Explanatory Comments on the Financial Statements

The following charts provide analytical comments in regards to the primary drivers of the year over year changes in the financial statements. The explanatory comments are not intended to completely describe the variances.

Statement of Financial Position

Assets

	April 30, 2019	April 30, 2018	Change Increase / (Decrease)	Comments
Cash and cash equivalents	$ 57,342	$ 51,900	$ 5,442	Cash provided by operating activities and financing activities increased $34,736 and $8,848 respectively. This was offset by $38,142 cash used in investing activities. Refer to the cash flow statements in the financial statements for more detailed activity.
Accounts receivable *(includes student, external organizations and tax rebates)*	23,960	23,384	576	The change is attributable to a higher student accounts receivable resulting from increasing tuition and enrolment growth. The tax rebate receivable balance decreased $1,000 from the prior year. The decrease is due to timing of purchases, primarily related to capital projects at year-end and also in the prior year a Section 211 claim of $436 that was remitted as part of the March 2018 return. This decrease was offset by an increase in the Section 211 receivable of $318, an increase in GIC interest receivable of $564 and a receivable for the sale of Natural Gas of $324.
Government grants receivable *(includes nursing grant, government research grants)*	6,2752	6,114	161	The change is attributable to the Credit Transfer grant of $166 being receivable at year end. Strategic Investment Fund grant funding receivable increased by $30 compared to the prior year. This increase was slightly offset with a decrease in external research grants that were in a receivable position at year-end.
Prepaid expenses and other assets *(includes payments for future economic benefit)*	106	397	(291)	The change is attributable to prepaid license for additional Workday products (Human Resource system) in the prior year.
Inventories *(includes bookstore, natural gas, science stores and various housekeeping and maintenance supplies)*	1,424	1,100	324	The change is attributable to Campus Store inventory increasing by $201 from the prior year (timing of spring classes). The change was primarily due to an increase in textbook inventory of $66 and clothing inventory of $117.
Restricted investments *(includes endowments, unspent capital grants, internal sinking fund, investments held for other restricted purposes)*	162,356	152,326	10,030	Increase to endowments of $10,355 as a result of $1,887 in new donations and $10,932 in investment income, which is offset by spending of $2,464. Increase to sinking fund of $674 as a result of investment gains, as well as increases to other internally restricted net assets of $130 from the prior year. Unspent donations and government grants for capital contributions decreased by $1,952 due to ongoing major capital project payments.
Intangible asset *(includes Cap and Trade allowances)*	-	1,037	(1,037)	In July 2018, the Government of Ontario repealed the Climate Change Mitigation and Low-carbon Economy Act, revoking regulations related to the Cap and Trade program. Ontario issued Cap and Trade

				allowances and program obligations where eliminated and revalued to $0.
Capital assets	422,355	403,531	18,824	Capital assets purchased were $38,467, primarily the result of construction related to the Goodman school expansion project, the Rankin Family Pavilion and District Energy Efficiency Project Phase 1 and 2, offset by amortization of $19,643.
Employee future benefits asset *(includes the accrued benefit asset for the pension plan)*	2,795	-	2,795	This change resulted in a $47,827 increase in the discounted obligations (9.4% increase). Offsetting the increase in obligations was a $59,312 increase in assets (11.8% increase). The net result was a change from an employee future benefit liability to an employee future benefit asset. The increase in plan assets is a result of the return on plan assets increasing by $37,263 from the prior year. Also, benefit payments to plan members decreased by $7,227 compared to the prior year. There were no changes in actuarial assumptions since the last disclosure as of April 30, 2018.

Liabilities

	April 30, 2019	April 30, 2018	Change Increase / (Decrease)	Comments
Accounts payable and accrued liabilities *(includes to be paid general operating, payroll and construction (i.e. GSB Building, District Energy Efficiency Project and Rankin Family Pavilion)* related expenses	$ 36,577	$ 33,420	$ 3,157	A portion of the increase, $3,986, is related to an increase in Student AR credit balances. This increase is offset with a decrease of $2,646 in construction holdbacks and April invoices payable at year-end for major capital projects. The change is also related to an increase in the payroll accrual of $705 due to the timing of pay periods at year-end. The remaining portion is attributed to the timing of expenses incurred around year-end.
Deferred revenue *(includes tuition payments for spring/summer, deposits (i.e. residence), and other payments for service in a future fiscal period.*	34,802	30,875	3,927	The change is primarily attributable to an increase in spring deferred tuition and student fees of $3,650. This is in addition to an increase in deferred donations of $1,102 for student awards. The remaining difference is due to an increase of $140 in course fee deferred revenue. This is offset by general deferred revenue decreasing by $1,087 as a result of timing of operating grants payments and grants being fully spent during the year.
Deferred contributions *(includes unspent non capital external grants with restrictions)*	8,350	9,073	(723)	The change is primarily attributable to the awarding and utilization of externally restricted grants. The prior year included $347 attributed to the intangible asset not recognized in long-term liabilities.
Current portion of long-term debt	16,367	2,458	13,909	The change is attributable to planned repayment of long-term debt in accordance with borrowing agreements. The increase is a result of the Marilyn I. Walker School of Fine and Performing Arts building loan coming due in June 2019.
Long-term accounts payable *(includes Cap and Trade liability)*	-	690	(690)	The 2018 balance represented an offsetting liability associated with the Province of Ontario's Cap and Trade program. See Intangible Asset and Deferred Contribution section for details. The liability has been reversed as the program has been repealed.

Long-term debt *(includes loans for Earp, Lowenberger, Marilyn I. Walker School of Fine and Performing Arts Building, and Cairns Family Health and Bioscience Research)*	34,857	51,224	(16,367)	The change is attributable to planned repayment of long-term debt in accordance with borrowing agreements.
Debenture payable *(represents the $93,000 bullet payment due in 2045)*	90,283	90,236	47	The change represents the amortization of deferred charges related to bond issuance costs. Deferred charges represented $2,717 at April 30, 2019.
Deferred capital contributions *(represents the unamortized portion of donations and grants received specifically for the acquisition of capital)*	201,201	197,223	3,978	Additions include a grant of $8,996 for Strategic Investment Fund projects (DEEP Phases 1 and 2 and Rankin Family Pavilion), $1,539 for the Facilities Renewal Program funds and $771 in other grants and donations, offset by amortization of $7,328.
Employee future benefits obligations *(represents non-pension future benefits which includes retiree medical, dental and health care spending accounts)*	26,786	33,472	(6,686)	The net result was a change in the Pension benefit plan from an employee future benefit obligation $8,690 to an employee future benefit asset of $2,795. See Employee Future Benefits Asset section. In addition, non-pension employee future benefit obligations increased to $26,786 ($24,782 - 2017-18). This is the result of increased current service costs of $812 and an actuarial loss of $679 compared to the prior year.

Net Assets

	April 30, 2019	April 30, 2018	Change Increase / (Decrease)	Comments
Endowment	$ 107,026	$ 96,671	$ 10,355	The growth is primarily attributable to investment income of $7,032 and an unrealized investment gain of $3,900. Spending from the endowment totaled $2,464. The balance of the change was new donations of $1,887.
Invested in capital assets	95,206	79,603	15,603	Invested in capital assets represents the net carrying value of capital assets. Repayment of long-term debt, purchases of capital assets internally financed and a sale of land added $27,918, which was offset by net amortization of $12,315. Refer to financial statement note 11 for more detailed activity.
Internally restricted	49,064	48,260	804	Internally restricted net assets represent internally committed funds. Refer to appendix 4 of this report.
Employee future benefits	(23,991)	(33,472)	9,481	The balance is equal to the net employee future benefit obligation and asset. The components are explained on pages 2 and 3 under Employee future benefits asset / obligation.
Unrestricted	85	56	29	Unrestricted represents the surplus/deficit of the University adjusted for transactions between other net asset accounts. As of April 30, 2019 there is a small uncommitted surplus, which represents uncommitted cash.

Statement of Operations

Revenue

	April 30, 2019	April 30, 2018	Change Increase / (Decrease)	Comments
Student fees *(includes domestic and international tuition plus University specific ancillary fees)*	$ 178,739	$ 167,658	$ 11,081	The change is attributable to an increase in tuition rate and student mix and a 1.5% increase in enrolment headcount.
Government grants (includes the base operating grants and all other grants for general purposes)	$ 96,442	$ 96,156	286	The change is driven by an increase in the Differentiation Grant Envelope by $1,994 due to an increase in funded master's degrees and PhD enrolments as well as adjustments to prior year grant levels. Offset by a decrease in special purpose grants, with a decrease of $690 as a result of Province of Ontario's Cap and Trade Program being repealed (offset in utilities and taxes); a decrease of $251 as a result of the restructure of the MTCU-funded First Generation Project; offset by higher Research Support Fund (previously Federal Indirect) revenue of $198.
Ancillary operations *(includes revenue from the bookstore, parking, residence, hospitality services, conference services)*	$ 33,379	$ 32,273	1,106	The change is attributable to an increase in Residence revenue of $1,190, an increase in Parking revenue of $80, and increase in Dining Services of $284, offset by a decrease in Campus Store revenue of $521 and Conference Services and Event Services of $49.
Sales and services *(includes interest earned on student accounts, deferral fees, facility rentals, membership fees, application fees and athletic fees)*	16,126	15,179	947	A portion of the increase is due to a Natural Gas sale of $324. The Ontario Application revenue increased by $175 from the prior year, International Student Application fee revenue increased by $47 and interest on student accounts increased by $169. The remaining portion is attributed to a number of activities in smaller dollar values across the University.
Other revenues for restricted purposes *(includes general donations and non-endowed and endowment donation revenue earned)*	3,896	3,639	257	The change is a result of an increase in endowment revenue recognized from spending of endowment accounts of $69. General donations were also higher by $241. General donations totaled $801 in 2018-19 ($560 in 2017-18) of which 74% was attributed to Athletics fundraising (71% in 2017-18)
Investment income	3,415	2,004	1,411	The change is a result of a $660 increase in operating investments. Operating investment income was $2,199 ($1,539 2017-18). The Mawer Balanced Fund had a return of $1,136 or 10.06% ($465 or 4.92% 2017-18). The Mawer Balanced Fund is used for investing the University's sinking fund and non-pension employee future benefits reserve.
Research grants for restricted purposes *(includes direct research funding and activity)*	14,592	12,794	1,798	This amount matches the research expenditures for the year. See Note 17 in the Financial Statements for a breakdown of expenses.
Amortization of deferred capital contributions *(includes the amortization of grants and donations*	7,328	7,494	(166)	The amount of revenue recorded is based on the grant and/or donations multiplied by an amortization rate that mirrors the amortization rate of the asset for which the grant and/or donation was received. In year, there were

received for the acquisition of capital)				additions attributed to the District Energy Efficiency projects Phase 1 & 2 and the Goodman School of Business building that were amortized. This is offset by other assets becoming fully amortized.

Expense

	April 30, 2019	April 30, 2018	Change Increase / (Decrease)	Comments
Salaries and benefits *(includes salary and benefits for all funds including research)*	$ 220,714	$ 212,064	$ 8,650	Overall, the increase in salary costs are $6,105 and benefits & pension are $2,544 (4.1% increase). This overall increase is a result of 28 additional staff (9 faculty/librarians and 19 ongoing staff) as well as collective agreement settlements. The increase in benefits & pension costs are in part as a result of the increased contributions to the defined benefit portion of the pension plan as a result of the $17,880 going concern deficit. Of the total change in salaries and benefits, $3,438 (41%) relate to teaching Faculties.
Operating expenses *(includes stationery, photocopying, postage, library acquisitions, printing, teaching supplies, technology operating costs, professional development, recruitment, memberships, advertising and promotion, consulting, legal, audit, insurance fees)*	45,587	41,702	3,885	The change is attributed to a number of activities in smaller dollar values across the University, with travel, and memberships, dues and subscriptions seeing the largest increases.
Scholarships, fellowships and bursaries *(includes graduate fellowships, undergraduate bursaries and scholarships for all funds including research.*	23,612	22,489	1,123	The increase in scholarships, fellowships and bursaries is related to the planned changes to the scholarships, fellowships and bursaries in accordance with the Fiscal Framework guidance.
Expendable equipment, repairs and maintenance *(includes maintenance of devices, building and grounds, minor repairs, electronic software, cleaning costs for properties)*	10,036	8,502	1,534	Spending on expendable equipment, repairs and maintenance remains stable in most categories as minor repairs and equipment purchases vary from year to year. Some of the larger increases from the prior year include laboratory equipment purchases and repairs and maintenance, university software licenses and electrical repairs and maintenance.
Utilities and taxes *(includes hydro, water, natural gas, property taxes)*	5,639	8,208	(2,569)	Electricity pricing was lower than the prior year due to the Global Adjustment Modifier which represented a credit on electricity used (4.149 cents/kWh) of $45. The GA modifier was introduced by the Ontario Energy Board under the Ontario Fair Hydro plan regulation. Natural gas usage was 25% lower than the prior year due to the rebuild of all Cogen engines from the District Energy Efficiency Projects. Taxes remained stable year over year.
Interest on long-term debt	7,103	7,226	(123)	The change is attributable to planned repayment of long-term debt in accordance with borrowing agreements.
Cost of sales *(includes cost of purchasing items for resale by Ancillary operations)*	5,639	6,141	(502)	The change is consistent with the decrease in Campus Store sales.

Amortization of capital assets	19,643	18,817	826	The change is attributable to the completion of various capital projects. Total capital additions were $38,467 but only $15,541 were considered substantially completed and eligible to begin amortizing.