

Consolidated Financial Statements of

UNIVERSITY OF OTTAWA

Year ended April 30, 2015

UNIVERSITY OF OTTAWA

Consolidated Financial Statements

Year ended April 30, 2015

Statement of Administrative Responsibility

Independent Auditors' Report

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STATEMENT OF ADMINISTRATIVE RESPONSIBILITY

September 28, 2015

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 accounting principles and guidelines developed by the Chartered Professional Accountants of Canada (formerly the Canadian Institute of Chartered Accountants). 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 and for the year ended April 30, 2015.

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, 2015 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.

Allan Rock, President

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

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, 2015, the consolidated statements of operations, changes in net assets and cash flows for the year then ended, and notes, 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, 2015 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.

Other Matter

Our audit was made for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The supplementary information included in Schedule 1 is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the consolidated financial statements taken as a whole.

Chartered Professional Accountants, Licensed Public Accountants

September 28, 2015

Ottawa, Canada

UNIVERSITY OF OTTAWA

Consolidated Statement of Financial Position

April 30, 2015, with comparative information for 2014
(in thousands of dollars)

	2015	2014 (restated, note 2B)
Assets		
Current assets:		
Cash and short-term investments (note 3)	\$ 177,387	\$ 202,825
Accounts receivable (note 4)	79,481	85,052
Inventories and other	12,369	12,663
	<u>269,237</u>	<u>300,540</u>
Long-term investments (note 5)	647,106	575,376
Employee future benefits (note 6)	146,468	60,067
Capital assets (note 7)	1,666,491	1,638,539
	<u>\$ 2,729,302</u>	<u>\$ 2,574,522</u>

Liabilities and Net Assets

Current liabilities:		
Accounts payable and accrued liabilities (note 8)	\$ 89,095	\$ 85,659
Deferred revenue (note 9)	233,448	244,856
Current portion of long-term debt (note 11)	1,246	1,218
	<u>323,789</u>	<u>331,733</u>
Deferred contributions related to capital assets (note 10)	341,692	339,031
Long-term debt (note 11)	169,473	170,719
	<u>834,954</u>	<u>841,483</u>
Net assets:		
Unrestricted	3,795	7,103
Internally restricted - employee future benefits	146,468	60,067
Internally restricted - other (note 12)	291,265	265,349
Sinking fund for long-term debt repayment	36,239	31,348
Endowments (note 13)	254,780	233,880
Invested in capital assets (note 14)	1,161,801	1,135,292
	<u>1,894,348</u>	<u>1,733,039</u>

Commitments and contingent liabilities (note 18)

	<u>\$ 2,729,302</u>	<u>\$ 2,574,522</u>
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See accompanying notes to consolidated financial statements.

On behalf of the Board:

_____ Governor

_____ Governor

UNIVERSITY OF OTTAWA

Consolidated Statement of Operations

Year ended April 30, 2015, with comparative information for 2014
(in thousands of dollars)

	2015	2014 (restated, note 2B)
Revenue:		
Operating grants	\$ 384,649	\$ 383,785
Tuition and other fees	346,911	324,651
Research grants and contracts (note 22)	150,991	148,980
Investment income (note 5)	50,571	55,906
Sale of services	19,143	19,624
Student housing	21,961	19,275
Capital grants (note 7)	8,166	7,972
Donations	11,057	9,887
Other	21,138	19,189
	<u>1,014,587</u>	<u>989,269</u>
Expenses:		
Salaries	502,382	481,751
Employee benefits (note 15)	90,639	100,849
Scholarships, bursaries and financial aid	94,640	93,172
Supplies and other contractual services	95,896	89,039
Fees (note 16)	32,671	30,561
Inter-institutional research and other agreements (note 17)	27,286	29,363
Travel	17,597	18,367
Interest and bank fees	12,125	12,225
Amortization of capital assets	55,117	52,542
Other	23,392	20,181
	<u>951,745</u>	<u>928,050</u>
Excess of revenue over expenses	<u>\$ 62,842</u>	<u>\$ 61,219</u>

See accompanying notes to consolidated financial statements.

UNIVERSITY OF OTTAWA

Consolidated Statement of Changes in Net Assets

Year ended April 30, 2015, with comparative information for 2014
(in thousands of dollars)

	Unrestricted	Internally restricted - employee future benefits	Internally restricted - other	Endowments	Sinking fund	Net assets invested in capital assets	2015 Total	2014 Total (restated, note 2B)
Net assets balance, beginning of year	\$ 7,103	\$ 60,067	\$ 265,349	\$ 233,880	\$ 31,348	\$ 1,135,292	\$ 1,733,039	\$ 1,486,463
Excess of revenue over expenses	62,842	–	–	–	–	–	62,842	61,219
Net assets invested in capital assets (note 14)	(26,509)	–	–	–	–	26,509	–	–
Internally restricted - employee future benefits (note 6)	(5,278)	5,278	–	–	–	–	–	–
Sinking fund annual payment (note 11)	(4,891)	–	–	–	4,891	–	–	–
Internally restricted - other (note 12)	(29,472)	–	25,916	3,556	–	–	–	–
External contributions (note 13)	–	–	–	4,396	–	–	4,396	5,049
Investment income earned on endowments net of distribution (note 13)	–	–	–	12,948	–	–	12,948	22,520
Re-measurement of items related to employee future benefits (note 6)	–	81,123	–	–	–	–	81,123	157,788
Net assets balance, end of year	\$ 3,795	\$ 146,468	\$ 291,265	\$ 254,780	\$ 36,239	\$ 1,161,801	\$ 1,894,348	\$ 1,733,039

See accompanying notes to consolidated financial statements.

UNIVERSITY OF OTTAWA

Consolidated Statement of Changes in Net Assets

Year ended April 30, 2014, with comparative information for 2013
(in thousands of dollars)

	Unrestricted	Internally restricted - employee future benefits	Internally restricted - other	Endowments	Sinking fund	Net assets invested in capital assets	2014 Total	2013 Total
Net assets balance, beginning of year, as previously reported	\$ 3,223	\$ (241,006)	\$ 263,400	\$ 201,243	\$ 26,200	\$ 1,089,726	\$ 1,342,786	\$ 1,327,061
Adjustment on transition to section 3463 (note 2B)	–	135,386	–	–	–	–	135,386	–
Adjustment to interest rate swap (note 2B)	–	–	–	–	–	8,291	8,291	81
Net assets balance, restated	3,223	(105,620)	263,400	201,243	26,200	1,098,017	1,486,463	1,327,142
Excess (deficiency) of revenue over expenses	61,219	–	–	–	–	–	61,219	(1,485)
Net assets invested in capital assets (note 14)	(37,275)	–	–	–	–	37,275	–	–
Internally restricted - employee future benefits (note 6)	(7,899)	7,899	–	–	–	–	–	–
Sinking fund annual payment (note 11)	(5,148)	–	–	–	5,148	–	–	–
Internally restricted - other (note 12)	(7,017)	–	1,949	5,068	–	–	–	–
External contributions (note 13)	–	–	–	5,049	–	–	5,049	4,281
Investment income earned on endowments, net of distribution (note 13)	–	–	–	22,520	–	–	22,520	12,848
Re-measurement employee future benefits (note 6)	–	157,788	–	–	–	–	157,788	–
Net assets balance, end of year	\$ 7,103	\$ 60,067	\$ 265,349	\$ 233,880	\$ 31,348	\$ 1,135,292	\$ 1,733,039	\$ 1,342,786

➤ See accompanying notes to consolidated financial statements.

UNIVERSITY OF OTTAWA

Consolidated Statement of Cash Flows

Year ended April 30, 2015, with comparative information for 2014
(in thousands of dollars)

	2015	2014 (restated, note 2B)
Cash provided by (used in):		
Operating activities:		
Excess of revenue over expenses	\$ 62,842	\$ 61,219
Items which do not involve cash:		
Amortization of capital assets	55,117	52,542
Deferred contributions related to capital assets recognized as revenue (note 10)	(23,078)	(32,170)
Cash payments in excess of employee future benefit expenses	(5,278)	(7,899)
	<u>89,603</u>	<u>73,692</u>
Net change in non-cash working capital balances	(2,107)	4,483
	<u>87,496</u>	<u>78,175</u>
Investing activities:		
Acquisitions of capital assets (note 7)	(83,069)	(78,830)
Net acquisitions of long-term investments	(71,730)	(164,067)
	<u>(154,799)</u>	<u>(242,897)</u>
Financing activities:		
Increase of deferred contributions related to capital assets (note 10)	25,739	22,319
Repayment of long-term debt	(1,218)	(1,136)
Contributions and investment income earned on endowments, net of distribution (note 13)	17,344	27,569
	<u>41,865</u>	<u>48,752</u>
Decrease in cash and short-investments	(25,438)	(115,970)
Cash and short-term investments, beginning of year	202,825	318,795
Cash and short-term investments, end of year (note 3)	<u>\$ 177,387</u>	<u>\$ 202,825</u>

See accompanying notes to consolidated financial statements.

UNIVERSITY OF OTTAWA

Notes to Consolidated Financial Statements

Year ended April 30, 2015

1. Objectives and purpose:

The University of Ottawa is a bilingual research 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 of Canada.

2A. Significant accounting policies:

These consolidated financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

(a) Basis of presentation:

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

(b) Revenue recognition:

The University recognizes contributions in accordance with 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 towards the acquisition of capital assets are deferred and amortized to revenue on the same basis as the related depreciable capital assets are amortized.

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, 2015

2A. Significant accounting policies (continued):

(c) Investments:

Short-term investments are cashable on demand 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.

(d) Inventories:

Inventories of merchandise held for resale are recorded at the lower of cost and replacement cost. Cost is determined using the average cost basis.

(e) Capital assets:

Purchased capital assets are recorded at cost, less accumulated amortization, except for land acquired prior to May 1, 2011 which is recorded at deemed cost, being fair value at May 1, 2011. Capital assets are recorded at fair value at the date of acquisition. Capital assets are amortized on a straight-line basis over their estimated useful lives, which are:

Buildings	40 years
Books	5 years
Equipment and furniture	10 years
Computer software and equipment	3 years
Construction in progress	Amortized once in service

(f) 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.

UNIVERSITY OF OTTAWA

Notes to Consolidated Financial Statements (continued)

Year ended April 30, 2015

2A. Significant accounting policies (continued):

(f) Employee future benefits (continued):

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.

(g) 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 measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

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. The University uses the accrual basis of accounting for hedges. 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, 2015

2A. Significant accounting policies (continued):

(h) 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.

(i) Non-remunerated 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.

(j) Use of estimates:

The preparation of consolidated financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the amounts of assets and liabilities, the disclosures of contingent assets and liabilities and the amounts of revenues and expenses recorded in the consolidated financial statements. Actual results could differ from those estimates.

These estimates are reviewed annually and as adjustments become necessary, they are recorded in the consolidated financial statements in the period in which they become known.

Significant management estimates include assumptions used in determining the calculation of the employee future benefit asset.

2B. Adjustments to prior periods:

(a) Adoption of new accounting standard for employee future benefits for not-for-profit organizations:

Effective May 1, 2014, the University adopted new CPA Canada Handbook – Accounting Part III Section 3463, *Reporting Employee Future Benefits by Not-for-Profit Organizations* which incorporates Section 3462, *Employee Future Benefits*.

Previously, the University followed CPA Canada Handbook Accounting Part II Section 3461, *Employee Future Benefits*, applying the deferral and amortization approach to account for its defined benefit plans with the amortization period set to zero. Past service costs arising from plan amendments were deferred and amortized on a straight-line basis over the average remaining service period of employees active at the date of amendment.

UNIVERSITY OF OTTAWA

Notes to Consolidated Financial Statements (continued)

Year ended April 30, 2015

2B. Adjustments to prior periods (continued):

- (a) Adoption of new accounting standard for employee future benefits for not-for-profit organizations (continued):

Under the new accounting standard, the changes in actuarial gains and losses and past service costs are no longer deferred and amortized over future periods and recorded through operations. The full actuarial liability net of assets is recorded in the consolidated statement of financial position, the annual benefit cost is recorded in the consolidated statement of operations and the change in actuarial gains and losses is recognized on the consolidated statement of changes in net assets. In addition, interest cost and expected rate of return on plan assets are replaced with a net interest amount that is calculated by applying the discount rate used to calculate the net defined benefit obligation.

For defined benefit plans for which an actuarial valuation for funding purposes exists, an accounting policy choice between using the funding valuation or an accounting valuation is available. The University uses a valuation prepared for funding purposes for all of its defined benefit plans.

The University implemented the new standard retrospectively.

- (b) Adjustment to prior period relating to interest rate swaps:

The University is party to an interest rate swap agreement that was determined to be an effective cash flow hedge for accounting purposes. In prior years, on transition to Part III accounting framework for not-for-profit organizations, the University inadvertently continued to report the fair value of the swap in long-term debt with the changes in fair value through net investment in capital assets on the consolidated statement of changes in net assets. The University has recast the comparative figures to reflect this adjustment.

- (c) The impact on the consolidated financial statements of these two prior period adjustments for the year ended April 30, 2014 is as follows:

Consolidated Statement of Financial Position:

	As previously reported April 30, 2014	Adjustments	Restated April 30, 2014
Employee future benefit asset (liability)	\$ (279,051)	\$ 339,118	\$ 60,067
Long-term debt	177,230	(6,511)	170,719
Net assets (deficiency) - internally restricted-employee future benefits	(279,051)	339,118	60,067
Net assets - invested in capital assets	1,128,781	6,511	1,135,292

UNIVERSITY OF OTTAWA

Notes to Consolidated Financial Statements (continued)

Year ended April 30, 2015

2B. Adjustments to prior periods (continued):

- (c) The impact on the consolidated financial statements of these two prior period adjustments for the year ended April 30, 2014 is as follows (continued):

Consolidated Statement of Operations:

	As previously reported April 30, 2014	Adjustments	Restated April 30, 2014
Employee benefits expenses (note 15)	\$ 146,793	\$ (45,944)	\$ 100,849
Excess of revenue over expenses	15,275	45,944	61,219

Consolidated Statement of Changes in Net Assets:

	As previously reported April 30, 2014	Adjustments	Restated April 30, 2014
Excess of revenues over expenses	\$ 15,275	\$ 45,944	\$ 61,219
Re-measurements and other items related to employee future benefits	–	157,788	157,788
Decrease in unrealized losses on interest rate swap designated as cash flow hedge	1,780	(1,780)	–

Consolidated Statement of Cash Flows:

	As previously reported April 30, 2014	Adjustments	Restated April 30, 2014
Employee future benefits liability	\$ 38,045	\$ (45,944)	\$ (7,899)
Excess of revenues over expenses	15,275	45,944	61,219

UNIVERSITY OF OTTAWA

Notes to Consolidated Financial Statements (continued)

Year ended April 30, 2015

3. Cash and short-term investments:

Fair value:

April 30, 2015 (in thousands of dollars)	Pooled funds	Segregated funds	Total
Cash	\$ 61,664	\$ 9,095	\$ 70,759
Government bonds	19,532	–	19,532
Corporate bonds	28,517	58,579	87,096
	\$ 109,713	\$ 67,674	\$ 177,387

April 30, 2014 (in thousands of dollars)	Pooled funds	Segregated funds	Total
Cash	\$ 59,138	\$ 5,035	\$ 64,173
Government bonds	27,605	1,265	28,870
Corporate bonds	18,947	90,835	109,782
	\$ 105,690	\$ 97,135	\$ 202,825

There are no government bonds under the segregated funds as at April 30, 2015 (2014, government bonds under segregated funds bore interest rates ranging from 1.0% to 1.8% and maturity dates up to 2015). Corporate bonds have interest rates ranging from 0.98% to 2.53% (2014 - 1.3% to 5.1%) and maturity dates up to 2067 (2014 - 2067).

4. Accounts receivable:

(In thousands of dollars)	2015	2014
Research grants and contracts	\$ 52,615	\$ 57,627
Tuition and housing fees	18,968	18,326
Others	16,507	17,348
	88,090	93,301
Allowance for doubtful accounts	(8,609)	(8,249)
	\$ 79,481	\$ 85,052

UNIVERSITY OF OTTAWA

Notes to Consolidated Financial Statements (continued)

Year ended April 30, 2015

5. Long-term investments:

Fair value:

April 30, 2015 (in thousands of dollars)	Pooled funds	Segregated funds	Total
Fixed income	\$ 77,598	\$ 62,673	\$ 140,271
Canadian equities	45,760	–	45,760
Foreign equities	221,573	69,079	290,652
Real estate and infrastructure	70,156	–	70,156
Hedge funds	100,267	–	100,267
	\$ 515,354	\$ 131,752	\$ 647,106

April 30, 2014 (in thousands of dollars)	Pooled funds	Segregated funds	Total
Fixed income	\$ 71,610	\$ 56,500	\$ 128,110
Canadian equities	45,753	–	45,753
Foreign equities	208,973	56,896	265,869
Real estate and infrastructure	51,216	–	51,216
Hedge funds	84,428	–	84,428
	\$ 461,980	\$ 113,396	\$ 575,376

Coupon interest rates on fixed income investments range from 2.6% to 8.9% (2014 - 1.8% to 8.9%) and the investments mature between 2018 and 2052 (2014 - 2017 and 2052).

Investment income is comprised of:

(In thousands of dollars)	2015	2014
Dividends, interest and other	\$ 31,131	\$ 37,516
Realized gains on investments	1,434	46
Unrealized gains on investments	18,006	18,344
Total	\$ 50,571	\$ 55,906

UNIVERSITY OF OTTAWA

Notes to Consolidated Financial Statements (continued)

Year ended April 30, 2015

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 severance payments, 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, 2015 for the pension plans and as at December 31, 2012 for the post-employment and post-retirement benefit plans.

For financial statement purposes, the results of these valuations were extrapolated to April 30, 2015 which is the measurement date used to determine the plans' assets and the accrued benefit obligations. The most recent actuarial valuation on the pension plans for funding purposes filed with the regulators was dated January 1, 2014 and the next required valuation will be filed as of January 1, 2017 at the latest.

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

(In thousands of dollars)	2015	2014
Pension benefit plans:		
Balance, beginning of year	\$ 115,312	\$ (42,186)
Expense (note 15)	(38,090)	(49,087)
Funding contributions	44,848	59,051
Re-measurement and other items	81,535	147,534
Balance, end of year	203,605	115,312
Other benefit plans:		
Balance, beginning of year	(55,245)	(63,434)
Expense (note 15)	(5,561)	(6,350)
Funding contributions	4,081	4,285
Re-measurement and other items	(412)	10,254
Balance, end of year	(57,137)	(55,245)
Employee future benefit asset, end of year	\$ 146,468	\$ 60,067

UNIVERSITY OF OTTAWA

Notes to Consolidated Financial Statements (continued)

Year ended April 30, 2015

6. Employee future benefits (continued):

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

Pension benefit plans (in thousands of dollars)	2015	2014
Accrued benefit obligation	\$(1,766,739)	\$(1,678,005)
Fair value of plans' assets	1,970,344	1,793,317
Employee future benefit asset	\$ 203,605	\$ 115,312
Other benefit plans (in thousands of dollars)	2015	2014
Accrued benefit obligation	\$ (57,137)	\$ (55,245)
Fair value of plan assets	–	–
Employee future benefit liability	\$ (57,137)	\$ (55,245)

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

Pension benefit plans	2015	2014
Discount rate obligations	6.25%	6.25%
Rate of compensation increase including inflation (PTR = Progress through rank)	3.00% +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 2014 and April 30, 2015.

Other benefit plan	2015	2014
Discount rate obligations	6.25%	6.25%
Rate of compensation increase including inflation (PTR = Progress through rank)	3.00% +PTR scale	3.00% +PTR scale

UNIVERSITY OF OTTAWA

Notes to Consolidated Financial Statements (continued)

Year ended April 30, 2015

6. Employee future benefits (continued):

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

Pension benefit plans (in thousands of dollars)	2015	2014
Employer's contributions - normal cost	\$ 41,928	\$ 49,596
Employer's contributions - special payment	2,920	9,455
Employees' contributions	20,758	20,798
Total contributions	\$ 65,606	\$ 79,849
Total benefits paid	\$ 74,706	\$ 70,289
Other benefit plan (in thousands of dollars)	2015	2014
Employer's contributions - normal cost	\$ 4,081	\$ 4,285
Total contributions	\$ 4,081	\$ 4,285
Total benefits paid	\$ 4,081	\$ 4,285

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 medical cost increase trend rate used in measuring the accumulated post-employment benefits obligation in 2015 and for the next 5 years is on average 7.0% and 5.0% thereafter (9.00% per annum in 2010 grading down to 4.50% per annum in and after 2030 for drug and 4.5% for other medical).

Pension plans' assets are held by RBC Investor and Treasury Services. Based on the fair value of the plans' assets at April 30, 2015, the assets of the Plans were composed of 57.13% in equities, 16.61% in fixed income investments, and 26.26% in real return assets (2014 - 56.1% in equities, 21.1% in fixed income investments, and 22.8% in real return assets).

UNIVERSITY OF OTTAWA

Notes to Consolidated Financial Statements (continued)

Year ended April 30, 2015

7. Capital assets:

Cost (In thousands of dollars)	Balance at April 30, 2014	Additions	Disposals	Balance at April 30, 2015
Land	\$ 767,869	\$ –	\$ –	\$ 767,869
Buildings	1,048,477	33,089	–	1,081,566
Construction in progress	1,406	8,033	–	9,439
Books	74,497	7,271	–	81,768
Equipment and furniture	185,138	30,929	(7,369)	208,698
Computer software and equipment	24,887	3,747	(11,374)	17,260
Total	\$ 2,102,274	\$ 83,069	\$ (18,743)	\$ 2,166,600

Accumulated amortization (In thousands of dollars)	Balance at April 30, 2014	Amortization expense	Disposals	Balance at April 30, 2015
Buildings	\$ 300,270	\$ 24,445	\$ –	\$ 324,715
Books	51,409	8,816	–	60,225
Equipment and furniture	95,082	17,876	(7,369)	105,589
Computer software and equipment	16,974	3,980	(11,374)	9,580
Total	\$ 463,735	\$ 55,117	\$ (18,743)	\$ 500,109

(In thousands of dollars)	Net book value April 30, 2015	Net book value April 30, 2014
Land	\$ 767,869	\$ 767,869
Buildings	756,851	748,207
Construction in progress	9,439	1,406
Books	21,543	23,088
Equipment and furniture	103,109	90,056
Computer and software equipment	7,680	7,913
Total	\$ 1,666,491	\$ 1,638,539

UNIVERSITY OF OTTAWA

Notes to Consolidated Financial Statements (continued)

Year ended April 30, 2015

7. Capital assets (continued):

(In thousands of dollars)	2015	2014
Acquisitions of capital assets are funded as follows:		
Funded by grants	\$ 19,066	\$ 13,495
Funded by internal resources	59,931	63,328
Donations of capital assets	4,072	2,007
	<u>\$ 83,069</u>	<u>\$ 78,830</u>

8. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of \$7.453 million (2014 - \$6.414 million), which includes amounts payable for harmonized sales tax and payroll-related taxes.

9. Deferred revenue:

Deferred revenue represents unexpended amounts which are subject to externally imposed restrictions. Changes in the deferred revenue balance are as follows:

(In thousands of dollars)	2015	2014
Balance, beginning of year	\$ 244,856	\$ 237,661
Contributions received during the year	522,965	536,066
Recognized as revenue	(528,198)	(522,025)
Transfer to deferred contributions related to capital assets	(6,175)	(6,846)
Balance, end of year	<u>\$ 233,448</u>	<u>\$ 244,856</u>

The balance is made up of the following:

(In thousands of dollars)	2015	2014
Operating	\$ 29,429	\$ 31,325
Sponsored research and trust	174,012	188,053
Capital	30,007	25,478
Total	<u>\$ 233,448</u>	<u>\$ 244,856</u>

UNIVERSITY OF OTTAWA

Notes to Consolidated Financial Statements (continued)

Year ended April 30, 2015

10. Deferred capital 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:

(In thousands of dollars)	2015	2014
Balance, beginning of year	\$ 339,031	\$ 348,882
Transfer from deferred revenue	6,175	6,846
Contributions received during the year	15,492	13,466
Contributions in-kind received during the year	4,072	2,007
	25,739	22,319
Recognized as revenue:		
Research grants	(12,379)	(20,627)
Capital grants	(8,166)	(7,972)
Donations	(2,533)	(3,571)
	(23,078)	(32,170)
Balance, end of year	\$ 341,692	\$ 339,031

11. Long-term debt:

(In thousands of dollars)	2015	2014 (restated, note 2B)
Student residence loan at variable rate converted to a fixed rate loan at 7.465% through an interest rate swap, maturing in August 2026 with monthly payments of \$228 including principal and interest.	\$ 20,684	\$ 21,823
Mortgages on student residences maturing between January 2015 and June 2016 with semi-annual payments of \$42 including principal and interest at rates between 5.125% and 5.375%.	35	114
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
	170,719	171,937
Current portion	(1,246)	(1,218)
	\$ 169,473	\$ 170,719

UNIVERSITY OF OTTAWA

Notes to Consolidated Financial Statements (continued)

Year ended April 30, 2015

11. Long-term debt (continued):

The principal installments required to be paid over the next five years are as follows:

2016	\$	1,246
2017		1,324
2018		1,407
2019		1,510
2020		1,620

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, 2015 is estimated to be \$6.756 million (2014 - \$6.511 million) 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 \$150 million Series A Unsecured Debentures due April 15, 2043. The University may invest an annual payment, based on an annual review, to ensure that, together with investment income, there will be sufficient funds necessary to extinguish the debt of \$150 million, which is due on April 15, 2043. As of April 30, 2015, the balance of the sinking fund including the accrued interest is \$36.239 million (2014 - \$31.348 million). 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 \$27.5 million at an interest rate of prime. These lines of credit are subject to annual renewal. There was no outstanding balance as at April 30, 2015 (2014 - \$Nil).

Interest

(In thousands of dollars)	2015	2014
Interest paid and incurred related to the long-term debt	\$ 10,954	\$ 11,095

UNIVERSITY OF OTTAWA

Notes to Consolidated Financial Statements (continued)

Year ended April 30, 2015

12. Internally restricted net assets - other:

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

(In thousands of dollars)	2015	2014
Operating fund	\$ 161,268	\$ 143,914
Ancillary enterprises fund	14,085	16,108
Research fund	30,116	30,661
Trust fund	16,234	18,169
Capital fund	69,562	56,497
Balance, end of year	\$ 291,265	\$ 265,349

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% (2014 - 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:

(In thousands of dollars)	2015	2014
Balance, beginning of year	\$ 233,880	\$ 201,243
External contributions	4,396	5,049
Internal transfers	3,556	5,068
Investment revenue	20,728	29,296
Distributions	(7,780)	(6,776)
Balance, end of year	\$ 254,780	\$ 233,880

UNIVERSITY OF OTTAWA

Notes to Consolidated Financial Statements (continued)

Year ended April 30, 2015

13. Endowments (continued):

The balance is composed of the following funds:

(In thousands of dollars)	2015	2014
Internally restricted	\$ 40,625	\$ 35,013
Externally restricted	214,155	198,867
	<u>\$ 254,780</u>	<u>\$ 233,880</u>

The endowment fund consists of:

(In thousands of dollars)	2015	2014
Permanently endowed contributions	\$ 189,394	\$ 181,442
Cumulative amount for capital protection	65,386	52,438
	<u>\$ 254,780</u>	<u>\$ 233,880</u>

14. Net assets invested in capital assets:

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

(In thousands of dollars)	2015	2014 (restated, note 2B)
Capital assets	\$ 1,666,491	\$ 1,638,539
Less amounts financed by:		
Long-term debt	(162,998)	(164,216)
Deferred contributions related to capital assets (note 10)	(341,692)	(339,031)
Balance, end of year	<u>\$ 1,161,801</u>	<u>\$ 1,135,292</u>

UNIVERSITY OF OTTAWA

Notes to Consolidated Financial Statements (continued)

Year ended April 30, 2015

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

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

(In thousands of dollars)	2015	2014 (restated, note 2B)
Repayment of long-term debt	\$ 1,218	\$ 1,136
Acquisitions of capital assets (note 7)	83,069	78,830
Deferred contributions related to capital assets recognized as revenue (note 10)	23,078	32,170
Increase in net assets invested in capital assets	107,365	112,136
Amortization of capital assets (note 7)	(55,117)	(52,542)
Transfer from deferred revenue (note 9)	(6,175)	(6,846)
Capital asset contributions received (note 10)	(19,564)	(15,473)
Decrease in net assets invested in capital assets	(80,856)	(74,861)
Change in net assets invested in capital assets	\$ 26,509	\$ 37,275

15. Employee benefits:

Employee benefits expense is composed of:

(In thousands of dollars)	2015	2014 (restated, note 2B)
Fringe benefits	\$ 46,988	\$ 45,411
Future employee benefits expenses:		
Pension plan (note 6)	38,090	49,088
Others	5,561	6,350
Total	\$ 90,639	\$ 100,849

UNIVERSITY OF OTTAWA

Notes to Consolidated Financial Statements (continued)

Year ended April 30, 2015

16. Fees:

Fees expenses are composed of:

(In thousands of dollars)	2015	2014
Professional services	\$ 2,937	\$ 2,606
Specialized services	19,006	18,831
Academic and research services	10,728	9,124
Total	\$ 32,671	\$ 30,561

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 place 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.

UNIVERSITY OF OTTAWA

Notes to Consolidated Financial Statements (continued)

Year ended April 30, 2015

18. Commitments and contingent liabilities (continued):

Real estate infrastructure investment vehicles

The University has funding commitments related to real estate 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, 2015, these potential commitments totaled \$65.5 million (2014 - \$45.2 million).

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 is in the process of replacing its student information system. The project is estimated at \$43 million over 3 years. The new system's implementation is planned for fall 2016. As at April 30, 2015, contractual commitments related to this project totaled \$23.7 million (2014 - \$Nil).

The University has undertaken the construction and renovation of several of its facilities. As at April 30, 2015, the University had signed contractual obligations for approximately \$22.3 million (2014 - \$5.2 million).

Obligation under operating lease

In 2015, the University of Ottawa signed long-term operating leases.

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

2016	\$	3,506
2017		4,154
2018		4,252
2019		4,337
2020		4,424

UNIVERSITY OF OTTAWA

Notes to Consolidated Financial Statements (continued)

Year ended April 30, 2015

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. The University is not subject to external restrictions on investments related to its capital.

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 2015	Ratios 2014
Unrestricted liquidity-to-debt	> 0.5x	2.39	2.15
Debt burden	< 5%	1.57%	2.41%

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.

UNIVERSITY OF OTTAWA

Notes to Consolidated Financial Statements (continued)

Year ended April 30, 2015

19. Capital management (continued):

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 from time to time 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:

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

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.

UNIVERSITY OF OTTAWA

Notes to Consolidated Financial Statements (continued)

Year ended April 30, 2015

19. Capital management (continued):

Cash management

The University maintains cash, 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:

(In thousands of dollars)	2015	2014
Unrestricted cash	\$ 61,376	\$ 60,395
Restricted cash:		
Deferred revenue (note 9)	233,448	244,856
Endowments net assets (note 13)	254,780	233,880
Sinking fund for long-term debt repayment	36,239	31,348
Operating fund	161,268	143,914
Ancillary enterprises fund	14,085	16,108
Research fund	30,116	30,661
Trust fund	16,234	18,169
Capital fund	69,562	56,497
Accounts receivable related to research (note 4)	(52,615)	(57,627)
Total restricted cash	763,117	717,806
Total cash, short-term and long-term investments	\$ 824,493	\$ 778,201

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.

UNIVERSITY OF OTTAWA

Notes to Consolidated Financial Statements (continued)

Year ended April 30, 2015

20. Financial instruments (continued):

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 budget 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, 2015, the subsidiary held \$16.2 million of assets, \$1.4 million of liabilities and \$14.8 million of equity (2014 - the subsidiary held \$11.6 million of assets, \$1.1 million of liabilities and \$10.5 million of equity). During the year, the subsidiary incurred net results of \$2.7 million (2014 - net results of \$1.5).

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. Research grants and contracts:

In addition to research grants and contracts presented in the consolidated statement of operations, University researchers actively participate in research activities directly conducted 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 Montfort Hospital. For the year ended March 31, 2015, the total of the grants revenue for these activities has been determined by University management to be approximately \$148 million (2014 - \$157 million) (unaudited figures).

23. Pledges receivable:

The estimated realizable value of significant donations which have been pledged but not received as at April 30, 2015 was approximately \$31.7 million (2014 - \$23.2 million). These pledges are not recorded in these consolidated financial statements.

UNIVERSITY OF OTTAWA

Notes to Consolidated Financial Statements (continued)

Year ended April 30, 2015

24. Comparative information:

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

25. 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 Training, Colleges and Universities 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, 2015.

(In thousands of dollars)	Ontario Student Opportunity Trust Funds		Ontario Trust for Student Support	Total	Total
	Phase I	Phase II		2015	2014
Endowment fund					
Fund balance, beginning of year	\$ 18,562	\$ 5,523	\$ 27,440	\$ 51,525	\$ 51,127
Preservation of capital	350	33	334	717	398
Fund balance, end of year	\$ 18,912	\$ 5,556	\$ 27,774	\$ 52,242	\$ 51,525

(In thousands of dollars)	Ontario Student Opportunity Trust Funds		Ontario Trust for Student Support	Total	Total
	Phase I	Phase II		2015	2014
Schedule of changes in expendable funds available for awards					
Balance, beginning of year	\$ 7,907	\$ 1,252	\$ 3,394	\$ 12,553	\$ 6,503
Realized investment income, net of direct investment -related expenses and preservation of capital contributions	2,983	615	1,549	5,147	7,437
Bursaries awarded	(1,085)	(209)	(439)	(1,733)	(1,387)
Balance, end of year	\$ 9,805	\$ 1,658	\$ 4,504	\$ 15,967	\$ 12,553
Number of recipients	650	81	217	948	690
Endowment total based on book value	\$ 28,717	\$ 7,214	\$ 32,278	\$ 68,209	\$ 64,078

University of Ottawa

Schedule 1 - Statement of Operations by fund

Years ended April 30, 2015 and 2014

(in thousands of dollars)	Operating Fund	Ancillary Funds	Research Fund	Trust Fund	Capital Fund	Total	
						2015	2014
REVENUE							
Operating grants	384 386	263	-	-	-	384 649	383 785
Tuition and other fees	345 899	1 012	-	-	-	346 911	324 651
Research grants and contracts	-	-	139 019	11 972	-	150 991	148 980
Investment income	36 687	11	329	8 159	5 385	50 571	55 906
Sale of services	8 486	8 475	-	2 182	-	19 143	19 624
Student housing	-	21 961	-	-	-	21 961	19 275
Capital grants	-	-	-	-	8 166	8 166	7 972
Donations	2 510	0	1 480	6 402	665	11 057	9 887
Other	9 751	4 455	402	6 009	521	21 138	19 189
	787 719	36 177	141 230	34 724	14 737	1014 587	989 269
EXPENSES							
Salaries	444 540	6 008	38 805	13 029	-	502 382	481 751
Employee benefits	82 257	1 099	4 983	2 300	-	90 639	100 849
Scholarships, bursaries and financial aid	63 445	2	22 324	8 869	-	94 640	93 172
Supplies and other contractual services	69 617	12 783	9 904	(723)	4 315	95 896	89 039
Fees	22 079	757	7 810	2 025	-	32 671	30 561
Inter-institutional research and other agreements	2 211	-	22 515	2 560	-	27 286	29 363
Travel	7 476	61	8 089	1 971	-	17 597	18 367
Interest and bank fees	7 312	4 795	1	17	-	12 125	12 225
Amortization of capital assets	19 550	3 339	11 898	963	19 367	55 117	52 542
Other	14 130	1 858	3 981	3 423	-	23 392	20 181
	732 617	30 702	130 310	34 434	23 682	951 745	928 050
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES, BEFORE UNDERNOTED ITEMS	55 102	5 475	10 920	290	(8 945)	62 842	61 219
TRANSFERS	(18 747)	(431)	3 841	1 649	13 688	-	-
EXCESS OF REVENUE OVER EXPENSES	36 355	5 044	14 761	1 939	4 743	62 842	61 219