

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. Please see the 2022-23 Annual Report for additional analysis. There were no material changes to the notes of the financial statements. The risk assessment note associated with the past COVID-19 Pandemic has been removed.

Statement of Financial Position

Assets

	April 30, 2023	April 30, 2022	Change Increase / (Decrease)	Comments
Cash and cash equivalents	\$ 68,904	\$ 98,027	\$ (29,123)	Cash provided by operating activities was \$2,172 whereas cash provided from financing activities was (\$241). This was offset by \$31,054 cash used in investing activities. Refer to the cash flow statements in the financial statements for more detailed activity and the capital asset section below for investing activities.
Accounts receivable <i>(includes student, external organizations and tax rebates)</i>	32,643	33,287	(644)	A portion of the change is attributable to a lower receivable balance related to the sale of the Hamilton Campus (\$1,000 received in 2022-23). This is offset with an increase of \$300 in student accounts receivable. The tax rebate receivable balance decreased \$603 from the prior year. The tax rebate change is due to lower March and April HST returns receivable at year end (2022-23 - \$1,693 vs. 2021-22 \$2,296) which is the result of a lower Section 211 claim in 2022-23 and timing of purchases at year-end, specifically Residence 8 construction invoices in April 2022. This was offset by an increase in GIC interest receivable of \$653 and an increase in Customer Accounts receivable of \$223.
Government grants receivable <i>(includes nursing grant, government research grants)</i>	5,485	5,842	(357)	The change is attributable to a lower receivable for the Nursing grant of \$322 compared to the prior year due to timing of payments received throughout the year. This decrease was slightly offset with an increase in external research grants that were in a receivable position at year-end.
Prepaid expenses and other assets <i>(includes payments for future economic benefit)</i>	889	838	51	The increase is attributable to the timing of software license payments around year end. This was offset by the deposit of \$250 for the purchase of 3401 Schmon Parkway in 2021-22 being used for the purchase in 2022-23.
Inventories <i>(includes bookstore, natural gas, science stores and</i>	1,631	1,409	222	The change is attributable to campus store inventory increasing by \$92 from

<i>various housekeeping and maintenance supplies)</i>				prior year. The change is also due to custodial supplies inventory of \$55 which is now included in inventory (previously expensed). This change is due to the addition of a Workday Inventory Management module that now facilitates tracking and ordering of inventory. Central Utilities inventory also increased by \$65 due to locksmith items being added to inventory in 2022-23 and additional plumbing items being purchased for upcoming residence repair projects.
Restricted investments <i>(includes endowments, unspent capital grants, internal sinking fund, investments held for other restricted purposes)</i>	210,806	207,159	3,647	Due to an increase in endowments of \$3,307 (\$6,498 in investment gains, \$1,090 in new donations offset by spending of \$4,281). Also due to an increase in the sinking fund (contributions of \$1,510 related to the student fee collected for the repayment of the debenture proceeds used to fund the construction of the zone fitness centre and investment gain of \$611). Also due to an increase in the EFB reserve (\$385 investment gains). Internally restricted net assets also increased by \$1,494 which Financial Services manages an investment strategy for these funds. Refer to appendix 4 of this report and financial statement note 12 for additional details. Unspent donations and government grants for capital contributions also increased by \$17.
Capital assets	510,485	511,205	(720)	Capital asset increases were \$31,714, which includes \$13,715 related to 3401 Schmon Parkway initial purchase and renovation costs. Additional capital asset purchases were mainly the result of construction related to Inniskillin Hall, VPMI equipment, Village Residence Interior & Exterior renewal, District Energy Water Supply Replacement and Mackenzie Chown A Block renovation. The increases were offset by amortization of \$32,434.
Employee future benefits asset <i>(includes the accrued benefit asset for the pension plan)</i>	9,899	-	9,899	This change resulted from a \$8,376 increase in the discounted obligations, or a 1.32% increase and Plan assets also increased by \$26,063 or a 4.17% increase. The increase in plan assets is a result of the return on plan assets being positive at \$5,855, compared to a negative return of (\$33,472) in the prior year. Also, benefit payments to plan members increased compared to the prior year. Benefit payments consisted of payments to plan members of \$18,202 (\$18,635 in 2021-22) and transfers out of the plan of \$19,273 (\$17,460 in 2021-22). The latest actuarial funding valuation was performed as at July 1, 2022.

Liabilities

	April 30, 2023	April 30, 2022	Change Increase / (Decrease)	Comments
Accounts payable and accrued liabilities <i>(includes to be paid general operating, payroll and construction (i.e. Mackenzie Chown A Block, Village Residence Renewal, District Energy Water Supply Replacement etc.) related expenses</i>	\$ 26,351	\$ 38,568	\$ (12,217)	This decrease is primarily due to a decrease in payroll remittances (mainly income tax, CPP and EI) of \$4,959 due to the timing of pay periods around year end. Accruals for construction projects decreased by \$6,406 compared to the prior year due to Residence 8 and Decew Renewal projects being completed. The remaining portion is attributed to the timing of other expenses incurred around year-end.
Deferred revenue <i>(includes tuition payments for spring/summer, deposits (i.e. residence), and other payments for service in a future fiscal period.</i>	39,231	43,766	(4,535)	The change is primarily attributable to the deferred gain from the sale of the Hamilton Campus of \$247 (\$1,026 in the prior year) and a decrease in deferred tuition and student fees of \$3,390. Additionally, there is a decrease of \$1,389 in deferred donations for student awards. Offset by general deferred revenue increasing as a result of timing of externally restricted non research grant payments and spending.
Deferred contributions <i>(includes unspent non capital external grants with restrictions)</i>	14,309	13,128	1,181	The change is primarily attributable to the awarding and utilization of externally restricted research grants.
Current portion of long-term debt	2,908	21,978	(19,070)	The change is attributable to planned repayment of long-term debt in accordance with borrowing agreements and the University's debt repayment strategy which includes the repayment of the loan for the Roy and Lois Cairns Health and Bioscience Research Complex of \$20,715 on its renewal date the end of June 2022, offset by a new loan for 3401 Schmon Parkway of \$15,500.
Long-term debt <i>(includes loans for Earp, Lowenberger, 3401 Schmon Parkway and Student Experience Projects)</i>	34,532	23,232	11,300	Same explanation as change for current portion of long-term debt.
Debenture payable <i>(represents the \$93,000 bullet payment due in 2045 and \$125,000 due in 2060)</i>	215,010	214,940	70	The change represents the amortization of deferred charges related to the 2005 Series A bond and the 2020 Series B bond. Deferred charges represented \$2,990 at April 30, 2023.
Deferred capital contributions	214,400	216,335	(1,935)	Additions include a grant of \$3,854 for the Facilities Renewal Program funds, \$443 for Canada Games Park

<i>(represents the unamortized portion of donations and grants received specifically for the acquisition of capital)</i>				contributed assets, \$1,488 in Zone Expansion student fees and \$1,744 in other grants and donations, offset by amortization of \$9,464.
Employee future benefits obligations <i>(represents pension and non-pension future benefits which includes retiree medical, dental and health care spending accounts)</i>	29,692	33,719	(4,027)	Non-pension employee future benefit obligation increased by \$3,761 and the Pension benefit plan obligation increased by \$8,376 (see Employee future benefits asset above). The increase in non-pension obligation is the result of decreased current service costs of \$520 compared to the prior year and an actuarial loss of \$2,961 and interest costs of \$1,269. Benefit payments also increased by \$66 compared to the prior year.

Net Assets

	April 30, 2023	April 30, 2022	Change Increase / (Decrease)	Comments
Endowment	\$ 122,332	\$ 119,025	\$ 3,307	The increase is primarily attributable to investment gains of \$6,498. Spending from the endowment totaled \$4,281. The balance of the change was new donations of \$1,090.
Invested in capital assets	76,150	82,670	(6,520)	Invested in capital assets represents the net carrying value of capital assets. Repayment of long-term debt and purchases of capital assets internally financed increased the balance by \$16,450, which was offset by net amortization of \$22,970. Refer to financial statement note 11 for more detailed activity.
Internally restricted	85,516	84,022	1,494	Internally restricted net assets represent internally committed funds. Refer to appendix 4 of this report and financial statement note 12 for additional details.
Employee future benefits	(19,793)	(33,719)	13,926	The balance is equal to assets net of the employee future benefit obligation. The components are explained on pages 1 and 2 under Employee future benefits asset / obligation.
Unrestricted	104	103	1	Unrestricted represents the surplus/deficit of the University adjusted for transactions between other net asset accounts. As of April 30, 2023, there is a small uncommitted surplus, which represents uncommitted cash.

Statement of Operations

Revenue

	April 30, 2023	April 30, 2022	Change Increase / (Decrease)	Comments
Student fees <i>(includes domestic and international tuition plus University specific ancillary fees)</i>	\$ 187,616	\$ 187,773	\$ (157)	The change is attributable to a decrease in enrolment headcount of 1.7% vs. 2021-22 offset by an increase in international tuition rates.
Government grants <i>(includes the base operating grants and all other grants for general purposes)</i>	\$ 98,411	\$ 97,338	1,073	The change is driven by the increase in the Nursing Enrolment Expansion grant funding of \$1.1M, the Access and Opportunities Strategy grant funding of \$234, offset by a decrease in Virtual Learning Strategy MCU grants of \$236 and one-time Mental Health Services grant of \$163 received in the prior year.
Ancillary operations <i>(includes revenue from the bookstore, parking, residence, hospitality services, conference services)</i>	\$ 38,673	\$ 31,192	7,481	The change is attributable to an increase in Residence revenue of \$4,978, an increase in Parking revenue of \$1,024, an increase in Dining Services of \$767, an increase in Conference Services of \$855, offset by decrease in Campus Store sales of \$162.
Sales and services <i>(includes interest earned on student accounts, deferral fees, facility rentals, membership fees, application fees and athletic fees)</i>	19,376	14,018	5,358	The change is due to an increase in program fee revenue of \$1,286 compared to the prior year. The main increase is from Sports and Recreation programs, including Youth University, Sports Performance Centre, Aquatics having more activities in the current year as a continued recovery to the pandemic. The increase is also due to the recognition of \$1.7M of unclaimed student credit balances (after allowing for an appropriate reserve). This process which was paused during the pandemic with the consideration that some students may be taking time off resulted in this balance to grow larger than historical trends. Canada Games Park consolidated revenue of \$627 and lease rental income of \$510 for 3401 Schmon Parkway also contributed to the increase. The remaining change is attributed to a number of activities in smaller dollar values across the University.
Other revenues for restricted purposes <i>(includes general donations and non-endowed and endowment donation revenue earned)</i>	5,083	4,938	145	The change is a result of an increase in endowment revenue recognized from increased spending of endowment accounts of \$176, a decrease in spending of donated expendable student award trusts of \$689 and an increase in

				operating and project fundraising and donation revenue of \$658.
Investment income	6,792	1,479	5,313	The change is a result of a \$3,526 increase in operating investment income due to higher interest rates. Operating investment income was \$5,648 (\$2,159 2021-22). The Mawer Balanced Fund had a return of \$996 or (6.1%) compared to a loss of \$707 or (-4.4%) 2021-22. 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 <i>(includes direct research funding and activity)</i>	13,973	13,173	800	This amount matches the research expenditures for the year. See Note 17 in the Financial Statements for a breakdown of expenses.
Gain on sale of assets	365	3,297	(2,932)	The gain on sale is related to the sale of the Hamilton Campus and recognized based on the terms of the sale agreements. The 2021-22 gain on sale also includes the sale of Rodman Hall.
Amortization of deferred capital contributions <i>(includes the amortization of grants and donations received for the acquisition of capital)</i>	9,464	8,812	652	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 funded. In year, there were additions attributed to Facilities Renewal Program projects, VPML equipment, Zone expansion and Canada Games Park that were amortized. This is offset by other assets becoming fully amortized.

Expense

	April 30, 2023	April 30, 2022	Change Increase / (Decrease)	Comments
Salaries and benefits <i>(includes salary and benefits for all funds including research)</i>	\$ 242,912	\$ 229,489	\$ 13,423	Overall, the increase in salary costs are \$10,365 and benefits & pension are \$3,058 (5.8% increase). Of the total increase in salary costs, \$1,490 relates to Faculty/librarians, as a result of 14 additional faculty/librarians as well as collective agreement settlements. Salary costs related to other ongoing employee groups increased \$6,443, due to an increase of 47 staff position; as well as salary rate increases. These additional positions represent a rebound after last year, which saw a decrease in 24 staff positions vs. the prior year. The remaining increase of \$2,432 relates to temporary personnel groups as a result of continued recovery after the effects of the pandemic.

<p>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)</p>	45,303	39,776	5,527	<p>As a result of lifted COVID-19 travel restrictions, travel expenses increased by \$3,287 and conference fees and hospitality expenses increase by \$281 and \$495 respectively. Materials and supplies increased by \$954, insurance costs increased \$705 and external IT services increased \$484 compared to the prior year. With students and faculty/staff on campus due to lifted COVID-19 restrictions, more in-person events were held in 2022-23 and this increased a number of activities in smaller dollar values across the University. Offsetting these increases was a decrease in contracted services of \$1,273 driven by lower student recruitment commissions as well as \$572 lower professional fees.</p>
<p>Scholarships, fellowships and bursaries (includes graduate fellowships, undergraduate bursaries and scholarships for all funds including research.</p>	30,717	30,230	487	<p>The small increase in scholarships, fellowships and bursaries is aligned with relatively flat enrolment compared to the prior year. In the past few years there has been a significant increase in the Undergraduate Brock Scholars entrance award program due to a significant increase in students being eligible for the entrance award and a significant increase in students attaining the higher value tiers due to grade inflation from secondary schools likely due to accommodative grading practices during the Pandemic.</p>
<p>Expendable equipment, repairs and maintenance (includes maintenance of devices, building and grounds, minor repairs, electronic software, cleaning costs for properties)</p>	11,710	11,587	123	<p>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 included computer and computing equipment and software purchases which was offset by a decrease in laboratory and other equipment purchases.</p>
<p>Utilities and taxes (includes hydro, water, natural gas, property taxes)</p>	7,855	6,393	1,462	<p>Water & Sewer expense was 28% (\$211) higher than the prior year due to higher usage on campus and a slightly higher rate. Due to higher temperatures, more water was used in the cooling towers. Natural gas expense was 19% (\$454) higher than the prior year due to 14% more natural gas used in the cogen engines to generate electricity and 8% increase in commodity costs. Electricity costs increased by 19% (\$439) due to new buildings, specifically Residence 8, 3401 Schmon Parkway and Canada Games Park. Carbon & GHG Federal taxes increased \$142 due to an increased rate per tonne.</p>
<p>Interest on long-term debt</p>	10,291	10,543	(252)	<p>The change is attributable to repayment of long-term debt in accordance with borrowing agreements and the University debt repayment strategy.</p>

Cost of sales <i>(includes cost of purchasing items for resale by Ancillary operations)</i>	4,235	4,366	(131)	The change is consistent with the decrease in Campus Store sales.
Amortization of capital assets	32,434	26,877	5,557	The change is attributable to the completion of various capital projects now eligible to begin amortizing including 3401 Schmon Parkway \$538, Inniskillin Hall renovation \$275, VPML equipment \$244 and an increase in amortization for Residence 8 \$2,527 and Decew Residence Renewal \$1,460 as 2022-23 was a full year of amortization.