



## FINANCIAL STATEMENTS

APRIL 30, 2018

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## 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.

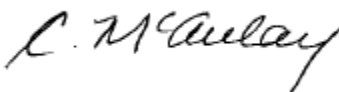
The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations. The administration believes the financial statements present fairly, in all material respects, the University's financial position as at April 30, 2018 and the results of its operations and its cash flows for the year then ended. In order to achieve the objective of fair presentation in all material respects, the use of reasonable estimates and judgments was employed. Additionally, the administration has ensured that all financial information presented in this report has been prepared in a manner consistent with that in the 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 Aon Hewitt in order to provide an estimate of the University's liability for pension and other post-employment benefits. The administration has provided the valuation actuary with the information necessary for the completion of the University's report and retains ultimate responsibility for the determination and estimation of the reported pension and other benefit liabilities.

The Board of Governors carries out its responsibility for review of the 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 Professional Accountants, the auditors appointed by the Board of Governors, have reported on the financial statements for the year ended April 30, 2018. The independent auditors' report outlines the scope of their audit and their opinion on the presentation of the information included in the financial statements.



Carol McAulay  
Vice-President, Finance and Administration



Rhonda L. Lenton  
President and Vice-Chancellor

## **INTRODUCTION TO YORK UNIVERSITY FINANCIAL STATEMENTS – 2017-2018**

The current year was characterized by continued strong demand for international undergraduate enrolment and continued stable enrolment at the domestic level. Increased tuition fees, consistent with the Province's tuition fee framework, and higher international enrolments provided incremental operating income to the University.

The year was marked by a labour disruption by CUPE 3903, which represents over 3,000 individuals employed as contract faculty, teaching and graduate assistants by the University. The labour disruption began on March 5, 2018 and had not settled by the end of the fiscal year. As a consequence, a number of classes and exams were suspended and some students were not able to complete their terms, by the end of April, 2018, which represents the normal conclusion of instruction and exams. The University will be conducting remediation efforts in fiscal 2018-19 for those students who were unable to complete their term by the end of the fiscal year. Students were also given the option of withdrawing from courses and receiving an equivalent tuition credit to be used before the end of the winter term of fiscal 2019. In addition, certain services provided to students related to housing and parking were extended beyond the fiscal year. The University has therefore deferred to fiscal 2018-19 approximately \$64 million in student fees and sales and other revenue for services not yet performed. The deferral of tuition and other income also resulted in deferred revenue increasing to \$98 million at April 30, 2018, compared to \$36 million at April 30, 2017.

Government grants, which consist largely of Provincial operating grants and other research related funding, amounted to \$390 million (2016-17—\$380 million). Provincial grants remained largely unchanged relative to the prior fiscal year. This is consistent with the Province's Strategic Mandate Agreement and the new funding formula, which has frozen government operating grants at the 2016-17 level. The University, however, was able to realize additional funding directed to research.

Investment income from operating funds increased to \$13 million (2016-17—\$11 million), largely the result of more favourable short-term interest rates. The University follows the deferral method for accounting for investment income on external endowments, and recognizes investment income in the Statement of Operations as related expenses are incurred. The amount of investment income recognized in the Statement of Operations for both internal and external endowments was \$8 million (2016-17—\$14 million).

The market value of the University's endowments was \$467 million at April 30, 2018, compared to \$469 million, for the prior year. The University's rate of return was 2.3% in 2017-18 (2016-17—17.2%) as capital markets in general were weaker this year, compared to last year. The investment income credited to endowments was \$8 million this year compared to \$67 million last year.

The University's operating cash and cash equivalents amounted to \$157 million at April 30, 2018 (2016-17—\$42 million). The University held higher cash and cash equivalent balances to maintain liquidity for capital projects and to leverage favourable returns offered by the University's banking institutions. Operating resources invested in short to medium term fixed income products amounted to \$530 million at April 30, 2018 (2016-17—\$564 million).

Salaries and benefits remained largely unchanged at \$715 million for both 2017-18 and 2016-17.

The University continues to support students with continued growth in student financial assistance. Scholarships and bursaries increased to \$86 million in 2017-18, compared to \$81 million in 2016-17 and reflects the University's ongoing support for both graduate and undergraduate students.

Interest on long-term debt remained unchanged at \$27 million for both 2017-18 and 2016-17. As previously reported, the University issued a new debenture of \$100 million on May 26, 2016. The proceeds from this debenture together with government investments from the Strategic Investment Fund and support from University donors have been invested in a number of capital projects to support the University's academic mission.

Schulich's new Rob and Cheryl McEwen Graduate Study & Research Building was nearing completion at year-end. This 67,000-square-foot building will provide a home for research activities and graduate students.

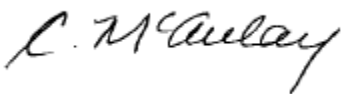
The renovation and upgrading of the Farquharson Life Science Facility is scheduled for completion in the fall of 2018 and will provide the University with modern research and lab space. The updating of the University's Central Utilities and Cogeneration Facility is scheduled for completion in early summer 2018.

Planning, design and procurement for the Markham Centre Campus has commenced and the Campus is scheduled to open in September, 2021. The York University Markham Centre Campus, located west of the Markham Pan Am Centre, will offer 4,200 students in a high-growth part of the Province access to more than 20 degree programs, including a variety of professional programs as well as innovative joint programs with York's academic partner on the project, Seneca College. York will partner with local businesses and community groups to provide unique experiential learning opportunities for students. The Ontario government committed to provide \$127.3 million towards the cost of the new Campus which will be built on a site of approximately five acres that will be contributed by the City of Markham, and the Regional Municipality of York will invest \$25 million in the new Campus. York is also raising funds for this important project from its alumni and friends as part of Impact - The Campaign for York University.

The University's new Student Centre, which has been funded entirely through student referenda fees, was also completed on budget and on time. The new Student Centre will deliver additional space to students for both academic and student club activities.

All of the above mentioned capital projects added \$127 million to the University's capital assets in 2018.

As summarized on the Balance Sheet, the University's unrestricted accumulated deficit has decreased from \$39 million in 2017 to \$36 million in 2018. The decrease in the accumulated deficit is the result of a small surplus in the University's ancillary operations.



Carol McAulay  
Vice-President, Finance and Administration

## SUMMARY OF REVENUE AND EXPENSES

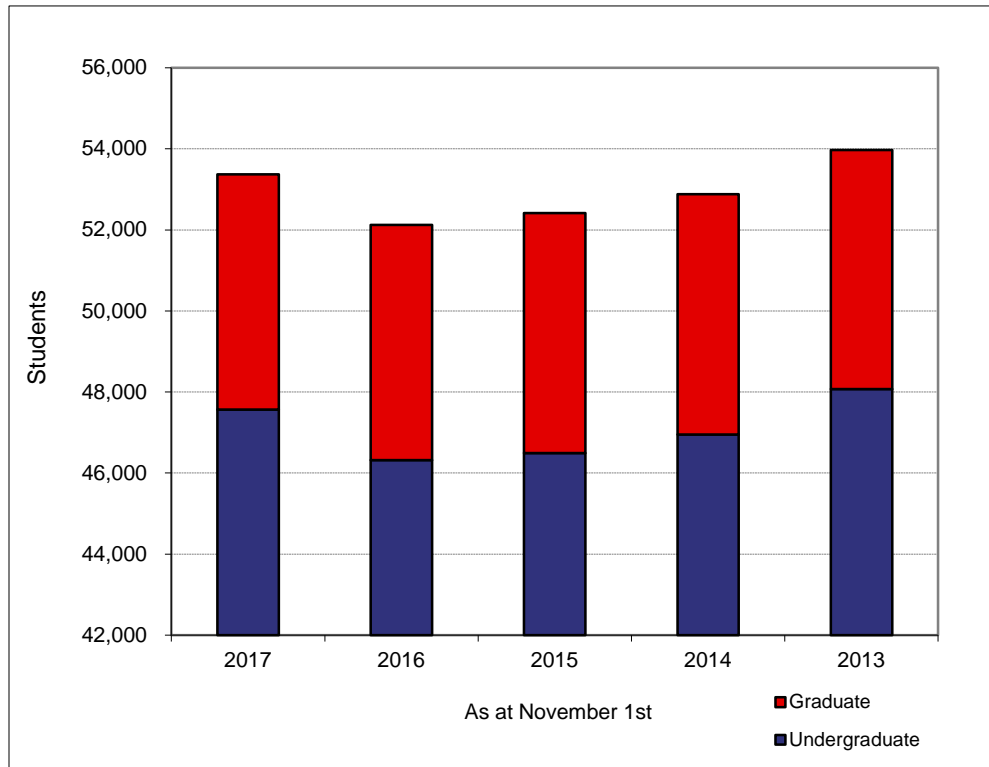
### Total Revenue and Expenses (Millions of dollars)

Year ended April 30	2018	2017	2016	2015	2014
	\$	\$	\$	\$	\$
<b><u>REVENUE</u></b>					
Student fees	550.4	555.5	519.8	498.2	476.7
Grants and contracts	390.0	380.3	371.7	371.7	391.0
Sales and services	64.4	66.2	64.8	62.0	62.6
Fees, recoveries and other income	37.4	39.7	37.1	35.1	34.3
Investment income	21.0	25.1	23.6	25.6	29.8
Amortization of deferred capital contributions	15.2	16.2	15.6	13.9	14.3
Donations	15.0	12.1	8.6	10.5	8.2
	<b>1,093.4</b>	<b>1,095.1</b>	<b>1,041.2</b>	<b>1,017.0</b>	<b>1,016.9</b>
<b><u>EXPENSES</u></b>					
Salaries and benefits	715.1	715.4	696.8	691.1	711.4
Operating costs	154.9	142.9	138.9	132.8	133.1
Scholarships and bursaries	85.7	80.8	68.8	61.0	60.3
Amortization of capital assets	43.4	45.3	42.7	41.5	42.1
Taxes and utilities	31.3	33.3	33.0	33.2	29.9
Interest on long-term debt	26.8	26.8	23.5	23.5	19.9
Cost of sales and services	13.6	14.2	14.2	14.0	15.9
	<b>1,070.8</b>	<b>1,058.7</b>	<b>1,017.9</b>	<b>997.1</b>	<b>1,012.6</b>

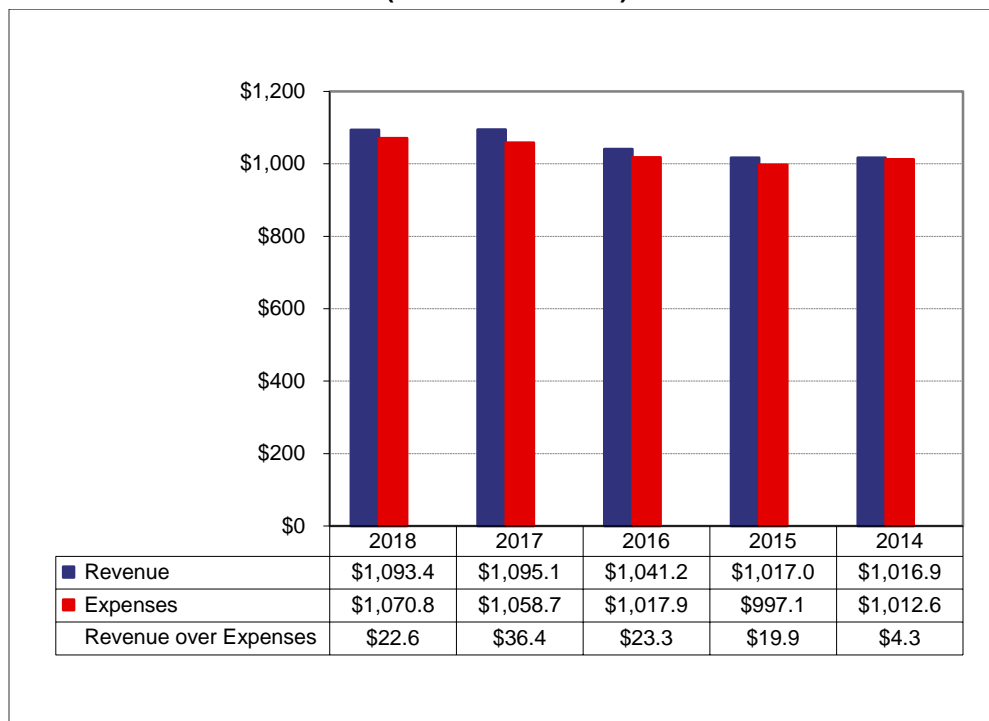
### % of Total Revenue and Expenses

Year ended April 30	2018	2017	2016	2015	2014
	%	%	%	%	%
<b><u>REVENUE</u></b>					
Student fees	50.3	50.7	49.9	49.0	46.9
Grants and contracts	35.7	34.7	35.7	36.5	38.4
Sales and services	5.9	6.0	6.2	6.1	6.2
Fees, recoveries and other income	3.4	3.7	3.6	3.5	3.4
Investment income	1.9	2.3	2.3	2.5	2.9
Amortization of deferred capital contributions	1.4	1.5	1.5	1.4	1.4
Donations	1.4	1.1	0.8	1.0	0.8
	<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	66.7	67.6	68.5	69.3	70.3
Operating costs	14.5	13.5	13.6	13.3	13.1
Scholarships and bursaries	8.0	7.6	6.8	6.1	5.9
Amortization of capital assets	4.1	4.3	4.2	4.2	4.2
Taxes and utilities	2.9	3.1	3.2	3.3	2.9
Interest on long-term debt	2.5	2.6	2.3	2.4	2.0
Cost of sales and services	1.3	1.3	1.4	1.4	1.6
	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

## STUDENT HEADCOUNT 2013 – 2017

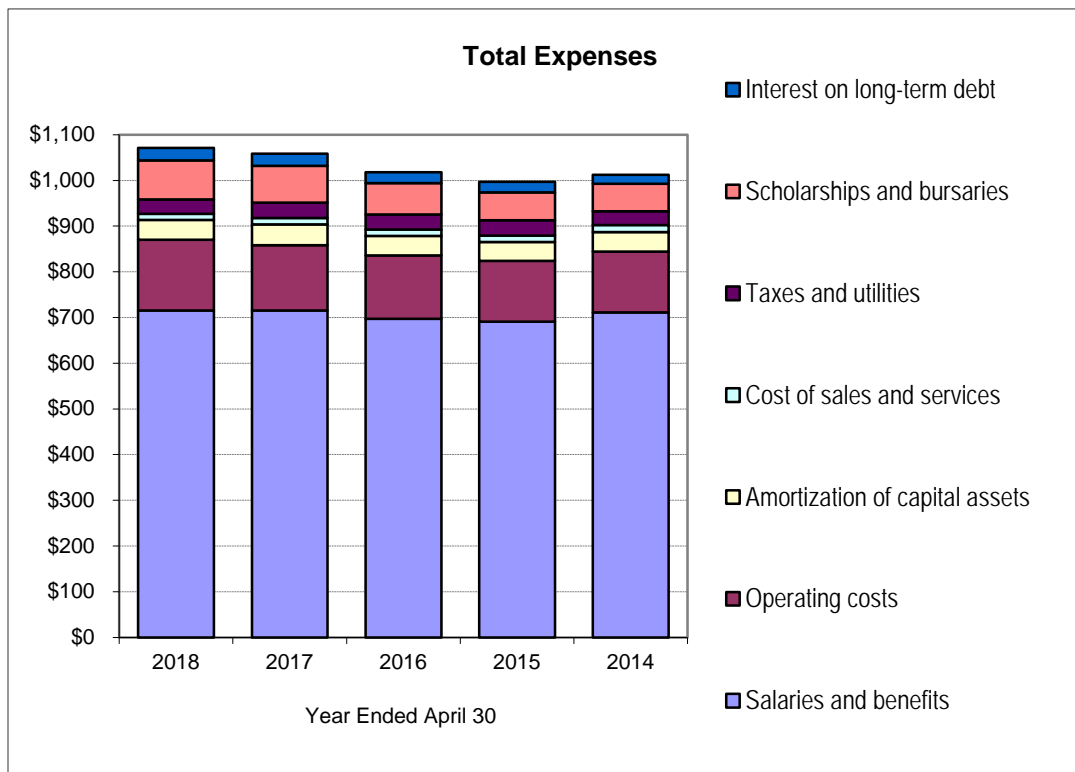
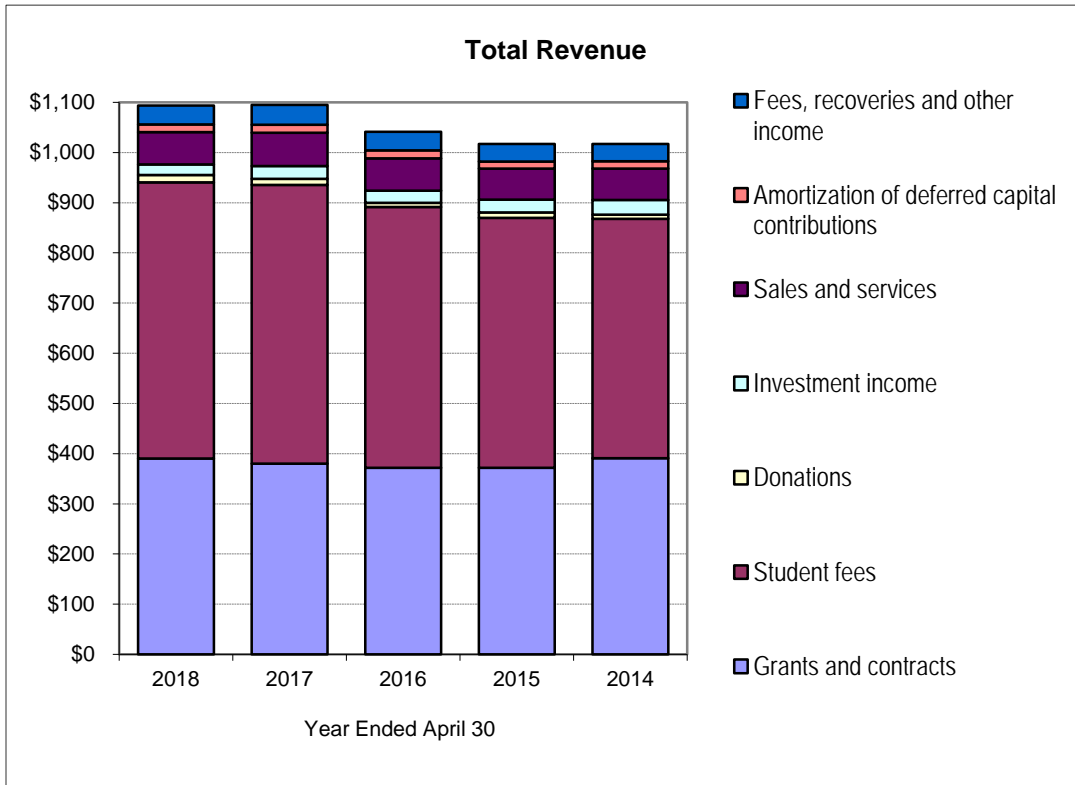


## REVENUE AND EXPENSES Year Ended April 30 2014 – 2018 (Millions of dollars)



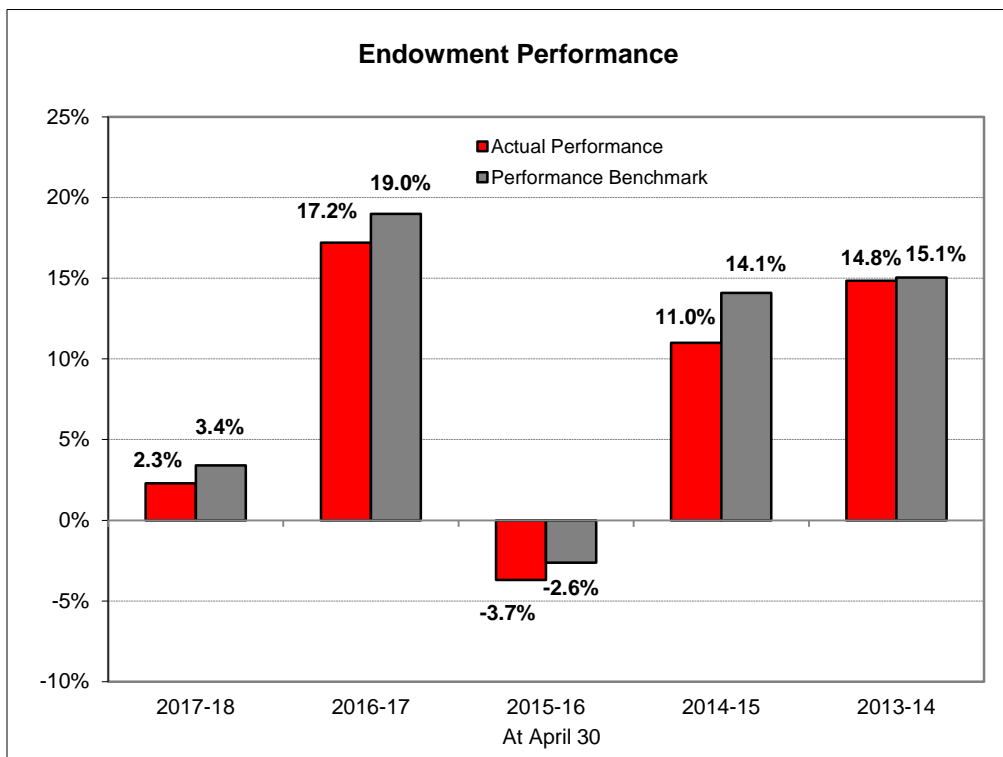
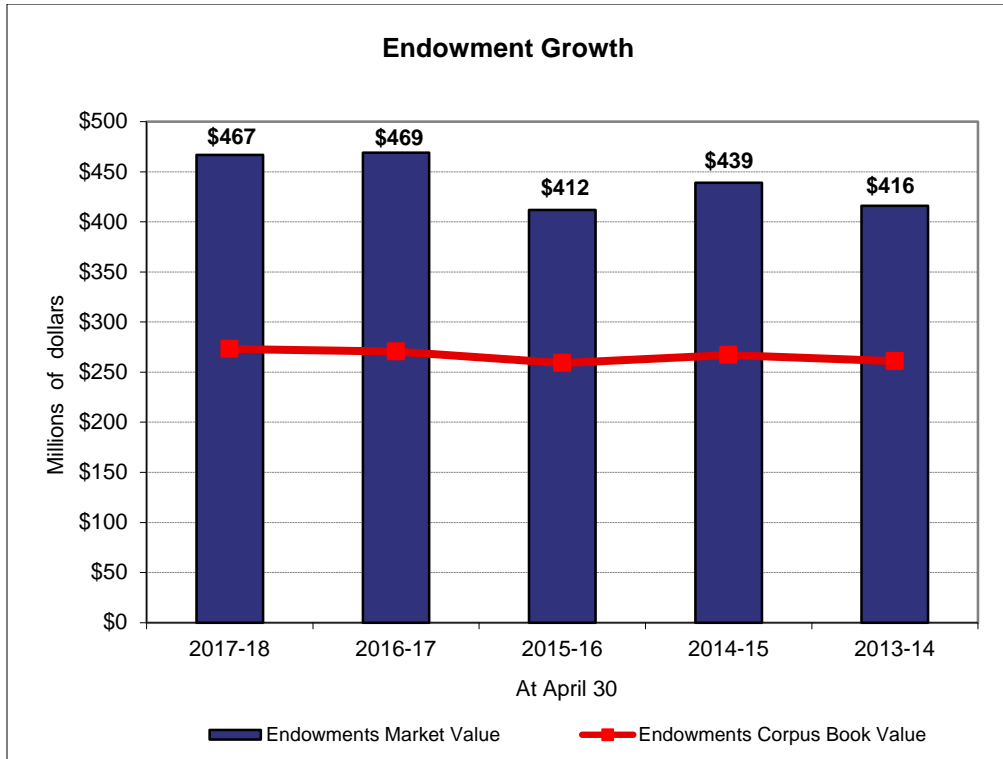
# SUMMARY OF REVENUE AND EXPENSES

2014 – 2018  
(Millions of dollars)



# ENDOWMENT GROWTH AND PERFORMANCE

2014 – 2018





# 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 sheet as at April 30, 2018, and the statements of operations and changes in deficit, changes in net assets and cash flows for the year then ended, 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

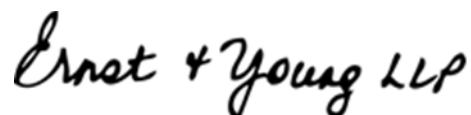
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable 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 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, 2018, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.



Toronto, Canada  
June 26, 2018

Chartered Professional Accountants  
Licensed Public Accountants

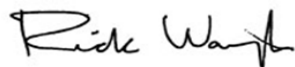
**BALANCE SHEET**  
(Thousands of dollars)

As at April 30

	2018	2017
	\$	\$
<b>ASSETS</b>		
<b>Current</b>		
Cash and cash equivalents	157,413	41,810
Accounts receivable (notes 4 and 14)	115,465	83,991
Inventories	3,558	3,773
Prepaid expenses	18,746	16,275
<b>Total current assets</b>	<b>295,182</b>	<b>145,849</b>
Pension plan asset (note 13)	107,201	204,069
Investments (note 3)	997,472	1,032,451
Investment in lease (note 4)	42,333	42,736
Capital assets, net (note 5)	1,511,415	1,428,215
	<b>2,953,603</b>	<b>2,853,320</b>
<b>LIABILITIES</b>		
<b>Current</b>		
Accounts payable and accrued liabilities (notes 8 and 14)	136,484	109,806
Current portion of long-term debt (note 9)	505	623
Deferred revenue (note 18)	98,176	36,296
<b>Total current liabilities</b>	<b>235,165</b>	<b>146,725</b>
Deferred contributions (note 6)	162,819	145,189
Long-term liabilities (notes 8 and 13)	143,545	145,037
Long-term debt (note 9)	498,846	499,306
Deferred capital contributions (note 10)	464,325	385,756
<b>Total liabilities</b>	<b>1,504,700</b>	<b>1,322,013</b>
Commitments and contingent liabilities (notes 7 and 16)		
<b>NET ASSETS</b>		
Deficit	(35,736)	(39,122)
Internally restricted (note 11)	1,033,108	1,114,129
Endowments (note 12)	451,531	456,300
<b>Total net assets</b>	<b>1,448,903</b>	<b>1,531,307</b>
	<b>2,953,603</b>	<b>2,853,320</b>

See accompanying notes

On behalf of the Board of Governors:



Rick Waugh  
Chair



Rhonda L. Lenton  
President and Vice-Chancellor

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

Year ended April 30

	2018	2017
	\$	\$
<b>REVENUE</b>		
Student fees ( <i>note 18</i> )	550,414	555,534
Grants and contracts ( <i>note 6</i> )	389,984	380,276
Sales and services	64,394	66,218
Fees, recoveries and other income	37,373	39,718
Investment income ( <i>note 3</i> )	20,987	25,123
Amortization of deferred capital contributions ( <i>note 10</i> )	15,247	16,219
Donations	15,005	12,090
<b>Total revenue</b>	<b>1,093,404</b>	<b>1,095,178</b>
<b>EXPENSES</b>		
Salaries and benefits ( <i>note 13</i> )	715,083	715,399
Operating costs	154,937	142,907
Scholarships and bursaries	85,682	80,761
Amortization of capital assets	43,426	45,307
Taxes and utilities	31,285	33,339
Interest on long-term debt ( <i>note 9</i> )	26,771	26,804
Cost of sales and services	13,600	14,200
<b>Total expenses</b>	<b>1,070,784</b>	<b>1,058,717</b>
<b>Revenue over expenses for the year</b>	<b>22,620</b>	<b>36,461</b>
Employee benefit plans – remeasurements ( <i>note 13</i> )	(100,154)	110,936
Net transfers (to) from internally restricted net assets ( <i>note 11</i> )	81,171	(144,010)
Net transfers to internally restricted endowments ( <i>note 12</i> )	(251)	(2,218)
<b>Change in deficit in the year</b>	<b>3,386</b>	<b>1,169</b>
<b>Deficit, beginning of year</b>	<b>(39,122)</b>	<b>(40,291)</b>
<b>Deficit, end of year</b>	<b>(35,736)</b>	<b>(39,122)</b>

See accompanying notes

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

Year ended April 30				2018	2017
	Deficit \$	Internally restricted \$	Endowments \$	Total \$	Total \$
		<i>(note 11)</i>	<i>(note 12)</i>		
<b>Net assets, beginning of year</b>	<b>(39,122)</b>	<b>1,114,129</b>	<b>456,300</b>	<b>1,531,307</b>	1,327,518
Revenue over expenses for the year	<b>22,620</b>	-	-	<b>22,620</b>	36,461
Employee benefit plans – remeasurements <i>(note 13)</i>	<b>(100,154)</b>	-	-	<b>(100,154)</b>	110,936
Net transfers from internally restricted net assets to deficit <i>(note 11)</i>	<b>81,171</b>	<b>(81,171)</b>	-	-	-
Contribution related to land and artwork	-	<b>150</b>	-	<b>150</b>	70
Investment income (loss) on externally restricted endowments and amounts made available for spending <i>(note 12)</i>	-	-	<b>(6,797)</b>	<b>(6,797)</b>	52,901
Contributions to externally restricted endowments <i>(note 12)</i>	-	-	<b>1,777</b>	<b>1,777</b>	3,421
Net transfers to internally restricted endowments from deficit <i>(note 12)</i>	<b>(251)</b>	-	<b>251</b>	-	-
<b>Net assets, end of year</b>	<b>(35,736)</b>	<b>1,033,108</b>	<b>451,531</b>	<b>1,448,903</b>	1,531,307

See accompanying notes

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

Year ended April 30

	2018	2017
	\$	\$
<b>OPERATING ACTIVITIES</b>		
Revenue over expenses for the year	22,620	36,461
Add (deduct) non-cash items:		
Amortization of capital assets	43,426	45,307
Amortization of deferred capital contributions	(15,247)	(16,219)
Amortization of transaction costs	45	42
Employee benefit plan expense	38,782	44,803
Net change in non-cash balances <i>(note 14)</i>	81,893	(13,676)
Contributions to employee benefit plans	(43,157)	(51,438)
<b>Cash provided by operating activities</b>	<b>128,362</b>	<b>45,280</b>
<b>INVESTING ACTIVITIES</b>		
Sale (purchase) of investments, net <i>(note 14)</i>	28,182	(138,379)
Purchase of capital assets <i>(note 14)</i>	(123,904)	(40,903)
<b>Cash used in investing activities</b>	<b>(95,722)</b>	<b>(179,282)</b>
<b>FINANCING ACTIVITIES</b>		
Repayment of long-term debt	(623)	(708)
Issue of debenture, net of transaction costs	-	99,423
Contributions restricted for capital purposes <i>(note 14)</i>	81,809	17,511
Contributions to externally restricted endowments	1,777	3,421
<b>Cash provided by financing activities</b>	<b>82,963</b>	<b>119,647</b>
<b>Net increase (decrease) in cash and cash equivalents during the year</b>	<b>115,603</b>	<b>(14,355)</b>
Cash and cash equivalents, beginning of year	41,810	56,165
<b>Cash and cash equivalents, end of year</b>	<b>157,413</b>	<b>41,810</b>

See accompanying notes

# **NOTES TO FINANCIAL STATEMENTS**

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

**APRIL 30, 2018**

## **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. Accordingly, these financial statements include the operations, research activities and ancillary operations of the University and the York University Development Corporation (an Ontario corporation of which the University is the sole shareholder) that oversees the development of designated undeveloped York lands and which owns York Lanes shopping mall.

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

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

### **a) Revenue recognition**

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

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

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

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

## b) Use of estimates

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

## c) Cash and cash equivalents

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

## d) Inventories

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

## e) Financial instruments

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

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

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

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

## f) Capital assets

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

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

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

Donations of items included in the art collection are recorded as direct increases in capital assets and net assets at an appraised value established by independent appraisal in the period 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 Statement of Operations and Changes in Deficit. Foreign exchange gains and losses on investments are accounted for consistent with investment income.

### h) Employee benefit plans

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

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

## 3. INVESTMENTS

a) Investments consist of the following:

	2018	2017
	\$	\$
Cash	2,920	4,424
Short-term investments	11,254	12,285
Guaranteed investment certificates	220,146	260,513
Canadian government bonds	99,019	84,028
Canadian corporate bonds	181,127	194,363
Foreign bonds	44,495	46,737
Mortgages	92,051	84,541
Canadian equities	75,115	75,678
US equities	93,175	91,454
International and emerging markets	147,219	152,633
Infrastructure	30,282	25,134
Other	669	661
<b>Total</b>	<b>997,472</b>	<b>1,032,451</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:

	2018	2017
	\$	\$
Fair value – endowments	467,004	468,624
Amortized cost	530,468	563,827
<b>Total</b>	<b>997,472</b>	<b>1,032,451</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 currency denominated investments to minimize exchange rate fluctuations and the resulting uncertainty on future financial results. All outstanding contracts have a remaining term to maturity of less than one year. The University has contracts outstanding held in foreign currencies, as detailed below.

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

	2018		2017	
	Notional value (CAD \$)	Fair value of contract (CAD \$)	Notional value (CAD \$)	Fair value of contract (CAD \$)
<b>Currency sold</b>				
USD	23,849	2	22,695	(443)

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 Statement of Operations and Changes in Deficit.

b) Investment income consists of the following:

	2018	2017
	\$	\$
Investment income (loss) on endowments, net of management fees ( <i>note 12</i> )	8,339	67,043
Remove investment loss (income) credited to external endowments ( <i>note 12</i> )	(7,992)	(64,729)
Add allocations for spending on external endowments, net of deferrals	7,871	11,943
<b>Investment income attributable to endowments</b>	<b>8,218</b>	<b>14,257</b>
Other investment income	12,769	10,866
<b>Total</b>	<b>20,987</b>	<b>25,123</b>

#### 4. INVESTMENT IN LEASE

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

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

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

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

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

	2018 \$	2017 \$
Aggregate future minimum lease payments	120,056	124,874
Less unearned finance income	(77,320)	(81,775)
<b>Investment in lease (note 8)</b>	<b>42,736</b>	43,099
Less current portion recorded in accounts receivable	(403)	(363)
<b>Balance, end of year</b>	<b>42,333</b>	42,736

Minimum future lease payments are expected to be as follows:

	\$
2019	4,818
2020	4,818
2021	4,818
2022	4,818
2023	4,818
Thereafter	95,966
<b>Total</b>	<b>120,056</b>

The University has recorded the amounts owed to the consortium under the lease assignment within the liabilities section of the Balance Sheet. The current portion of \$403 (2017 – \$363) is reported within accounts payable and accrued liabilities while the long-term portion is reported in long-term liabilities as \$42,333 (2017 – \$42,736) (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:

	2018			2017		
	Cost \$	Accumulated amortization \$	Net book value \$	Cost \$	Accumulated amortization \$	Net book value \$
Land	590,472	-	590,472	590,301	-	590,301
Buildings, facilities and infrastructure	1,246,209	538,945	707,264	1,245,341	509,459	735,882
Equipment and furnishings	133,777	81,791	51,986	136,379	82,419	53,960
Library books	55,257	55,257	-	57,910	57,910	-
Construction in progress	155,835	-	155,835	42,214	-	42,214
Art collection	5,858	-	5,858	5,858	-	5,858
<b>Total</b>	<b>2,187,408</b>	<b>675,993</b>	<b>1,511,415</b>	2,078,003	649,788	1,428,215

- a) During the year, the total cost of items added to library books was \$3,501 (2017 – \$4,365) and the total cost of items removed was \$6,154 (2017 – \$5,808).

- b) The Glendon campus land and a majority of the Keele campus land were acquired by grants. These grants had restrictive covenants, which have been registered on the title of the property, and which purport to limit use of the properties for educational or research purposes at the University level.

## 6. DEFERRED CONTRIBUTIONS

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

	2018			2017		
	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>104,873</b>	<b>40,316</b>	<b>145,189</b>	92,074	40,543	132,617
Contributions, grants and investment income	91,516	35,768	127,284	88,651	29,933	118,584
Transfers to revenue	(81,416)	(28,238)	(109,654)	(75,852)	(30,160)	(106,012)
<b>Balance, end of year</b>	<b>114,973</b>	<b>47,846</b>	<b>162,819</b>	104,873	40,316	145,189

## 7. CREDIT FACILITIES

The University has an unsecured demand operating facility in the amount of \$20 million. This facility bears interest at a rate that varies with the balances on deposit, ranging from the bank's prime rate of 3.45% plus or minus 0.5%. Letters of credit in the amount of \$5.7 million (2017 – \$5.4 million) have been utilized against this facility.

## 8. LONG-TERM LIABILITIES

Long-term liabilities consist of the following:

	2018 \$	2017 \$
Obligation under lease assignment ( <i>note 4</i> )	42,736	43,099
Less current portion recorded in accounts payable and accrued liabilities	(403)	(363)
<b>Long-term portion of obligation under lease assignment</b>	<b>42,333</b>	<b>42,736</b>
Employee other benefits ( <i>note 13</i> )	101,212	102,301
<b>Total</b>	<b>143,545</b>	<b>145,037</b>

## 9. LONG-TERM DEBT

Long-term debt consists of the following:

	2018	2017
	\$	\$
<b>Debentures</b>		
Senior unsecured debenture bearing interest at 6.48%, maturing on March 7, 2042	<b>200,000</b>	200,000
Senior unsecured debenture bearing interest at 5.84%, maturing on May 4, 2044	<b>100,000</b>	100,000
Senior unsecured debenture bearing interest at 4.46%, maturing on February 26, 2054	<b>100,000</b>	100,000
Senior unsecured debenture bearing interest at 3.58%, maturing on May 26, 2056	<b>100,000</b>	100,000
Other debentures bearing interest at 5.88% to 7.63%, maturing from 2019 to 2023 Weighted average interest rate is 7.27% (2017 – 7.17%)	<b>1,741</b>	2,269
<b>Term Loans</b>		
Term loan bearing interest at 4.50%, maturing in 2023	<b>669</b>	764
	<b>502,410</b>	503,033
Unamortized transaction costs	<b>(3,059)</b>	(3,104)
	<b>499,351</b>	499,929
Less current portion	<b>(505)</b>	(623)
<b>Total</b>	<b>498,846</b>	499,306

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

	\$
2019	505
2020	474
2021	506
2022	354
2023	377
Thereafter	500,194
<b>Total</b>	<b>502,410</b>

Certain buildings, with an insignificant net book value, have been pledged as collateral for certain term loans. The amount of interest expense during the year on long-term debt was \$26,771 (2017 – \$26,804).

## 10. DEFERRED CAPITAL CONTRIBUTIONS

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

	2018 \$	2017 \$
<b>Balance, beginning of year</b>	<b>385,756</b>	384,464
Contributions in the year	<b>93,816</b>	17,511
Amortization of deferred capital contributions	<b>(15,247)</b>	(16,219)
<b>Balance, end of year</b>	<b>464,325</b>	385,756
Comprising:		
Capital contributions - expended	<b>458,497</b>	377,320
Capital contributions - unexpended	<b>5,828</b>	8,436
<b>Balance, end of year</b>	<b>464,325</b>	385,756

## 11. INTERNALLY RESTRICTED NET ASSETS

Details of internally restricted net assets are as follows:

	2018 \$	2017 \$
Departmental carryforwards	<b>66,564</b>	51,744
University fund	<b>30,918</b>	21,919
Computing systems development	<b>15,102</b>	13,973
Contractual commitments to employee groups	<b>5,723</b>	7,357
Research programs	<b>28,496</b>	25,495
Employee pension benefits ( <i>note 13</i> )	<b>107,201</b>	204,069
Sinking fund	<b>70,146</b>	66,513
Investment in capital assets	<b>47,863</b>	64,453
Land appraisal reserve	<b>585,602</b>	585,602
Capital reserve	<b>102,535</b>	98,586
Future funded capital projects	<b>(27,042)</b>	(25,582)
<b>Total</b>	<b>1,033,108</b>	1,114,129

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

- i. Departmental carryforwards – These represent the cumulative positions of all Faculties and Divisions with net unspent balances at year-end. Under Board policy, which is approved annually, Faculties and Divisions are entitled to carry forward the net unspent funds from previous years' allocations. These funds provide units with a measure of flexibility established through prudent administration over several years to assist with future balancing of their budgets in the face of additional anticipated budget reductions, as well as resources that are to meet commitments made during the year.
- ii. University fund – This represents funds set aside to address future academic and strategic initiatives of the University.
- iii. Computing systems development – The University is planning to implement or upgrade several administrative computing and information systems. These appropriated funds support forward commitments for these systems planned or in progress, as well as planned future stages of system implementation not yet contracted for at year-end.
- iv. Contractual commitments to employee groups – This is the net carryforward of funds to meet future commitments defined under collective agreements with various employee groups.

- v. Research programs – This represents appropriations for internally-funded research.
- vi. Employee pension benefits – This represents the pension asset associated with the pension plan.
- vii. Sinking fund – This represents funds set aside to retire capital debt.
- viii. Investment in capital assets – This represents the net amount of capital assets funded using internal capital.
- ix. Land appraisal reserve – This represents the increase to the appraised value of University land, as at May 1, 2011.
- x. Capital reserve – This represents funds restricted for deferred maintenance, capital emergencies and capital projects planned or in progress.
- xi. Future funded capital projects – This represents projects that will be funded in the future through a combination of budget allocations, donations and debt.

## 12. ENDOWMENTS

Endowments include restricted donations received by the University and funds that have been internally designated. Investment returns generated from endowments are used in accordance with the various purposes established by the donors or by the Board of Governors. On an annual basis, the University determines the distribution for spending after a review of each individual endowment's original contribution, market value, and consideration of the long-term objective to preserve the purchasing power of each endowment.

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

	2018			2017		
	Internally restricted \$	Externally restricted \$	Total \$	Internally restricted \$	Externally restricted \$	Total \$
<b>Balance, beginning of year</b>	<b>17,294</b>	<b>439,006</b>	<b>456,300</b>	15,531	382,229	397,760
Contributions	-	1,777	1,777	-	3,421	3,421
Investment income ( <i>note 3</i> )	347	7,992	8,339	2,314	64,729	67,043
Available for spending	(96)	(14,789)	(14,885)	(96)	(11,828)	(11,924)
Transfers	(442)	442	-	(455)	455	-
<b>Balance, end of year</b>	<b>17,103</b>	<b>434,428</b>	<b>451,531</b>	17,294	439,006	456,300

### 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:

<b>For the year ended April 30</b>	<b>OSOTF I</b>	<b>OSOTF II</b>	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Endowment Funds:</b>				
<b>Endowment at book value, beginning and end of year</b>	<b>67,583</b>	<b>10,714</b>	<b>78,297</b>	78,297
<b>Endowment at market value, end of year</b>	<b>105,684</b>	<b>15,989</b>	<b>121,673</b>	123,120
<b>Expendable Funds:</b>				
Balance, beginning of year	24,144	2,055	26,199	22,379
Realized investment gains, net of capital protection	5,168	771	5,939	8,384
Bursaries awarded	(3,164)	(674)	(3,838)	(4,564)
<b>Expendable funds available for awards, end of year</b>	<b>26,148</b>	<b>2,152</b>	<b>28,300</b>	26,199
<b>Number of bursaries awarded</b>	<b>2,127</b>	<b>341</b>	<b>2,468</b>	2,430

<b>OTSS</b>	<b>2018</b>	<b>2017</b>
<b>For the year ended March 31*</b>	<b>\$</b>	<b>\$</b>
<b>Endowment Funds:</b>		
<b>Endowment at book value, beginning and end of year</b>	<b>45,764</b>	45,764
<b>Endowment at market value, end of year</b>	<b>68,291</b>	67,492
<b>Expendable Funds:</b>		
Balance, beginning of year	15,125	12,442
Realized investment gains, net of capital protection	3,292	4,817
Bursaries awarded	(2,020)	(2,134)
<b>Expendable funds available for awards, end of year</b>	<b>16,397</b>	15,125
<b>Number of bursaries awarded</b>	<b>1,181</b>	1,259

\*As per reporting guidelines as determined by the Ministry of Advanced Education and Skills Development.

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

### 13. EMPLOYEE BENEFIT PLANS

The University has a number of funded and unfunded benefit plans that provide pension, other retirement and post-employment benefits to most of its employees. The pension plan is a defined contribution plan, which has a defined benefit component that provides a minimum level of pension benefits. The most recent actuarial valuation for funding purposes for the pension plan was performed as at December 31, 2016.

Other retirement benefit plans are contributory health care plans with retiree contributions adjusted annually. A plan also provides for long-term disability income benefits after employment, but before retirement. The most recent actuarial valuation for other post-retirement benefits was performed as at May 1, 2017. The most recent actuarial valuation for post-employment benefits was performed as at April 30, 2018.

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

	2018		2017	
	Pension	Other	Pension	Other
	benefit plan	benefit plans	benefit plan	benefit plans
	\$	\$	\$	\$
<b>Plan surplus (deficit), beginning of year</b>	<b>204,069</b>	<b>(102,301)</b>	82,642	(98,445)
Employee benefit plan expense	(28,368)	(10,414)	(35,161)	(9,642)
Remeasurements	(107,088)	6,934	110,031	905
Employer contributions	38,588	4,569	46,557	4,881
<b>Plan surplus (deficit), end of year</b>	<b>107,201</b>	<b>(101,212)</b>	204,069	(102,301)
<b>Additional Information:</b>				
Plan assets	2,570,988	-	2,464,927	-
Plan obligations	(2,463,787)	(101,212)	(2,260,858)	(102,301)
<b>Plan surplus (deficit), end of year</b>	<b>107,201</b>	<b>(101,212)</b>	204,069	(102,301)
Employee contributions	31,499	-	31,406	-
Benefits paid and administrative expenses	111,045	4,569	94,994	4,881

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

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

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

	2018		2017	
	Pension	Other	Pension	Other
	benefit	benefit	benefit	benefit
	plan	plans	plan	plans
	%	%	%	%
<b>Accrued benefit surplus (deficit)</b>				
Discount rate	5.75	5.75	5.75	5.75
Rate of inflation	2.00	2.00	2.00	2.00
Rate of compensation increase	4.00	4.00	4.00	4.00
<b>Benefit expense</b>				
Discount rate	5.75	5.75	5.75	5.75
Rate of inflation	2.00	2.00	2.00	2.00
Expected long-term rate of return on plan assets	5.75	-	5.75	-
Rate of compensation increase	4.00	4.50	4.00	4.50

For measurement purposes, 4.34% (2017 – 4.77%) and 4.76% (2017 – 4.99%) annual increases in the cost of covered health care benefits were assumed for the post-retirement benefit and post-employment benefit plans, respectively. The rate of increase was assumed to decrease gradually to 4.00% in 2038 and 2028 for post-retirement benefit plan and post-employment benefit plan, respectively; the rate of increase is to remain at that level thereafter.



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

	2018	2017
	%	%
Equities	54	59
Fixed income	30	30
Other	16	11
<b>Total</b>	<b>100</b>	<b>100</b>

#### 14. ADDITIONAL INFORMATION

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

	2018	2017
	\$	\$
Accounts receivable	(19,467)	(23,153)
Inventories	215	442
Prepaid expenses	(2,471)	(1,133)
Accounts payable and accrued liabilities	24,106	(5,421)
Deferred revenue	61,880	3,017
Deferred contributions	17,630	12,572
<b>Net change in non-cash balances related to operations</b>	<b>81,893</b>	<b>(13,676)</b>

The purchase of investments is calculated as follows:

	2018	2017
	\$	\$
Change in investments	34,979	(191,280)
Investment income (loss) on externally restricted endowments less amounts made available for spending ( <i>note 12</i> )	(6,797)	52,901
<b>Sale (purchase) of investments, net</b>	<b>28,182</b>	<b>(138,379)</b>

The purchase of capital assets is calculated as follows:

	2018	2017
	\$	\$
Additions to capital assets	(126,626)	(44,407)
Change in current year, from the previous year, in accounts payable and accrued liabilities related to capital asset additions	2,572	3,434
Donations of artwork and land	150	70
<b>Purchase of capital assets</b>	<b>(123,904)</b>	<b>(40,903)</b>

Contributions restricted for capital purposes is calculated as follows:

	2018	2017
	\$	\$
Additions to deferred capital contributions	93,816	17,511
Change in current year, from the previous year, in accounts receivable related to capital asset additions	(12,007)	-
<b>Contributions restricted for capital purposes</b>	<b>81,809</b>	<b>17,511</b>

As at April 30, 2018, accounts payable and accrued liabilities include government remittances payable of \$14,349 (2017– \$2,880).

## 15. RELATED ENTITY

The University is a member, with twelve 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 7.69% (2017 – 8.33%) 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(c)*).

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

	2018	2017
	\$	\$
	(Unaudited)	(Audited)
<b>Statement of Financial Position</b>		
Total assets	49,175	47,730
Total liabilities	8,089	20,262
Total fund balances	41,086	27,468
<b>Statement of Combined Funding/Income and Expenses</b>		
Revenue	95,171	74,694
Expenses	81,553	70,925
Surplus of revenue over expenses	13,618	3,769

## 16. COMMITMENTS AND CONTINGENT LIABILITIES

### a) Litigation and other regulatory proceedings

The nature of the University's activities is such that there is usually litigation and/or other regulatory proceedings pending or in prospect at any one time. With respect to known claims at April 30, 2018, the University believes it has valid defences and appropriate insurance coverage in place. Therefore, such claims are not expected to have a material effect on the University's financial position. There exist other claims or potential claims where the outcome cannot be determined at this time. Should any additional losses occur, they would be charged to income in the year they can be estimated.

**b) Canadian University Reciprocal Insurance Exchange (“CURIE”)**

The University participates in a reciprocal exchange of insurance risks in association with other Canadian universities. This self-insurance reciprocal, CURIE, involves a subscriber agreement to share the insurable property and liability risks of member universities for a term of not less than five years. Plan members are required to pay annual deposit premiums, which are actuarially determined and expensed in the year. Plan members are subject to further assessment in proportion to their participation in the event premiums are insufficient to cover losses and expenses. As at December 31, 2017, CURIE was fully funded.

**c) TRIUMF**

While there is no intention of decommissioning the TRIUMF facilities, the TRIUMF joint venture members have complied with federal legislation by putting in place a decommissioning plan, including a funding plan, in the event TRIUMF is decommissioned. The decommissioning plan is updated regularly in compliance with TRIUMF’s licensing requirements. As at March 31, 2017, the balance in the fund, \$11.0 million, is held in an escrow account to fund decommissioning costs. Each member university has entered into an agreement confirming they will share the cost of any funding shortfall in the event decommissioning costs exceed funding available for decommissioning.

**d) Capital and other commitments**

The estimated cost to complete committed capital and other projects as at April 30, 2018 is approximately \$46.5 million. 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 investments in fixed income investments including a pooled fund that holds fixed income securities, its investment in lease and offsetting liability, and with respect to its fixed rate debt, because the fair value will fluctuate.

### **Credit risk**

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

### **Other price risk**

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

## Liquidity risk

The University is exposed to liquidity risk to the extent that it will encounter difficulty in meeting obligations associated with its financial liabilities.

## 18. LABOUR DISRUPTION

The University experienced a labour disruption in fiscal 2017-2018 by CUPE 3903, which represents over 3,000 individuals employed as contract faculty, teaching and graduate assistants by the University. The labour disruption began on March 5, 2018 and had not been settled by the end of the fiscal year.

As a consequence of this labour disruption, a number of classes were suspended and some students were not able to complete their classes and exams, by the end of April 30, 2018, which represents the normal conclusion of instruction and exams. The University will be conducting remediation efforts in fiscal 2018-19 for those students who were unable to complete their term by the end of the fiscal year. Students were also given the option of withdrawing from courses and receiving an equivalent tuition credit to be used before the end of the winter term of fiscal 2019.

In addition, certain services provided to students related to housing and parking were extended beyond the fiscal year.

The University has therefore deferred to fiscal 2018-19 a portion of student fees and sales and services revenue for services not yet performed. The amounts deferred are comprised as follows:

	<b>Amount</b>
	<b>\$</b>
<b>Type of revenue</b>	
Student fees	61,808
Sales and services	2,010
<b>Total</b>	<b>63,818</b>

## 19. COMPARATIVE FINANCIAL STATEMENTS

Certain comparative figures in the financial statements have been reclassified to conform with the presentation adopted for the current year.