CONSOLIDATED FINANCIAL STATEMENTS
APRIL 30, 2023

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STATEMENT OF ADMINISTRATIVE RESPONSIBILITY

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

The consolidated financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations. The administration believes the consolidated financial statements present fairly, in all material respects, the University's consolidated financial position as at April 30, 2023, and the consolidated results of its operations and its consolidated 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 the consolidated 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 consolidated 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 consolidated financial statements and this annual report principally through its Finance and Audit Committee (the "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 consolidated financial statements for the year ended April 30, 2023. The independent auditor's report outlines the scope of their audit and their opinion on the presentation of the information included in the consolidated financial statements.

C. McAulay

Carol McAulay
Vice-President, Finance and Administration

Rhonda L. Lenton
President and Vice-Chancellor

YORK UNIVERSITÉ UNIVERSITY

COMMENTARY ON YORK UNIVERSITY CONSOLIDATED FINANCIAL STATEMENTS – 2022/23 AND FINANCIAL OUTLOOK

The University successfully delivered its academic programs despite the lingering impacts of the COVID-19 pandemic. Turmoil in the capital markets, supply chain issues and rising inflation have also had an impact on investments and capital projects.

Financial Commentary

Student fee revenue for 2022/23 was driven by lower enrolments at both the domestic and international undergraduate level. Undergraduate enrolments totaled 34,623 domestic fiscal fulltime equivalents ("FFTEs") for 2022/23 compared to 35,818 FFTEs for the prior year. International undergraduate enrolments were negatively impacted by student visa processing delays and for 2022/23 comprised 7,046 FFTEs, compared to 8,049 FFTEs for the prior year. Overall student fee revenue decreased from $731.4 million in 2021/22 to $726.5 million in 2022/23 due to the lower enrolment numbers. Student fee revenue continues to be impacted by the provincial government's decision to reduce domestic tuition fees by 10% in 2019/20 and freeze tuition for 2020/21 through 2022/23.

Government grants, which consist largely of provincial grants and other research related funding, increased from $390.6 million in 2021/22 to $398.8 million in 2022/23. The increase is mainly due to higher research grants.

Sales and services continued to recover in the current year to $67.2 million (2021/22: $43.2 million), largely due to increased housing, parking, food services, and bookstore revenues, as the University resumed on campus operations for the full year.

Investment income from operating funds increased to $56.1 million (2021/22: $26.9 million), largely due to more favorable interest rates in the fiscal year. The University follows the deferral method for accounting for investment income on external endowments and recognizes investment income in the consolidated statement of operations as related expenses are incurred.

The market value of the University's endowments increased from $549.8 million at April 30, 2022 to $582.7 million at April 30, 2023, primarily due to capital market fluctuations in the latter part of the fiscal year. The University's rate of return was 8.1% in 2022/23 (2021/22: -5.4%).

The University's operating cash and cash equivalents decreased to $78.9 million at April 30, 2023 (2021/22: $126.8 million) while the operating resources invested in short to medium term investments decreased to $985.2 million at April 30, 2023 (2021/22: $1,004.0 million). Of the combined $1,064.1 million in cash and cash equivalents and short to medium term investments at April 30, 2023 (2021/22: $1,130.8 million), $237.3 million are held for externally restricted contributions (2021/22: $216.0 million) and $93.4 million are held for the sinking fund (2021/22: $86.5 million). The University maintains the remaining balances to finance the University's operating and capital plans.

Salaries and benefits increased from $846.3 million in 2021/22 to $894.1 million in 2022/23. The increase in salaries and benefits was largely the result of benefit improvements, salary increments, and increase in teaching, research, and administrative costs to support the University's academic and research mission.

The University continues to support students with financial assistance. Scholarships and bursaries remained consistent with prior year at $116 million.

The University has long term debt of $600.3 million (2021/22: $600.7 million). Interest on the long-term debt was $28.2 million in 2022/23 (2021/22: $29.5 million).

Operating costs in 2022/23 were $170.4 million compared to $151.9 million in 2021/22, as the University has resumed full operations post pandemic. Several expense categories and activities, including travel, conferences, hospitality and office expenses were limited by the COVID-19 pandemic.

As summarized on the consolidated balance sheet, the University's unrestricted accumulated deficit has increased from $53.7 million in 2021/22 to $68.6 million in 2022/2023. The $14.9 million increase in the accumulated deficit is due to a $28.3 million increase to the opening deficit as a result of an increase in the University's liability for other retirement and post-employment benefits upon adopting the amended CPA Handbook accounting standards. The $28.3 million increase was offset by in year remeasurements for employee benefit plans and surplus in ancillary operations. Surpluses related to academic operations are internally restricted and do not affect the University's unrestricted deficit.

Major Capital Projects

Planning and construction activity continued on a number of important capital projects despite the COVID-19 pandemic, though supply chain issues, increased cost of materials and labour issues, continue to impact construction, affecting both budget and schedule.

Construction on the Markham Centre Campus Project ("MCC"), which began in fiscal 2021, continued through the fiscal year with costs incurred to date of $160 million against a total project budget of $310.5 million. The MCC will be financed by $135 million in debentures ($100 million issued in 2020 and $35 million from a prior debenture) and funded by a contribution of land by the City of Markham valued at $50 million, a contribution from the Region of York of $25 million, fundraising of $50 million and a $50.5 million contribution from reserves. The Markham Centre Campus is expected to open in 2024. Program offerings at the Markham Centre Campus will create high-quality learning opportunities to prepare students for the digital economy. The Campus will accommodate up to 4,200 students at both the undergraduate and graduate level, with the flexibility to respond to future growth demands, and will secure the University's presence in the rapidly growing York Region.

During the year, the new School of Continuing Studies building was occupied in Fall 2022, with further work to be done to anticipate any deficiencies. The new building with total costs to date of $68.7 million is entirely funded by the School of Continuing Studies ("the School"). The new building will accommodate the growing needs of the School and will provide approximately 10,800 square meters of space. The School was established in 2015, bringing together continuing professional education programs and English language support at the University to form one of the largest schools in Canada.

Design of the Neuroscience Facility at Sherman Health Science Research Centre also continued. This project has a budget of $54.5 million and a targeted completion in 2024. The building will host the VISTA research neuroscience facility and provide additional office and clinical space for the Faculty of Health. The project's costs are being funded by the University's capital reserves, external debentures and an internal loan.

Several other approved projects are in progress including the Goldfarb Gallery of York University ($13.5 million budget), and the Student System Renewal Program ($120 million budget). The University continued to invest in renewal of spaces on campus as part of its classroom and washroom renewal programs.

C. McAulay

Carol McAulay
Vice-President, Finance and Administration

SUMMARY OF REVENUE AND EXPENSES

Total Revenue and Expenses

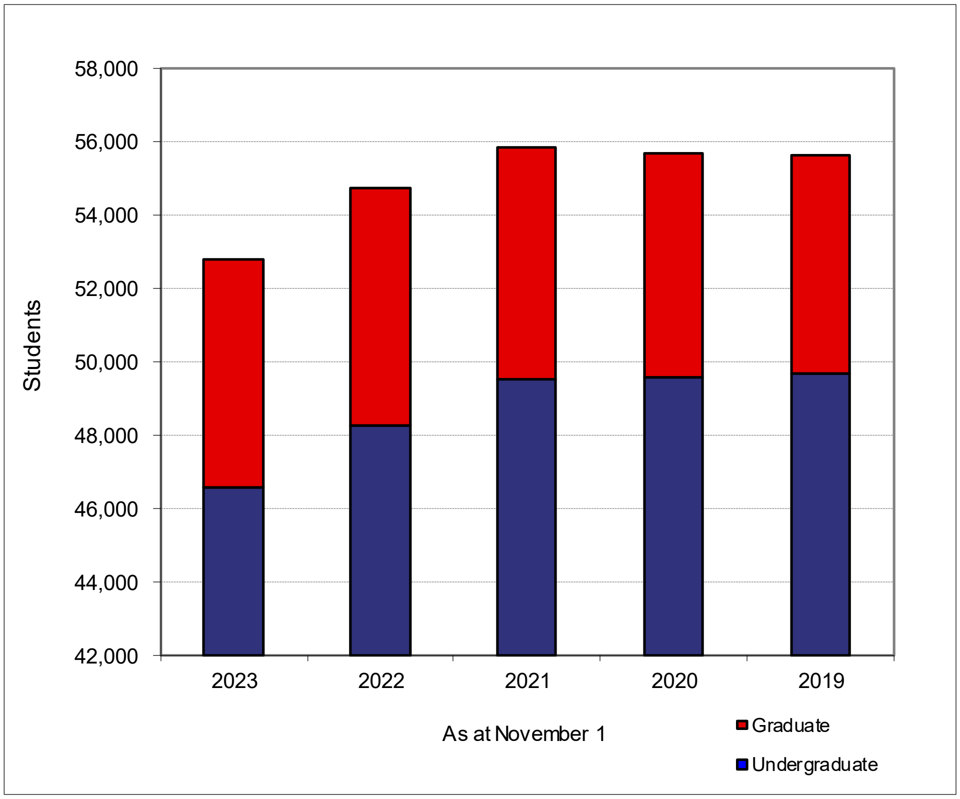
(Millions of dollars)

Year ended April 30	2023	2022	2021	2020	2019
	$	$	$	$	$
REVENUE					
Student fees	726.5	731.4	741.5	714.2	694.2
Government and other grants for restricted purposes	398.8	390.6	388.2	387.2	418.1
Investment income	56.1	26.9	36.2	37.3	33.1
Fees, recoveries and other income	36.7	28.8	27.6	37.3	38.6
Sales and services	67.2	43.2	26.9	64.7	69.1
Amortization of deferred capital contributions	19.5	18.5	18.2	18.1	17.5
Donations	12.2	15.3	8.2	9.8	8.5
	1,317.0	**1,254.7**	**1,246.8**	**1,268.6**	**1,279.1**
EXPENSES					
Salaries and benefits	894.1	846.3	806.9	772.4	746.7
Operating costs	170.4	151.9	132.2	158.6	166.5
Scholarships and bursaries	116.5	116.1	123.5	98.2	91.8
Amortization of capital assets	51.9	49.1	48.4	48.5	46.1
Interest on long-term debt	28.2	29.5	30.3	27.2	26.1
Taxes and utilities	27.7	25.3	23.0	27.0	25.2
Cost of sales and services	7.4	7.2	7.4	11.4	12.4
	1,296.2	**1,225.4**	**1,171.7**	**1,143.3**	**1,114.8**

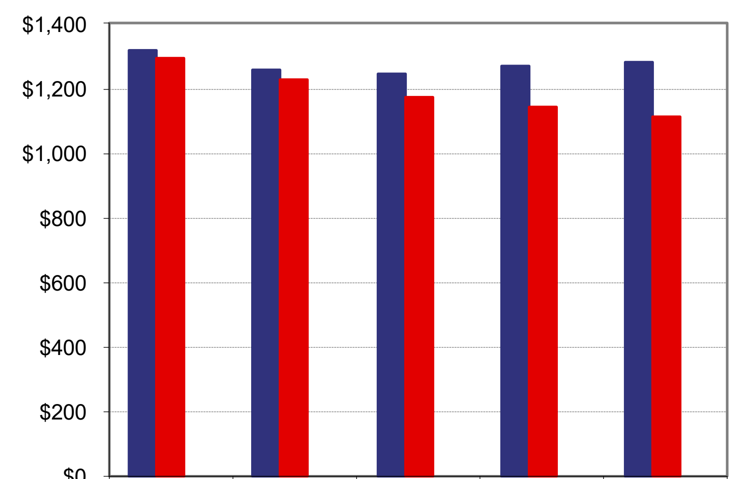
% of Total Revenue and Expenses

Year ended April 30	2023	2022	2021	2020	2019
	%	%	%	%	%
REVENUE					
Student fees	55.2	58.4	59.4	56.4	54.3
Government and other grants for restricted purposes	30.3	31.1	31.1	30.5	32.7
Investment income	4.3	2.1	2.9	2.9	2.6
Fees, recoveries and other income	2.8	2.3	2.2	2.9	2.9
Sales and services	5.1	3.4	2.2	5.1	5.4
Amortization of deferred capital contributions	1.4	1.5	1.5	1.4	1.4
Donations	0.9	1.2	0.7	0.8	0.7
	100.0	**100.0**	**100.0**	**100.0**	**100.0**
EXPENSES					
Salaries and benefits	69.0	69.1	68.9	67.5	67.0
Operating costs	13.1	12.4	11.3	13.9	15.0
Scholarships and bursaries	9.0	9.4	10.5	8.6	8.2
Amortization of capital assets	4.0	4.0	4.1	4.2	4.1
Interest on long-term debt	2.2	2.4	2.6	2.4	2.3
Taxes and utilities	2.1	2.1	2.0	2.4	2.3
Cost of sales and services	0.6	0.6	0.6	1.0	1.1
	100.0	**100.0**	**100.0**	**100.0**	**100.0**

STUDENT HEADCOUNT
2019 – 2023



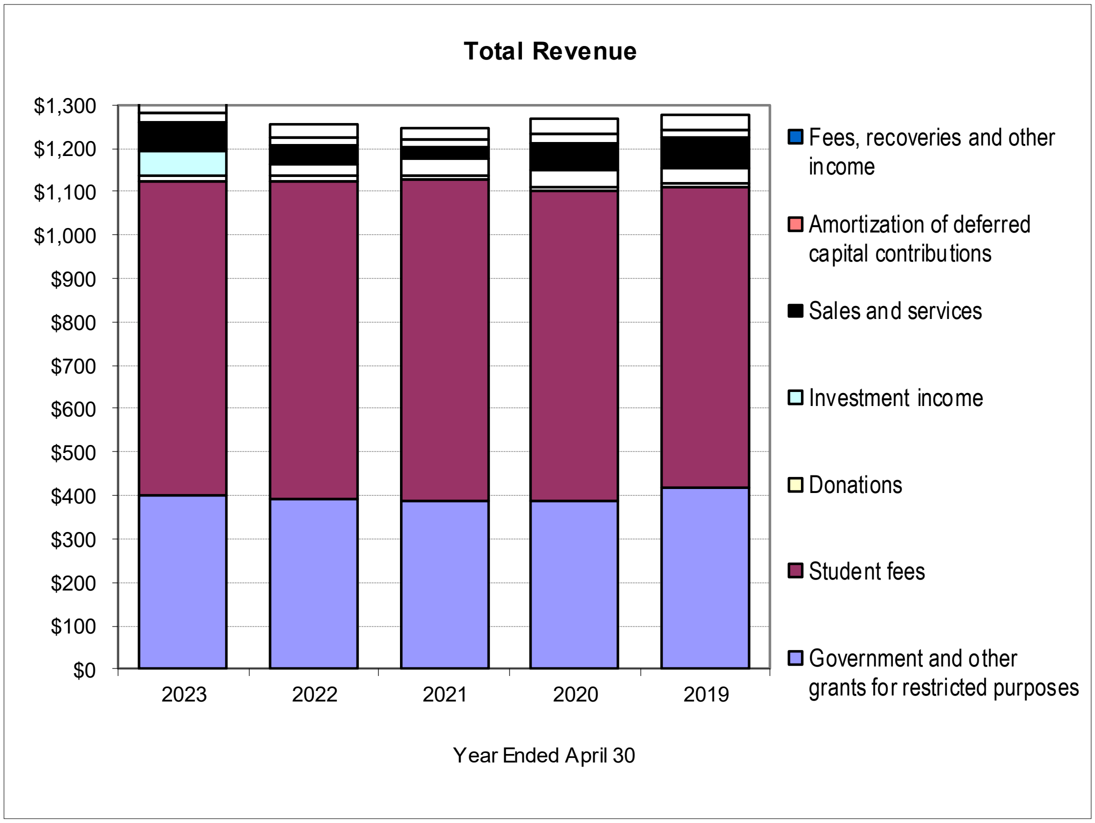
REVENUE AND EXPENSES
Year Ended April 30
2019 – 2023
(Millions of dollars)

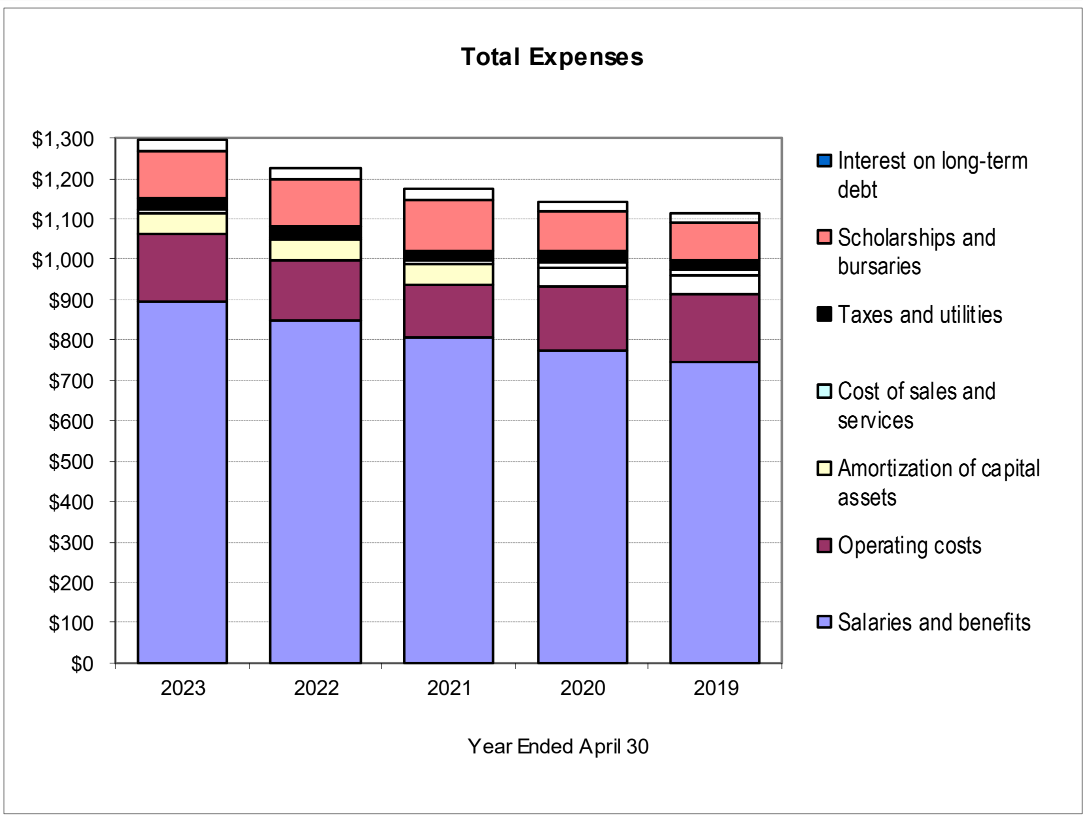


	2023	2022	2021	2020	2019
Revenue	$1,317.0	$1,254.7	$1,246.8	$1,268.6	$1,279.1
Expenses	$1,296.2	$1,225.4	$1,171.7	$1,143.3	$1,114.8
Revenue over Expenses	$20.8	$29.3	$75.1	$125.3	$164.3

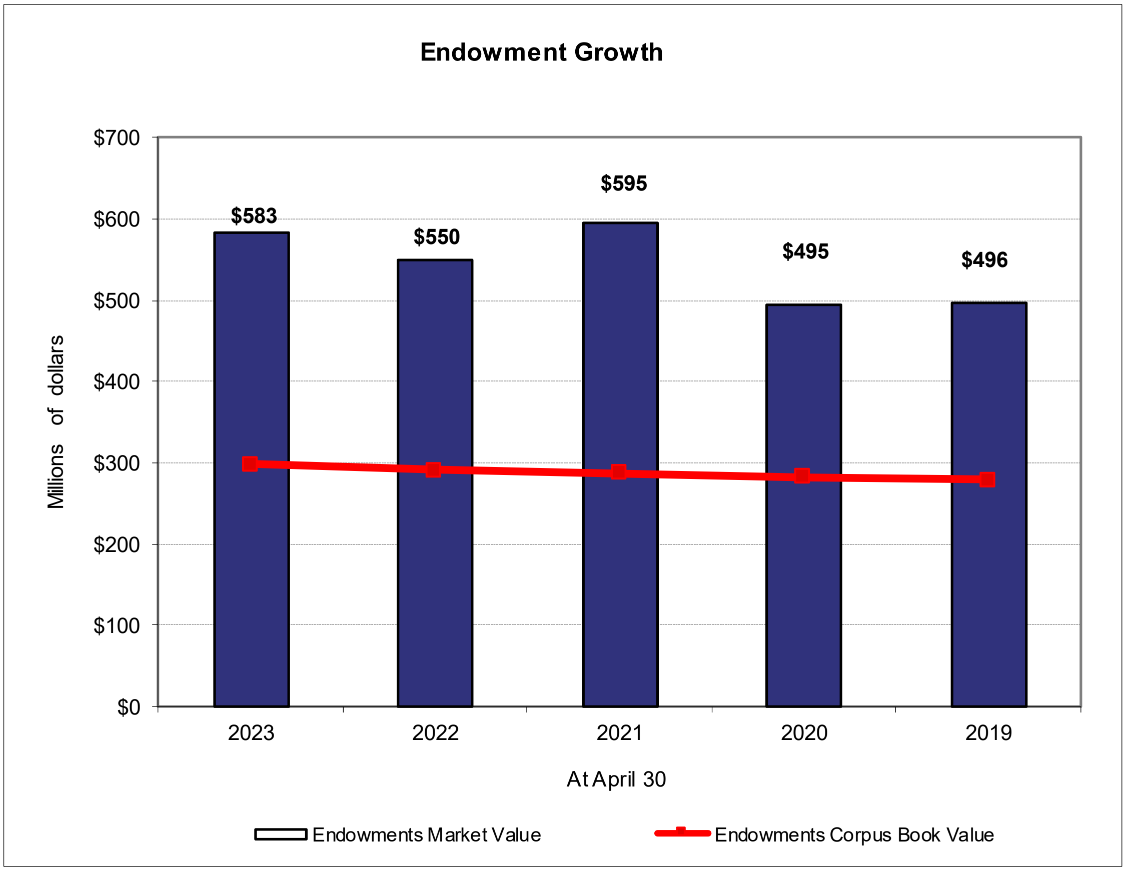
Year Ended April 30

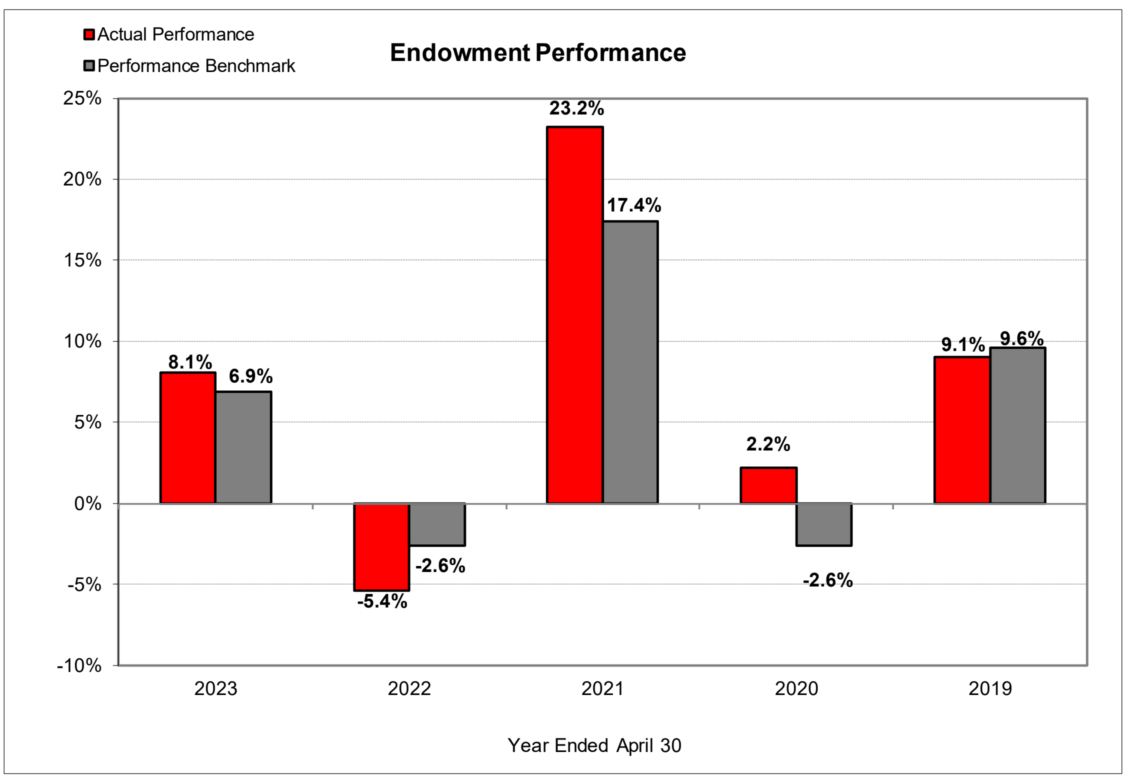
SUMMARY OF REVENUE AND EXPENSES
Year Ended April 30
2019 – 2023
(Millions of dollars)





ENDOWMENT GROWTH AND PERFORMANCE
2019 – 2023





Independent auditor's report

To the Board of Governors of
York University

Opinion

We have audited the consolidated financial statements of **York University** [the "University"], which comprise the consolidated balance sheet as at April 30, 2023, and the consolidated statement of operations and changes in deficit, consolidated statement of changes in net assets and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the University as at April 30, 2023 and its consolidated results of operations and its consolidated cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the University in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

Management is responsible for the other information. The other information comprises the information included in the financial report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information, and in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

We obtained the other information prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the consolidated financial statements

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

In preparing the consolidated financial statements, management is responsible for assessing the University's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the University or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the University's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the University's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the University to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities with the University to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Ernst & Young LLP

Chartered Professional Accountants
Licensed Public Accountants

Toronto, Canada
June 27, 2023

CONSOLIDATED BALANCE SHEET

(Thousands of dollars)

As at April 30

	2023 $	2022 $
ASSETS		
Current		
Cash and cash equivalents	**78,898**	126,827
Short-term investments *(notes 3 and 17)*	**481,310**	650,078
Accounts receivable *(notes 4 and 17)*	**127,096**	108,614
Inventories	**3,252**	2,697
Prepaid expenses	**24,524**	20,045
Total current assets	**715,080**	908,261
Pension plan asset *(note 13)*	**90,966**	51,437
Investments *(notes 3 and 17)*	**1,086,612**	903,706
Investment in lease *(note 4)*	**39,551**	40,229
Capital assets, net *(note 5)*	**1,724,849**	1,635,596
	3,657,058	3,539,229
LIABILITIES		
Current		
Accounts payable and accrued liabilities *(notes 8 and 14)*	**183,991**	193,736
Current portion of long-term debt *(note 9)*	**326**	368
Deferred revenue	**89,652**	75,543
Deferred contributions *(note 6)*	**233,754**	211,980
Total current liabilities	**507,723**	481,627
Long-term liabilities *(notes 8 and 13)*	**255,661**	199,434
Long-term debt *(note 9)*	**596,738**	596,998
Deferred capital contributions *(note 10)*	**437,401**	444,858
Total liabilities	**1,797,523**	1,722,917
Commitments and contingent liabilities *(notes 3(c), 7 and 16)*		
NET ASSETS		
Deficit	**(68,568)**	(53,673)
Internally restricted *(note 11)*	**1,361,391**	1,336,418
Endowments *(note 12)*	**566,712**	533,567
Total net assets	**1,859,535**	1,816,312
	3,657,058	3,539,229

See accompanying notes

On behalf of the Board of Governors:

Paul Tsaparis
Chair

Rhonda L. Lenton
President and Vice-Chancellor

CONSOLIDATED STATEMENT OF OPERATIONS AND CHANGES IN DEFICIT

(Thousands of dollars)

Year ended April 30

	2023 $	2022 $
REVENUE		
Student fees	**726,448**	731,460
Government and other grants for restricted purposes *(note 6)*	**398,830**	390,580
Investment income *(note 3)*	**56,117**	26,889
Fees, recoveries and other income	**36,687**	28,752
Sales and services	**67,219**	43,207
Amortization of deferred capital contributions *(note 10)*	**19,548**	18,522
Donations	**12,186**	15,303
Total revenue	**1,317,035**	1,254,713
EXPENSES		
Salaries and benefits *(note 13)*	**894,138**	846,290
Operating costs	**170,370**	151,918
Scholarships and bursaries	**116,530**	116,119
Amortization of capital assets	**51,847**	49,142
Interest on long-term debt *(note 9)*	**28,240**	29,511
Taxes and utilities	**27,709**	25,261
Cost of sales and services	**7,361**	7,208
Total expenses	**1,296,195**	1,225,449
Revenue over expenses for the year	**20,840**	29,264
Employee benefit plans – remeasurements *(note 13)*	**18,196**	(58,076)
Net transfers from (to) internally restricted net assets *(note 11)*	**(24,973)**	21,065
Net transfers from (to) internally restricted endowments *(note 12)*	**(701)**	1,642
Change in deficit in the year	**13,362**	(6,105)
Deficit, beginning of year	**(53,673)**	(47,568)
Adjustment to opening deficit – remeasurements *(note 2)*	**(28,257)**	-
Adjusted deficit, beginning of year	**(81,930)**	(47,568)
Deficit, end of year	**(68,568)**	(53,673)

See accompanying notes

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

Year ended April 30				2023	2022
	Deficit $	Internally restricted $	Endowments $	Total $	Total $
		(note 11)	*(note 12)*		
Net assets (deficit), beginning of year	**(53,673)**	**1,336,418**	**533,567**	**1,816,312**	1,889,104
Adjustment to opening balance for employee benefit plans remeasurements *(note 2)*	**(28,257)**	**-**	**-**	**(28,257)**	-
Adjusted net assets (deficit), beginning of year	**(81,930)**	**1,336,418**	**533,567**	**1,788,055**	1,889,104
Revenue over expenses for the year	**20,840**	**-**	**-**	**20,840**	29,264
Employee benefit plans – remeasurements *(note 13)*	**18,196**	**-**	**-**	**18,196**	(58,076)
Net transfers to internally restricted net assets *(note 11)*	**(24,973)**	**24,973**	**-**	**-**	-
Investment income (loss) on externally restricted endowments less amounts made available for spending *(note 12)*	**-**	**-**	**25,102**	**25,102**	(47,925)
Contributions to externally restricted endowments *(note 12)*	**-**	**-**	**7,342**	**7,342**	3,945
Net transfers to internally restricted endowments *(note 12)*	**(701)**	**-**	**701**	**-**	-
Net assets (deficit), end of year	**(68,568)**	**1,361,391**	**566,712**	**1,859,535**	1,816,312

See accompanying notes

CONSOLIDATED STATEMENT OF CASH FLOWS

(Thousands of dollars)

Year ended April 30	2023 $	2022 $
OPERATING ACTIVITIES		
Revenue over expenses for the year	**20,840**	29,264
Add (deduct) non-cash items:		
Amortization of capital assets	**51,847**	49,142
Amortization of deferred capital contributions	**(19,548)**	(18,522)
Amortization of transaction costs	**66**	62
Employee benefit plan expense	**62,136**	54,946
Net change in non-cash balances related to operations *(note 14)*	**3,722**	49,532
Contributions to employee benefit plans	**(54,821)**	(53,718)
Cash provided by operating activities	**64,242**	110,706
INVESTING ACTIVITIES		
Sale (purchase) of investments, net *(note 14)*	**10,964**	(338,919)
Purchase of capital assets *(note 14)*	**(142,200)**	(138,956)
Cash used in investing activities	**(131,236)**	(477,875)
FINANCING ACTIVITIES		
Repayment of long-term debt	**(368)**	(345)
Contributions restricted for capital purposes *(note 10)*	**12,091**	22,171
Contributions to externally restricted endowments *(note 12)*	**7,342**	3,945
Cash provided by financing activities	**19,065**	25,771
Net decrease in cash and cash equivalents during the year	**(47,929)**	(341,398)
Cash and cash equivalents, beginning of year	**126,827**	468,225
Cash and cash equivalents, end of year	**78,898**	126,827

See accompanying notes

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

APRIL 30, 2023

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 consolidated 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 consolidated 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 owns York Lanes shopping mall.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These consolidated 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.

Change in accounting policy

Effective May 1, 2022, the University adopted the amendments to CPA Canada Handbook – Accounting Section 3462, Employee Future Benefits (“CPA 3462”). These amendments clarify the measurement of the defined benefit obligation (“DBO”) for plans with a legislative, regulatory, or contractual requirement to prepare a funding valuation; and to remove the accommodation to allow the use of a funding valuation for defined benefit plans without a funding valuation requirement. Beginning in fiscal 2023, the University’s unfunded DBO plans are to be valued using an actuarial valuation for accounting purposes. On adoption of the amendments to CPA 3462, the impact of the change on the consolidated balance sheet as of May 1, 2022, was an increase in liability for other benefit plans of $28,257 and an increase in opening unrestricted deficit of $28,257.

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, is recorded as investment income (loss) in the consolidated 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 as 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 consolidated 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 consolidated 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, the related amounts of revenue and expenses, and the 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 labour negotiations, 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 consolidated 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. Investments in fixed income securities that have a maturity of less than one year are reported as short-term investments, unless held for investment purposes rather than liquidity purposes.

Real asset interests invested in private funds are managed by third-party investment managers. The investment managers of these interests perform and provide valuations of the underlying investments on a periodic basis. Annual financial statements of the private investment interests are audited and are also provided by the investment managers. The value of the investments in these interests is based on the latest valuations provided (typically December 31), adjusted for subsequent cash receipts and distributions from the fund, and cash disbursements to the fund through April 30. The University believes that the carrying amount of these financial instruments is a reasonable estimate of fair value. Because private investments are not readily traded, their estimated values are subject to uncertainty and therefore may differ from the value that would have been used had a ready market for such investments existed.

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 and accrued liabilities, 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 as 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, furnishings, and software	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.

Major software projects, including salaries and benefits directly related to their acquisition, development, and installation, are included within the equipment, furnishings, and software.

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 receipted by the University. The art collection is considered to have a permanent value and is not amortized.

Capital assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not contribute to the University's ability to provide goods and services. Any impairment results in a write-down of the asset and an expense in the consolidated statement of operations and changes in deficit. An impairment loss is not reversed if the fair value of the related asset subsequently increases.

g) Foreign exchange translation

The University accounts for revenue and expense transactions denominated in a foreign currency as at the exchange rate in effect as at the date of the transactions. Monetary assets and liabilities denominated in a foreign currency are translated as at year-end exchange rates, and any translation gain or loss is included in the consolidated 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 as 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 the pension plan are determined based on actuarial valuation reports prepared for funding purposes. The accrued benefit obligations for the other retirement and post-employment benefit plans are determined based on actuarial valuation reports prepared for accounting 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:

	2023 $	2022 $
Cash	**4,566**	30,589
Short-term income fund	**5,633**	9,617
Guaranteed investment certificates	**548,419**	661,483
Canadian government bonds	**55,458**	71,211
Canadian corporate bonds	**183,366**	204,193
Foreign bonds	**155,191**	150,843
Fixed income funds	**84,957**	-
Mortgages	**105,472**	56,075
Canadian and global equities	**353,737**	321,503
Real assets	**69,618**	47,547
Other	**1,505**	723
Total	**1,567,922**	1,553,784

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

Certain investments, cash and cash equivalents are restricted for endowments, deferred contributions, and deferred capital contributions as follows:

	2023 $	2022 $
Deferred contribution *(note 6)*	**233,754**	211,980
Deferred capital contributions *(note 10)*	**3,578**	4,035
Endowments	**582,711**	549,771
Total	**820,043**	765,786

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:

	2023 $	2022 $
Fair value – endowments	**582,711**	549,771
Fair value – operating funds	**134,217**	-
Amortized cost – operating and sinking funds *(note 9)*	**850,994**	1,004,013
Total investments	**1,567,922**	1,553,784
Less investments classified as short-term	**(481,310)**	(650,078)
Total long-term investments	**1,086,612**	903,706

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:

	2023		2022	
Currency sold	**Notional value (CAD$)**	**Fair value of contract (CAD$)**	**Notional value (CAD$)**	**Fair value of contract (CAD$)**
USD	**40,485**	**(63)**	31,981	(414)
EUR	**1,193**	**(23)**	-	-

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 consolidated statement of operations and changes in deficit.

b) Investment income consists of the following:

	2023 $	2022 $
Investment income (loss) on endowments, net of management fees *(note 12)*	**42,311**	(33,364)
Remove investment income (loss) credited to external endowments *(note 12)*	**(40,884)**	32,290
Add allocations for spending on external endowments, net of deferrals	**17,484**	12,958
Investment income attributable to endowments	**18,911**	11,884
Other investment income	**37,206**	15,005
Total	**56,117**	26,889

c) Real asset uncalled commitments:

The University's real asset investments (real estate and infrastructure) invested in private funds managed by third-party managers typically take the form of limited partnerships managed by a General Partner where the University participates as a Limited Partner. The legal terms and conditions of these private investment funds, which cover various areas of real asset investments, require that investors initially make an unfunded commitment and then remit funds over time (cumulatively up to a maximum of the total committed amount), in response to a series of capital calls issued to the investors by the manager. As at April 30, 2023, the University had uncalled commitments of approximately $75,247 (2022: $19,752). The capital committed is called by the manager over a pre-defined investment period, which varies by fund. The total amount committed to a private fund may not be fully called due to a number of reasons, including lack of investment opportunities, inadequate timing, risk management mitigation, investor preferences, fund size constraints, and regulatory or legal considerations.

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 10-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:

	2023 $	2022 $
Aggregate future minimum lease payments	**95,962**	100,784
Less unearned finance income	**(55,733)**	(59,944)
Investment in lease *(note 8)*	**40,229**	40,840
Less current portion recorded in accounts receivable	**(678)**	(611)
Total	**39,551**	40,229

Minimum future lease payments are expected to be as follows:

	$
2024	4,818
2025	4,818
2026	4,818
2027	4,818
2028	4,818
Thereafter	71,872
Total	**95,962**

The University has recorded the amounts owed to the consortium under the lease assignment within the liabilities section of the consolidated balance sheet. The current portion of $678 (2022: $611) is reported within accounts payable and accrued liabilities, while the long-term portion is reported in long-term liabilities as $39,551 (2022: $40,229) *(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:

	2023			2022		
	Cost $	Accumulated amortization $	Net book value $	Cost $	Accumulated amortization $	Net book value $
Land	**584,980**	**-**	**584,980**	584,972	-	584,972
Buildings, facilities and infrastructure	**1,562,740**	**713,078**	**849,662**	1,471,758	675,258	796,500
Equipment and furnishings	**140,451**	**91,383**	**49,068**	151,149	98,805	52,344
Library books	**37,652**	**37,652**	**-**	41,020	41,020	-
Construction in progress	**234,865**	**-**	**234,865**	195,577	-	195,577
Art collection	**6,274**	**-**	**6,274**	6,203	-	6,203
Total	**2,566,962**	**842,113**	**1,724,849**	2,450,679	815,083	1,635,596

a) During the year, the total cost of items added to library books was $1,492 (2022: $1,738) and the total cost of items removed was $4,860 (2022: $5,359).

b) During the year, the University reduced the cost and accumulated amortization by $24,817 (2022: $13,100) for capital assets, including library books, that were fully amortized and no longer in use.

c) 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.

d) Construction in progress includes the cost of the Student System Renewal Program, a suite of seven projects, including the Next Generation Student Information System, and various other construction and renovation projects.

e) Capitalized interest added to capital assets was $2,023 (2022: $775).

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:

	2023			2022		
	Research and other grants for restricted purposes $	**Donations and expendable balances from endowments $**	**Total $**	**Research and other grants for restricted purposes $**	**Donations and expendable balances from endowments $**	**Total $**
Balance, beginning of year	**152,476**	**59,504**	**211,980**	146,701	56,315	203,016
Contributions, grants and investment income	**107,912**	**39,096**	**147,008**	86,705	37,343	124,048
Transfers to revenue	**(90,248)**	**(34,986)**	**(125,234)**	(80,930)	(34,154)	(115,084)
Balance, end of year *(note 3)*	**170,140**	**63,614**	**233,754**	152,476	59,504	211,980

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 6.70% plus or minus 0.5%. Letters of credit of $13.7 million (2022: $13.0 million) and loan guarantees of $1.5 million (2022: $1.6 million) have been utilized against this facility.

8. LONG-TERM LIABILITIES

Long-term liabilities consist of the following:

	2023 $	2022 $
Obligation under lease assignment *(note 4)*	**40,229**	40,840
Less current portion recorded in accounts payable and accrued liabilities	**(678)**	(611)
Long-term portion of obligation under lease assignment	**39,551**	40,229
Employee other benefits *(note 13)*	**216,110**	159,205
Total	**255,661**	199,434

9. LONG-TERM DEBT

Long-term debt consists of the following:

	2023	2022
	$	**$**
Debentures		
Senior unsecured debenture bearing interest at 6.48%, maturing on March 7, 2042	**200,000**	200,000
Senior unsecured debenture bearing interest at 5.84%, maturing on May 4, 2044	**100,000**	100,000
Senior unsecured debenture bearing interest at 4.46%, maturing on February 26, 2054	**100,000**	100,000
Senior unsecured debenture bearing interest at 3.58%, maturing on May 26, 2056	**100,000**	100,000
Senior unsecured debenture bearing interest at 3.39%, maturing on April 1, 2060	**100,000**	100,000
Other debentures bearing interest at 7.25% to 7.63%, maturing between May and November 2023. Weighted average interest rate is 7.51% (2022: 7.47%)	**202**	451
Term loan		
Term loan bearing interest at 4.50%, maturing in October 2023	**124**	243
	600,326	600,694
Unamortized transaction costs	**(3,262)**	(3,328)
	597,064	597,366
Less current portion	**(326)**	(368)
Total	**596,738**	596,998

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

	$
2024	326
Thereafter	600,000
Total	**600,326**

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 net of capitalized interest *(note 5)* during the year on long-term debt was $28,240 (2022: $29,511).

A voluntary sinking fund *(notes 3 and 11)* was established for the purpose of accumulating funds to repay the principal of the University's debentures at maturity. The value of the fund included in investments as at April 30, 2023, amounted to $93,419 (2022: $86,483).

10. DEFERRED CAPITAL CONTRIBUTIONS

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

	2023 $	2022 $
Balance, beginning of year	**444,858**	441,209
Contributions in the year	**12,091**	22,171
Amortization of deferred capital contributions	**(19,548)**	(18,522)
Balance, end of year	**437,401**	444,858
Comprising:		
Capital contributions – expended	**433,823**	440,823
Capital contributions – unexpended	**3,578**	4,035
Balance, end of year	**437,401**	444,858

11. INTERNALLY RESTRICTED NET ASSETS

Details of internally restricted net assets are as follows:

	2023 $	2022 $
Departmental carryforwards	**85,503**	159,419
University fund	**71,060**	45,474
Computing systems development	**18,040**	21,818
Contractual commitments to employee groups	**9,487**	6,145
Research programs	**52,885**	45,591
Employee pension benefits *(note 13)*	**90,966**	51,437
Sinking fund *(note 9)*	**93,419**	86,483
Investment in capital assets	**176,568**	154,698
Land appraisal reserve	**580,102**	580,102
Capital reserve	**243,987**	239,098
Future funded capital projects	**(60,626)**	(53,847)
Total	**1,361,391**	1,336,418

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 as 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 as 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 net pension surplus associated with the pension plan.

vii. Sinking fund – This represents funds set aside to retire debentures (*note 9)*.

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 by the Board of Governors. 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:

	2023			2022		
	Internally restricted $	**Externally restricted $**	**Total $**	**Internally restricted $**	**Externally restricted $**	**Total $**
Balance, beginning of year	**17,295**	**516,272**	**533,567**	19,479	559,710	579,189
Contributions	**-**	**7,342**	**7,342**	-	3,945	3,945
Investment income (loss) *(note 3)*	**1,427**	**40,884**	**42,311**	(1,074)	(32,290)	(33,364)
Available for spending	**(726)**	**(15,782)**	**(16,508)**	(568)	(15,635)	(16,203)
Transfers	**-**	**-**	**-**	(542)	542	-
Balance, end of year	**17,996**	**548,716**	**566,712**	17,295	516,272	533,567

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, is calculated as follows:

For the year ended April 30	OSOTF I $	OSOTF II $	2023 $	2022 $
Endowment Funds:				
Endowment at book value, beginning and end of year	**67,583**	**10,714**	**78,297**	78,297
Endowment at market value, end of year	**126,512**	**18,898**	**145,410**	139,034
Expendable Funds:				
Expendable funds available for awards, beginning of year	**43,479**	**4,499**	**47,978**	42,787
Realized investment gains, net of capital protection	**3,210**	**480**	**3,690**	9,220
Bursaries awarded	**(3,616)**	**(625)**	**(4,241)**	(4,029)
Expendable funds available for awards, end of year	**43,073**	**4,354**	**47,427**	47,978
Number of bursaries awarded	**1,837**	**318**	**2,155**	1,966

OTSS For the year ended March 31*	2023 $	2022 $
Endowment Funds:		
Endowment at book value, beginning and end of year	**45,764**	45,764
Endowment at market value, end of year	**80,296**	81,300
Expendable Funds:		
Expendable funds available for awards, beginning of year	**27,388**	24,645
Realized investment gains, net of capital protection	**2,060**	5,206
Bursaries awarded	**(2,144)**	(2,463)
Expendable funds available for awards, end of year	**27,304**	27,388
Number of bursaries awarded	**1,038**	1,122

*As per reporting guidelines as determined by the Ministry of Colleges and Universities.

The expendable funds available for awards are included in deferred contributions *(note 6)* on the consolidated 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, 2021. The pension obligations as at April 30, 2023 were extrapolated from updated census data prepared as at December 31, 2022, using a provision for adverse deviation of 8.82% and other assumptions consistent with the December 31, 2021 actuarial valuation prepared for funding purposes.

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, 2020. The most recent actuarial valuation for post-employment benefits was performed as at April 30, 2023.

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

	2023		2022	
	Pension benefit plan	**Other benefit plans**	**Pension benefit plan**	**Other benefit plans**
	$	**$**	**$**	**$**
Plan surplus (deficit), beginning of year	**51,437**	**(159,205)**	98,149	(146,613)
Remeasurement of liability May 1, 2022 *(note 2)*	**-**	**(28,257)**	-	-
Employee benefit plan expense	**(46,110)**	**(16,026)**	(41,100)	(13,846)
Remeasurements	**37,845**	**(19,649)**	(52,717)	(5,359)
Employer contributions	**47,794**	**7,027**	47,105	6,613
Plan surplus (deficit), end of year	**90,966**	**(216,110)**	51,437	(159,205)
Additional information:				
Plan assets	**3,293,451**	**-**	3,109,392	-
Plan obligations	**(3,202,485)**	**(216,110)**	(3,057,955)	(159,205)
Plan surplus (deficit)	**90,966**	**(216,110)**	51,437	(159,205)
Employee contributions	**39,290**	**-**	37,034	-
Benefits paid and administrative expenses	**156,095**	**7,925**	149,297	7,497

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 consolidated balance sheet. The other benefit plan deficiency is included in long-term liabilities *(note 8)* on the consolidated balance sheet.

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

	2023		2022	
	Pension benefit plan	**Other benefit plans**	**Pension benefit plan**	**Other benefit plans**
	%	**%**	**%**	**%**
Accrued benefit surplus (deficit)				
Discount rate	**5.75**	**4.85/4.75**	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
Benefit expense				
Discount rate	**5.75**	**4.70/4.35**	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**	**4.00**	4.00	4.00

During the year, the University adopted the amendments to CPA 3462. As a result, the University revalued its DBO using a discount rate appropriate under an accounting valuation at April 30, 2022, and immediately recognized the resulting actuarial loss of $28,257 at May 1, 2022. The discount rate used to measure the University's unfunded DBO was determined based on the yield of high-quality corporate bonds of 4.70% for post-retirement benefits ("PRB") and 4.35% for post-employment benefits ("PEB") rather than the previous funding valuation discount rate of 5.75%.

For measurement purposes, 4.89% (2022: 4.64%) and 4.76% (2022: 4.55%) annual increases in the cost of covered health care benefits were assumed for PRB and PEB, respectively. The rate of increase was assumed to decrease gradually to 4.05% in 2040 for both PRB and PEB plans; the rate of increase is to remain at that level thereafter. The discount rate for the accrued benefit was 4.85% for PRB and 4.75% for PEB, and the discount rate for the benefit expense was 4.70% for PRB and 4.35% for PEB.

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

	2023 **%**	**2022** **%**
Equities	**50**	51
Fixed income	**26**	29
Other	**24**	20
Total	**100**	100

14. ADDITIONAL INFORMATION

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

	2023 **$**	**2022** **$**
Accounts receivable	**(18,482)**	(5,753)
Inventories	**(555)**	651
Prepaid expenses	**(4,479)**	(3,071)
Accounts payable and accrued liabilities	**(8,645)**	31,426
Deferred revenue	**14,109**	17,315
Deferred contributions	**21,774**	8,964
Net change in non-cash balances related to operations	**3,722**	49,532

The sale (purchase) of investments is calculated as follows:

	2023 **$**	**2022** **$**
Change in investments	**(14,138)**	(290,994)
Investment income (loss) on externally restricted endowments less amounts made available for spending *(note 12)*	**25,102**	(47,925)
Sale (purchase) of investments, net	**10,964**	(338,919)

The purchase of capital assets is calculated as follows:

	2023 **$**	**2022** **$**
Additions to capital assets	**(141,100)**	(152,297)
Change in current year, from the previous year, in accounts payable and accrued liabilities related to capital asset additions	**(1,100)**	13,341
Purchase of capital assets	**(142,200)**	(138,956)

As at April 30, 2023, accounts payable and accrued liabilities include government remittances payable of $20,973 (2022: $19,055).

15. RELATED ENTITY

The University is a member, with 13 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 a joint venture and was an unincorporated registered charity prior to June 1, 2021. On June 1, 2021, TRIUMF transferred all of its assets and liabilities to TRIUMF Inc., an incorporated registered charity. From that day onward, the University became a member of the corporation with the 13 other universities. Each university has an undivided 1/14 interest in its assets, liabilities and obligations. The land and buildings it occupies are owned by UBC. The facilities and their operations are funded by federal government grants, and the University has made no direct financial contribution to date. TRIUMF Inc.'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 consolidated financial statements (*note 16(c)*).

The following financial information as at March 31 for TRIUMF Inc. were 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. Any differences in the reporting framework are not material to the University's consolidated financial statements.

	2023 **$**	**2022** **$**
	(Unaudited)	(Audited)
Statement of financial position		
Total assets	**58,554**	51,028
Total liabilities	**16,509**	10,338
Total fund balances	**42,045**	40,690
Statement of combined funding/income and expenses		
Revenue	**99,831**	98,605
Expenses	**98,477**	103,404
Surplus (deficit) of revenue over expenses	**1,354**	(4,799)

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 as at April 30, 2023, 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.

The University was subject to the Ontario *Protecting a Sustainable Public Section for Future Generations Act, 2019* (the "Act" or "Bill 124"). The Act provided for a three-year window of salary moderation and compensation restraint measures for non-union and unionized employees employed by the Ontario government, Crown agencies, the broader public sector and a range of organizations that receive funding from the Ontario government. In November 2022, the Ontario Superior Court of Justice declared Bill 124 to be void and of no effect. In December 2022, the Ontario government filed an appeal of the Ontario Superior Court of Justice's decision on Bill 124. The outcome of the appeal and its possible effect, if any, on the consolidated financial statements cannot be determined at this time.

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, 2022, CURIE was fully funded.

c) TRIUMF Inc.

While there is no intention of decommissioning the TRIUMF Inc. facilities, the TRIUMF Inc. members have complied with federal legislation by putting in place a decommissioning plan, including a funding plan, in the event TRIUMF Inc. is decommissioned. The decommissioning plan is updated regularly in compliance with TRIUMF Inc.'s licensing requirements. As at March 31, 2022, the balance in the fund, $12.3 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 committed cost for capital and other projects as at April 30, 2023 is approximately $128.2 million. These capital projects will be financed by government grants, internal funds, debenture proceeds and fundraising.

17. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

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. The University manages interest rate risk through diversification and guidelines as set out in its statement of investment policies and procedures.

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. The University manages other price risk through diversification as set out in its statement of investment policies and procedures.

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. To manage liquidity risk, the University keeps sufficient resources readily available to meet its obligations. The University invests in publicly traded liquid assets that are easily sold and converted to cash.

18. COMPARATIVE CONSOLIDATED FINANCIAL STATEMENTS

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