

Consolidated Financial Statements of

UNIVERSITY OF OTTAWA

Year ended April 30, 2017

UNIVERSITY OF OTTAWA

Consolidated Financial Statements

Year ended April 30, 2017

Statement of Administrative Responsibility

Independent Auditors' Report

Consolidated Financial Statements

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STATEMENT OF ADMINISTRATIVE RESPONSIBILITY

September 25, 2017

Management of the University is responsible for the preparation of the consolidated financial statements, the notes and all other financial information contained in this financial report.

Management has prepared the consolidated financial statements in accordance with Canadian accounting standards for not-for-profit organizations. In order to achieve the objective of fair presentation in all material respects, reasonable estimates and professional judgements were used. Management believes the consolidated financial statements present fairly the University's financial position as at April 30, 2017, the consolidated statements of operations, changes in net assets and cash flows for the year then ended.

In fulfilling its responsibilities and recognizing the limits inherent in all systems, management 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 the consolidated financial statements. The system of internal controls is monitored by the University's internal audit service.

The Board of Governors is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the consolidated financial statements. The Board of Governors carries out its responsibility for review of the consolidated financial statements principally through the Audit Committee. All members of the Audit Committee are not officers or employees of the University. The Audit Committee meets with management, the external auditors as well as the internal 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 external and internal auditors have full access to the Audit Committee with or without the presence of management.

The consolidated financial statements as at and for the year ended April 30, 2017 have been audited by KPMG LLP, Chartered Professional Accountants, Licensed Public Accountants, the auditors appointed by the Board of Governors. The independent auditors' report outlines the scope of their audit and their opinion on the preparation of the information included in the consolidated financial statements.

[SIGNED]

Jacques Frémont,
President

[SIGNED]

P. Marc Joyal, CPA, CA
Vice-President, Resources



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INDEPENDENT AUDITORS' REPORT

To the Board of Governors of the University of Ottawa

We have audited the accompanying consolidated financial statements of the University of Ottawa, which comprise the consolidated statement of financial position as at April 30, 2017, the consolidated statements of operations, changes in net assets and cash flows for the year then ended, notes and schedule, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

Auditors' Responsibility

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

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



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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the University of Ottawa as at April 30, 2017 and its consolidated results of operations, consolidated changes in net assets and consolidated cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

September 25, 2017

Ottawa, Canada

UNIVERSITY OF OTTAWA

Consolidated Statement of Financial Position

April 30, 2017, with comparative information for 2016
(in thousands of dollars)

	2017	2016
Assets		
Current assets:		
Cash and cash equivalents	\$ 51,897	\$ 42,915
Short-term investments (note 3)	238,900	105,690
Accounts receivable (note 4)	108,460	91,468
Prepaid expenses	14,481	13,734
	<u>413,738</u>	<u>253,807</u>
Long-term investments (note 5)	719,388	639,873
Employee future benefits (note 6)	197,813	57,395
Capital assets (note 7)	1,797,041	1,715,783
	<u>\$ 3,127,980</u>	<u>\$ 2,666,858</u>

Liabilities and Net Assets

Current liabilities:		
Accounts payable and accrued liabilities (note 8)	\$ 100,940	\$ 88,247
Deferred revenue (note 9)	271,064	278,045
Current portion of long-term debt (note 11)	1,407	1,324
	<u>373,411</u>	<u>367,616</u>
Deferred contributions related to capital assets (note 10)	413,396	364,500
Long-term debt (note 11)	366,743	168,149
	<u>1,153,550</u>	<u>900,265</u>
Net assets:		
Unrestricted	93	1,815
Internally restricted - other (note 12)	255,365	241,496
Sinking fund (note 11)	49,566	34,412
Employee future benefits (note 6)	197,813	57,395
Invested in capital assets (note 14)	1,201,463	1,189,531
Endowments (note 13)	270,130	241,944
	<u>1,974,430</u>	<u>1,766,593</u>
	<u>\$ 3,127,980</u>	<u>\$ 2,666,858</u>

Commitments and contingent liabilities (note 18)

See accompanying notes to consolidated financial statements.

On behalf of the Board

[SIGNED]

_____ Governor

[SIGNED]

_____ Governor

UNIVERSITY OF OTTAWA

Consolidated Statement of Operations

Year ended April 30, 2017, with comparative information for 2016
(in thousands of dollars)

	2017	2016
	(Schedule 1)	
Revenue:		
Operating grants	\$ 380,468	\$ 382,762
Tuition and other fees	381,806	361,184
Research grants and contracts (notes 15,17)	141,356	122,007
Student housing	26,016	24,836
Sale of services	25,503	21,155
Donations	13,318	14,318
Investment income realized (note 5)	28,928	44,370
Capital grants (note 10)	8,438	8,303
Other	28,357	26,663
	<u>1,034,190</u>	<u>1,005,598</u>
Expenses:		
Salaries	540,927	519,675
Employee benefits (note 16)	90,156	87,967
Supplies and other contractual services	151,263	147,058
Scholarships, bursaries and financial aid	94,741	97,060
Professional Fees	1,087	1,468
Inter-institutional research and other agreements (note 17)	33,355	22,716
Travel	17,599	18,378
Interest and bank fees	15,553	12,315
Depreciation of capital assets	58,544	57,117
Other	18,840	23,089
	<u>1,022,065</u>	<u>986,843</u>
Excess of revenue over expenses before the undernoted	\$ 12,125	\$ 18,755
Unrealized gains (losses) on investments (note 5)	36,445	(31,988)
Excess (deficiency) of revenue over expenses	\$ 48,570	\$ (13,233)

See accompanying notes to consolidated financial statements.

UNIVERSITY OF OTTAWA

Consolidated Statement of Changes in Net Assets

Year ended April 30, 2017, with comparative information for 2016
(in thousands of dollars)

	Unrestricted		Internally restricted		Invested in capital assets	Endowments	2017 Total	2016 Total
		Other	Sinking fund	Employee future benefits				
Net assets balance, beginning of year	\$ 1,815	\$ 241,496	\$ 34,412	\$ 57,395	\$ 1,189,531	\$ 241,944	\$ 1,766,593	\$ 1,894,348
Excess (deficiency) of revenue over expenses	48,570	-	-	-	-	-	48,570	(13,233)
Net changes in internally restricted (notes 12 & 14)	(49,509)	13,869	15,154	8,554	11,932	-	-	-
Re-measurement and other items (note 6)	-	-	-	131,864	-	-	131,864	(106,318)
Internal contributions and matching funds (note 13)	(783)	-	-	-	-	783	-	-
External contributions (note 13)	-	-	-	-	-	7,789	7,789	4,662
Net investment income (loss) earned on endowments (note 13)	-	-	-	-	-	19,614	19,614	(12,866)
Net assets balance, end of year	\$ 93	\$ 255,365	\$ 49,566	\$ 197,813	\$ 1,201,463	\$ 270,130	\$ 1,974,430	\$ 1,766,593

See accompanying notes to consolidated financial statements.

UNIVERSITY OF OTTAWA

Consolidated Statement of Cash Flows

Year ended April 30, 2017, with comparative information for 2016
(in thousands of dollars)

	2017	2016
Cash and cash equivalents provided by (used in):		
Operating activities:		
Excess (deficiency) of revenue over expenses	\$ 48,570	\$ (13,233)
Items which do not involve cash:		
Unrealized losses (gains) on investments	(36,445)	29,523
Depreciation of capital assets	58,544	57,117
Amortization of deferred contributions related to capital assets (note 10)	(24,736)	(23,926)
Employee future benefits expense	41,072	36,160
Employee future benefits contribution	(49,626)	(53,405)
	37,379	32,236
<u>Change in non-cash operating working capital</u>	(12,027)	30,397
	25,352	62,633
Investing activities:		
Purchases of capital assets (note 7)	(139,802)	(106,409)
Acquisitions of long-term investments	(176,279)	(21,352)
	(316,081)	(127,761)
Financing activities:		
Increase of deferred contributions related to capital assets (note 10)	73,632	46,734
Issuance of long-term debt	200,000	-
Repayment of long-term debt	(1,324)	(1,246)
Contributions, investment income (loss) earned on endowments, net of distribution (note 13)	27,403	(8,204)
	299,711	37,284
<u>Increase (decrease) in cash and cash equivalents</u>	8,982	(27,844)
Cash and cash equivalents, beginning of year	42,915	70,759
<u>Cash and cash equivalents, end of year</u>	\$ 51,897	\$ 42,915

See accompanying notes to consolidated financial statements.

UNIVERSITY OF OTTAWA

Notes to Consolidated Financial Statements

Year ended April 30, 2017

(in thousands of dollars)

1. Objectives and purpose:

The University of Ottawa is a bilingual research intensive university offering undergraduate and graduate level education programs. The objectives of the University, as well as the powers of the Board of Governors and of the Senate, are defined in the "University of Ottawa Act, 1965". The University is a registered charity and is therefore exempt from income taxes under section 149(1) (f) of the Income Tax Act (Canada).

2. Significant accounting policies:

These consolidated financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the CPA Canada Handbook - Accounting.

A summary of the significant accounting policies used in these consolidated financial statements are set out below. The accounting policies have been applied consistently to all periods presented.

(a) Basis of presentation

The University accounts for its investment in its wholly owned subsidiary using the equity method. Relevant financial information of its subsidiary is provided in note 21.

(b) Use of estimates

The preparation of the consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses in the consolidated financial statements. Estimates and assumptions may also affect disclosure of contingent assets and liabilities at the date of the financial statements. Actual results could differ from these estimates. Significant estimates include assumption used in measuring pension and other post-employment benefits which is described in more detail in note 6.

(c) Revenue recognition:

The University follows the deferral method of accounting for contributions for not-for-profit organizations.

Contributions and investment income externally restricted for purposes other than endowment are deferred and recognized as revenue in the period in which the related expenses are incurred. Externally restricted amounts can only be used for the purposes designated by external parties.

Unrestricted contributions are recognized as revenue when received or receivable if amounts can be reasonably estimated and collection is reasonably assured. Due to the uncertainty involved in collecting pledged donations, they are not recognized until received.

Endowment contributions and restricted investment income earned on endowments and not available for disbursements are recognized as direct increases in net assets in the period in which they are received or earned.

Externally restricted contributions received for the purchase of capital assets are initially deferred and then amortized to revenue on a straight-line basis, at a rate corresponding with the depreciation rate for the related capital asset.

Tuition and other fees are recognized as revenue based on the academic period of the related courses or programs.

Other types of revenue are recognized in the period to which they relate.

UNIVERSITY OF OTTAWA

Notes to Consolidated Financial Statements (continued)

Year ended April 30, 2017
(in thousands of dollars)

2. Significant accounting policies (continued):

(d) Investments:

Short-term investments include investments that can be withdrawn without prior notice or penalty and long-term investments consist of pooled and segregated funds.

Investments are either managed by external fund managers or maintained as working capital.

Investments denominated in foreign currencies are translated using rates of exchange in effect at the consolidated statement of financial position date.

(e) Capital assets:

Purchased capital assets are recorded at cost, except for land acquired prior to May 1, 2011 which is recorded at deemed cost, being fair value at May 1, 2011. Contributed capital assets are recorded at fair value at the date of contribution. Assets acquired under capital leases are depreciated over the estimated life of the assets or over the lease term, as appropriate. Repairs and maintenance costs are expensed. Betterments, which extend the estimated life of an asset, are capitalized. When capital assets no longer contribute to the University's ability to provide services, their carrying amount is written down to their residual value.

Capital assets are reviewed for impairment whenever events or changes in circumstances indicate that the asset no longer has any long-term service potential to the University. In this event, recoverability of assets held and used is measured by reviewing the estimated residual value of the asset. If the carrying amount of an asset exceeds its estimated residual value, an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the residual value of the asset. When a capital asset is written down, the corresponding amount of any unamortized deferred contributions related to the capital asset would be recognized as revenue, provided that all restrictions have been complied with.

Depreciation is recorded on a straight-line basis over the estimated useful lives of the assets at the rates indicated below:

Buildings	40 years
Books	5 years
Equipment and furniture	10 years
Computer software and equipment	3 & 10 years

Leasehold improvements are depreciated on a straight-line basis over the shorter of the lease term or their estimated useful lives.

(f) Foreign currency transactions:

Foreign currency transactions of the University are translated using the temporal method. Under this method transactions are initially recorded at the rate of exchange prevailing at the date of the transaction. Thereafter, monetary assets and liabilities are adjusted to reflect the exchange rates in effect at the consolidated statement of financial position date. Gains and losses resulting from the adjustment are included in the consolidated statement of operations.

UNIVERSITY OF OTTAWA

Notes to Consolidated Financial Statements (continued)

Year ended April 30, 2017
(in thousands of dollars)

2. Significant accounting policies (continued):

(g) Employee future benefits:

The University maintains defined benefit plans providing pension, other retirement and post-employment benefits for eligible employees and accounts for these using the immediate recognition approach. Under this approach, the University recognizes the amount of the accrued obligation net of the fair value of plan assets in the consolidated statement of financial position.

Current service and finance costs are expensed during the year, while re-measurements and other items, representing the total of the difference between actual and expected return on plan assets, actuarial gains and losses, and past service costs, are recognized as a direct increase or decrease in net assets.

The accrued liability for funded employee future benefit plans is determined using a roll-forward technique to estimate the accrued liability using funding assumptions from the most recent actuarial valuation report prepared at least every three years. The accrued liability for unfunded plans is prepared on a basis consistent with funded plans. Employee future benefit plans' assets are measured at fair value as at the date of the consolidated statement of financial position.

The University also has a defined contribution plan providing pension benefits to some of its employees. The cost of the defined contribution plan is recognized based on the contributions required to be made during each period.

(h) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Freestanding derivative instruments that are not in a qualifying hedging relationship and equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. All derivatives and investments are recorded on the consolidated statement of financial position at fair value.

Transaction costs incurred on the acquisition of financial instruments are expensed as incurred.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the University determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the University expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

The University is party to an interest rate swap agreement used to manage the exposure to market risks from changing interest rates for its residence loan. At the inception of the hedging relationship, the University designated that hedge accounting would be applied and formally documented the hedging relationship between the swap and the loan. At inception and throughout the loan period, the critical terms of the swap and the loan are the same.

Gains or losses realized on settlement are deferred until the settlement of the swap.

Payments and receipts under the swap are recognized as an adjustment to interest expense on long-term debt. The fair value of the swap is not recorded on the consolidated statement of financial position but is disclosed in note 11.

UNIVERSITY OF OTTAWA

Notes to Consolidated Financial Statements (continued)

Year ended April 30, 2017
(in thousands of dollars)

2. Significant accounting policies (continued):

(i) Internal restrictions:

The University internally restricts the use of portions of its operating net assets for specific future uses. When incurred, related expenses are charged to operations, and the balance of internally restricted assets is reduced accordingly.

(j) Non-remuneration services:

Because of the difficulty in determining their fair value, non-remunerated services provided to the University are not recognized in these consolidated financial statements.

3. Short-term investments:

Fair value:

April 30, 2017	Pooled funds	Segregated funds	Total
Government bonds	\$ 38,483	\$ -	\$ 38,483
Corporate bonds	57,724	142,693	200,417
	\$ 96,207	\$ 142,693	\$ 238,900

April 30, 2016	Pooled funds	Segregated funds	Total
Government bonds	\$ 35,644	\$ 1,991	\$ 37,635
Corporate bonds	53,466	14,589	68,055
	\$ 89,110	\$ 16,580	\$ 105,690

There are no government bonds under the segregated funds as at April 30, 2017 (2016 - 1.5% and maturity dates up to 2017). Corporate bonds have interest rates ranging from 0.8% to 5.1% (2016 - 2.1% to 6.0%) and maturity dates up to 2018 (2016 - 2017).

4. Accounts receivable:

	2017	2016
Research grants and contracts	\$ 65,314	\$ 63,134
Tuition and housing fees	27,072	19,735
Others	27,802	17,618
	120,188	100,487
Allowance for doubtful accounts	(11,728)	(9,019)
	\$ 108,460	\$ 91,468

UNIVERSITY OF OTTAWA

Notes to Consolidated Financial Statements (continued)

Year ended April 30, 2017
(in thousands of dollars)

5. Long-term investments:

Fair value:

April 30, 2017	Pooled funds	Segregated funds	Total
Fixed income	\$ 70,446	\$ 70,373	\$ 140,819
Canadian equities	44,229	8,181	52,410
Foreign equities	236,955	70,011	306,966
Real estate and infrastructure	117,405	-	117,405
Hedge funds	101,788	-	101,788
	<u>\$ 570,823</u>	<u>\$ 148,565</u>	<u>\$ 719,388</u>

The book value of the long-term investments as at April 30, 2017 was \$600,631 (2016 - \$580,193).

April 30, 2016	Pooled funds	Segregated funds	Total
Fixed income	\$ 76,482	\$ 77,357	\$ 153,839
Canadian equities	37,105	1,681	38,786
Foreign equities	196,223	67,496	263,719
Real estate and infrastructure	89,269	-	89,269
Hedge funds	94,260	-	94,260
	<u>\$ 493,339</u>	<u>\$ 146,534</u>	<u>\$ 639,873</u>

Coupon interest rates on fixed income investments range from 1.3% to 12% (2016 - 2.2% to 8.9%) and the investments mature between 2018 and 2067 (2016 - 2017 and 2056).

Investment income is comprised of:

	2017	2016
Dividends, interest and other	\$ 19,977	\$ 34,204
Realized gains on investments	368	1,457
Endowment income made available for spending	8,583	8,709
	<u>28,928</u>	<u>44,370</u>
Unrealized gains (losses) on investments	36,445	(31,988)
	<u>\$ 65,373</u>	<u>\$ 12,382</u>

6. Employee future benefits:

The University maintains defined benefit retirement plans which provide a pension to employees based on their length of service and average earnings.

In addition to the University's pension plans, the University provides certain post-employment and post-retirement benefits ("other benefits") to eligible employees, and to their dependents under certain conditions, such as retirement allowances, life insurance, and health and dental benefits. A significant portion of the University's employees may become eligible for these benefits upon retirement. These other benefits are not funded. The calculation of pension and other benefits expense in accordance with the accounting policy is based on the current service cost of employee benefits and the finance cost on assets and liabilities.

The latest actuarial valuations were completed by an independent actuary as at January 1, 2016 for the pension plans and as at December 31, 2015 for the post-employment and post-retirement benefit plans.

UNIVERSITY OF OTTAWA

Notes to Consolidated Financial Statements (continued)

Year ended April 30, 2017
(in thousands of dollars)

6. Employee future benefits (continued):

For financial statement purposes, the results of these valuations were extrapolated to April 30, 2017 which is the measurement date used to determine the plans' assets and the accrued benefit obligations. The next required valuation will be filed as of January 1, 2019 at the latest.

The employee future benefit asset (liability) is as follows:

	2017	2016
Pension benefit plans:		
Balance, beginning of year	\$ 111,329	\$ 203,605
Expenses (note 16)	(35,590)	(30,367)
Employer's contributions	44,332	48,105
Re-measurement and other items	132,290	(110,014)
Balance, end of year	252,361	111,329
Other benefit plans:		
Balance, beginning of year	(53,934)	(57,137)
Expenses (note 16)	(5,482)	(5,793)
Employer's contributions	5,294	5,300
Re-measurement and other items	(426)	3,696
Balance, end of year	(54,548)	(53,934)
	\$ 197,813	\$ 57,395

Information about the University's employee future benefits is as follows:

	2017	2016
Pension benefit plans		
Accrued benefit obligation	\$ (1,957,740)	\$ (1,864,319)
Fair value of plan's assets	2,210,101	1,975,648
Total pension benefit plans	\$ 252,361	\$ 111,329
Other benefit plans		
Accrued benefit obligation	\$ (54,548)	\$ (53,934)
Fair value of plan's assets	-	-
Total other benefit plans	\$ (54,548)	\$ (53,934)

Based on the fair value of the plans' assets at April 30, 2017, the assets of the Plans were composed of 51.91% in equities, 17.73% in fixed income investments, and 30.36% in real return assets (2016 - 49.75% in equities, 19.57% in fixed income investments, and 30.68% in real return assets).

In addition to the plan assets, as at April 30, 2017, the University has internally restricted investments totaling \$52,617 (2016 - \$51,538) of which \$25,343 (2016 - \$24,571) is restricted for its pension obligations and \$27,274 (2016 - \$26,967) is restricted for its other benefit plans mentioned above (note 12).

UNIVERSITY OF OTTAWA

Notes to Consolidated Financial Statements (continued)

Year ended April 30, 2017
(in thousands of dollars)

6. Employee future benefits (continued):

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

Pension benefit plans	2017	2016
Discount rate obligations	6.25%	6.25%
Rate of compensation increase including inflation (PTR = Progress through rank)	3.80% +PTR scale	3.00% +PTR scale
Inflation rate	2.00%	2.00%

The University used mortality rates equal to 95% of the rates of the 2014 Public Sector Canadian Pensioners Mortality Table for actuarial assumptions, for fiscal years ending April, 30 2016 and April 30, 2017.

Other benefits plan	2017	2016
Discount rate obligations	6.25%	6.25%
Rate of compensation increase including inflation (PTR = Progress through rank)	2.8%/2.6% +PTR scale	3.00% +PTR scale

Information about the University's employee future benefits is as follows:

Pension benefit plans	2017	2016
Employer's contributions - normal cost	\$ 42,402	\$ 45,316
Employer's contributions - special payment	1,930	2,789
Employees' contributions	27,710	24,360
Total contributions	\$ 72,042	\$ 72,465
Total benefits paid	\$ 91,928	\$ 82,855

Other benefit plans	2017	2016
Employer's contributions - normal cost	\$ 5,294	\$ 5,300
Total benefits paid	\$ 5,294	\$ 5,300

The assumed discount rates and the rates of increase in future compensation used in determining the actuarial present value of the projected benefit obligations may vary according to the economic conditions.

The assumed health care trend rate used in measuring the accumulated post-employment benefits obligation in 2017 and for the next 5 years is on average 7.0% and 5.0% thereafter (based on 9% per annum in 2010 grading down to 4.5% per annum in and after 2030 for drugs, 5% for dental fees and 4.5% for other medical fees).

UNIVERSITY OF OTTAWA

Notes to Consolidated Financial Statements (continued)

Year ended April 30, 2017
(in thousands of dollars)

7. Capital assets:

Cost	Balance April 30, 2016	Additions	Disposals, Write-offs & Transfers	Balance April 30, 2017
Land	\$ 767,869	\$ -	\$ -	\$ 767,869
Buildings	1,130,158	18,215	(4,000)	1,144,373
Construction-in-progress	16,832	80,449	-	97,281
Information technology project in progress	24,298	9,095	(33,393)	-
Books	88,567	6,968	-	95,535
Equipment and furniture	206,999	24,178	(17,025)	214,152
Computer software and equipment	17,379	897	28,575	46,851
Total	\$ 2,252,102	\$ 139,802	\$ (25,843)	\$ 2,366,061

Additions and disposals at April 30, 2016 were \$106,409 and \$20,907, respectively.

Accumulated amortization	Balance April 30, 2016	Amortization expense	Disposals & Write-offs	Balance April 30, 2017
Buildings	\$ 350,867	\$ 25,985	\$ 4,000	\$ 372,852
Books	68,859	8,308	-	77,167
Equipment and furniture	106,343	21,187	17,025	110,505
Computer software and equipment	10,250	3,064	4,818	8,496
Total	\$ 536,319	\$ 58,544	\$ 25,843	\$ 569,020

Amortization expense and disposals at April 30, 2016 were \$57,117 and \$20,907, respectively.

	Net book value April 30, 2017	Net book value April 30, 2016
Land	\$ 767,869	\$ 767,869
Buildings	771,521	779,291
Construction-in-progress	97,281	16,832
Information technology project in progress	-	24,298
Books	18,368	19,708
Equipment and furniture	103,647	100,656
Computer software and equipment	38,355	7,129
Total	\$ 1,797,041	\$ 1,715,783

UNIVERSITY OF OTTAWA

Notes to Consolidated Financial Statements (continued)

Year ended April 30, 2017
(in thousands of dollars)

7. Capital assets (continued):

	2017	2016
Acquisitions of capital assets funded as follows:		
Funded by grants	\$ 66,443	\$ 35,004
Funded by internal resources	47,237	63,502
Funded by debt	21,753	-
Donations of capital assets	4,369	7,903
	<u>\$ 139,802</u>	<u>\$ 106,409</u>

8. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of \$7,091 (2016 - \$6,922) which includes amounts payable for payroll-related taxes.

9. Deferred revenue:

	2017	2016
Balance, beginning of year	\$ 278,045	\$ 233,448
Contributions received during the year	519,893	552,495
Recognized as revenue	(519,259)	(503,879)
Transfer to deferred contributions related to capital assets	(7,615)	(4,019)
Balance, end of year	<u>\$ 271,064</u>	<u>\$ 278,045</u>

The balance consists of the following:

	2017	2016
Operating	\$ 36,066	\$ 32,126
Sponsored research and trust	205,238	211,770
Capital	29,760	34,149
Total	<u>\$ 271,064</u>	<u>\$ 278,045</u>

UNIVERSITY OF OTTAWA

Notes to Consolidated Financial Statements (continued)

Year ended April 30, 2017
(in thousands of dollars)

10. Deferred contributions related to capital assets:

Deferred contributions related to capital assets represent the unamortized amount of restricted donations and grants used for the purchase of capital assets. The changes in the deferred contributions balance for the period are as follows:

	2017	2016
Balance, beginning of year	\$ 364,500	\$ 341,692
Transfer from deferred revenue	7,615	4,019
Contributions received during the year	61,648	34,812
Contributions in-kind received during the year	4,369	7,903
	<u>73,632</u>	<u>46,734</u>
Recognized as revenue:		
Research grants	(13,117)	(12,778)
Capital grants	(8,438)	(8,303)
Donations	(3,181)	(2,845)
	<u>(24,736)</u>	<u>(23,926)</u>
Balance, end of year	<u>\$ 413,396</u>	<u>\$ 364,500</u>

11. Long-term debt:

	2017	2016
Student residence loan at variable rate converted to a fixed rate loan at 7.064% through an interest rate swap, maturing in August 2026 with monthly payments of \$228 including principal and interest.	\$ 18,150	\$ 19,461
Mortgage on student residences maturing in June 2016 fully repaid during the year	-	12
Unsecured debentures, Series A, due April 15, 2043, bearing interest at a rate of 6.28%, interest payable in equal semi-annual payments.	150,000	150,000
Unsecured debentures, Series B, due October 12, 2056, bearing interest at a rate of 3.256%, interest payable in equal semi-annual payments.	200,000	-
	<u>368,150</u>	<u>169,473</u>
Current portion	(1,407)	(1,324)
	<u>\$ 366,743</u>	<u>\$ 168,149</u>

UNIVERSITY OF OTTAWA

Notes to Consolidated Financial Statements (continued)

Year ended April 30, 2017
(in thousands of dollars)

11. Long-term debt (continued):

The principal annual installments required to be paid are as follows:

2018	\$	1,407
2019		1,510
2020		1,620
2021		1,739
2022		1,865
Thereafter		360,009
	\$	368,150

Interest rate swaps

The University has entered into an interest rate swap agreement related to the variable rate loan on a student residence to minimize the impact on future cash flows of changes in interest rates. The University has designated the interest rate swap as a cash flow hedge, and has assessed it as highly effective.

The fair value of the interest rate swap at April 30, 2017 is estimated to be \$5,166 (2016 - \$6,231) which represents the amount the University would have to pay if the interest rate swap agreement was terminated on that date. The University is current with respect to the required payments under the loan and interest rate swap agreement.

Sinking fund

A sinking fund was established for the purpose of accumulating funds to retire the \$350,000 Series A and B Unsecured Debentures due April 15, 2043 and April 12, 2056 respectively. As of April 30, 2017, the balance of the sinking fund including the accrued interest is \$49,566 (2016 - \$34,412). This amount is included in long-term investments and its counterpart in restricted net assets.

Line of credit

The University has lines of credit allowing it to borrow up to \$26,500 at an interest rate of prime. These lines of credit are subject to annual renewal. At April 30, 2017, no amount had been borrowed under these lines of credit.

Interest

	2017	2016
Interest paid and incurred related to the long-term debt	\$ 14,136	\$ 10,847

12. Internally restricted net assets - other:

The total of internally restricted net assets - other consists of the following:

	2017	2016
Operating fund	\$ 108,083	\$ 104,969
Ancillary enterprises fund - operations	2,175	4,348
Research fund	35,012	26,171
Trust fund	13,905	14,741
Capital fund	96,190	91,267
Balance, end of year	\$ 255,365	\$ 241,496

UNIVERSITY OF OTTAWA

Notes to Consolidated Financial Statements (continued)

Year ended April 30, 2017
(in thousands of dollars)

13. Endowments:

Endowments include restricted donations received by the University. Donations that have been internally designated as endowments are accounted for as transfers. Investment returns generated from endowments are used in accordance with the various purposes established by the donors or by the University in the exercise of its discretion. The University protects the future purchasing power of its endowments by designating a portion of the annual investment income earned to endowments, known as capital protection. Accordingly, the University has established a policy of setting the amount of income available for spending to 3.5% (2016 - 3.5%) of the last 12 quarters market value moving average. The purpose of this policy is to allow the University to distribute a consistent amount of income from endowments on an annual basis regardless of the investment income earned in the fiscal year.

Activities in the endowments were as follows:

	2017	2016
Balance, beginning of year	\$ 241,944	\$ 254,780
External contributions	7,789	4,662
Transfers of internal contributions and matching funds	783	(4,632)
Investment income (loss) net of fees	28,197	(4,157)
Investment income made available for spending	(8,583)	(8,709)
Balance, end of year	\$ 270,130	\$ 241,944

The balance is composed of the following funds:

	2017	2016
Internally restricted	\$ 37,705	\$ 34,184
Externally restricted	232,425	207,760
	\$ 270,130	\$ 241,944

The endowment funds consists of:

	2017	2016
Permanently endowed contributions	\$ 197,996	\$ 189,424
Cumulative amount for capital protection	72,134	52,520
	\$ 270,130	\$ 241,944

The cumulative amount for capital protection is based on market value of investments.

14. Net assets invested in capital assets:

The net asset invested in capital assets consists of the following:

	2017	2016
Capital assets	\$ 1,797,041	\$ 1,715,783
Less amounts financed by:		
Long-term debt	(182,182)	(161,752)
Deferred contributions related to capital assets (note 10)	(413,396)	(364,500)
Balance, end of year	\$ 1,201,463	\$ 1,189,531

UNIVERSITY OF OTTAWA

Notes to Consolidated Financial Statements (continued)

Year ended April 30, 2017
(in thousands of dollars)

14. Net assets invested in capital assets (continued):

The change in net assets invested in capital assets is calculated as follows:

	2017	2016
Repayment of long-term debt	\$ 1,324	\$ 1,246
Acquisitions of capital assets	139,802	106,409
Deferred contributions related to capital assets recognized as revenue (note 10)	24,736	23,926
Increase in net assets invested in capital assets	165,862	131,581
Amortization of capital assets	(58,544)	(57,117)
Transfer from deferred revenue (note 9)	(7,615)	(4,019)
Capital asset contributions received (note 10)	(66,017)	(42,715)
Use of debentures	(21,754)	-
Decrease in net assets invested in capital assets	(153,930)	(103,851)
Change in net assets invested in capital assets	\$ 11,932	\$ 27,730

15. Research grants and contracts:

Research grants and contracts revenues are composed of:

	2017	2016
Research-related activities	\$ 126,059	\$ 113,787
Trust-related activities	15,297	8,220
	\$ 141,356	\$ 122,007

Research-related activities:

In addition to research grants and contracts presented in the consolidated statement of operations, University researchers actively participate in research activities directly conducted at The Institute of Fiscal Studies and Democracy and at University affiliated Hospital Research Institutes (Ottawa Hospital Research Institute, Children's Hospital of Eastern Ontario Research Institute, Ottawa Heart Institute Research Corporation, Elisabeth Bruyère Research Institute, University of Ottawa Institute of Mental Health Research and Hôpital Montfort). For the year ended March 31, 2017, the total of the grant revenue for these activities is estimated at \$157,346 (2016 - \$166,785) (unaudited figures).

16. Employee benefits:

Employee benefits expense is composed of:

	2017	2016
Fringe benefits	\$ 49,084	\$ 51,807
Future employee benefits expenses (note 6):		
Pension plan:		
Current service cost	42,548	43,093
Financing cost	(6,958)	(12,726)
	35,590	30,367
Other benefits plans (note 6)	5,482	5,793
	\$ 90,156	\$ 87,967

UNIVERSITY OF OTTAWA

Notes to Consolidated Financial Statements (continued)

Year ended April 30, 2017
(in thousands of dollars)

17. Inter-institutional research and other agreements:

These expenses consist of amounts delivered to related research institutions and other partners in relation to agreements settled between the University and the partners and in respect of which the University is the main contractor. An equivalent revenue is recorded as research grants and contracts revenue.

18. Commitments and contingent liabilities:

Self-insurance

The University is a member of the Canadian Universities Reciprocal Insurance Exchange (CURIE), a self-insurance co-operative comprised of over forty Canadian universities and colleges. CURIE insures property damage, general liability and error and omission risks. If premiums collected and accumulated reserves are insufficient to cover expenses and claims of the various members, the University may be required to pay additional amounts.

Litigation

The University is involved with pending litigation and claims which arise in the normal course of operations. In management's opinion, the University has valid defenses and appropriate insurance coverage in places that are not expected to have a material impact on the University's financial position. There also exist other claims or potential claims where the ultimate outcome cannot be determined at this time. Any additional losses related to claims would be recorded in the year during which the amount of the liability is able to be estimated or adjustments to the amount recorded are determined to be required.

Real estate and infrastructure investment vehicles

The University has funding commitments related to real estate and infrastructure investment vehicles, which may be funded over the next several years within the existing investment portfolio in accordance with the terms and conditions agreed to. As at April 30, 2017, these potential commitments totaled \$68,773 (2016 - \$76,142).

Funds provided under agreements

In the normal course of operations, the University signs agreements whereby funds are provided to the University for the execution of projects which are subject to restrictions as to the use of the funds. The sponsors of these projects can execute an audit of the financial records of the University to ensure compliance with the project requirements. In the event that amounts to be reimbursed to the sponsor of a project are identified, the necessary adjustments will be recognized in the year they are identified.

Contractual commitments

The University has undertaken the construction and renovation of facilities. As at April 30, 2017, the University had signed contractual obligations for approximately \$95,196 (2016 - \$42,911).

Obligation under operating lease

The University of Ottawa has entered into various long-term operating leases for space.

Future minimum lease payments over the next five years, by year are as follows:

2018	\$	5,231
2019		5,258
2020		5,223
2021		5,291
2022		5,321

UNIVERSITY OF OTTAWA

Notes to Consolidated Financial Statements (continued)

Year ended April 30, 2017
(in thousands of dollars)

19. Capital management:

The University's objectives when managing capital are to preserve its capital and to optimize the investment income of the University. The University's capital consists of unrestricted net assets, internally restricted net assets, the endowment fund and its long-term debt.

Debt management

The University's Board of Governors has approved a debt management policy. Its objectives are:

- To ensure that debt is used prudently to meet the key strategic objectives of the University;
- To ensure that the University maintains access to capital markets;
- To align the strategic use of debt with the University's investment policies to manage the overall cost of capital, minimize long-term costs for debt service and ensure the overall level of risk does not exceed acceptable levels;
- To take into account the University's assets, liabilities and market conditions when evaluating different debt strategies and instruments, including bridge financing and derivative products; and
- To guide ongoing relationships with rating agencies, bond purchasers and other external constituents by communicating management's approach to the financing strategies undertaken by the University.

The policy sets out two ratios which the University must maintain, which are as follows:

	Threshold	Ratios 2017	Ratios 2016
Unrestricted liquidity-to-debt	> 0.5x	0.97	2.05
Debt burden	< 5%	2.68%	1.62%

The University may only issue debt for capital plans that have been approved by the Board of Governors. Debts for ancillary services are excluded from these ratios. Management reports annually to the Board on the University's compliance to this policy.

Endowment fund management

The University's Board of Governors has approved a non-expendable endowment fund policy, which outlines the rules governing these endowment funds. Funds are invested in accordance with the University's Investment Policy, which is approved by the Board of Governors. The primary objectives for the fund are:

- To earn a real rate of return of 4.0% after expenses over a four-year moving period. This will fulfill the fund's objectives to meet its expenditure requirements and maintain capital in real terms; and
- To earn a rate of return that exceeds a benchmark that is comprised of market indices relevant to the actual asset mix, as established by the Finance and Treasury Committee of the Board of Governors.

The University's Statement of Investment Policies and Goals ("SIPG") outlines the asset classes, targets and environmental, social and governance ("ESG") criteria as established by the United Nations supported Principles for Responsible Investment ("PRI"), which are approved by the University's Board of Governors. Asset classes and targets are as follows:

	Minimum	Target	Maximum
Equities	40%	50%	60%
Fixed income	15%	20%	35%
Alternatives	15%	30%	40%

UNIVERSITY OF OTTAWA

Notes to Consolidated Financial Statements (continued)

Year ended April 30, 2017
(in thousands of dollars)

19. Capital management (continued):

Endowment fund management (continued)

Funds may only be invested in investments that meet the policy's minimum quality requirements, as approved by recognized rating agencies.

The University complied with its capital-related policies throughout the year.

Cash management

The University maintains cash and cash equivalents, short-term and long-term investments to fund internally restricted and endowment net assets as well as to hold cash amounts received in advance of services rendered, as follows:

	2017	2016
Unrestricted cash and cash equivalents	\$ 43,406	\$ 47,995
Restricted cash and cash equivalents:		
Accounts receivable related to research (note 4)	(65,314)	(63,134)
Deferred revenue	271,064	278,045
Debentures for capital projects	185,968	7,720
Internally restricted net assets - other (note 12)		
Operating fund	108,083	104,969
Ancillary enterprises fund - operations	2,175	4,348
Research fund	35,012	26,171
Trust fund	13,905	14,741
Capital fund - ancillary	27,518	18,789
Capital fund - other	68,672	72,478
Sinking fund	49,566	34,412
Endowments net assets	270,130	241,944
Total restricted cash and cash equivalents	966,779	740,483
Total cash and cash equivalents, short-term and long-term investments	\$ 1,010,185	\$ 788,478

UNIVERSITY OF OTTAWA

Notes to Consolidated Financial Statements (continued)

Year ended April 30, 2017
(in thousands of dollars)

20. Financial instruments:

Interest rate risk

The University is exposed to interest rate risk on its fixed interest rate financial instruments. Further details about the fixed rate investments are included in notes 3 and 5 and for long-term debt in note 11.

Credit risk

The risk relates to the potential that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The University's SIPG, which is reviewed annually, defines permitted investments and provides guidelines and restrictions on acceptable investment categories which minimize credit risk.

The maximum credit exposure of the University is represented by the fair value of the investments and accounts receivable as presented in the statement of financial position.

Credit risk concentration exists where a significant portion of the portfolio is invested in securities which have similar characteristics or similar variations relating to economic, political or other conditions. The University monitors the financial health of its investments on an on-going basis with the assistance of its Finance and Treasury Committee of the Board of Governors and its investment advisors.

Foreign currency risk

Foreign currency exposure arises from the University's holdings of foreign equities and bonds. Currency hedging may be used to reduce the risk from fluctuations of foreign currency exchange rates, as defined in the SIPG.

Liquidity risk

Liquidity risk is the risk that the University will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The University manages its liquidity risk by monitoring its operating requirements. The University prepares budgets and cash forecasts to ensure it has sufficient funds to fulfill its obligations.

There has been no significant change to the risk exposures during the year.

21. Consolidated entity:

On January 13, 2010, the University created 7311842 Canada Inc., which is a wholly-owned subsidiary incorporated under the Canadian Business Corporations Act. The purpose of this subsidiary is to hold, on behalf of the University, certain investments outside of Canada.

As at April 30, 2017, the subsidiary held \$19,970 of assets, \$1,460 of liabilities and \$18,510 of equity (2016 - the subsidiary held \$19,100 of assets, \$1,300 of liabilities and \$17,700 of equity). During the year, the subsidiary incurred net results of \$1,200 (2016 - net results of \$2,500).

The University accounts for its investment in 7311842 Canada Inc. using the equity method and the investment is included in long-term investments in the consolidated statement of financial position.

22. Pledges receivable:

The estimated realizable value of significant donations which have been pledged but not received as at April 30, 2017 was approximately \$47,486 (2016 - \$32,533). These pledges are not recorded in these consolidated financial statements.

23. Comparative information:

Certain comparative information has been reclassified to conform to the current year's presentation.

UNIVERSITY OF OTTAWA

Notes to Consolidated Financial Statements (continued)

Year ended April 30, 2017
(in thousands of dollars)

24. Ontario Student Opportunity Trust Fund and Ontario Trust for Student Support:

The restricted endowment fund includes funds granted by the Government of Ontario for Phase I and Phase II of the Ontario Student Opportunity Trust Fund (OSOTF) and the Ontario Trust for Student Support (OTSS), as these programs provide for the matching by the Province of Ontario of the endowment contributions received by the University. The investment revenue earned on those funds must be used to provide financial aid to Ontario Students.

As per Ministry of Advanced Education and Skills Development policies, the transactions related to the Ontario Student Opportunity Trust Fund and to the Ontario Trust for Student Support must be presented in these financial statements, for the year ended March 31, 2017.

	Ontario Student Opportunity Trust Funds		Ontario Trust for Student Support	Total 2017	Total 2016
	Phase I	Phase II			
Endowment fund					
Fund balance, beginning of year	\$ 19,197	\$ 5,582	\$ 28,086	\$ 52,865	\$ 52,242
Increases of capital	211	34	222	467	623
Fund balance, end of year	\$ 19,408	\$ 5,616	\$ 28,308	\$ 53,332	\$ 52,865

	Ontario Student Opportunity Trust Funds		Ontario Trust for Student Support	Total 2017	Total 2016
	Phase I	Phase II			
Schedule of changes in expendable funds available for awards					
Balance, beginning of year	\$ 7,848	\$ 1,340	\$ 3,674	\$ 12,862	\$ 15,967
Realized investment income, net of direct investment- related expenses and preservation of capital contributions	2,642	554	1,428	4,624	(873)
Bursaries awarded	(1,436)	(256)	(493)	(2,185)	(2,232)
Balance, end of year	\$ 9,054	\$ 1,638	\$ 4,609	\$ 15,301	\$ 12,862
Number of recipients	887	68	262	1,217	1,159
Endowment total based on book value	\$ 28,462	\$ 7,254	\$ 32,917	\$ 68,633	\$ 65,727

University of Ottawa

Schedule 1 - Statement of Operations and evolution of net assets by fund Years ended April 30, 2017 and 2016

(in thousands of dollars)	Operating Fund		Ancillary Funds		Research Fund		Trust Fund		Capital & Sinking Fund		Endowments		Total	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
REVENUE														
Operating grants	380,167	382,519	301	243	-	-	-	-	-	-	-	-	380,468	382,762
Tuition and other fees	380,779	360,140	1,027	1,044	-	-	-	-	-	-	-	-	381,806	361,184
Research grants and contracts	-	-	-	-	126,059	113,787	15,297	8,220	-	-	-	-	141,356	122,007
Student housing	-	-	26,016	24,836	-	-	-	-	-	-	-	-	26,016	24,836
Sale of services	9,309	9,565	10,494	9,476	2,835	-	2,865	2,114	-	-	-	-	25,503	21,155
Donations	1,836	2,194	22	-	6,533	7,478	4,512	4,231	415	415	-	-	13,318	14,318
Investment income	16,810	10,664	2	19	181	3,145	9,063	8,437	2,872	22,105	-	-	28,928	44,370
Capital grants	-	-	-	-	-	-	-	-	8,438	8,303	-	-	8,438	8,303
Other	10,889	10,522	6,280	5,832	1,074	884	8,248	8,830	1,866	595	-	-	28,357	26,663
	799,790	775,604	44,142	41,450	136,683	125,294	39,985	31,832	13,590	31,418	-	-	1,034,190	1,005,598
EXPENSES														
Salaries	483,185	461,899	7,446	6,959	39,701	39,862	10,595	10,955	-	-	-	-	540,927	519,675
Employee benefits	82,088	79,625	1,527	1,226	4,817	5,020	1,724	2,096	-	-	-	-	90,156	87,967
Supplies and other contractual services	95,995	86,022	17,778	18,085	22,373	31,900	7,705	7,958	7,412	3,093	-	-	151,263	147,058
Scholarships, bursaries and financial aid	63,468	66,116	3	1	22,239	21,941	9,031	9,002	-	-	-	-	94,741	97,060
Professional Fees	1,026	1,414	-	-	53	36	8	18	-	-	-	-	1,087	1,468
Inter-institutional research and other agreements	667	751	-	-	30,980	19,865	1,708	2,100	-	-	-	-	33,355	22,716
Travel	7,409	7,729	118	160	7,990	8,398	2,082	2,091	-	-	-	-	17,599	18,378
Interest and bank fees	10,855	7,931	4,669	4,363	4	2	25	19	-	-	-	-	15,553	12,315
Amortization of capital assets	19,951	19,285	3,577	3,518	14,423	13,138	997	1,030	19,596	20,146	-	-	58,544	57,117
Other	14,098	15,845	(699)	2,126	2,783	2,629	2,658	2,489	-	-	-	-	18,840	23,089
	778,742	746,617	34,419	36,438	145,363	142,791	36,533	37,758	27,008	23,239	-	-	1,022,065	986,843
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES, BEFORE UNDERNOTED ITEM	21,048	28,987	9,723	5,012	(8,681)	(17,497)	3,452	(5,926)	(13,417)	8,179	-	-	12,125	18,755
Unrealized gains (losses) on investments	30,842	(9,493)	2	(17)	333	(2,800)	-	-	5,268	(19,678)	-	-	36,445	(31,988)
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES, BEFORE TRANSFERS	51,890	19,494	9,725	4,995	(8,348)	(20,297)	3,452	(5,926)	(8,149)	(11,499)	-	-	48,570	(13,233)
Transfers - capital fund	(6,571)	(7,378)	(10,910)	(13,429)	193	3,607	(2,613)	(147)	19,901	17,347	-	-	-	-
Transfers - others	(16,564)	(12,413)	1,640	1,356	15,403	11,064	(1,262)	4,625	-	-	783	(4,632)	-	-
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	28,755	(297)	455	(7,078)	7,248	(5,626)	(423)	(1,448)	11,752	5,848	783	(4,632)	48,570	(13,233)
Net change in internally restricted net assets	(18,809)	(42,564)	(2,628)	(2,659)	1,593	1,681	(413)	(45)	20,257	43,587	-	-	-	-
External contributions	-	-	-	-	-	-	-	-	-	-	7,789	4,662	7,789	4,662
Net investment income (loss) earned on endowments	-	-	-	-	-	-	-	-	-	-	19,614	(12,866)	19,614	(12,866)
Remeasurement of employee future benefits	131,864	(106,317)	-	-	-	-	-	-	-	-	-	-	131,864	(106,317)
NET CHANGE IN NET ASSETS FOR THE YEAR	141,810	(149,178)	(2,173)	(9,737)	8,841	(3,945)	(836)	(1,493)	32,009	49,435	28,186	(12,836)	207,837	(127,754)
NET ASSETS, BEGINNING OF YEAR	164,179	347,769	4,348	14,085	26,171	30,116	14,741	16,234	1,315,210	1,231,363	241,944	254,780	1,766,593	1,894,347
NET ASSETS, END OF YEAR	305,989	164,179	2,175	4,348	35,012	26,171	13,905	14,741	1,347,219	1,315,210	270,130	241,944	1,974,430	1,766,593

NET ASSETS ARE COMPRISED OF :

Unrestricted	93	1,815	-	-	-	-	-	-	-	-	-	-	93	1,815
Internally restricted - other (note 12)	108,083	104,969	2,175	4,348	35,012	26,171	13,905	14,741	96,190	91,267	-	-	255,365	241,496
Sinking fund	-	-	-	-	-	-	-	-	49,566	34,412	-	-	49,566	34,412
Employee future benefits (note 6)	197,813	57,395	-	-	-	-	-	-	-	-	-	-	197,813	57,395
Invested in capital assets (note 14)	-	-	-	-	-	-	-	-	1,201,463	1,189,531	-	-	1,201,463	1,189,531
Endowments (note 13)	-	-	-	-	-	-	-	-	-	-	270,130	241,944	270,130	241,944
	305,989	164,179	2,175	4,348	35,012	26,171	13,905	14,741	1,347,219	1,315,210	270,130	241,944	1,974,430	1,766,593