

THE UNIVERSITY OF WESTERN ONTARIO
COMBINED FINANCIAL STATEMENTS
And Independent Auditors' Report thereon
APRIL 30, 2021



Introduction to Western University Financial Statements 2020-2021

During 2021, Western University approved its new strategic plan “Towards Western at 150”. The plan sets a bold and exciting future for the University. Western’s financial statements for the year ended April 30, 2021, highlight the university’s financial stability that will support the aspirations outlined in the new strategic plan.

The past year has presented numerous challenges to Western and the university community. Operating throughout a global pandemic affected the typical University environment; public health restrictions, and the move to online learning for many, impacted on-campus activities for much of the year. Sound planning and the flexibility to adapt to changing circumstances throughout the year has enabled Western to weather the uncertainty brought on by the global pandemic.

These financial statements present historical financial information from an unprecedented period. While enrolments at the University remained strong, on-campus activity was restricted thereby impacting ancillary operations. At the same time, the global economy, spurred by economic stimulus and re-openings, drove financial markets to new highs and generated strong investment returns. The compounding result was an increase in revenues to \$1,368.0 million (2020 - \$1,247.9 million). The change in on-campus activity and the thoughtful management of expenses through the year resulted in a decrease of total expenses to \$1,136.6 million (2020 - \$1,182.6 million). The resulting revenues over expenses of \$231.4 million (2020 - \$65.3 million) is primarily made up of investment returns of \$229.9 million (2020 - \$39.5 million). While investment returns make up a significant portion of revenues in 2021, the results continue to be driven to a large extent by uncontrollable market conditions and cannot be relied upon to support operations. Rather, investment returns, subject to certain restrictions, may be able to play a role in helping fund one-time strategic initiatives.

Government grants and contract funding decreased slightly to \$483.9 million (2020 - \$491.7 million). Student fees remained relatively stable at \$455.9 million (2020 - \$453.1 million), a result of strong domestic enrolments, combined with reduced fee revenue related to limited on-campus activities.

Sales and service revenue was impacted by the global pandemic, decreasing to \$108.8 million (2020 - \$172.0 million), because of limited on-campus activities and public health restrictions affecting operations.

Compensation remains Western’s single largest expenditure, representing 64.3% of total expenses at \$730.3 million (2020 – 62.6% and \$740.7 million, respectively). Scholarships increased to \$90.4 million (2020 – \$81.9 million) reflecting increased support to students. Operating costs and costs of sales and services were scaled where appropriate during the year, due to limitations on travel and reductions in on-campus activity.

Western’s endowments have benefitted from the continued generosity of our donors and strong investment returns, growing by over 20% in a single year to \$990.1 million (2020 - \$805.1 million). Endowments produced an annual spending allocation of \$32.0 million (2020 - \$30.6 million).

As at April 30, 2021, assets grew to \$4,090.4 million (2020 - \$3,649.3 million), liabilities and deferred contributions increased to \$1,863.1 million (2020 - \$1,824.1 million), and net assets increased to \$2,227.3 million (2020 - \$1,825.2 million). Increases in assets and net assets were predominantly driven by strong investment returns.

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Lynn Logan
Vice-President (Operations & Finance)

SUMMARY OF REVENUES AND EXPENSES

Total Revenues and Expenses

For the year ended April 30, 2021

(millions of dollars)

	2017	2018	2019	2020	2021
	\$	\$	\$	\$	\$
Revenues					
Government grants for general operations	241.8	263.0	265.7	266.2	268.7
Restricted government grants and other grants and contracts	224.7	214.5	228.8	225.5	215.2
Student fees	407.7	435.7	461.0	453.1	455.9
Sales and services	181.5	184.8	191.7	172.0	108.8
Investment returns	122.5	78.9	92.8	39.5	229.9
Donations	36.6	36.9	35.4	41.3	40.9
Recoverable salaries and benefits	19.2	18.8	19.0	18.4	17.7
Other revenues	19.1	21.1	23.6	31.9	30.9
	1,253.1	1,253.7	1,318.0	1,247.9	1,368.0
Expenses					
Salaries and benefits	678.9	685.5	719.0	740.7	730.3
Operating costs	165.9	170.7	179.6	179.9	152.1
Scholarships, fellowships and bursaries	80.6	84.6	80.4	81.9	90.4
Amortization of capital assets	73.3	72.0	78.5	72.5	72.3
Cost of sales and services	38.4	37.7	38.3	34.9	24.7
Repairs and maintenance	33.2	31.8	35.3	32.5	29.8
Utilities and taxes	30.1	25.8	23.4	25.3	22.6
Interest	12.8	14.0	15.3	14.9	14.4
	1,113.2	1,122.1	1,169.8	1,182.6	1,136.6

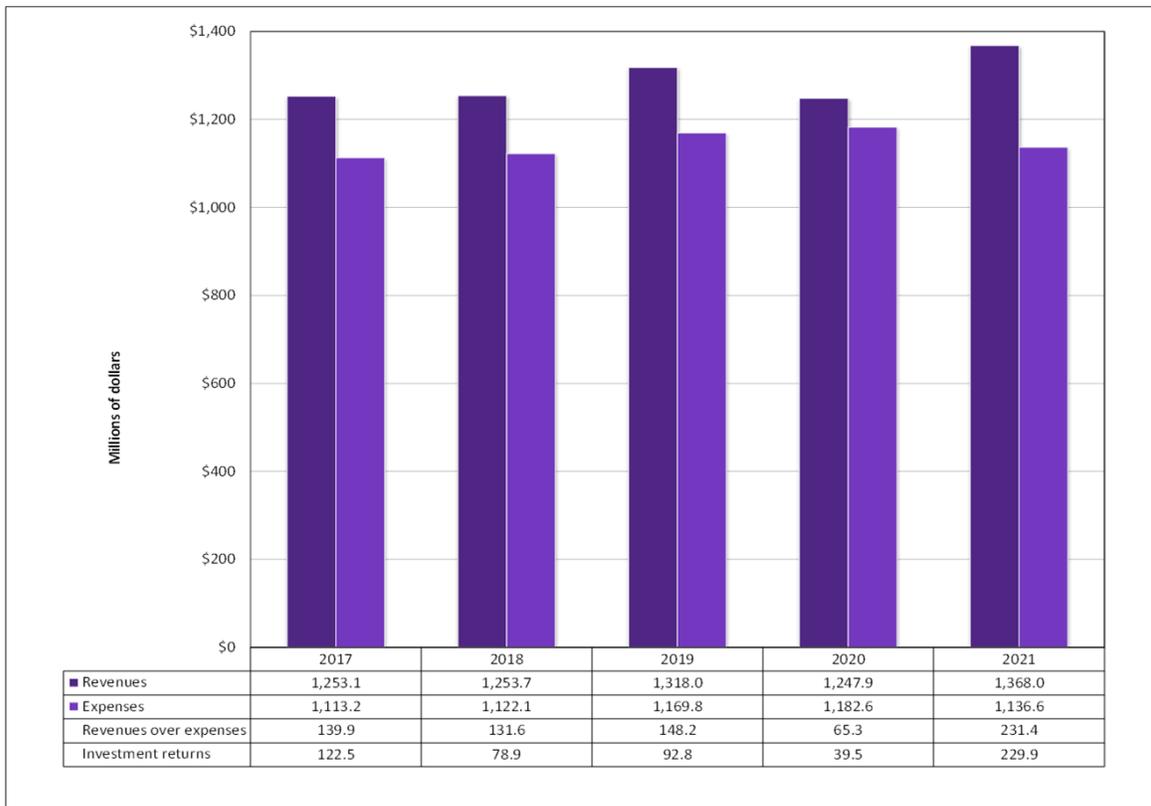
% of Total Revenues and Expenses

	2017	2018	2019	2020	2021
	%	%	%	%	%
Revenues					
Government grants for general operations	19.3	21.0	20.2	21.3	19.6
Restricted government grants and other grants and contracts	17.9	17.1	17.4	18.1	15.7
Student fees	32.5	34.8	35.0	36.3	33.3
Sales and services	14.5	14.7	14.5	13.8	8.0
Investment returns	9.8	6.3	7.0	3.2	16.8
Donations	2.9	2.9	2.7	3.3	3.0
Recoverable salaries and benefits	1.5	1.5	1.4	1.5	1.3
Other revenues	1.6	1.7	1.8	2.5	2.3
	100.0	100.0	100.0	100.0	100.0
Expenses					
Salaries and benefits	61.0	61.1	61.5	62.6	64.3
Operating costs	15.0	15.3	15.3	15.3	13.3
Scholarships, fellowships and bursaries	7.2	7.5	6.9	6.9	8.0
Amortization of capital assets	6.6	6.4	6.7	6.1	6.4
Cost of sales and services	3.4	3.4	3.3	3.0	2.2
Repairs and maintenance	3.0	2.8	3.0	2.7	2.5
Utilities and taxes	2.7	2.3	2.0	2.1	2.0
Interest	1.1	1.2	1.3	1.3	1.3
	100.0	100.0	100.0	100.0	100.0

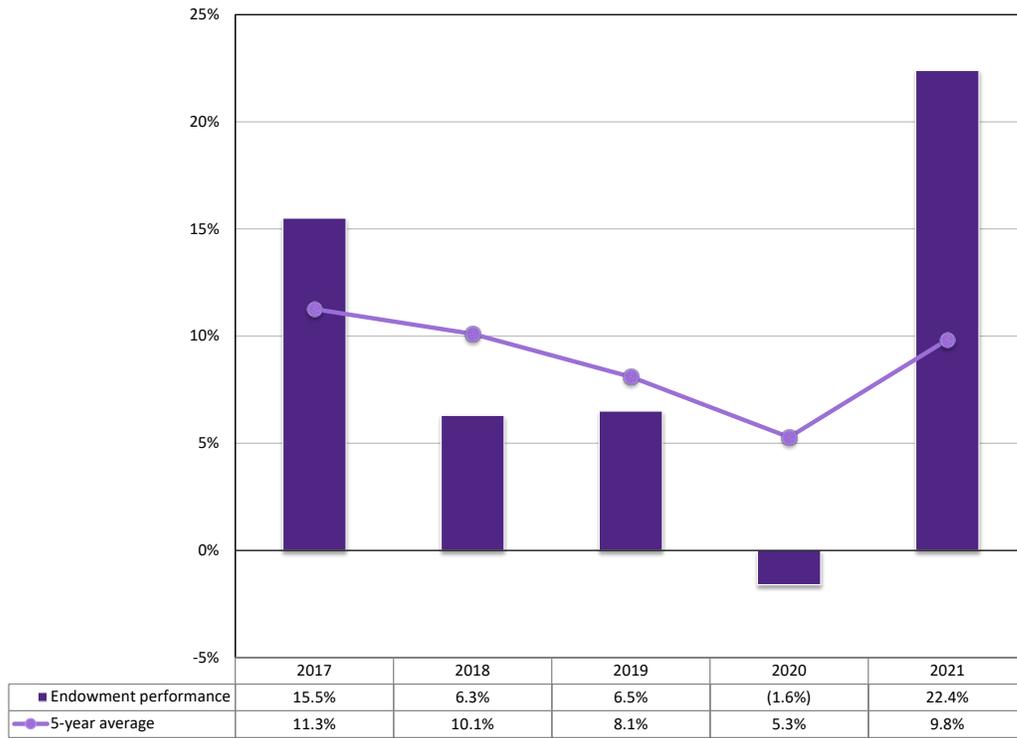
SUMMARY OF ENDOWMENT ACTIVITY
Contributions, Investment Returns and Allocation for Spending
For the year ended April 30, 2021
(millions of dollars)

	2017	2018	2019	2020	2021
	\$	\$	\$	\$	\$
Fund balance, beginning of year	580.6	679.0	746.5	803.8	805.1
New contributions	34.1	47.6	36.3	39.6	41.9
Investment returns	88.2	45.0	49.1	(7.7)	175.1
Allocation for spending	(22.4)	(25.1)	(28.1)	(30.6)	(32.0)
Change in control of The Museum of Ontario Archaeology	(1.5)	-	-	-	-
Fund balance, end of year	679.0	746.5	803.8	805.1	990.1

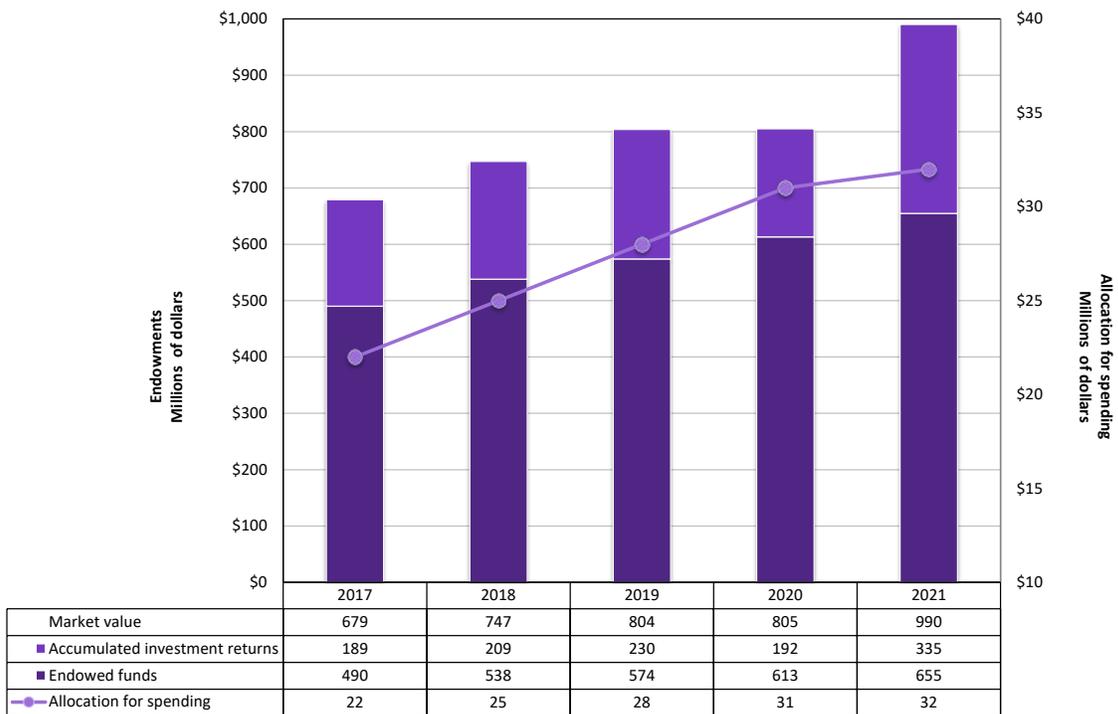
Revenues and Expenses
2017-2021



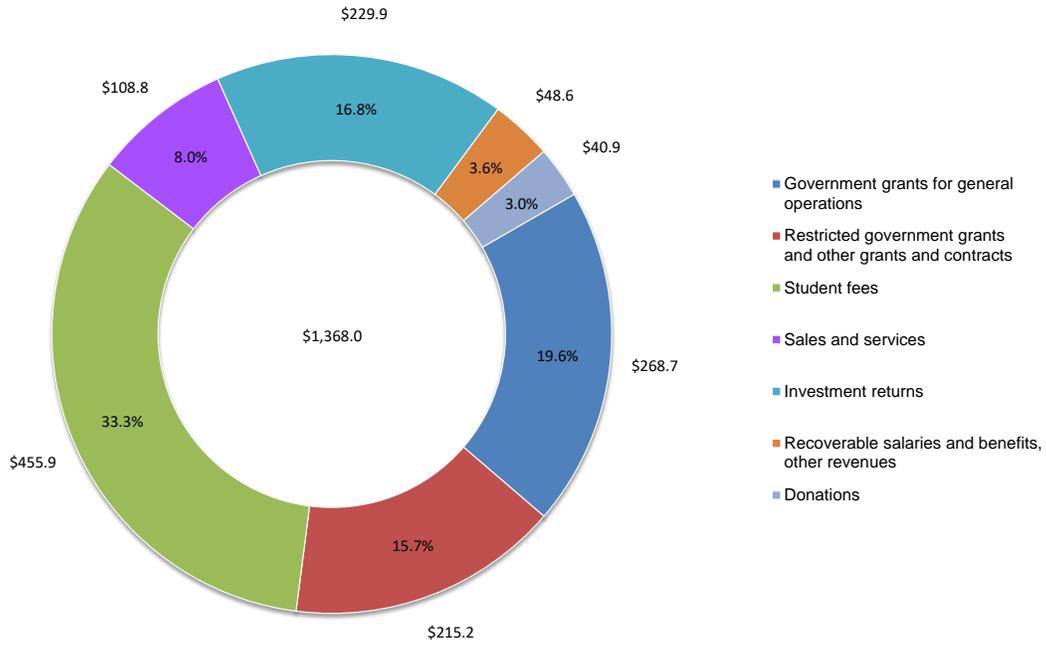
Endowment Performance



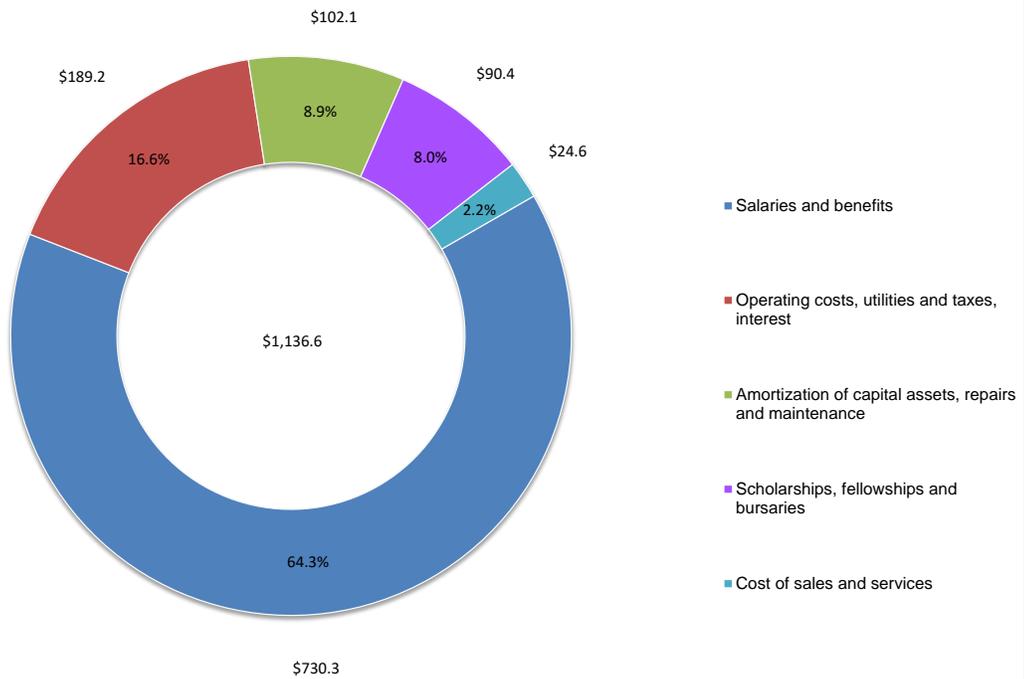
Endowments



2021 Revenues Millions of dollars



2021 Expenses Millions of dollars



The UNIVERSITY *of* WESTERN ONTARIO

Responsibility for Financial Reporting

The accompanying combined financial statements of The University of Western Ontario are the responsibility of the University administration and have been approved by the Board of Governors.

The combined financial statements have been prepared by the University administration in accordance with Canadian accounting standards for not-for-profit organizations and are in accordance with Canadian generally accepted accounting principles. Financial statements necessarily include amounts based on informed judgments and estimates, with appropriate consideration to materiality. The administration has determined such amounts on a reasonable basis to ensure that the combined financial statements present fairly the financial position of the University.

The University maintains systems of internal accounting and administrative controls of high quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and that the University's assets are appropriately accounted for and adequately safeguarded.

The Board of Governors is responsible for ensuring that management fulfils its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the financial statements. The Board carries out this responsibility principally through its Audit Committee.

The Audit Committee is appointed by the Board. This Committee consists of eight members, none of whom are involved in the daily operations of the University. This Committee meets periodically with the administration, the internal auditor and the external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy itself that each party is properly discharging its responsibilities, and to review the annual combined financial statements and the external auditors' report. The Committee reports its findings to the Board of Governors for consideration when approving the combined financial statements. The Committee also appoints annually the external auditors.

The combined financial statements, which comprise the combined statement of financial position as at April 30, 2021 the combined 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 have been audited by KPMG LLP, the external auditors, in accordance with Canadian generally accepted auditing standards on behalf of the Board of Governors. KPMG has full and free access to the Audit Committee.



Alan Shepard
President & Vice-Chancellor



Lynn Logan
Vice-President (Operations & Finance)



KPMG LLP
140 Fullarton Street, Suite 1400
London ON N6A 5P2
Canada
Tel 519 672-4880
Fax 519 672-5684

INDEPENDENT AUDITORS' REPORT

To the Board of Governors of The University of Western Ontario

Opinion

We have audited the combined financial statements of The University of Western Ontario (the Entity), which comprise:

- the combined statement of financial position as at April 30, 2021
- the combined statement of operations for the year then ended
- the combined statement of changes in net assets for the year then ended
- the combined statement of cash flows for the year then ended
- and notes to the combined financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the “financial statements”).

In our opinion, the accompanying financial statements present fairly, in all material respects, the combined financial position of the Entity as at April 30, 2021, and its combined results of operations and its combined cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the “***Auditors’ Responsibilities for the Audit of the Financial Statements***” section of our auditors’ report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other responsibilities in accordance with these requirements.

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



Other Information

Management is responsible for the other information. Other information comprises:

- the information, other than the financial statements and the auditors' report thereon, included in the "Supplementary Information on the Combined Financial Statements".

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information, other than the financial statements and the auditors' report thereon, included in the "Supplementary Information on the Combined Financial Statements" as at the date of this auditors' report.

If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditors' report.

We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.



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Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



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- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Combined Entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, slightly slanted style. Below the signature is a long, horizontal, slightly curved line that serves as a flourish or underline.

Chartered Professional Accountants, Licensed Public Accountants

London, Canada

September 21, 2021

THE UNIVERSITY OF WESTERN ONTARIO

Combined Statement of Financial Position

Statement 1

As at April 30, 2021, with comparative information for 2020

(thousands of dollars)

	<u>2021</u>	<u>2020</u>
	\$	\$
Assets		
Current		
Cash	53,110	27,560
Accounts receivable [note 3]	94,556	83,929
Inventories	3,154	4,817
Prepaid expenses and deposits	14,962	15,572
Short-term investments [note 4(a)]	<u>801,897</u>	<u>643,177</u>
	967,679	775,055
Long-term other assets	8,201	8,842
Investments [note 4(a)]	1,862,618	1,610,509
Capital assets [note 5]	<u>1,251,947</u>	<u>1,254,893</u>
	<u>4,090,445</u>	<u>3,649,299</u>
Liabilities and deferred contributions		
Current		
Accounts payable and accrued liabilities [note 6]	106,090	86,617
Current portion long-term debt [note 9]	8,255	7,987
Deferred fees and income	<u>108,568</u>	<u>103,443</u>
	222,913	198,047
Long-term accounts payable	5,416	9,027
Employee future benefits [note 7(a)]	565,323	561,781
Long-term debt [note 9]	336,354	344,587
Deferred contributions [note 10]	264,391	224,410
Deferred capital contributions [note 11]	<u>468,767</u>	<u>486,293</u>
	1,863,164	1,824,145
Net assets	<u>2,227,281</u>	<u>1,825,154</u>
	<u>4,090,445</u>	<u>3,649,299</u>

See accompanying notes to the combined financial statements.

Commitments and contingencies [note 4(a), note 17].

Subsequent event [note 8(c)(v)].

Approved on behalf of the Board of Governors:



R. Konrad
Chair, Board of Governors



S. Bennett
Chair, Audit Committee

THE UNIVERSITY OF WESTERN ONTARIO

Combined Statement of Operations

Statement 2

For the year ended April 30, 2021, with comparative information for 2020

(thousands of dollars)

	2021	2020
	\$	\$
Revenues		
Government grants for general operations	268,709	266,206
Restricted government grants and other grants and contracts	215,183	225,463
Student fees	455,900	453,144
Sales and services	108,790	172,038
Investment returns [note 4(b)]	229,937	39,535
Donations	40,915	41,244
Recoverable salaries and benefits	17,692	18,380
Other revenues	30,816	31,934
	<u>1,367,942</u>	<u>1,247,944</u>
Expenses		
Salaries and benefits	730,312	740,675
Operating costs	152,110	179,867
Scholarships, fellowships and bursaries	90,371	81,908
Amortization of capital assets	72,267	72,533
Cost of sales and services	24,641	34,854
Repairs and maintenance	29,786	32,547
Utilities and taxes	22,622	25,318
Interest	14,482	14,865
	<u>1,136,591</u>	<u>1,182,567</u>
Excess of revenues over expenses	<u>231,351</u>	<u>65,377</u>

See accompanying notes to the combined financial statements.

THE UNIVERSITY OF WESTERN ONTARIO

Combined Statement of Changes in Net Assets

Statement 3

For the year ended April 30, 2021, with comparative information for 2020

(thousands of dollars)

	2021			2020	
	Unrestricted [note 12]	Internally Restricted [note 13]	Endowments [note 14]	Total	Total
	\$	\$	\$	\$	\$
Net assets, beginning of year	(460,267)	1,480,358	805,063	1,825,154	1,762,126
Excess of revenues over expenses	231,351	-	-	231,351	65,377
Change in internally restricted net assets	(241,509)	246,396	-	4,887	179
Investment returns allocated to internal endowments	(34,340)	-	34,340	-	-
Allocation for spending of internally endowed returns	6,216	-	(6,216)	-	-
Investment returns allocated to external endowments [note 4(b)]	-	-	140,781	140,781	(9,922)
Allocation for spending of externally endowed accumulated investment returns [note 4(b)]	-	-	(25,829)	(25,829)	(24,976)
Endowment contributions	(17,599)	-	41,982	24,383	25,696
Employee future benefits remeasurements and other items	26,554	-	-	26,554	6,674
Net assets, end of year	(489,594)	1,726,754	990,121	2,227,281	1,825,154

See accompanying notes to the combined financial statements.

THE UNIVERSITY OF WESTERN ONTARIO

Combined Statement of Cash Flows

Statement 4

For the year ended April 30, 2021, with comparative information for 2020

(thousands of dollars)

	<u>2021</u>	<u>2020</u>
	\$	\$
Operating activities		
Excess of revenues over expenses	231,351	65,377
Non-cash items		
Amortization of capital assets	72,267	72,533
Amortization of deferred capital contributions	(31,572)	(32,569)
Employee future benefits	30,095	21,908
Net change in non-cash working capital [note 17]	<u>13,274</u>	<u>13,555</u>
Cash provided by operating activities	<u>315,415</u>	<u>140,804</u>
Investing activities		
Net change in investments	(410,829)	(101,526)
Purchase of capital assets	<u>(64,433)</u>	<u>(42,668)</u>
Cash used in investing activities	<u>(475,262)</u>	<u>(144,194)</u>
Financing activities		
Receipt of deferred capital contributions	14,046	17,111
Net change in deferred contributions	39,981	7,666
Investment returns allocated to external endowments [note 4(b)]	140,781	(9,922)
Allocation for spending of externally endowed accumulated investment returns [note 4(b)]	(25,829)	(24,976)
Endowment contributions	24,383	25,696
Repayment of long-term debt	<u>(7,965)</u>	<u>(8,196)</u>
Cash provided by financing activities	<u>185,397</u>	<u>7,379</u>
Net increase (decrease) in cash	25,550	3,989
Cash position, beginning of year	<u>27,560</u>	<u>23,571</u>
Cash position, end of year	<u><u>53,110</u></u>	<u><u>27,560</u></u>

See accompanying notes to the combined financial statements.

THE UNIVERSITY OF WESTERN ONTARIO

Notes to the Combined Financial Statements

Year Ended April 30, 2021
(thousands of dollars)

1. DESCRIPTION

The University of Western Ontario (“the University”) operates under the authority of The University of Western Ontario Act, 1982. The University is incorporated without share capital. The University is dedicated to the advancement of learning through teaching and research and to the discovery and application of knowledge. The University is a registered charity and, under the provisions of section 149 of the Income Tax Act, is exempt from paying income taxes.

The combined financial statements of the University contain the accounts of the University and organizations that the University controls, including: Ivey Business School Foundation, Ivey Business School Asia Limited, The University of Western Ontario Research & Development Park, The Siebens - Drake Research Institute, UWO Investment Trust (#1), UWO Investment Trust (#2), and related foundations in which the University has an economic interest.

These combined financial statements do not include the accounts of three university colleges that are affiliated with, but not controlled by the University (Brescia University College, King’s University College at The University of Western Ontario and Huron University College), or the net assets of the Pension Plan for Academic Staff and the Pension Plan for Administrative Staff of the University.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The combined financial statements have been prepared by management in accordance with Canadian Accounting Standards for not-for-profit organizations in Part III of the CPA Canada Handbook - Accounting and are in accordance with Canadian generally accepted accounting principles.

A summary of significant accounting policies is as follows:

(a) Revenue recognition

The University follows the deferral method of accounting for contributions, which include donations and government grants.

Operating grants are recorded as revenue in the period to which they relate. Grants approved but not received at the end of the year are accrued. Where a portion of a grant relates to a future year, it is deferred and recognized in the subsequent year.

Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Externally restricted contributions, other than endowment contributions, are deferred and recognized as revenue in the year in which the related expenses are recognized. Contributions restricted for the purchase of capital assets are deferred, and when expended, are amortized into revenue, at a rate corresponding with the amortization rate for the related capital assets.

Endowment contributions, having externally imposed restrictions, are recognized as direct increases in endowment net assets.

Gifts of capital assets are recorded at fair value at the date of receipt and the related contributions are amortized to operations on the same basis as the related capital asset. Contributions of collection items are recorded at fair value at the date of the receipt and as a direct increase to net assets.

Pledges are recorded as revenue on a cash basis, due to uncertainty of collection, and accordingly, pledges outstanding and not received at the year-end are not recorded as an asset.

THE UNIVERSITY OF WESTERN ONTARIO

Notes to the Combined Financial Statements

Year Ended April 30, 2021
(thousands of dollars)

Student fees are recognized as revenue when courses and seminars are held. Activity fees are included in student fees.

Sales and services revenue is recognized at the point of sale or when the service has been provided.

(b) Inventories

Inventories are recorded at the lower of cost and net realizable value, determined using the weighted average cost method.

(c) Investments

Investments are recorded at fair value. The value of investments recorded in the combined financial statements is determined as follows:

i) Short-term investments, which consist of Guaranteed Investment Certificates ("GIC"), savings accounts and money market funds, are valued at cost plus accrued interest which together approximates fair value. Some of these short-term investments meet the definition of cash and cash equivalents but are held for investment rather than liquidity purposes and are classified as investments.

ii) Equities consist of Canadian, U.S., Non-North American, Global and Private equities. Canadian, U.S., Non-North American and Global equities are traded on the open market. Fair values are based on the latest closing price. Private equities are valued based on the latest valuation provided by the external investment manager, reflecting any impairment.

iii) Fixed income includes Canadian bonds and mortgages. Canadian bonds are traded on the open market and fair values are based on the latest closing price. Mortgages are valued at their net asset value per unit valued based on the latest valuation provided by the external investment manager, reflecting any impairment.

iv) Real assets consist of real estate and infrastructure investments. Both are valued based on the latest valuation provided by the external investment manager, reflecting any impairment.

v) Diversifiers include absolute return strategies which are valued based on the latest valuation provided by the external investment manager, reflecting any impairment, structured notes and cash that is held for investment rather than liquidity purposes.

Transactions are recorded on a settlement date basis and any transaction costs are expensed against investment returns when incurred.

(d) Investment returns

Investment returns, in the combined statement of operations, include interest, dividends, income distributions from pooled funds, realized and unrealized capital gains and losses and realized and unrealized currency gains and losses.

Investment returns attributed to the endowments are recorded as an addition (reduction) to endowments net assets. All other investment returns along with the amounts allocated for spending from the endowments are recorded as investment returns in the combined statement of operations.

Investment returns on internally restricted endowments are recorded as an allocation from unrestricted to endowments in the combined statement of changes in net assets.

THE UNIVERSITY OF WESTERN ONTARIO

Notes to the Combined Financial Statements

Year Ended April 30, 2021
(thousands of dollars)

The University protects the capital value of the endowments by limiting the amount of investment returns that are allocated for spending. Endowments are permitted to spend an amount equal to 4% of the average value of the total endowment over the most recent 5 year period. In any particular year, should investment returns be insufficient to fund the amounts made available for spending, endowment capital will be used, with the expectation that such amounts will be recovered from future investment returns.

(e) Capital assets

Purchased tangible capital assets, including works of art, are recorded at cost. Contributed capital assets are recorded at fair value at the date of receipt. When an estimate of fair value cannot reasonably be made, both the intangible asset and the related contribution are not recorded.

Repairs and maintenance costs are expensed. Capital assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not contribute to the University's ability to provide goods and services. Any impairment results in a write-down of the asset and an expense in the combined statement of operations. An impairment loss is not reversed if the fair value of the related asset subsequently increases.

Amortization is provided on a straight-line basis over the estimated useful life for buildings, computer equipment and library books, and on a declining balance basis for all other capital assets.

Amortization rates are generally as follows:

Buildings	5 to 40 years
Computer equipment	5 years
Equipment and furnishings	20% declining balance
Library books	5 years

Construction in progress is primarily buildings. No amortization is recorded until construction is substantially complete and the assets are ready for productive use.

Works of art and collections are not amortized.

(f) Employee future benefits

i) Non-pension plans:

The University provides medical, dental and life insurance benefits to eligible employees. The University accrues for these obligations using accounting assumptions, with the cost of these benefits being actuarially determined using the projected benefit method pro-rated on service using best estimates of salary escalation, retirement ages of employees and expected health care costs. Remeasurements and other items, including plan amendments and actuarial gains and losses are recognized directly in net assets in the combined statement of financial position and are presented as a separately identified line item in the combined statement of changes in net assets.

ii) Pension plans and other retirement income funds:

The University sponsors pension plans for its academic and administrative staff. The benefits provided under the plans are primarily defined contribution. There is no past service liability in respect of either of these plans. Contributions to defined contribution plans are expensed as incurred.

For administrative staff members who were hired prior to May 1, 1974 (the date the administrative staff plan was amended to provide defined contribution benefits) a minimum annual pension income is guaranteed

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based on a defined benefit formula. The costs of these guaranteed benefits are actuarially determined and included in the liability of that plan.

(g) Foreign currency translation

The University accounts for transactions in foreign currency at the exchange rate in effect at the time of the transactions. At year-end, monetary assets and liabilities denominated in foreign currency are translated at year-end exchange rates. Foreign exchange gains and losses on investments have been included in investment returns.

(h) Derivative and other financial instruments

Derivative financial instruments are used to manage market and currency exposure risk primarily associated with the University's debt and investments. The University does not enter into derivative financial instruments for trading or speculative purposes. Derivative financial instruments that may be employed include interest rate swaps, currency forward contracts and currency futures. These contract positions will generally be the same or smaller than the market value of the underlying investments, thereby ensuring that the portfolio remains unleveraged. Investment manager valuations or bank valuations are used by the University to fair value the derivative financial instruments, reflecting any impairment.

Other financial instruments including accounts receivable and accounts payable are initially recorded at fair value and are subsequently recorded at cost or amortized cost, net of any provisions for impairment.

(i) Accounting estimates

The preparation of the combined financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the combined financial statements and the reported amounts of revenues and expenses during the year. Significant items subject to the use of management estimates and assumptions include the determination of the useful lives of capital assets for amortization and the amortization of deferred capital contributions, determination of the fair value of financial instruments, valuation of non-pension retirement benefit obligations and provisions for contingencies. Actual results could differ from those estimates.

(j) Contributed services

The University benefits from services provided by volunteers in assisting the institution in carrying out its activities. Because of the difficulty of determining the fair value, contributed services are not recognized in the combined financial statements.

(k) Agency obligations

The University acts as an agent which holds resources and makes disbursements on behalf of various unrelated individuals or groups. These individuals and groups include the affiliate colleges as well as other universities. The University has no discretion over such agency transactions. Resources received in connection with such agency transactions are reported as liabilities, not revenue, and subsequent distributions are reported as decreases to these liabilities.

(l) Controlled organizations

The University includes controlled organizations in its combined financial statements.

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3. ACCOUNTS RECEIVABLE

Current accounts receivable is comprised primarily of balances for trade accounts receivable and research projects. An allowance of \$2,014 (2020 - \$2,148) has been recorded.

4. INVESTMENTS

(a) Endowed and non-endowed investments consist of the following:

	2021	2020
Equities	\$ 1,126,973	\$ 904,823
Fixed income	329,845	315,609
Real assets	256,012	208,358
Diversifiers	149,788	181,719
	<u>1,862,618</u>	<u>1,610,509</u>
Short-term	801,897	643,177
	<u>\$ 2,664,515</u>	<u>\$ 2,253,686</u>

Endowed investments consist of donations held in perpetuity received by the University to benefit current and future generations. Non-endowed investments consist of research, capital and other funds received and held for future expenditures.

Uncalled commitments:

Approximately 16.7% (2020 - 12.6%) of the University's Operating and Endowment Portfolio is invested in funds managed by third-party managers that, by way of the legal terms and conditions, require investors to make initial commitments. Funds are then invested in response to a series of capital calls issued by the manager over a pre-defined investment period. These private funds typically take the form of limited partnerships managed by a general partner and cover various areas of private equity, real estate, mortgage and infrastructure investments. The University has uncalled commitments of approximately \$105,992 (2020 - \$59,707). The University anticipates being able to meet all calls as they are made.

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(b) Investment returns recorded in the combined statement of operations are calculated as follows:

	2021	2020
Investment returns	\$ 344,889	\$ 4,637
Investment returns allocated to external endowments	(140,781)	9,922
Allocation for spending of externally endowed accumulated investment returns	25,829	24,976
	<u>\$ 229,937</u>	<u>\$ 39,535</u>

Investment income is comprised of the following:

	2021	2020
Unrealized gains (losses) on investments	\$ 87,527	\$ (42,284)
Realized gains on investments	93,955	19,297
Interest and dividend income	48,455	62,522
	<u>\$ 229,937</u>	<u>\$ 39,535</u>

5. CAPITAL ASSETS

Capital assets consist of the following:

	2021			2020		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Buildings	\$ 1,448,727	\$ 610,655	\$ 838,072	\$ 1,445,598	\$ 576,847	\$ 868,751
Equipment, furnishing & computer equipment	536,998	407,778	129,220	551,727	411,937	139,790
Library books	285,208	267,867	17,341	275,476	259,461	16,015
Construction in progress	45,808	-	45,808	15,282	-	15,282
Land	191,580	-	191,580	190,080	-	190,080
Works of art and collections	29,926	-	29,926	24,975	-	24,975
	<u>\$ 2,538,247</u>	<u>\$ 1,286,300</u>	<u>\$ 1,251,947</u>	<u>\$ 2,503,138</u>	<u>\$ 1,248,245</u>	<u>\$ 1,254,893</u>

The University maintains a collection of art that is insured for \$16,934. During the year, paintings were donated to the University with a total appraised value of \$4,887 (2020 - \$179).

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

As at April 30, 2021, accounts payable and accrued liabilities include current government remittances payable of \$15,250 (2020 - \$15,763).

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7. EMPLOYEE FUTURE BENEFITS

The interval between actuarial valuations for the defined benefit pension plans does not exceed three years with the most recent valuations prepared as at April 30, 2020, for the non-pension plans and December 31, 2019 for the pension plans. In the years between valuations, an extrapolation of the actuarial valuation is used to determine the market related value of the plan assets and the projected benefit obligations.

(a) Non-pension plans:

The accrued benefit liability relating to the employee future benefits is \$565,323 (2020 - \$561,781). This liability has been recorded in the combined financial statements.

Total expense for these plans is \$30,095 (2020 - \$21,908) including \$4,425 (2020 - \$5,424) for supplemental and other benefits. Benefits paid during the year amounted to \$9,743 (2020 - \$7,375).

(b) Pension plans:

As at December 31, 2020, the administrative staff pension plan contains an immaterial defined benefit obligation. Information regarding the academic and administrative staff pension plans funded status is as follows:

	December 31, 2020	December 31, 2019
Accrued benefit obligation:		
Administrative staff	\$ -	\$ 91
	<u>\$ -</u>	<u>\$ 91</u>
Fair value of plan assets:		
Academic staff	\$ -	\$ 136
Administrative staff	280	278
	<u>\$ 280</u>	<u>\$ 414</u>
Funded status - surplus	<u>\$ 280</u>	<u>\$ 323</u>

Contributions to the defined contribution pension plans during the year are as follows:

	December 31, 2020	December 31, 2019
Employer contributions	\$ 34,457	\$ 34,668
Employee contributions	23,744	23,061
	<u>\$ 58,201</u>	<u>\$ 57,729</u>

(c) Non-pension and pension plans:

The significant actuarial assumptions adopted in measuring the University's accrued benefit obligations for all defined benefit plans are as follows (weighted-average assumptions as of December 31 for pension plans and April 30 for non-pension plans):

	Non-Pension Plans		Pension Plans	
	2021	2020	2021	2020
Discount rate	3.4%	3.2%	-	5.0%
Expected long-term rate of return on plan assets	-	-	-	5.0%
Medical trend rate	5.12%	5.12%	-	-
Dental trend rate	2.75%	2.75%	-	-

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8. FINANCIAL INSTRUMENTS

(a) Fair values

Fair value estimates are made as of a specific point in time, using available information about the financial instrument.

The carrying value of cash, accounts receivable, bank indebtedness and accounts payable and accrued liabilities approximates their fair values based on the short-term maturity of those instruments. The fair value of investments is disclosed in note 4(a) and derivative financial instruments in note 8(b).

(b) Derivative financial instruments

The notional and fair values of the derivative financial instruments are as follows:

	2021		2020	
	Notional Value	Fair Value	Notional Value	Fair Value
Foreign currency contracts	\$ 931,517	\$ 10,719	\$ 737,023	\$ 5,894
Interest rate swap agreements	\$ 55,937	\$ (1,878)	\$ 63,924	\$ (3,110)

(i) Foreign currency forward contracts:

The fair value of the foreign currency forward contracts is included with investments. The change in the fair value of the foreign currency forward contracts is accounted for consistent with investment returns in the combined statements of operations and changes in net assets. All outstanding contracts have a remaining term to maturity of less than one year.

(ii) Interest rate swaps:

The fair value of the interest rate swaps is recorded within accounts payable and accrued liabilities in the combined statement of financial position and the unrealized gain or loss in the fair value is recorded in operating costs in the combined statement of operations. During the year, the total unrealized gain on the interest rate swaps was \$1,232 (2020 - (\$1,714)).

The interest rate swap contracts result in the University fixing a weighted average long-term interest rate of 2.93% on certain floating rate debt obligations instead of paying a weighted average short-term floating rate of 0.42% (2020 - 0.62%).

The interest rate swap agreements relate to the University of Western Ontario Research & Development Park debt which matures on October 30, 2022, and the debt related to the construction of Ontario Hall Residence which matures on October 15, 2026. The counterparty to each contract is a major Canadian financial institution. The University does not anticipate any material adverse effect on its financial position resulting from its involvement in these types of contracts, nor does it anticipate non-performance by the counterparty given their high credit rating.

(c) Risk management

The University, through its financial assets and liabilities is exposed to various risks. The following analysis will provide a measurement of risks as at the combined statement of financial position date:

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(i) Credit risk

Credit risk is the risk of financial loss to the University if a counterparty to a financial instrument fails to meet its contractual obligation.

Approximately 48% (2020 - 51%) of the University's investments consist of money market investments and government and corporate bonds. In order to minimize the risk of having an issuer of these debt instruments fail to pay interest or principal as required, the University has established minimum credit rating requirements for such investments.

The University has established policies for extending credit to various businesses, groups and individuals who purchase goods and services from the University, in order to reduce incidents of non-payment. Management believes that the credit risk is minimized by dealing with creditworthy counterparties.

The University is also exposed to credit risk through its use of interest rate swaps and foreign exchange contracts. The credit risk associated with these contracts arises from the possibility that the counterparty to the contract in which the University has an unrealized gain fails to perform according to the terms of the contract. The credit risk is much less than the notional principal amount, being limited at any time to the change in fair value attributable to the instruments.

(ii) Currency risk

Currency risk is the risk that the fair value or future cash flow of a financial instrument will fluctuate due to changes in foreign exchange rates.

The University purchases equipment, books and other supplies and services in foreign currencies and may occasionally mitigate its exposure to foreign currency by entering into forward exchange contracts at the time of ordering.

The University is exposed to currency risk with respect to its investments denominated in foreign currencies. To manage foreign currency risk associated with these investments, the University uses foreign currency forward contracts that are administered by an investment manager. These contract positions will generally be the same or smaller than the market value of the underlying assets, thereby ensuring that the portfolio remains unleveraged. A policy range of exposure to non-Canadian currencies has been established to be within the range of 0% to 60% of the total Operating and Endowment Fund, after currency hedging.

(iii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates.

The University is subject to interest rate cash flow risk with respect to its floating rate debt. The University mitigates this risk by entering into interest rate swap agreements for its floating rate debt that fixes the interest rate over the term of the debt.

All other debt of the University, being unsecured debenture and mortgages have fixed interest rates and are therefore not exposed to cash flow interest rate risks.

The University's short-term investments are subject to interest rate fluctuations as maturing investments are reinvested at new rates of interest. The fair value held in fixed income, diversifiers, GIC's and other short-term investments will fluctuate due to changes in market interest rates.

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(iv) Market risk

Market risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market.

The University's investments in equities, fixed income, real assets, GIC's and other short-term investments are subject to market risk. Management mitigates this risk through diversification of its investment portfolio.

(v) 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 when its obligations fall due. The University manages its liquidity risk by monitoring its operating and capital requirements. The University prepares capital and operating budgets to fulfill its obligations.

During the year, the University entered into a \$100,000 unsecured, uncommitted revolving credit facility that is repayable on demand (2020 - \$20,000). As at April 30, 2021, no amount has been drawn on the facility.

Subsequent to year-end, the University added a \$100,000, unsecured, uncommitted, operating demand loan dedicated to help manage short-term liquidity within the Operating and Endowment Fund.

(vi) Inflation risk

Inflation risk is the risk that unexpected increases in the price level of goods and services may negatively impact investment performance.

The University's investments in equities and fixed income are sensitive to inflation risk. Management mitigates this risk by investing in real assets which provide a natural hedge to inflation risk by exhibiting returns that are highly correlated with inflation.

(vii) Deflation risk

Deflation risk is the risk that a decrease in the price level of goods and services may negatively impact economic growth as businesses and consumers may decide to postpone spending and investment. A prolonged period of weak economic growth may negatively impact investment performance, especially equity investments.

Management mitigates this risk by maintaining investments in fixed income, specifically nominal bonds, which tend to do better than other asset classes in a deflationary environment.

(viii) Other risk

In March 2020, the World Health Organization declared the spread of coronavirus ("COVID-19") to constitute a global pandemic. The pandemic has had a significant financial, market and social dislocating impact. Governments worldwide enacted emergency measures including travel restrictions, limitations on social gatherings and requirements to stay at home. These restrictions impacted the operations of the University, with much of the year delivered in a hybrid (remote and in-person) model.

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While restrictions placed on in-person activities on campus caused a reduction in revenues derived from ancillary services, the University mitigated this decline in revenues with strong student enrolment and cost containment measures in the ancillary operations. The University's investments continue to be subject to external market forces and spring 2020 experienced significant volatility in global public equity markets. In fiscal 2021 these equity markets recovered, resulting in strong investment returns for the University.

The University's budgets and forecasts have taken the expected impacts of the pandemic into account and management continues to manage the University's liquidity to ensure obligations are met as they become due. The University has access to sufficient liquid resources to support operations in the coming year. Continued public health restrictions may impact ancillary services, and market volatility arising from COVID-19 may increase risk exposure to long-term investments, which could lead to declines in market value. Given the outcome and timeframe to a recovery from the COVID-19 pandemic is highly unpredictable, it is not practicable to estimate and disclose its financial effect on future operations at this time.

9. LONG-TERM DEBT

	Maturity	Interest Rate at April 30, 2021	2021 Principal Outstanding	2020 Principal Outstanding
(a) The details of the debentures are as follows:				
Series A Senior Unsecured Debentures [note (c)]	May 24, 2047	4.80%	\$ 189,237	\$ 189,223
Series B Senior Unsecured Debentures [note (d)]	December 4, 2057	3.39%	99,435	99,427
Total debentures			\$ 288,672	\$ 288,650
(b) The details of the Bankers' Acceptances (BA's) are as follows:				
Bankers' Acceptances [note (e)]	May 17, 2021	2.99%	\$ 46,497	\$ 54,033
Related Corporation				
Research & Development Park [note (f)]	July 30, 2021	2.64%	9,440	9,891
Total Bankers' Acceptances			\$ 55,937	\$ 63,924
Total debt			\$ 344,609	\$ 352,574
Less current portion			8,255	7,987
			\$ 336,354	\$ 344,587

(c) On May 24, 2007, the University issued Series A Senior Unsecured Debentures in the aggregate principal amount of \$190,000. The debenture bears interest at 4.80% which is payable semi-annually on May 24 and November 24 with the principal amount to be repaid on May 24, 2047. The proceeds of the issue were initially used to retire certain existing capital debt and to finance new capital projects.

A sinking fund has been established to provide funds to repay the debenture principal upon maturity. At April 30, 2021, the value of the sinking fund was \$29,921 (2020 - \$24,452).

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- (d) On December 4, 2017, the University issued Series B Senior Unsecured Debentures in the aggregate principal amount of \$100,000. The debenture bears interest at 3.39% which is payable semi-annually on June 4 and December 4 with the principal amount to be repaid on December 4, 2057. The proceeds of the issue will be used to finance future capital projects.

A sinking fund has been established to provide funds to repay the debenture principal upon maturity. At April 30, 2021, the value of the sinking fund was \$9,106 (2020 - \$7,442).

- (e) At April 30, 2021, the University has outstanding debt of \$46,497 on a \$100,000 committed non-revolving facility. An interest rate swap agreement has been entered into to fix the effective interest rate on the \$46,497 at 2.99% over the remaining term, ending October 15, 2026. There is a remaining credit facility in the amount of \$30,000 which is a revolving demand facility by way of BA's that has not been drawn upon.
- (f) An interest rate swap agreement was renegotiated, to fix the effective interest rate for this credit facility at 2.64% over the remaining term, ending October 30, 2022. The credit facility has a maturity date of October 25, 2027.
- (g) Anticipated requirements to meet the principal portion of the debt repayments over the next five years are as follows:

	Principal
2022	\$ 8,255
2023	17,063
2024	8,373
2025	8,373
2026	7,792
Subsequent years	294,753
	<u>\$ 344,609</u>

10. DEFERRED CONTRIBUTIONS

Deferred contributions represent unspent externally restricted grants, donations, contributions and investment income. The balance consists of:

	2021	2020
Balance, beginning of year	\$ 224,410	\$ 216,744
Grants, contributions, donations and investment income	576,828	220,789
Recognized to revenue	(536,847)	(213,123)
Balance, end of year	<u>\$ 264,391</u>	<u>\$ 224,410</u>

	2021	2020
Unspent research grants	\$ 161,675	\$ 128,984
Scholarships	21,097	17,707
Other restricted funds	81,619	77,719
	<u>\$ 264,391</u>	<u>\$ 224,410</u>

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11. DEFERRED CAPITAL CONTRIBUTIONS

Deferred capital contributions represent the unamortized amount of donations and grants received for the purchase of capital assets. Unspent deferred capital contributions are included in deferred contributions until such time as capital expenditures are incurred. The changes in the deferred capital contributions balance are as follows:

	2021	2020
Balance, beginning of year	\$ 486,293	\$ 501,751
Amortization of deferred capital contributions	(31,572)	(32,569)
Contributions received during the year	14,046	17,111
Balance, end of year	<u>\$ 468,767</u>	<u>\$ 486,293</u>

Represented by:

	2021	2020
Amounts used for the purchase of capital assets	\$ 468,280	\$ 486,293
Amounts to be spent on capital assets	487	-
	<u>\$ 468,767</u>	<u>\$ 486,293</u>

12. UNRESTRICTED NET ASSETS

Details of the unrestricted net assets are as follows:

	2021	2020
Operating fund surplus	\$ 73,607	\$ 98,400
Provision for vacation pay	(14,041)	(10,522)
Operating deficit - related organizations	(10,454)	(8,937)
Provision for employee future benefits	(538,706)	(539,208)
	<u>\$ (489,594)</u>	<u>\$ (460,267)</u>

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13. INTERNALLY RESTRICTED NET ASSETS

Details of the internally restricted net assets are as follows:

	2021	2020
Investment in capital assets	\$ 699,593	\$ 669,486
Departmental carry forwards	252,354	269,949
Capital reserves	153,225	55,557
Operating surplus/(deficit) - ancillary and support units	(17,815)	8,847
Faculty and research trust funds	100,556	79,594
Equipment reserves	60,741	54,429
Self-insurance funds	1,532	1,329
Undistributed investment returns	137,583	64,143
Major strategic opportunities fund	299,957	245,130
Sinking funds	39,028	31,894
	<u>\$ 1,726,754</u>	<u>\$ 1,480,358</u>

- i) Investment in capital assets represents the unamortized value of capital assets funded by the University, net of outstanding debt. It excludes those assets funded through capital contributions.
- ii) Departmental carry forwards represent amounts that vary from budget. The University has in place a flexible budgeting program, which allows operating budget units to defer surpluses and deficits to the subsequent year(s).
- iii) The capital reserves represent funds internally restricted for deferred maintenance, capital emergencies and capital projects either planned or in progress.
- iv) Ancillary and support unit carry forwards (deficits) represent amounts that these units are permitted to carry forward.
- v) Faculty and research trust funds include donations and other revenue with no external restrictions that departments are permitted to carry forward.
- vi) The equipment reserves represent funds that departments have allocated for the future replacement of assets.
- vii) The reserve for self-insurance represents funds set aside to cover uninsured losses and the deductible portion of insured losses.
- viii) The undistributed investment returns represent funds internally restricted for uses as determined by the University.
- ix) The major strategic opportunities fund represents funds to be used for strategic opportunities and the long-term benefit of the University.
- x) Sinking funds were established for the purpose of accumulating funds to repay principal outstanding on the University's debentures at maturity.

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14. ENDOWMENTS

(a) Endowments

Endowments consist of externally restricted donations received by the University and internal resources transferred by the University in the exercise of its discretion. The University ensures, as part of its fiduciary responsibilities, that investment income generated from endowments is used in accordance with the various purposes established by donors or the University.

Net assets restricted for endowment consist of the following:

	<u>2021</u>	<u>2020</u>
Externally endowed	\$ 786,853	\$ 647,518
Internally endowed	203,268	157,545
	<u>\$ 990,121</u>	<u>\$ 805,063</u>

Represented by:

	<u>2021</u>	<u>2020</u>
Endowed funds	\$ 655,544	\$ 613,534
Accumulated investment returns	334,577	191,529
	<u>\$ 990,121</u>	<u>\$ 805,063</u>

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(b) Ontario Student Opportunity Trust Fund Endowment

i) Phase I

Externally restricted endowments include grants provided by the Government of Ontario for the Ontario Student Opportunity Trust Fund (OSOTF) matching program. These monies are to award student aid as a result of raising an equal amount of endowed donations.

	2021		2020	
	Western	Affiliates	Western	Affiliates
Changes in Endowment Fund Balances				
Fund balances, beginning of year	\$ 52,552	\$ 2,934	\$ 55,301	\$ 2,934
Cash donations	31	-	63	-
Preservation (use) of capital	9,229	-	(2,923)	-
Other change to balance	438	5	111	-
Fund balances, end of year	\$ 62,250	\$ 2,939	\$ 52,552	\$ 2,934

Changes in Expendable Funds Available for Awards

Fund balances, beginning of year	\$ 1,533	\$ 679	\$ 1,413	\$ 767
Investment income	2,086	447	2,083	57
Expendable donations	14	-	12	-
Value of bursaries awarded	(1,897)	(128)	(1,864)	(145)
Other change to balance	(438)	(5)	(111)	-
Fund balances, end of year	\$ 1,298	\$ 993	\$ 1,533	\$ 679

The fair value of the endowment at April 30, 2021 was \$67,530 (2020 - \$57,672). The number of awards disbursed was 779 (2020 – 752).

The amounts for affiliated colleges noted above are provided for information purposes only and are not included in the combined financial statements.

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ii) Phase II

	2021 Western	2021 Affiliates	2020 Western	2020 Affiliates
Changes in Endowment Fund Balances				
Fund balances, beginning of year	\$ 19,221	\$ 1,516	\$ 20,264	\$ 1,516
Cash donations	79	-	93	-
Preservation (use) of capital	3,216	-	(1,175)	-
Other change to balance	-	2	39	-
Fund balances, end of year	\$ 22,516	\$ 1,518	\$ 19,221	\$ 1,516

Changes in Expendable Funds Available for Awards

Fund balances, beginning of year	\$ 352	\$ 304	\$ 330	\$ 272
Investment income	1,890	126	1,799	92
Expendable donations	21	-	18	-
Value of bursaries awarded	(1,870)	(54)	(1,756)	(60)
Other change to balance	-	(2)	(39)	-
Fund balances, end of year	\$ 393	\$ 374	\$ 352	\$ 304

The fair value of the endowment at April 30, 2021 was \$24,830 (2020 - \$21,379). The number of awards disbursed was 277 (2020 – 273).

The amounts for affiliated colleges noted above are provided for information purposes only and are not included in the combined financial statements.

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Notes to the Combined Financial Statements

Year Ended April 30, 2021
(thousands of dollars)

(c) Ontario Trust For Student Support Endowment

Externally restricted endowments include grants provided by the Government of Ontario for the Ontario Trust for Student Support (OTSS) matching program. These monies are to award student aid as a result of raising an equal amount of endowed donations.

	2021 Western	2021 Affiliates	2020 Western	2020 Affiliates
Changes in Endowment Fund Balances				
Fund balances, beginning of year	\$ 57,178	\$ 7,920	\$ 60,514	\$ 7,885
Cash donations	18	5	27	30
Preservation (use) of capital	9,727	-	(3,367)	5
Other change to balance	5	23	4	-
Fund balances, end of year	\$ 66,928	\$ 7,948	\$ 57,178	\$ 7,920

Changes in Expendable Funds Available for Awards

Fund balances, beginning of year	\$ 457	\$ 657	\$ 445	\$ 537
Investment income	1,657	490	1,636	411
Expendable donations	16	-	12	-
Value of bursaries awarded	(1,705)	(284)	(1,632)	(286)
Other change to balance	(5)	(23)	(4)	(5)
Fund balances, end of year	\$ 420	\$ 840	\$ 457	\$ 657

The fair value of the endowment at April 30, 2021 was \$76,323 (2020 - \$66,115). The number of awards disbursed was 623 (2020 – 537).

The amounts for affiliated colleges noted above are provided for information purposes only and are not included in the combined financial statements.

15. THE SEYMOUR SCHULICH ENDOWMENT FUND

The Seymour Schulich Endowment Fund has a current fair value of \$44,013 (2020 - \$38,291). The Fund includes \$11,639 received from two Government of Ontario matching programs, the Ontario Student Opportunity Trust Fund and the Ontario Trust for Student Support.

THE UNIVERSITY OF WESTERN ONTARIO

Notes to the Combined Financial Statements

Year Ended April 30, 2021
(thousands of dollars)

16. STATEMENT OF CASH FLOWS

The net change in non-cash balances related to working capital consists of the following:

	2021	2020
Accounts receivable and other long-term other assets	\$ (9,986)	\$ 2,037
Inventories	1,663	(452)
Prepaid expenses and deposits	610	4,851
Accounts payable and accrued liabilities	15,862	9,582
Deferred fees and income	5,125	(2,463)
Net change in non-cash working capital	<u>\$ 13,274</u>	<u>\$ 13,555</u>

17. COMMITMENTS AND CONTINGENCIES

(a) Legal matters

The University is involved in litigation that arises in the normal course of operations. In respect to these claims the University believes it has valid defences, funded provisions and/or appropriate insurance coverage in place. Litigation is subject to many uncertainties, and the outcome of individual matters is not predictable. It is possible the final resolution of some of these matters may require the University to make expenditures in excess of estimated reserves, over an extended period of time and in a range that cannot be reasonably estimated at this time. The University's policy is to recognize the losses on litigation when the outcome becomes reasonably determinable. In the administration's judgement no material exposure exists on the eventual settlement of litigation.

(b) Capital commitments

The estimated cost to complete capital projects in progress at April 30, 2021 is approximately \$70,000 (2020 - \$28,000).

(c) Canadian Universities Reciprocal Insurance Exchange

The University participates in a reciprocal exchange of insurance risks in association with other Canadian universities. This self-insurance reciprocal, CURIE, involves a subscriber agreement to share the insurable property and liability risks of member universities for a term of not less than five years. Plan members are required to pay annual deposit premiums, which are actuarially determined and expensed in the year. If premiums collected are insufficient to cover expenses and claims, the University may be requested to pay additional amounts.

18. PLEDGES

Total pledges outstanding and expected year of collection are as follows:

	Pledges
2022	\$ 22,953
2023	15,880
2024	10,905
Subsequent years	16,299
	<u>\$ 66,037</u>