

# 2017-2018 FINANCIAL REPORT

## Financial Resources

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uOttawa

# ABOUT UOTTAWA

A BILINGUAL, RESEARCH-INTENSIVE UNIVERSITY IN THE HEART OF THE NATION'S CAPITAL OFFERING THE SECOND-LARGEST CO-OP PROGRAM IN ONTARIO—THESE ARE SOME OF THE DISTINCTIVE FEATURES THAT SET UOTTAWA APART.

THE UNIVERSITY OF OTTAWA'S ADVANCES IN THE SOCIAL SCIENCES, HEALTH, LAW, MANAGEMENT, ARTS, ENGINEERING, SCIENCE AND HUMANITIES MAKES IT A UNIQUE PLACE TO LEARN, GROW AND EXCEL.



**41 392**  
STUDENTS AS OF NOVEMBER 1, 2017

**10**  
NUMBER OF FACULTIES

**535**  
NUMBER OF PROGRAMS



**NEW MODERN SPACES**

**4 806**  
FULL TIME EMPLOYEES

AMONG THE TOP 10 RESEARCH UNIVERSITIES IN CANADA



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*This review of the 2017–2018 financial results must be read in conjunction with the University's audited consolidated financial statements and the accompanying notes.*



# FISCAL YEAR AT A GLANCE

(in thousands of dollars)

	2018 (\$)	2017 (\$)	VARIATION (%)
<b>CONSOLIDATED STATEMENT OF OPERATIONS</b>			
REVENUE	\$1,099,819	\$1,032,145	6.6%
EXPENSES	\$1,022,982	\$1,022,065	0.1%
EXCESS OF REVENUE OVER EXPENSES BEFORE THE UNDERNOTED	\$76,837	\$10,080	662.3%
CHANGE IN FAIR VALUE OF INVESTMENTS MEASURED AT FAIR VALUE	\$(7,065)	\$38,490	118.4%
EXCESS OF REVENUE OVER EXPENSES	\$69,772	\$48,570	43.7%
<b>CONSOLIDATED STATEMENT OF FINANCIAL POSITION</b>			
ASSETS	\$3,294,783	\$3,127,980	5.3%
LIABILITIES	\$1,209,316	\$1,153,550	4.8%
NET ASSETS	\$2,085,467	\$1,974,430	5.6%
<b>COMPOSITION OF NET ASSETS</b>			
INVESTED IN CAPITAL ASSETS	\$1,234,156	\$1,201,463	2.7%
ENDOWMENTS	\$279,657	\$270,130	3.5%
EMPLOYEE FUTURE BENEFITS	\$246,488	\$197,813	24.6%
OTHERS	\$325,166	\$305,024	6.6%
	\$2,085,467	\$1,974,430	5.6%
RATIO OF UNRESTRICTED LIQUIDITY-TO-DEBT	1.02	0.97	
RATIO OF DEBT BURDEN	2.6%	2.7%	

# SUMMARY

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The section of the document entitled Financial Statements presents the results of the audited consolidated financial statements prepared in accordance with Canadian accounting standards for not-for-profit organizations under Part III of the CPA Canada Handbook.

The section of the document entitled of Review of 2017–2018 financial statements by fund presents the final budget results on a modified cash basis.

Both methods are substantially the same except for the following:

- the difference between capitalization and depreciation of property, plant and equipment, such as books, equipment, buildings and computer hardware and software; and
- the difference between the cash disbursements for the pension plan and other employee benefits, and the actuarial expenses measurement used for the consolidated financial statements.

Given these elements, there are differences between the results reported in the audited consolidated financial statements and the ones compiled on a modified cash basis. Based on the audited consolidated financial statements, the University's excess of revenue over expenses amounts to \$69.8M, whereas the actual budget results shows an excess of \$15.0M, which was restricted under the strategic fund and other commitments reserve. The initial 2017-2018 budget projected a deficit of \$4.6M.

The details of the adjustments required to reconcile from the audited consolidated financial statements to the final budget results are presented in the section Review of 2017–2018 financial statements by fund.

The 2017–2018 fiscal year closed with an excess of revenue over expenses amounting to \$69.8M. This result is explained in large part by the following elements:

- An increase in operating grants due to international doctoral student of \$2M;
- Increased investment income as a result of favourable financial market conditions in the last part of the fiscal year, including foreign exchange gains of \$15.2M;
- Expenses maintained at last year's levels as a result of delays in some projects and activities as well as the implementation of numerous cost-control measures implemented as part of the 2017–2018 budget process.

Net assets increased \$111.0M, bringing total net assets to \$2,085.0M, primarily as a result of:

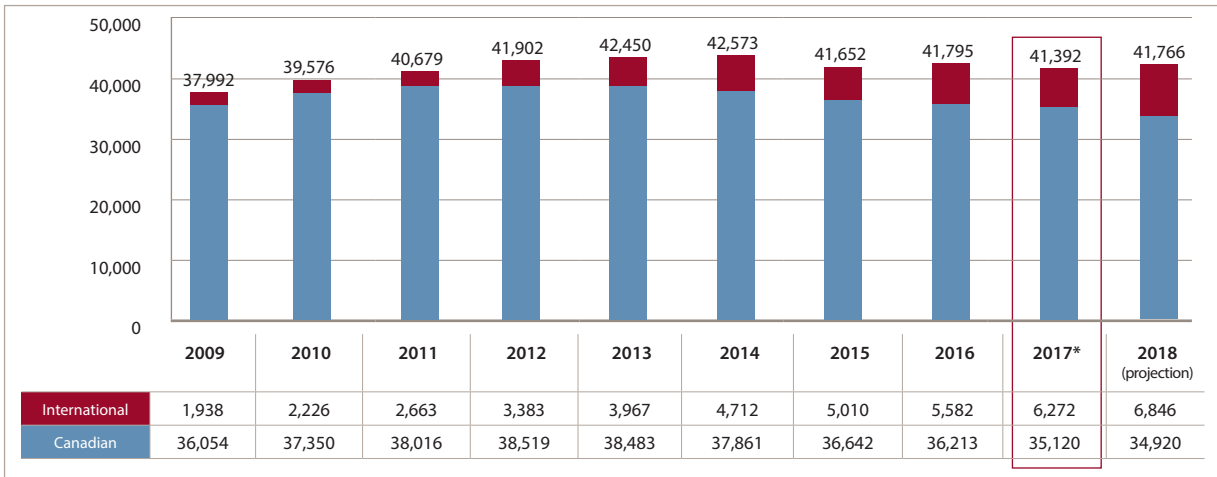
- The excess of revenue over expenses of \$69.8M.
- Capital acquisitions made during the fiscal year have been capitalized and are therefore not included in the current year's expenses. These acquisitions are for a variety of projects, including:
  - Acquisition of buildings and construction currently under way, a value of \$210.2M (\$98.7M in 2016–2017). These include completion of the Learning Crossroads (CRX) and the STEM Complex. The University received \$51.5M in federal funding for the construction of the STEM Complex, \$44.8M of which was received as of April 30, 2018. The new spaces in STEM and CRX will create exciting opportunities for teaching, research and innovation.
  - Investment of \$15.7M in teaching and research equipment, funded by grant of \$11.4M.
  - \$6.2M in book purchases for the Library's collection.
- A \$9.5M increase in the endowment funds. An increase of \$11.6M in fair value of endowment funds combined with external contributions of \$3.5M resulted in a slight increase in the market value of the Endowment Fund.
- Increased net assets for employee future benefits by \$26.2M.

Over the past 10 years, the student population has increased by 9.9%, with the total number of students expected to be 41,766 on November 1, 2018. This increase has resulted in an increase in government contributions, tuition fee revenue, as well as increased operational costs.

Numerous elements impacted the 2017–2018 financial results, including:

- no additional funding for Ontario universities to support Canadian student enrolment in the Ontario budget tabled in the spring of 2017;
- the implementation of a new provincial funding formula and a new strategic mandate agreement for 2017–2020;
- a decline of the 18- to 20-year-old demographic in Ontario and in the rest of Canada, which continues to affect Canadian student enrolment numbers;
- an increase in international student enrolment numbers, offsetting the decline in number of Canadian student;
- the renewal of the Ontario government's regulatory framework for tuition fees for Canadian students, setting the average maximum tuition fee increase at 3%; and
- the volatility of financial markets, which directly affects the University's investment income, the financial status of pension plans and the timing of gifts from major donors.

Figure 1: Number of students enrolled on November 1



\* The 2017-2018 financial results are based on the number of students as of November 1, 2017



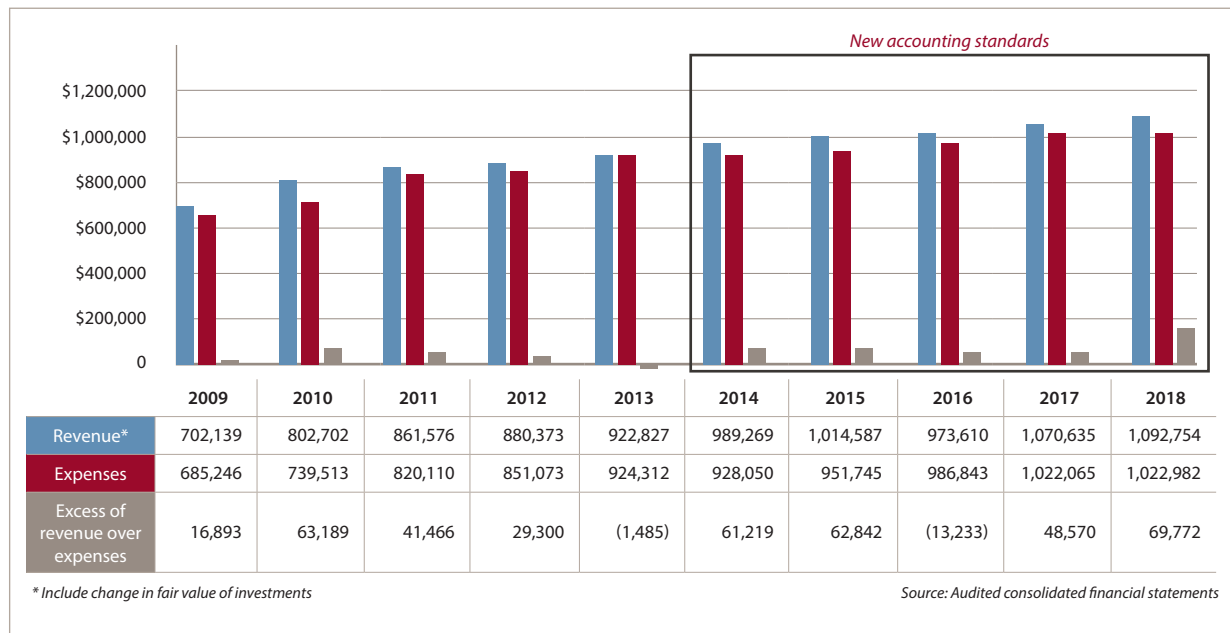
# FINANCIAL RESULTS

## CONSOLIDATED STATEMENT OF OPERATIONS

The consolidated statement of operations varies mainly through the fluctuation in student enrolment numbers, which has an impact on income from tuition, government grants and ancillary activities. As a result, the University's expenses, such as salary for teaching staff and related administrative and support staff, fluctuate in conjunction with the change in revenue. In addition, increased student numbers and faculty members requires additional investments to the University's infrastructure.

Excess of revenue over expenses of \$69.8M consists of total revenue of \$1,099.8M (72.4% from grants and tuition fees), partially offset by expenses of \$1,023M (71.5% for salaries and scholarship and financial aid programs in support of the students).

Figure 2: Revenue and expenses for the year ended April 30, 2018 (in thousands of dollars)



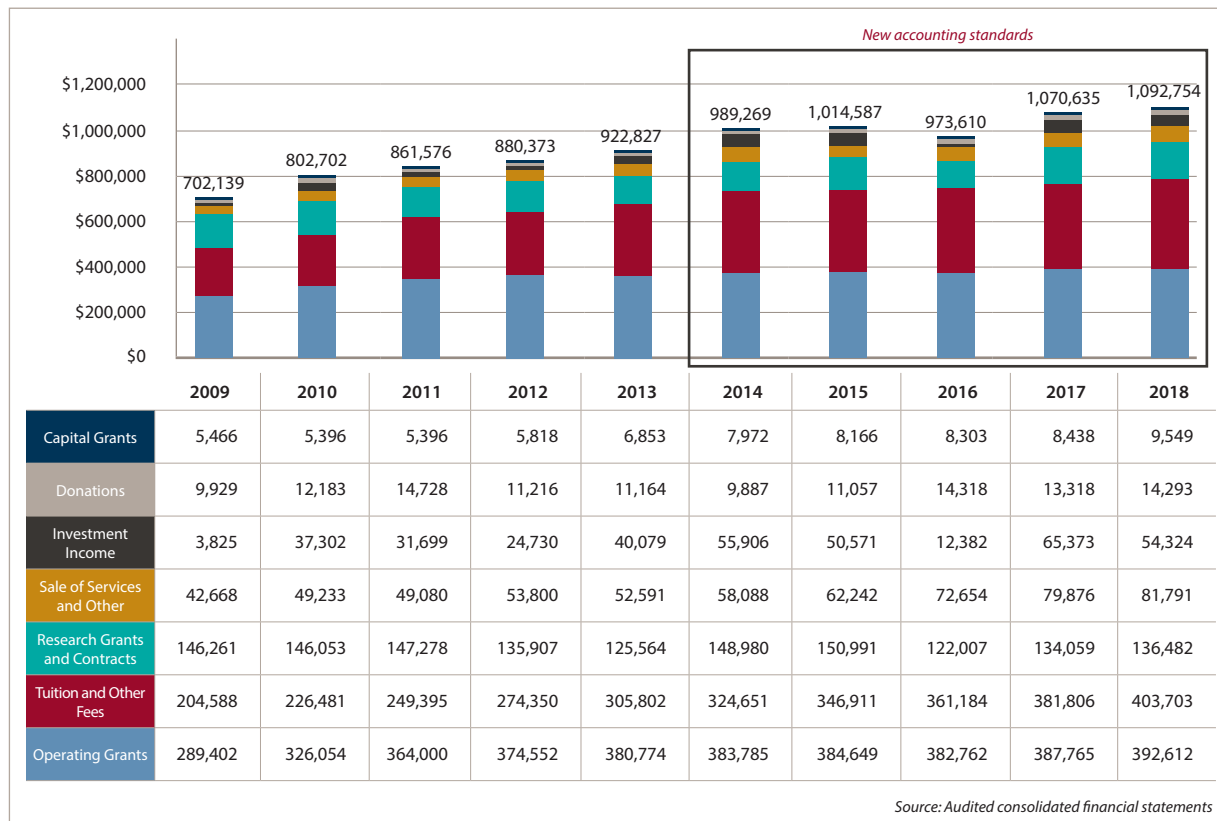
## REVENUE

### Government Grants

Government grants were \$392.6M in 2017–2018, compared to \$387.8M in 2016–2017. The increase of \$4.8M is due in part to the additional funding received for international PhD students and the increase in grants received for the faculty of medicine resident members (Professional Association of Residents of Ontario (PARO)).



Figure 3: Revenue by category for the year ended April 30, 2018 (in thousands of dollars)



## Tuition and Other Fees

Revenue from tuition and other fees is \$403.7M in 2017–2018, compared to \$381.8M in 2016–2017. The change of \$21.9M includes a \$5.4M increase in fees collected for Canadian students and \$16.5M in tuition fees for international students.

Although the total number of students did not vary significantly during the year, the number of Canadian students decreased, particularly in graduate programs, in keeping with the decrease in this demographic in recent years.

However, having invested in diversity and internationalization initiatives, the University saw an increase in the number of international students, who make up more than 16.0% of the student population. This increase occurred mainly in graduate programs, where the decrease in the Canadian student demographic resulted in a 5.0% decrease in the number of Canadian students.

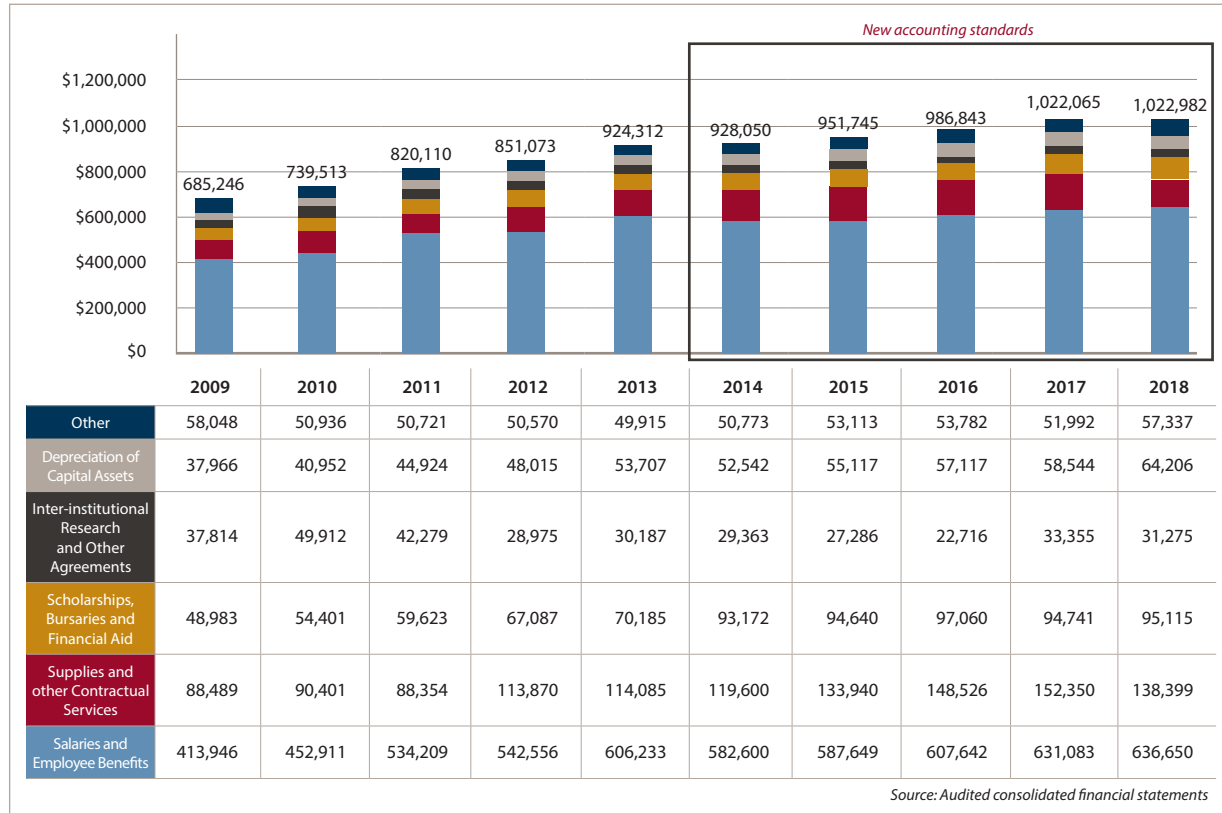
## Investment Income

Investment income, including unrealized gains and losses is \$54.3M in 2017–2018, compared to \$65.4M in 2016–2017. For the past 12 months, net returns were 9.0% (12.9% in 2016–2017). Financial markets volatility has had significant impact on the University's financial results. To provide some protection against the impact of this volatility on its activities, the University created a stabilization reserve fund. This year, approximately \$9.2M was allocated to this fund.

## EXPENSES

Expenses for the year ended April 30, 2018, amounted to \$1,023M, a 0.1% increase over last fiscal year. Salaries and benefits are the University's single largest expenditure, accounting for 62.2% of total expenses. Scholarships and financial aid represent 9.3% of the University's total expenses.

Figure 4: Expenses by category for the year ended April 30, 2018 (in thousands of dollars)



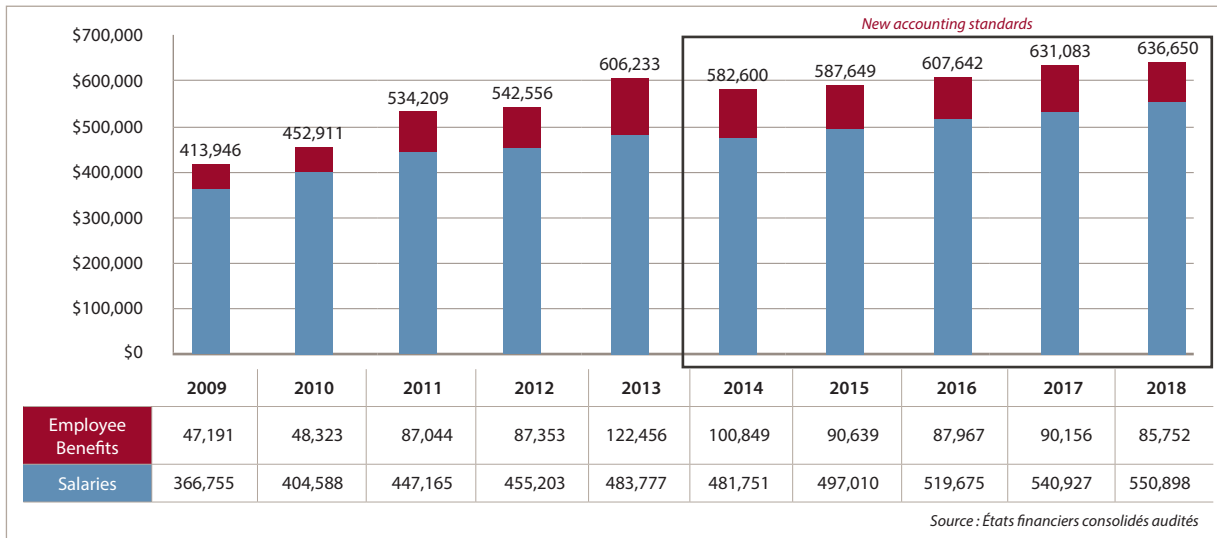
### Salaries and Benefits

Salaries for academic and support staff are funded primarily from the Operating Fund, which funds approximately 90.0% of the University's total salaries.

The University's and its student population's growth over the last 10 years has had a direct impact on expenses related to salaries and benefits, which increased by 54.0% during this time. However, in 2017–2018, these expenses stabilized given the retirement of numerous staff members since 2016, thus reducing the number of occupied positions during the year. The University is recruiting these positions and it is expected that many of these positions will be filled in the coming year.

In addition to the scholarship and financial aid programs, the University continues to invest in students through teaching and research assistantships and the Work-Study Program. Student wages have increased by \$5.4M, or 6.8%, compared to 2016–2017.

Figure 5: Salaries and benefits for the year ended April 30, 2018 (in thousands of dollars)



Employee benefits expenses amount to \$85.8M. Employee future benefits include the employer’s portion of the pension plan as well as costs related to life insurance, health and dental benefits and retirement allowances. Employee benefits include the employer’s portion of payroll remittance, such as employment insurance, the Canadian Pension Plan, long-term disability insurance and other leaves.

### Pension and other Benefit Plan

Employee future benefits assets include the contributions to the pension plan by the employer and the employees. As at April 30, 2018, these assets are evaluated at \$2,339.6M. The financial markets’ performance continues to affect these assets, which increased by \$25.8M as at April 30, 2018.

As well, the net assets for employee future benefits increased as a result of the contributions made to the pension plan by the University. For the year ended April 30, 2018, the University contributed \$48.2M to the plan. The eligible employees’ contributions proportion is currently at 42.0%.

The net assets for employee future benefits are calculated based on the most recent actuarial valuation results, extrapolated to April 30, 2018. These assets are not available to fund the University’s activities since they represent actuarial forecasts of the University’s future obligations to fund capitalized benefit plans. Consequently, these surpluses are unrealized and may vary significantly from year to year. These net assets must be reserved to fund employee future benefits and are therefore internally restricted.

The University’s contributions are funded under the solvency basis while the consolidated financial statements calculate the assets and obligations of the plan on a going concern basis. Under the solvency basis, the most recent actuarial valuation projects a deficit of \$126.6M, which results in annual special payments of \$8.6M.

The Ontario government recently announced changes to the funding rules for defined benefit pension plans, which came into effect on May 1, 2018. Based on information available at this time, the University’s contributions are not expected to increase significantly in the short term.

Table 1: Net assets for employee future benefits (in thousands of dollars)

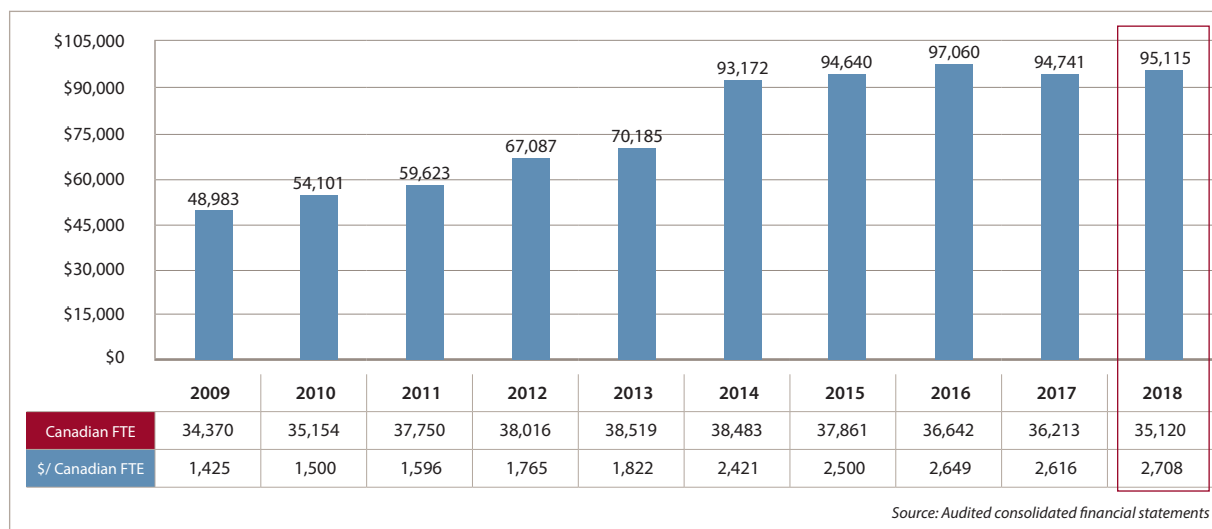
	Total net assets – Employee future benefits
Fair value of plan's assets	2,339,550
Accrued benefit obligation	2,093,062
Total pension benefit plans	246,488

## Scholarships and Financial Aid

During the 2017–2018 fiscal year, the University awarded \$95.1M in scholarships and financial aid (\$94.7M in 2016–2017). Of this amount, \$62.8M was funded by the Operating Fund (\$65.0M in 2016–2017). The decrease is mainly related to the decrease of Canadian students. The Operating Fund contributes approximately 66.0% of the scholarships and financial aid awarded by the University (68.6% in 2016–2017).

For the year ended April 30, 2018, all funds contributed to approximately \$2,708 per full-time equivalent (FTE) student (\$2,616 in 2016–2017). The amount of scholarship funding per FTE student has remained constant for a number of years (see figure 6).

Figure 6: Changes in scholarships and financial aid for the year ended April 30, 2018 (in thousands of dollars)



## CAPITAL ACQUISITIONS

The University continues to invest in its campus to provide students, professors and researchers with modern facilities that will meet their educational, teaching and research needs. However, the University faces deferred maintenance challenges, and aims to allocate additional funds annually against these activities to effectively reduce the investments requirements, currently estimated at more than \$421M.

During the 2017–2018 fiscal year, the University made significant capital investments. uOttawa has spent approximately \$238.0M on new acquisitions, thus increasing the net value of capital assets by \$173.8M. Several projects under construction in recent years have been completed as of April 30, 2018, including the Learning Crossroads, the STEM Complex, the Advanced Research Complex (ARC) as well as the expansion of Roger Guindon Hall, Marion Hall and Peter Morand, representing \$171.4M of the total acquisitions.

Only two construction projects were still under way at the end of the fiscal year—food services spaces at the Learning Crossroads and new spaces for the theatre program (LabO), a joint project with the City of Ottawa. These two projects will be completed during the summer of 2018.

Table 2: Capital assets (in thousands of dollars)

	2017-2018	2016-2017
Land	1,821	—
Buildings	32,433	18,215
Leasehold improvements	920	—
Construction-in-progress	177,750	80,449
Information Technology project in progress	—	9,095
Books	6,195	6,968
Equipment and furniture	16,704	24,178
Computer software and equipment	2,167	897
<b>Total</b>	<b>237,990</b>	<b>139,802</b>

Source: Audited consolidated financial statements (note 7)

The University receives government grants to partially fund these projects. During the 2016–2017 fiscal year, the proceeds from the issuance of a \$200.0M debenture provided additional funding to uOttawa. These funds were used primarily to finance the Henderson residence, the STEM Complex and the Learning Crossroads.

Table 3: Funding for acquisition of capital assets (in thousands of dollars)

Source of funds	2017-2018
Grants	48,905
Internal resources	68,269
Debentures	117,946
Donations of capital assets	2,870
<b>Total of acquisitions</b>	<b>237,990</b>

Source: Audited consolidated financial statements (note 7)

## Net Asset

To finance the activities of the capital fund, some assets are restricted for capital purposes. The net assets of the capital fund include the net assets invested in capital assets (\$1,234.2M) as well as the internally restricted net assets – other, in the amount of \$102.8M.

### *Invested in Capital Assets*

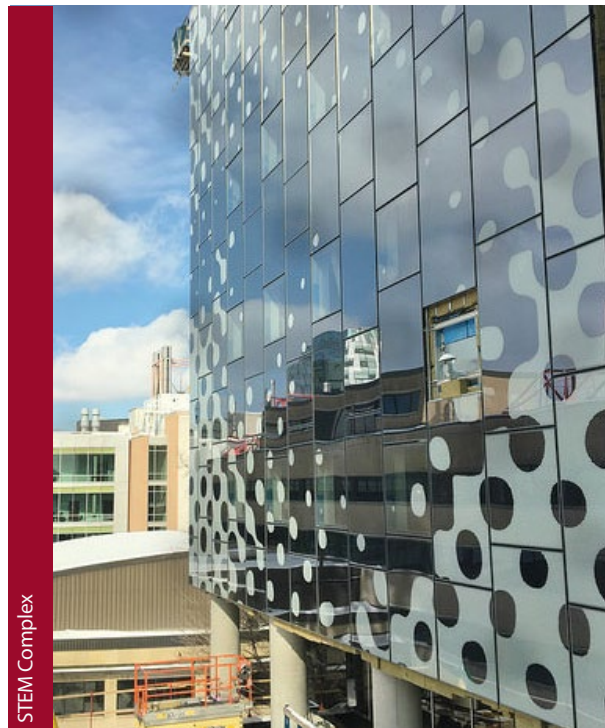
Net assets invested in capital assets represent the carrying amount of capital assets held by the University, net of any related long-term debt and deferred contributions. The net assets invested in capital assets increased by \$32.7M during the year, mainly due to the acquisition of capital assets (\$238.0M), financed from the proceeds of the debenture (\$118.0M) and grants (\$44.8M), and for which amortization expenses of \$64.2M was incurred.

### *Internally Restricted Net Assets – Other, Capital Fund*

These assets are allocated to specific ongoing or future obligations. Since some of these projects have already started, the funds must be restricted to ensure they will be available to pay for the projects. Internally restricted net assets – other, restricted for capital, amount to \$102.8M as at April 30, 2018, compared to \$96.2M in 2017.

### *Internally Restricted Net Assets – Sinking Fund*

A sinking fund was created to accumulate the funds required for the University to repay its long-term debt of \$150M and \$200M that mature in April 2043 and April 2056, respectively. The annual change in the sinking fund corresponds to the accumulation of investment income on long-term investments earmarked for this purpose and for restricted contributions.

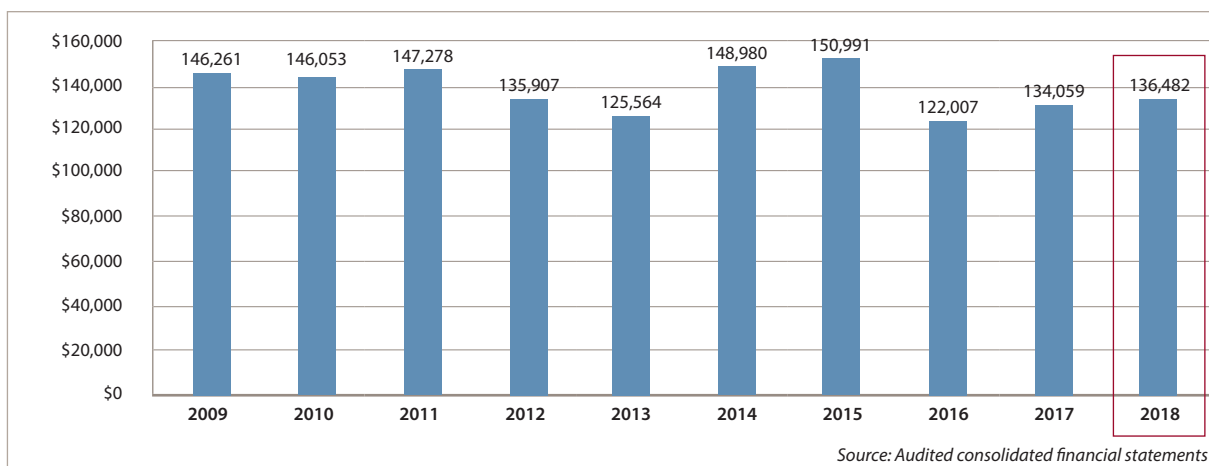


## RESEARCH ACTIVITIES AND OTHER

Revenue from research grants and contracts is \$136.5M in 2017–2018, compared to \$134.1M in 2016–2017. Research and other revenue fluctuates according to amounts allocated by granting agencies and donors.

The deferral method is the accounting method used to report this revenue. Accordingly, revenue received but not spent in the same year as received is excluded from the financial results and recorded as deferred revenue or deferred contributions under liabilities. Research revenue is therefore directly linked to the extent of research activities carried out during the fiscal year.

Figure 7: Comparison of research grants and contracts for the year ended April 30, 2018 (in thousands of dollars)



These funds are provided by different granting agencies, in particular Canada's Tri-Agency Council (NSERC, SSHRC, CIHR), as well as from the CFI, the Canada Research Chairs, the Government of Canada, the Ontario government or the industry.

During the year, the University received \$131.0M for its research activities (\$142.5M in 2016–2017). Table 4 shows the funding sources and amounts for the current and previous fiscal year.

Table 4: Research funding by source (thousands of dollars)

	2017-2018	2016-2017
<b>Source of research fund received</b>		
CIHR, NSERC and SSHRC	52,652	50,909
CFI	6,128	18,280
Other Federal grants	28,897	29,943
Provincial grants	13,777	15,385
Third parties	29,525	27,983
<b>Total received</b>	<b>130,979</b>	<b>142,500</b>

The decrease of \$11.5M in total cash inflows is due mainly to a reduction in CFI funding. The University had an exceptionally high success rate in the CFI 2015 Innovation Fund competition. Most of the revenue for the 2015 funded projects was received in 2016–2017, which is when the majority of construction and procurement activities took place.

The 2017–2018 fiscal year was a transitional year for the University research funding. The 2015 Innovation Fund projects are wrapping up, while the 2017 Innovation Fund projects will start in the 2018–2019 fiscal year. The revenue for these projects will be reflected when the expenses are incurred. The University had a more typical success rate in the CFI 2017 Innovation Fund competition, for which results were announced in June 2017.

In 2003, the Government of Canada introduced the Indirect Costs Program (ICP), allowing Canadian universities and colleges to receive annual funding to help cover a portion of the indirect costs of research to support research cost that cannot be directly attributed to specific research projects.

In 2017–2018, the University received a Research Support Fund (RSF) grant of \$13.8M (\$13.9M in 2016–2017), which corresponds to approximately 18.6% of the indirect costs as determined by the University. A total of \$4.7M of this funding was disbursed to affiliated institutes and is accounted for under Inter-institutional Research and Other Agreements.





## ENDOWMENTS

During the year, endowments increased by \$25.4M:

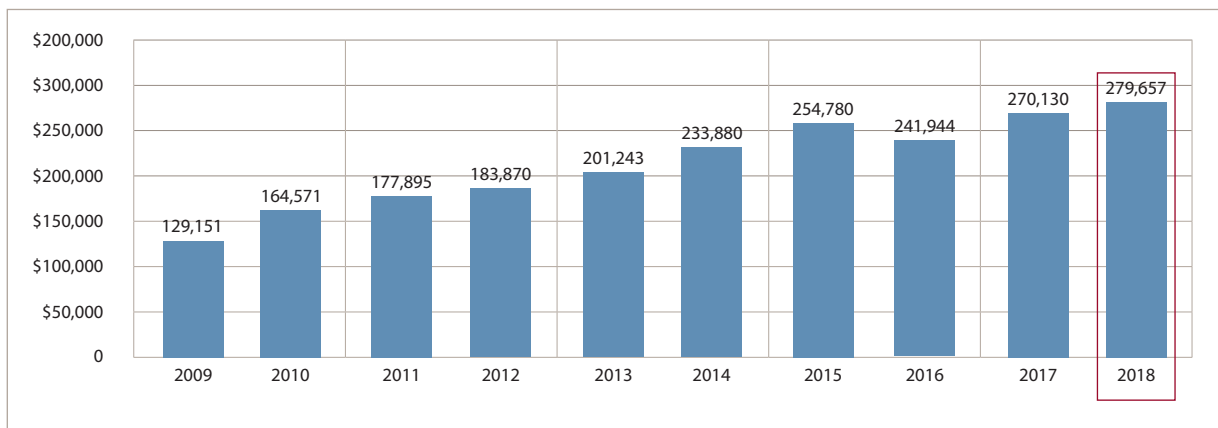
- Net investment income of approximately \$20.7M
- Donor contributions of \$3.5M
- Internal contributions and matching funds of \$1.2M

This increase was offset by \$15.9M, as follows:

- \$9.1M in investment income was made available for spending
- \$6.8M was transferred to Restricted Fund – Research

Investment returns generated from endowments are used and disbursed in accordance with the terms of the agreements negotiated with donors. The University protects the future purchasing power of its endowments, known as capital protection, by designating a portion of the annual investment income earned to the Endowment Fund. Accordingly, the University has established a policy of setting the amount of income available for spending at 3.5% of the 12-quarter moving average market value. The purpose of this policy is to allow the University to distribute a consistent amount of income from endowments on a sustainable basis regardless of the investment income earned in the fiscal year.

Figure 8: Five-year change in market value of endowed funds, 2013–2018 (in thousands of dollars)



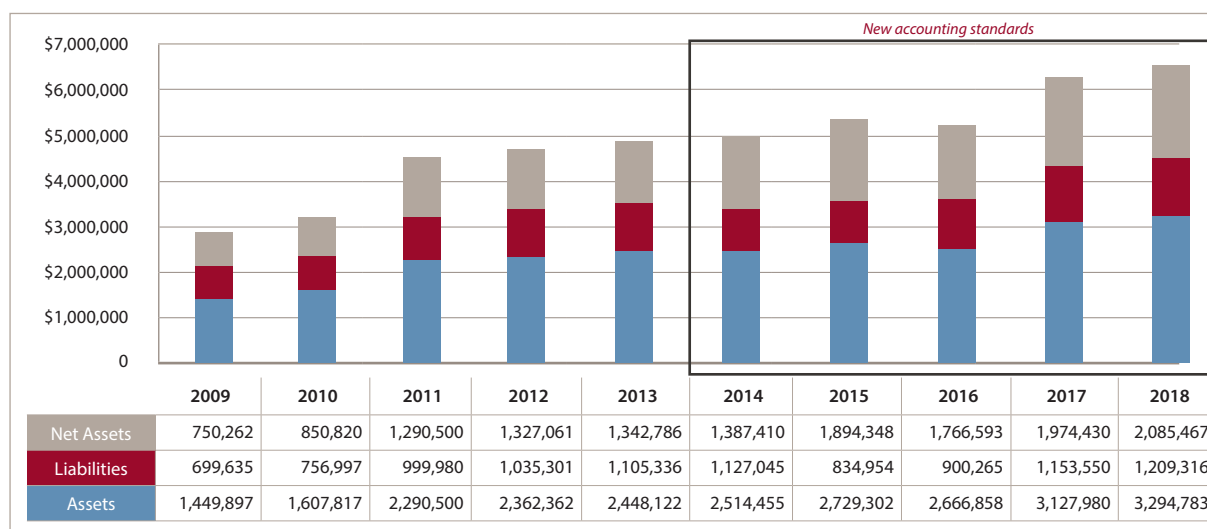
Source: Audited consolidated financial statements

A total of \$9.1M endowment income was made available for disbursements in 2017–2018, compared to \$8.6M in 2016–2017. This amount is included in investment income in the consolidated statement of operations.

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

The consolidated statement of financial position presents the University's assets and liabilities as well as its restricted and non-restricted net assets. As at April 30, 2018, the University's assets and liabilities were \$3,294.8M and \$1,209.3M, respectively. The University's net assets amount to \$2,085.5M and consist primarily of net assets invested in capital assets (\$1.2M), as well as net assets restricted by donors, as well as for future commitments, obligations and strategic activities of the University.

Figure 9: Assets, liabilities and net assets, as at April 30, (in thousands of dollars)



Source: Audited consolidated financial statements

The University's net assets may fluctuate from year to year due to the following elements:

1. Net income for the current fiscal year;
2. An increase in the value of net assets invested in capital assets;
3. An increase in the value of the sinking fund;
4. An increase in the value of endowed funds either through contributions from donors or by positive market returns;
5. A decrease in the value of endowed funds either through the removal of an endowment designation by the donor or due to negative market returns; and
6. Remeasurement and other items related to employee future benefits, which, beginning on May 1, 2014, are recognized in net assets and not in the consolidated statement of operations. Remeasurements include the difference between the return on the pension plan's assets and obligations, as well as actuarial gains and losses. These adjustments to actuarial assumptions are non-cash items.

The University's net assets comprise:

- \$1,234.2M invested in capital assets;
- \$279.7M in endowments (capital contributions from donors that cannot be spent);
- \$246.5M reserved for future employee benefits (no cash value);
- \$271.0M in internally restricted funds (for commitments, obligations or strategic initiatives); and
- \$54.0M in sinking fund for the reimbursement of debentures.

## REVIEW OF 2017–2018 FINANCIAL RESULTS BY FUND

This section reviews the results by fund for the Operating Fund and for Ancillary Enterprises compared with the results of the 2017–2018 fiscal year and the budget approved by the Board of Governors. This section is to be read in conjunction with appendix 1 of the University's consolidated financial statements for the fiscal year ended April 30, 2018.

Like other Ontario universities, the University's budget is prepared on a modified cash basis. This method differs from the Canadian accounting standards for not-for-profit organizations, which are used to prepare the University's audited financial statements. It is important to compare year-end results to the budget to evaluate the degree to which the budget projected actual results. However, there are differences between the operating budget and the financial statements of the operating fund and some adjustments must be accounted for before the comparison can be made.

Main differences:

- Capitalization and amortization of capital assets, such as books, equipment, buildings and computer hardware and software; and
- Cash disbursements for the pension plan and the expenses based on the actuarial valuation used in the consolidated financial statements.

The financial statements are prepared using accrual accounting, in accordance with the Canadian accounting standards for not-for-profit organizations, from Part III of the CPA Canada Handbook, whereas the operating budget reflects the cash inflows and outflows.

These adjustments require an increase of revenue, expenses and interfund transfers as well as the use of prior surpluses, listed as "Financing activities."

Once these adjustments are accounted for, the initial budget of the operating fund can be compared with the audited financial statements to assess the extent to which actual results are in line with the 2017–2018 budget. The adjustments are summarized below in table 5.

### Operating Fund

The Operating Fund is composed of financial resources that can be used without external restrictions to achieve the objectives of the University, in the area of teaching, research and service to the community.

For the year ended April 30, 2018, a surplus of \$30k net of appropriation of \$15.0M, is generated from the Operating Fund, compared to the initial budgeted deficit of \$4.6M approved by the Board of Governors. The University was able to balance its budget as a result of positive investment returns.

Total revenue after adjustments increased by \$18.9M, or 2.3%, compared to the initial budget. This increase is a result of favourable investment returns, an increase in operating grants and a decrease in tuition fees. Total expenses after adjustments decreased by \$12.1M, or 1.5%. This decrease is a result of delays in projects and activities throughout the year as well as cost-control measures implemented as part of the 2017–2018 budget process.

The Operating Fund uses net assets as a source of funding for certain non-recurring activities. To ensure sound management of these assets, reserves are created to help stabilize financial market results and for future strategic initiatives. Table 5 presents the details of these net assets and the change over 2016–2017.

Financing activities represent disbursements funded by cumulative surpluses from previous years as well as required funding for the strategic fund and future obligations reserve; the latter amounting to \$15.0M in 2017-2018, for net total financing activities of \$8.0M.

Table 5: Operating Fund financial results compared to the initial budgets for 2017 – 2018 (in thousands of dollars)

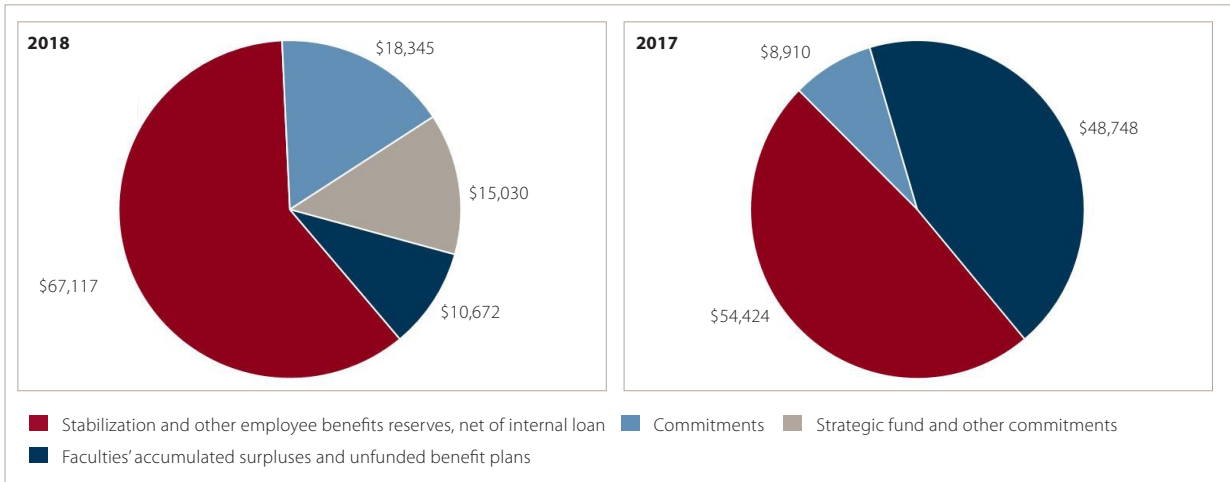
	Operating Fund			
	2017-2018 Audited financial statements	Ajustments	Actual according to the budget base	2017-2018 Budget
<b>Revenue</b>				
Operating grants	392,206	-	392,206	384,895
Tuition and other fees	402,664	-	402,664	409,554
Sale of services	9,778	-	9,778	8,875
Donations	1,868	(1,215)	653	556
Investment income	43,271	(5,889)	37,382	21,964
Other	12,129	1,867	13,996	11,907
<b>Total of revenue</b>	<b>861,916</b>	<b>(5,237)</b>	<b>856,679</b>	<b>837,751</b>
<b>Expenses</b>				
Salaries	493,955	(4,332)	489,623	492,422
Employe benefits	78,177	22,078	100,255	98,879
Supplies and other contractual services	89,474	26,114	115,588	120,565
Scholarships, bursaries and financial aid	62,791	4,775	67,566	69,005
Professional fees	1,238	352	1,590	1,740
Inter-institutional research and other agreements	738	-	738	670
Travel	6,993	-	6,993	7,692
Interest and bank fees	14,212	-	14 212	14 134
Depreciation of capital assets	21,901	(21 901)	-	-
Other	15,018	2,498	17,516	21,114
<b>Total of expenses</b>	<b>784,497</b>	<b>29,584</b>	<b>814,081</b>	<b>826,221</b>
<b>Excess (deficiency) of revenue over expenses before the undernoted</b>	<b>77,419</b>	<b>(34,821)</b>	<b>42,598</b>	<b>11,530</b>
Unrealized gains (losses) on investments	(5,889)	5,889	-	-
<b>Excess (deficiency) of revenue over expenses before transfers</b>	<b>71,530</b>	<b>(28,933)</b>	<b>42 598</b>	<b>11 530</b>
Transfers — Capital fund	(11,198)	(15,823)	(27,021)	(18,031)
Transfers — Other	(7,526)	-	(7,526)	-
<b>Excess (deficiency) of revenue over expenses</b>	<b>52,806</b>	<b>(44,755)</b>	<b>8,051</b>	<b>(6,501)</b>
Financing activities			(8,021)	1,818
<b>Surplus (deficit) budget</b>			<b>30</b>	<b>(4,623)</b>

## Internally Restricted Net Assets - Other, Operating Fund

These net assets include stabilization reserves, commitments, strategic fund and other commitments, as well as faculties' accumulated surpluses and unfunded benefit plans.

The results of the 2017-2018 fiscal year enabled the creation of a reserve for strategic fund and other commitments of \$15.0M. This was possible through the implementation of numerous cost control initiatives during the preparation of the 2017-2018 budget as well as through the budget redesign.

Figure 10 : Internally restricted net assets – Other / Operating fund, 2017–2018 vs. 2016–2017, audited financial statements (in thousands of dollars)



## Ancillary Enterprises

Ancillary Enterprises consists of financial resources whose use is intended for activities that complement the University's main research and teaching activities. They include self-funded services such as Food Services, Housing, the University of Ottawa Press and Parking and Sustainable Transportation.

Total revenue after adjustments is \$1.7M or 3.9 % higher than the original budget. This is explained by an increase in the number of students in residences and an increase in revenues from meal plans. These services saw substantial increases in revenue during the summer related to the Canada's 150th anniversary celebrations.

Total expenses after adjustments decreased by \$3.9M or 9.5 %. Cost saving measures implemented in recent years have resulted in more effective expenditures management.

Ancillary Enterprises' excess of revenue over expenses before transfers is \$9.1M in 2017–2018, compared to \$3.4M in initial budget. A large part of this surplus will be used to create reserves necessary to cover the cost of maintaining and replacing systems, and outdated or obsolete buildings. As of December 2017, the total deferred maintenance for Ancillary Enterprise is estimated at \$101M.

Table 6: Ancillary Enterprises financial results compared to the initial budgets for 2017–2018 (in thousands of dollars)

	Ancillary Enterprises			
	2017-2018 Audited financial statements	Adjustments	Actual according to the budget base	2017-2018 Budget
<b>Revenue</b>				
Operating grants	406	-	406	391
Tuition and other fees	1,039	-	1,039	1,038
Logements étudiants	27,970	-	27,970	27,675
Sale of services	11,204	-	11,204	10,602
Donations	5	-	5	1
Investment income	1	-	1	-
Other	5,890	-	5,890	5,065
<b>Total of revenue</b>	<b>46,515</b>	<b>-</b>	<b>46,515</b>	<b>44,772</b>
<b>Expenses</b>				
Salaries	7,172	-	7,172	8,547
Employe benefits	1,332	-	1,332	1,632
Supplies and other contractual services	17,407	108	17,515	18,583
Scholarships, bursaries and financial aid	1	-	1	-
Travel	111	-	111	124
Interest and bank fees	4,539	-	4,539	4,402
Depreciation of capital assets	3,480	(3,480)	-	-
Other	1,394	5,350	6,744	8,066
<b>Total of expenses</b>	<b>35,436</b>	<b>1,978</b>	<b>37,414</b>	<b>41,354</b>
<b>Excess (deficiency) of revenue over expenses before transfers</b>	<b>11,079</b>	<b>(1,978)</b>	<b>9,101</b>	<b>3,418</b>
Transfers — Capital fund	(10,069)	-	(10,069)	(2,234)
Transfers — Other	1,231	-	1,231	-
<b>Excess (deficiency) of revenue over expenses</b>	<b>2,241</b>	<b>(1,978)</b>	<b>263</b>	<b>1,184</b>
Financing activities	(1,976)	1,978	2	(1,184)
<b>Surplus (deficit) budget</b>	<b>265</b>	<b>(0)</b>	<b>265</b>	<b>-</b>

AUDITED  
CONSOLIDATED  
FINANCIAL  
STATEMENTS,  
APRIL 30, 2018

