefit plan	Other benefit plans	Pension benefit plan	Other benefit plans
	\$	\$	\$	\$
Employer contributions	65,017	4,517	56,364	4,347
Employee contributions	20,224	-	19,376	-
Benefits paid and administrative expenses	76,350	4,517	69,102	4,347

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

	2013		2012		2011	
	Pension benefit plan	Other benefit plans	Pension benefit plan	Other benefit plans	Pension benefit plan	Other benefit plans
	%	%	%	%	%	%
<b>Accrued benefit obligation</b>						
Discount rate	6.00	4.20	6.00	4.90	6.25	5.60
Rate of inflation	2.20	-	2.20	-	2.50	-
Rate of compensation increase	4.50	4.50	4.50	5.00	5.00	5.00
<b>Benefit expense</b>						
Discount rate	6.00	4.90	6.25	5.60		
Rate of inflation	2.20	-	2.50	-		
Expected long-term rate of return on plan assets	6.00	-	6.25	-		
Rate of compensation increase	4.50	5.00	5.00	5.00		

For measurement purposes, a 5.39% (2012 – 5.73%) annual increase in the cost of covered health care benefits was assumed for 2013. The rate of increase was assumed to decrease gradually to 4.50% in 2030 and remain at that level thereafter.

## 14. ADDITIONAL INFORMATION

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

	2013	2012
	\$	\$
Accounts receivable	15,939	1,941
Inventories	731	124
Prepaid expenses	476	(362)
Accounts payable and accrued liabilities	12,388	4,825
Deferred revenue	1,763	(475)
Deferred contributions	4,913	(1,096)
<b>Net change in non-cash working capital balances related to operations</b>	<b>36,210</b>	<b>4,957</b>

The net change in long-term liabilities related to operations consists of the following:

	2013	2012
	\$	\$
Change in long-term liabilities	(63,463)	71,470
Net change in obligation under lease assignment ( <i>note 4</i> )	239	215
<b>Net change in long-term liabilities related to operations</b>	<b>(63,224)</b>	<b>71,685</b>

The purchase of investments is calculated as follows:

	2013	2012
	\$	\$
Change in investments	(51,607)	(8,052)
Deduct (add) investment income on externally restricted endowments less amounts made available for spending ( <i>note 12</i> )	30,669	(5,667)
<b>Purchase of investments, net</b>	<b>(20,938)</b>	<b>(13,719)</b>

The purchase of capital assets is calculated as follows:

	2013	2012
	\$	\$
Additions to capital assets	(37,279)	(86,270)
Change in current year, from the previous year, in accounts payable and accrued liabilities related to capital asset additions	(5,214)	(7,615)
<b>Purchase of capital assets</b>	<b>(42,493)</b>	<b>(93,885)</b>

As at April 30, 2013, accounts payable and accrued liabilities include government remittances payable of \$14,500 (2012 – \$978; 2011 – \$902).

## 15. RELATED ENTITY

The University is a member, with ten other universities, of a joint venture called TRIUMF, Canada's national laboratory for particle and nuclear physics located on the University of British Columbia ("UBC") campus. TRIUMF is an unincorporated registered charity and each university has an undivided 9.09% interest in its assets, liabilities and obligations. The land and buildings it occupies are owned by UBC. The facilities and its operations are funded by federal government grants and the University has made no direct financial contribution to date. TRIUMF's net assets are not contemplated to be and are not readily realizable by the University. The University's interest in the assets, liabilities and results of operations are not included in these financial statements (see also note 16(d)).

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

	2013 \$	2012 \$	2011 \$
	(Unaudited)	(Unaudited)	(Unaudited)
Statement of Financial Position			
Total assets	28,556	28,070	24,934
Total liabilities	20,209	19,175	16,936
Total fund balances	8,347	8,895	7,998
Statement of Combined Funding/Income and Expenditures			
Revenue	88,031	77,398	
Expenses	88,579	76,501	
Excess (deficiency) of revenue over expenses	(548)	897	

## 16. COMMITMENTS AND CONTINGENT LIABILITIES

### a) Forward purchases of natural gas

The University purchases natural gas for future delivery with fixed pricing. As at April 30, 2013, the University has committed to purchase 1.257M GJ of natural gas at an average cost of \$4.85/GJ, with delivery at various dates to October 2014, for a total commitment of \$6.1 million.

### b) Litigation

The nature of the University's activities is such that there is usually litigation pending or in prospect at any one time. With respect to known claims at April 30, 2013, the University believes it has valid defences and appropriate insurance coverage in place. Therefore, such claims are not expected to have a material effect on the University's financial position. There exist other claims or potential claims where the outcome cannot be determined at this time. Should any additional losses occur, they would be charged to income in the year they can be estimated.

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

The University participates in a reciprocal exchange of insurance risks in association with other Canadian universities. This self-insurance reciprocal, 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, 2012, CURIE was fully funded.

### d) TRIUMF

The members of the TRIUMF joint venture and the Canadian Nuclear Safety Commission ("CNSC") approved a decommissioning plan which requires all members to be severally responsible for their share of the decommissioning costs, which were estimated at \$44.2 million as at November 2011, as well as provide financial covenants to the CNSC for the amount of these costs. While there is no current intention to decommission the facilities, the University's share was estimated at \$4.0 million at November 2011. TRIUMF has put in place a plan to fund the cost of decommissioning which does not require any payments from the joint venture partners.

### e) Capital and other commitments

The estimated cost to complete committed capital and other projects at April 30, 2013 is approximately \$39,517. These capital projects will be financed by government grants, internal funds, and fundraising.

## 17. FINANCIAL INSTRUMENTS

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

### Foreign currency risk

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

### Interest rate risk

The University is exposed to interest rate risk with respect to its fixed rate debt, its investments in fixed income investments, its investment in lease and offsetting liability and a pooled fund that holds fixed income securities because the fair value will fluctuate due to changes in market interest rates.

### Credit risk

The University is exposed to credit risk in connection with its accounts receivable and its short term and fixed income investments because of the risk that one party to the financial instrument may cause a financial loss for the other party by failing to discharge an obligation.

### Other price risk

The University is exposed to other price risk through changes in market prices (other than changes arising from interest rate or currency risks) in connection with its investments in equity securities and pooled funds.

## 18. FIRST-TIME ADOPTION OF ACCOUNTING STANDARDS FOR NOT-FOR-PROFIT ORGANIZATIONS

These financial statements are the first financial statements which the University has prepared in accordance with Part III of the CICA Handbook – Accounting, which constitutes generally accepted accounting principles for not-for-profit organizations in Canada (“GAAP”). In preparing its opening balance sheet as at May 1, 2011 (the “Transition Date”), the University has applied *CICA 1501, First-Time Adoption for Not-for-Profit Organizations*.

### (i) Exemptions elected upon transition

*CICA 1501* provides a number of elective exemptions related to standards in Part III of the CICA Handbook. The University has elected to use the transition exemptions with respect to the recognition of cumulative actuarial losses and the fair value of capital assets at the Transition Date.

## (ii) Reconciliations

The following table provides a reconciliation of net assets as at May 1, 2011, and the deficiency of revenue over expenses for the year ended April 30, 2012 as previously reported with those computed under GAAP.

	Deficiency of revenue over expenses for the year ended April 30, 2012 \$	Net assets as at May 1, 2011 (Transition Date) \$
<b>Deficiency of revenue over expenses and net assets – previous GAAP</b>	(2,488)	559,091
Election to measure land at fair market value (a)	-	585,602
Election for immediate recognition approach – pension plan (b)	(45,103)	(227,447)
Election for immediate recognition approach – other benefit plans (b)	(13,082)	(6,849)
	(58,185)	(234,296)
<b>Deficiency of revenue over expenses and net assets – GAAP</b>	<b>(60,673)</b>	910,397

### (a) Election to measure land at fair market value

Using an elective exemption available at the Transition Date, the carrying value of land was increased to the appraised value as at that date of \$590,000, resulting in an increase in land and internally restricted net assets of \$585,602.

### (b) Adoption of immediate recognition approach

On the Transition Date, the University adopted the immediate recognition approach to account for its employee benefit plans, in accordance with *CICA 3461*, using funding valuations for the pension plan and accounting valuations for its other benefit plans. This change in accounting policy resulted in the recognition of unamortized actuarial losses, past service costs and the transitional asset, resulting in an increase in liabilities and a decrease in internally restricted net assets of \$227,447 for the pension plan and \$6,849 for the other benefit plans.

The adjustment to the Statement of Operations and Changes in Deficit for the year ended April 30, 2012 resulted in changes to the following:

	2012 \$
Decrease in salaries and benefits	14,452
Increase in post-employment benefit expense – remeasurement	(72,637)
<b>Total decrease in revenue over expenses</b>	<b>(58,185)</b>